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The annual financial statements were prepared under the supervision of the chief financial officer, C Cassim CA(SA). The financial statements have been audited in compliance with section 30 of the Companies Act of South Africa, 71 of 2008 (Companies Act), and approved by the board of directors (board) on 29 September 2025.

The audited financial statements of the group and company as at and for the year ended 31 March 2025 are available for inspection at the company's registered office and were published on 30 September 2025. The full suite of the group's externally published reports, including the financial statements and integrated report, are available at [www.eskom.co.za](http://www.eskom.co.za).

# Directors' report

for the year ended 31 March 2025

The directors are pleased to present their report for the year ended 31 March 2025.

## Nature of the business

Eskom Holdings SOC Ltd (Eskom) and its subsidiaries (together the group) is South Africa's primary electricity supplier through the vertically integrated regulated electricity business (Eskom and National Transmission Company South Africa SOC Ltd (NTCSA)) that generates, transmits and distributes electricity to local industrial, mining, commercial, agricultural, redistributor (metropolitan and other municipalities) and residential customers and to international customers in southern Africa. The group also purchases electricity from independent power producers (IPPs) and international suppliers in southern Africa.

Eskom is a state-owned company, with the Minister of Electricity and Energy as the shareholder representative. The state is the only shareholder in Eskom.

The group's head office is in Johannesburg. The nature of the business of the significant operating subsidiaries is set out in note 12 in the annual financial statements. The primary business focus of the other subsidiaries is to support the electricity business.

## Overview of the year

The information in this report covers the group performance of Eskom and its major operating subsidiaries, unless otherwise stated. A high-level summary of the pertinent issues that characterised the year under review, as well as any material developments after year end is presented in this report. Additional information, where relevant, is contained in applicable sections of this report as well as the annual financial statements and integrated report.

The group achieved earnings before interest, tax, depreciation and amortisation (EBITDA) of R99.0 billion (2024: R43.4 billion) and a profit before tax of R23.9 billion (2024: R25.5 billion loss before tax) for the year. This is the first profit recorded by the group since 2017 and a significant improvement when compared to the prior year. The improvement was mainly due to the tariff increase of 12.7% effective 1 April 2024, a 3.5% increase in sales volumes to 189.7TWh (2024: 183.3TWh) and a reduction in primary energy costs due to significantly lower open cycle gas turbine (OCGT) expenditure, improved coal-fired plant performance, lower diesel prices and refunds due to resolving of the fuel levy dispute with the South African Revenue Services (SARS).

Plant performance in the generation division (generation) improved considerably with limited loadshedding during the year. Plant availability improved with the energy availability factor (EAF) at 60.6% (2024: 54.6%), unplanned breakdowns and losses (unplanned capability loss factor (UCLF)) at 26.1% (2024: 32.3%) and planned maintenance (planned capability loss factor (PCLF)) at 12.8% (2024: 12.0%). Eskom achieved 310 continuous days without loadshedding from 26 March 2024 to 30 January 2025 with loadshedding required on 13 days (2024: 329 days) during the remainder of the year.

The Eskom Debt Relief Amendment Act, 5 of 2025, reduced the initial total debt relief arrangement from government of R254 billion to R230 billion because of the improved performance of Eskom as well as the delay in the sale of the Eskom Finance Company SOC Ltd (EFC) (the sale to African Bank Limited consists of the EFC loan book and interest in Nqaba referred to as the EFC disposal group). Eskom received R64 billion of debt relief support from government during the year, of which R8 billion was approved on 21 October 2024 and the remaining R56 billion on 11 June 2025 for conversion to equity.

The sale of the EFC disposal group to African Bank Limited was approved by the Eskom board (board) after receiving approval in terms of sections 54 and 66 of the Public Finance Management Act, 1 of 1999 (PFMA) received from the Department of Electricity and Energy and National Treasury. The sale agreement has been signed by all parties and the process to obtain regulatory approval from the Competition Commission and Prudential Authority is underway. It is expected that the sale will be concluded by 31 March 2026 and it has been classified as held-for-sale. Refer to note 23.

