

Eskom Holdings SOC Limited  
("Eskom" and, together with its subsidiaries, the "Group")  
(Registration No. 2002/015527/30)  
JSE alpha code: BIESKM

## **NOTICE OF ANTICIPATED PUBLICATION DATE OF AUDITED ANNUAL FINANCIAL STATEMENTS AND RESTATEMENT OF PRIOR YEARS RESULTS**

Further to the announcement released on 29 September 2022, Eskom hereby notifies its debt investors that:

- a) Eskom's expectation is that the Group's audited Annual Financial Statements for the year ended 31 March 2022 ("**2022 AFS**") will be published no later than 31 December 2022; and
- b) as previously reported, the financial statements for the prior year ended 31 March 2021 ("FY2021" or "**prior period**") are expected to be restated.

As Eskom has previously reported, the delays in publishing the Group's 2022 AFS are a consequence of several factors:

- starting with the delay in the appointment of the new external auditor,
- the new auditors' extensive process of evaluating the prior period areas of significant judgement and estimates,
- the need for management to appoint external experts to address complex areas such as derivatives; and
- resolving the numerous findings and control deficiencies emanating from the lack of compliance with well-documented policies and procedures in areas such as consumables management, contract management, and general financial record-keeping and reporting controls.

Notwithstanding the above, substantial progress has been made in finalising all outstanding matters, and Eskom's management remains firmly committed to publishing the Group's 2022 AFS no later than 31 December 2022.

Regarding the potential restatements to the FY2021 financial statements, the table below reflects the major changes for the Eskom Group. This has primarily affected the working capital ratio significantly, from 1.27 reported in the prior period to 0.95 after the restatements and significant losses due to hedge effectiveness conclusions that were required to be accounted for in profit or loss and not through other comprehensive income:

---

	Note	Previously reported Rm	Adjustments Rm	Restated Rm
Statement of financial position at 31 March 2021				
Assets				
Non-current		693 355	13 417	706 772
Property, plant and equipment	1	662 569	(875)	661 694
Inventories	2	0	11 001	11 001
Derivatives held for risk management	3	9 968	1 217	11 185
Trade and other receivables	4	0	1 694	1 694
Other		20 818	380	21 198
Current		65 448	(17 086)	48 362
Inventories	2	37 527	(15 046)	22 481
Derivatives held for risk management	3	1 411	(53)	1 358
Trade and other receivables	4	24 413	(1 697)	22 716
Other		2 097	(290)	1 807
Total assets		<u>758 803</u>	<u>(3 669)</u>	<u>755 134</u>
Equity				
Capital and reserves		215 836	(800)	215 036
Liabilities				
Non-current		54 059	(1 612)	52 447
Derivatives held for risk management	3	3 562	174	3 736
Provisions	5	50 150	(2 815)	47 335
Other		347	1 029	1 376
Current		48 317	(1 257)	47 060
Derivatives held for risk management	3	4 808	(270)	4 538
Provisions	5	6 395	(1 088)	5 307
Other		37 114	101	37 215
Total equity and liabilities		<u>318 212</u>	<u>(3 669)</u>	<u>314 543</u>

	Notes	Previously reported Rm	Adjustments Rm	Restated Rm
Income statements for the year ended 31 March 2021				
Primary energy	2 & 5	(115 903)	411	(115 492)
Impairment of financial assets		119	(28)	91
Impairment and writedown of other assets		(1 486)	(400)	(1 886)
Other expenses		(24 018)	(189)	(24 207)
Depreciation and amortisation expense	1	(27 016)	431	(26 585)
Net fair value and foreign exchange gain/(loss)	3	883	(8 932)	(8 049)
Finance cost		<u>(33 909)</u>	<u>367</u>	<u>(33 542)</u>
Loss before tax		(24 758)	(8 340)	(33 098)
Income tax		<u>5 824</u>	<u>1 989</u>	<u>7 813</u>
Loss for the year		<u>(18 934)</u>	<u>(6 351)</u>	<u>(25 285)</u>

Statement of comprehensive income for the year ended 31 March 2021

	Notes	Previously reported Rm	Adjustments Rm	Restated Rm
Loss for the year		(18 934)	(6 351)	(25 285)
Items that may be reclassified subsequently to profit or loss		(6 658)	6 094	(564)
Cash flow hedges				
Changes in fair value	3	(9 249)	8 371	(878)
Amortisation of effective portion of terminated cash flow hedges		(276)	276	0
Ineffective portion of cash flow hedges		661	(183)	478
Net amount transferred to initial carrying amount of hedged items		(400)	-	(400)
Foreign currency translation differences on foreign operations		12	-	12
Income tax thereon		2 594	(2 370)	224
Items that may not be reclassified subsequently to profit or loss		(640)	-	(640)
Total comprehensive loss for the year		<u>(26 232)</u>	<u>(257)</u>	<u>(26 489)</u>

Notes:

#### 1. Property plant and equipment

Various adjustments were made to property, plant and equipment which include:

- incorrect useful lives had been used;
- extension of assets' useful lives not accounted for;
- completed assets under construction not timeously transferred to commercial operation; and
- write off of aged assets under construction where there are no further expected future economic benefits.

The adjustments also included the effect of certain of the rehabilitation provision adjustments (refer note 5).

#### 2. Inventory

A portion of coal inventory held at power stations was reclassified from current to non-current assets with a related increase in primary energy cost following a review of the quantity and usage of coal at power stations. It was concluded that a portion of the coal inventory, specifically for those purchases under "take or pay" contracts, is not expected to be used within the normal operating cycles. The weighted average price relating to separate stockpiles in excess of required levels in terms of "take or pay" contracts were separately calculated resulting in a correction of the coal inventory.

Consumable inventory reduced due to an insufficient provision for obsolescence in prior periods. There was a further decrease in consumable inventory as certain critical spares were reclassified to property plant and equipment.

#### 3. Derivatives held for risk management

The fair values of derivatives held for risk management were restated to correct the curve methodology applied in determining the fair values of the financial instruments, which were not aligned to market practice.

The cash flow hedge reserve was further restated because of the incorrect application of certain requirements of IFRS. The correction of these errors resulted in certain hedge relationships, that were historically considered as effective, no longer meeting the hedge effectiveness requirements of IFRS, resulting in the immediate unwinding of the cashflow hedge reserve.

#### 4. Non-current reclassification of trade receivable

A review of payment trends of defaulting municipalities accounted for on a cash basis indicated that certain trade receivables were not expected to be realised within 12 months after the reporting period.

#### 5. Provisions

The discount rate used in the valuation of power station-related environmental restoration and mine-related closure, pollution control and rehabilitation provisions, was corrected to align to discount rates used in the valuation with the expected timing of the associated cash flows.

The nuclear plant decommissioning and spent fuel provisions were restated to reflect assumptions aligned to market information at reporting date. A further overstatement resulted from the inclusion of a portion of the spent fuel management cost in both the spent fuel and plant decommissioning.

A coal off-take provision was restated to correct an overprovision, as management incorrectly determined the contractual termination date of a coal supply agreement.

The financial information in this announcement has not been reviewed nor reported on by the external auditors and is subject to change as the audit is still in progress.

Johannesburg  
22 November 2022

Debt Sponsor  
Nedbank Corporate and Investment Banking, a division of Nedbank Limited

---