Liquidity in the long term after the debt relief period continues to remain at risk due to financial sustainability challenges arising from an inadequate tariff path, high debt service costs, above-inflationary cost increases, escalating municipal arrear debt, operational inefficiencies, the impact of crime, fraud and corruption (including loss of revenue because of illegal electricity connections and illicit prepaid electricity tokens) and continued focus on addressing plant performance and funding required to expand the transmission infrastructure for new generation sources.

The focus on cost savings remains a key focus area to improve liquidity and ultimately financial sustainability by limiting cost growth, reducing costs and identifying income opportunities where possible. Savings of R16.3 billion (2024: R9.9 billion) were recorded for the year.

The resolution of the dispute with SARS regarding the previously disallowed claims for fuel levy rebates had a significantly favourable impact on the financial results. Recovery of R9.2 billion from SARS to Eskom, the reversal of a R2.8 billion provision relating to previous fuel levy rebates that no longer need to be repaid to SARS and reinstatement of a process for Eskom to claim for ongoing fuel levies incurred (R2.2 billion for the year) contributed a total of R14.2 billion to the EBITDA.

Non-payment of municipal debt remains a systemic challenge for the entire electricity industry and other industries in the country. Municipal arrear debt has escalated significantly by 27% to R94.6 billion (2024: R74.4 billion). More than 85% of the 71 municipalities approved to participate in the municipal debt relief programme are failing to fully settle their current accounts on time.

Replacing or upgrading of unsupported or outdated operating systems to reduce the exposure to cyber attacks remains a priority for the group. Significant progress has been made in enhancing Eskom's risk-based cyber security strategy. The information security programme has been strengthened with multiple layers of defence for better protection, particularly for Eskom's online vending system which will assist with the reduction of potential financial losses.

The long-term sustainability of Eskom, including the ability to compete, collaborate and lead as a central player in a restructured electricity industry, is a key focus area and led to the refocusing of Eskom's strategy to evolve from a traditional utility to a resilient, future-ready utility that can confront challenges and unlock new opportunities. The review of the strategy ensures continued focus on the material shifts in the electricity supply industry including regulatory reform, decarbonisation imperatives and the evolving role of state-owned utilities.

The board considered that there are uncertainties and dependencies relating to the going-concern assessment of the group and company that exist both from a timing of intervention perspective as well as whether the plans will materialise as anticipated. The events, conditions and assumptions described in note 3.2 inherently include material uncertainties that may cast significant doubt on the going concern of the group and company.

The board has a reasonable expectation that the risks relating to the going concern will be satisfactorily addressed with the mitigation strategies in place. The board continues to manage these strategies as a priority as it is important that they materialise as envisaged. The board assessed the current cash flow projections considering that future capital costs during the debt relief period will be funded from cash from operations. The board concluded after carefully considering the progress of the initiatives included in note 3.2 and the continued financial support from the government through the debt relief arrangement, that there is a reasonable expectation that the group and company have access to adequate resources and facilities to be able to continue its operations and fund the capital programme for the foreseeable future as a going concern. The consolidated and separate financial statements have therefore been prepared on a going-concern basis.

## Operational performance

The performance in the generation division improved with the ongoing implementation of the Generation Recovery Plan. Extensive planned maintenance has been conducted in line with the plan to address plant performance challenges. Unplanned maintenance was required to address issues experienced with several critical plant components during the year, mainly at Matla, Kendal, Tutuka, Duvha, Majuba, Medupi and Kusile power stations, as well as boiler defect corrections at the Medupi and Kusile power stations.

Eskom and IPP-owned OCGTs were used during the year to support the power system and prevent or mitigate loadshedding. The average Eskom OCGT load factor for the year decreased to 10.3% (2024: 17.0%) against a target of 9.0%. Loadshedding and load curtailment were implemented for 175 hours (2024: 6 367 hours), reducing supply by an estimated 354GWh (2024: 13 215GWh) which is a significant improvement compared to the prior year.

## Technical performance

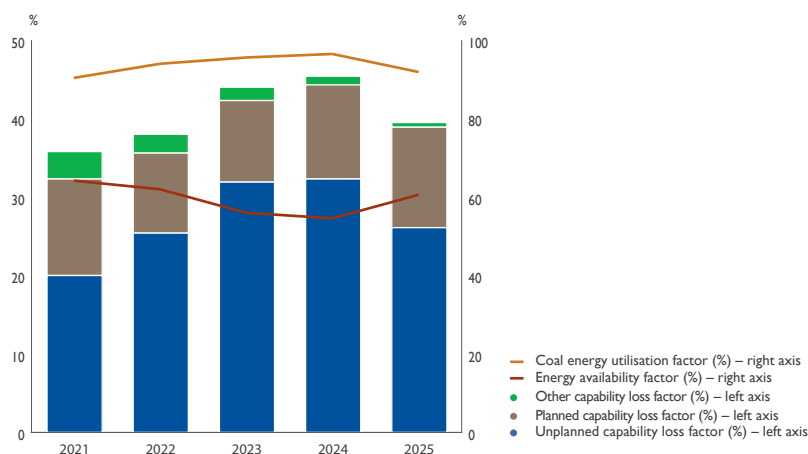
### Generation performance

Generating plant availability improved to 60.6% (2024: 54.6%) because of a significant decrease in UCLF to 26.1% (2024: 32.3%). The implementation of the Generation Recovery Plan resulted in the recovery of generating capacity, improved risk management, increased focus on ancillary plant performance, spares availability, improved quality outage execution and skills as well as involvement of the original equipment manufacturers.

The EAF target of 65% for the year was not met despite the improvements. Eskom remains committed to consistently reduce the need for loadshedding by improving its generation reliability. Midlife refurbishment projects to improve the EAF to 70% by 2028 and sustain the performance to 2030 will be a priority.

The energy utilisation factor (EUF) for the entire generation fleet decreased to 77.8% (2024: 81.8%) at year end. Coal-fired power stations were operated at an average EUF of 91.9% (2024: 96.5%) with all coal-fired power stations recording EUF levels above 85%. EUF levels of coal-fired power stations remain above the international norm of around 75%. The high EUF can be alleviated by adding additional dispatchable capacity to the fleet and improving generation plant reliability. Negative technical consequences on the EUF remain a risk over the long term due to the age of the fleet.

The graph below reflects the inter-relationship of unplanned, planned and other capability loss factors with the EAF and coal EUF.



Unit 1 of Koeberg power station was taken offline for a planned refuelling outage on 17 February 2025 and is expected to return to service during October 2025. Unit 2 of Koeberg power station was successfully synchronised to the grid at the end of December 2024. The unit was subsequently taken off for repairs and has been operating at full load after synchronisation to the grid on 11 March 2025.

The National Nuclear Regulator announced its decision on 15 July 2024 to grant Eskom a licence to continue operating Koeberg unit 1 for another 20 years to 21 July 2044 and deferred the decision on Koeberg unit 2. The decision for unit 2 is expected to be announced prior to the current licence expiry date of 9 November 2025.

Plans are in place to recover declining coal inventory levels as five (2024: zero) coal-fired power stations had coal inventory below their individual minimum inventory holding levels at 31 March 2025. Normalised coal inventory of 40 days (2024: 45 days) (excluding coal inventory at Medupi power station) declined slightly compared to the prior year. Unfavourable weather conditions (extended periods of high rainfall) and rail infrastructure issues contributed to the decline. Eskom continues to work with mines on initiatives to improve coal quality with specific initiatives focused on the supply to Matla power station where most of the coal quality-related load losses occurred. The coal quality from short- and medium-term suppliers across the system improved due to initiatives such as verification.

### Network performance

The transmission system reliability deteriorated compared to the prior year with an increase in system minutes lost for events <1 minute to 4.4 minutes (2024: 3.3 minutes) due to several equipment failures, commissioning errors and veld fire-related incidents resulting in trips and transmission line faults. There were four (2024: one) major interruption incidents ≥1 minute recorded during the year.

NTCSA continues to focus on increasing grid capacity and ensuring grid stability to support an increase in generation capacity. A key focus area is the updated Transmission Development Plan 2024 which was published in October 2024. The plan sets out the capital investment strategy to facilitate the grid connection of additional generation capacity and highlights the need to construct 14 500km new transmission lines by 2034 thereby enabling the integration of 37GW of new generation capacity.

Network performance at the distribution division (distribution) continued to remain stable with system average interruption duration index of 34.9 (2024: 34.9). The distribution energy losses increased to 10.4% (2024: 9.9%), totalling 20 525GWh (2024: 19 166GWh) with an increase in the estimated non-technical losses to 14 881GWh (2024: 13 924GWh) for the year. Refer to note 51.3. Distribution continues to execute various initiatives to reduce both technical and non-technical energy losses.

Theft, vandalism and overloading of both networks and transformers continue to contribute to increased system interruptions that impact resource availability. Initiatives such as investments in modernising the distribution network through the rollout of smart meters and establishing advanced metering infrastructure aim to address inefficiencies in key areas such as energy losses, amongst others.

## Operational performance (continued)

### Technical performance (continued)

#### Network performance (continued)

The Key Revision Number (KRN) rollover project resulted in 7.2 million meters being recoded and assisted in uncovering approximately 2.2 million zero buyers. The number of zero buyers was reduced by almost 900 000 by year end through the zero buyers reduction programme. A total of 800 000 smart meters were installed during the year as part of the digitalisation and metering infrastructure refurbishment programme. These programmes are expected to have a positive impact on the implementation of load limiting, prevention of meter tampering and facilitation of debt management through remote disconnections.

#### Environmental performance

Relative particulate emissions performance did not meet the target of 0.3kg/MWh sent out despite the improvement to 0.6kg/MWh sent out (2024: 0.8kg/MWh sent out). The target at several power stations was frequently exceeded for particulate matter emission limits and the target was only met for six out of 14 coal-fired power stations by year end. The level of emissions continues to be affected by ash and dust handling plant issues as well as poor performance of electrostatic precipitators and sulphur trioxide plant. Key actions to improve emission performance at stations were identified including optimisation of completed emission upgrades, recovery of the dust handling plant and management of the complete ashing cycle with key aspects being tracked in the Generation Recovery Plan. Improved performance compared to the prior year were noted at Kriel, Matla, Camden, Duvha, Arnot, Tutuka, Kusile and Kendal power stations with the most significant improvement at Kriel due to achievement of regular compliance.

The Minister of the Department of Forestry, Fisheries and the Environment (DFFE) issued a favourable Minimum Emission Standards exemption decision for eight power stations on 31 March 2025. The decision grants exemption until 31 March 2030 for Lethabo, Tutuka, Kendal, Majuba, Medupi and Matimba power stations, thereby allowing these power stations to continue to operate within strict conditions, after which further exemptions or retrofits will be required. Exemptions were received for Duvha and Matla power stations until their planned decommissioning in 2034. The Minimum Emission Standards exemption decision did not stipulate the requirement for additional emission reduction projects beyond existing commitments for Eskom, although the decision does place multiple additional requirements on Eskom, ranging from additional ambient air quality monitoring to additional health support to communities. Work has been initiated to meet these requirements.

Decommissioning, repowering and repurposing plans for Camden, Grootvlei, Hendrina, Arnot and Kriel power stations were submitted to the Minister of DFFE in May 2025 as required. The submissions are in the process of being reviewed by an expert panel appointed by the DFFE in July 2025.

The criminal matter regarding the non-compliance with the atmospheric emission licence for Kendal power station instituted against Eskom and its board in 2019 was dismissed on 6 January 2025 as the state failed to provide sufficient evidence that the power station operated above its licenced stack emission limits during deemed normal operating conditions. The focus at Kendal power station remains on continued implementation of the emission recovery plan as required by the atmospheric emission licence compliance directive received in 2019.

The target for specific water usage was not met with 1.40l/kWh sent out (2024: 1.43l/kWh sent out) against the target of 1.37l/kWh sent out for the year. The marginal improvement compared to the prior year is due to reduced water consumption at Majuba, Hendrina, Matimba, Camden, Grootvlei and Koeberg power stations mainly because of focused monitoring of the effective implementation of water management action plans. Water management is a focus area as Eskom has a responsibility to reduce water usage in a water scarce country.

#### Safety

The group is committed to the health and safety of its employees, contractors and members of the public. Steps are being taken to ensure that risks and opportunities are managed and that the value principle of Zero Harm is entrenched throughout the organisation.

The lost-time injury rate target of 0.30 for the year was achieved with a rate of 0.23 (2024: 0.29). There was one (2024: two) employee fatality, two (2024: three) contractor fatalities and 15 (2024: 20) recordable public fatality incidents. Supplier coal haulage incidents by road resulted in a further 11 (2024: 12) public fatalities during the year.

#### Capacity expansion programme

Significant construction work was completed from inception to 31 March 2025 under Eskom's capacity expansion programme resulting in a cumulative increase of 16 328MW (2024: 15 529MW) in installed generation capacity, 8 915km (2024: 8 622km) in high-voltage transmission lines and 42 148MVA (2024: 39 528MVA) in substation capacity to the national grid. Completion of the programme is expected by 2028.

Units 5 and 6 of Kusile power station successfully entered commercial operation on 30 June 2024 and 29 September 2025 respectively with both units contributing 799MW each of installed capacity to the grid. The final completion of the Kusile power station is expected in 2028.

The Kusile power station was fitted with wet flue-gas desulphurisation emission abatement technology in line with current international practice to ensure compliance with air quality standards. Kusile units 1, 2 and 3 were offline since October 2022 after the failure of the flue-gas duct. DFFE provided the necessary approvals to operate the temporary stacks at relaxed sulphur dioxide emissions levels while repairs were undertaken to the west stack. The three units were returned to service using temporary stacks around a year later and assisted in alleviating generation supply constraints. The reinstatement of the flue-gas desulphurisation and main stack for units 2 and 3 were returned to service by year end. Unit 1 was taken offline on 31 March 2025 for a planned outage and was returned to service on 4 June 2025. All three units have been connected to the permanent stack.

Medupi unit 4 was returned to service on 6 July 2025, eight months ahead of the scheduled return date, after the generator explosion in August 2021. All six units at Medupi power station are in full commercial operation and supplying energy to the national grid.

The interventions to correct major plant defects at new build projects will ultimately ensure that the plant achieves contractual levels of performance. The measures taken to address the major plant defects have led to a steady improvement in the availability and reliability of the units at Medupi and Kusile power stations. The technical solutions for major defects and the associated rollout at Medupi and Kusile power stations were completed by December 2024 in collaboration with the contractor with total costs incurred for addressing boiler plant defects at both stations amounting to R589 million by 31 March 2025. The contractual process to determine the liability for these defects is ongoing with the responsible parties being held to account within the provisions of the related contracts.

Completion of the remaining scope on the balance of plant work, executing major plant defect repairs and resolving contractual and commercial matters towards Medupi power station project close-out remains key focus areas with full project completion scheduled for December 2027.

The Medupi power station flue-gas desulphurisation project is a longer-term priority to ensure environmental compliance. The World Bank (main funder) is regularly updated on the progress, status and challenges with several key activities. The original approved budget and planned project completion will be re-evaluated after certain key activities are completed.



A total of 292.6km (2024: 74.4km) of transmission lines were installed during the year with significant progress made on four major transmission projects which resulted in the target of 286km being exceeded. The transformer capacity installed and commissioned of 2 620MVA (2024: 23MVA) during the year exceeded the target of 2 380MVA as a total of 2 040MVA transformer capacity was commissioned at six substations and there were three self-build projects by customers totalling 580MVA.

Eskom continues to connect previously disadvantaged households and farm dweller houses in licensed areas of supply under the electrification programme funded by the government. Connections of 83 031 (2024: 114 800) households were completed during the year against a target of 44 974 household connections.

A total of 124 power purchase agreements were in place at 31 March 2025 with a total capacity of 10 216MW and 95 (2024: 90) renewable energy IPP projects with a capacity of 6 180MW (2024: 6180MW) are in operation. The group also procured energy from two peaker IPP OCGTs with a capacity of 1 005MW and through short-term programmes and the Risk Mitigation IPP Procurement Programme with a capacity of 160MW and 150MW respectively.

Refer to page 98 of the integrated report for more information.

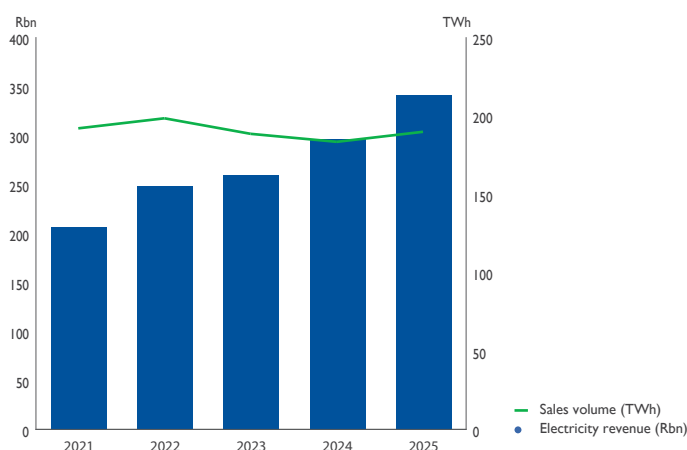
## Financial performance

### Performance

EBITDA performance of the group improved significantly by R55.6 billion to R99.0 billion (2024: R43.4 billion) mainly because of increased revenue in the current year, reduced primary energy costs and the refunds received from SARS relating to the resolution of the fuel levy rebate dispute. The profit before tax of R23.9 billion (2024: R25.5 billion net loss) reflected an improvement in performance of R49.4 billion. The net profit after tax of R16.0 billion (2024: R55.0 billion net loss) also improved by R71.0 billion compared to the prior year which included the derecognition of the deferred tax asset of R36.6 billion.

Revenue increased by R45.1 billion to R340.9 billion (2024: R295.8 billion) mainly because of the standard tariff increase of 12.7% allowed by the National Energy Regulator of South Africa (NERSA) in addition to a 3.5% year-on-year growth in sales volumes of 6 412GWh to 189 723GWh (2024: 183 311GWh). The revenue figure includes the negative impact of revenue not recognised of R23.8 billion (2024: R17.2 billion) where collectability criteria were not met, offset by R11.9 billion (2024: R8.3 billion) revenue recognised from customers on the cash basis. The average electricity price amounted to 187.97c/kWh (2024: 165.43c/kWh) for the year.

The graph below reflects the comparison between sales volumes and electricity revenue over the last five years.



Primary energy expenses decreased to R150.2 billion (2024: R173.7 billion) for the year, although there was an increase in production of 8 728GWh. Eskom's own generation costs decreased to R98.0 billion (2024: R117.9 billion) for the year which consists mainly of less expensive coal generation. Expenditure on the combined Eskom-owned and IPP OCGT costs decreased to R17.7 billion (2024: R33.9 billion) (excluding fuel rebate adjustments) because improved coal-fired plant performance resulted in lower production of 2.8TWh (2024: 5.1TWh). Total IPP expenditure decreased to R45.6 billion (2024: R47.8 billion) mainly due to improved performance at Eskom's coal-fired power stations which resulted in lower production required from emergency and IPP OCGT sources to augment supply.

Employee costs increased by R8.1 billion to R43.2 billion (2024: R35.1 billion) for the year, representing an increase of 23.0% compared to the prior year largely due to employee salary adjustments, reimplementation of the short-term incentive scheme (STI), an increase in production bonuses awarded due to improved operational performance as well as a 3.5% increase in headcount.

Other expenses increased by R2.7 billion to R44.1 billion (2024: R41.4 billion) for the year, mainly due to additional repairs and maintenance, plant operating costs in line with the Generation Recovery Plan and the write-off of costs capitalised for certain assets under construction.

The impairment on financial assets amounted to R7.3 billion (2024: R3.0 billion) for the year, mainly relating to overdue municipal receivables. The write down on other assets amounted to R0.3 billion (2024: R0.4 billion) which relates mainly to the value added tax (VAT) portion on cash receivables (R0.4 billion) offset by inventory adjustments (R0.1 billion).

Depreciation decreased by R1.4 billion to R31.8 billion (2024: R33.2 billion) representing a 4.4% decrease compared to the prior year. The decrease is mainly because of generation plant life extensions in line with the continued operations strategy as well as the life extension of Koeberg unit 1 after approval of the long-term operating licence for another 20 years by the National Nuclear Regulator in July 2024 partially offset by an increase in depreciation as Kusile unit 5 was transferred into commercial operation on 30 June 2024.

The group recorded a net fair value and foreign exchange loss on financial instruments, excluding embedded derivatives of R2.6 billion (2024: R0.9 billion gain) for the year. Financial instruments are largely impacted by interest rate and exchange rate movements as well as credit risk and hedge effectiveness adjustments. The loss is largely due to increased losses on foreign currency translations related to debt securities and borrowings compared to the prior year. A net fair value loss of R7.8 billion was recorded on embedded derivatives (2024: R1.7 billion gain), mainly because of the downturn in the ferrochrome market resulting in reduced consumption forecasts (hardship was cited by Glencore and Samancor chrome customers under the contractual terms) and lower ferrochrome spot price as well as other market dynamics.

## Financial performance (continued)

### Performance (continued)

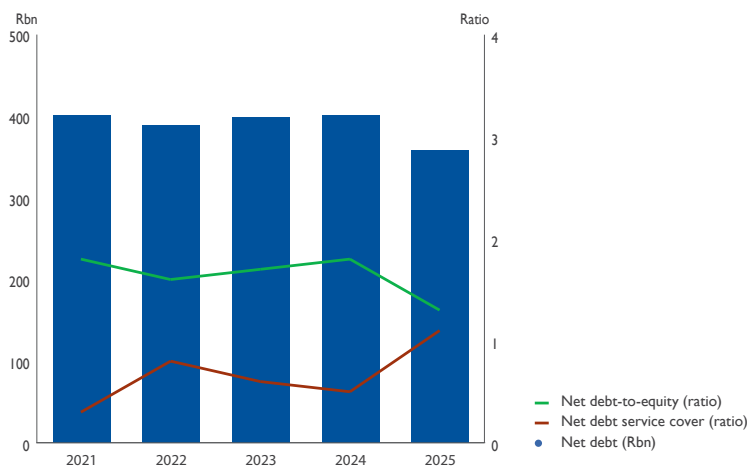
Net finance costs decreased to R33.1 billion (2024: R38.4 billion) for the year linked to lower interest on debt securities and borrowings (including shareholder loans) and higher finance income. Finance costs decreased by R3.3 billion and finance income increased by R2.0 billion.

The financial solvency ratios improved mainly due to the improvement in EBITDA. The net debt to equity ratio improved to 1.29 (2024: 1.80) with net debt decreasing to R358.7 billion (2024: R401.1 billion) and equity increasing to R278.3 billion (2024: R222.9 billion). The net debt service cover ratio improved to 1.11 (2024: 0.46) and cash interest cover ratio improved to 2.76 (2024: 1.18). Liquidity remains under pressure despite the improved ratios, given Eskom's financial and operational challenges and future infrastructure investment requirements.

An amount of R2.6 billion (R2.4 billion plus interest) was set aside in treasury investments to fund future nuclear decommissioning activities as directed by the National Nuclear Regulator whilst discussions regarding a permanent solution are underway.

Cash and cash equivalents increased to R63.8 billion (2024: R23.6 billion), mainly because of the improved cash from operations during the year and the government support which assisted Eskom in meeting debt servicing requirements. The balance includes R16.4 billion that was earmarked for the funding of decommissioning activities and clean energy projects consisting of a further R4.3 billion for nuclear decommissioning activities as well as R3.0 billion for long-term coal decommissioning activities and R9.1 billion for clean energy projects. The funds set aside and earmarked for decommissioning activities represent partial funding for the decommissioning liabilities at 31 March 2025. Refer to note 28.

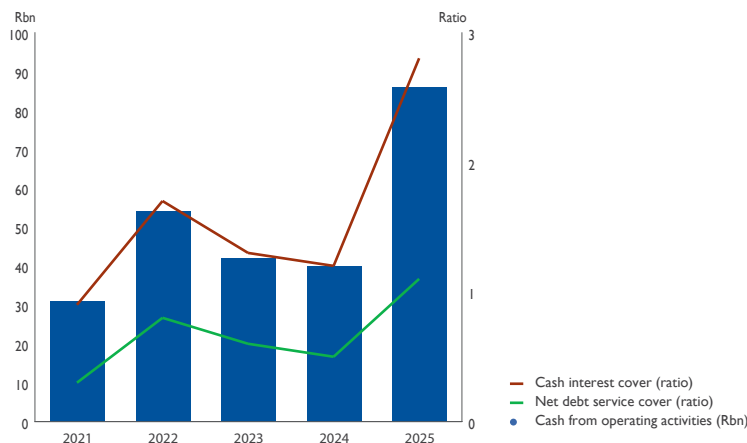
The graph below reflects the movement in net debt as well as the debt-to-equity and net debt service cover ratios over the last five years.



Gross debt securities and borrowings decreased by R39.5 billion to R372.7 billion (2024: R412.2 billion), largely because of continued compliance with the debt relief conditions and ministerial approval for the conversion of the shareholder loan tranches to equity. Eskom received R64 billion (2024: R76 billion) of debt relief support from the shareholder by 31 March 2025. The group repaid R46.4 billion (2024: R54.6 billion) of debt and raised R8.7 billion (2024: R23.6 billion) of debt from existing facilities.

Total debt servicing outflows, including interest and capital payments, amounted to R79.8 billion (2024: R89.8 billion) for the year. Net cash from operating activities improved significantly to R85.9 billion (2024: R40.4 billion) due to improved EBITDA and management of working capital. Despite these improvements, the long-term profitability of Eskom remains dependent on various factors including sustaining the improved technical and financial performance recorded during the year.

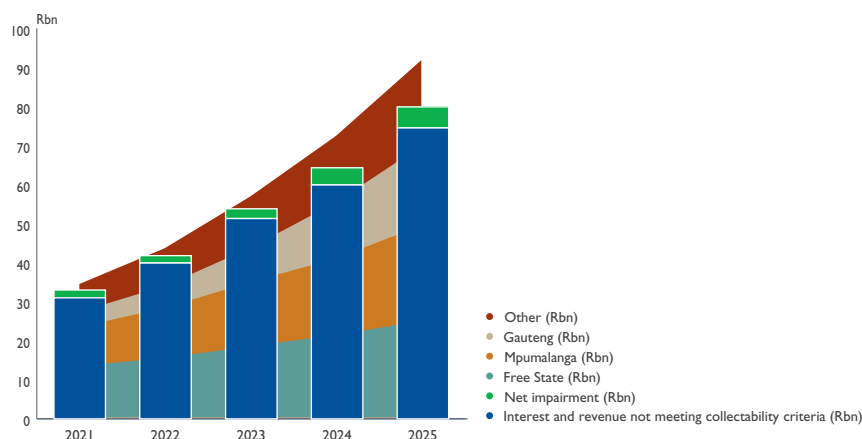
The graph below shows the movement in cash from operating activities as well as the cash interest cover and net debt service cover ratios over the last five years.



The total gross municipal arrear debt increased by R20.2 billion to R94.6 billion (2024: R74.4 billion) at year end with 27.0% (2024: 29.3%) owed by Free State municipalities. The top 20 defaulting municipalities constitute 75.2% (2024: 75.2%) of total invoiced municipal arrear debt.



The graph below reflects the increase in the gross arrear municipal debt per province and the breakdown between the net impairment, interest and revenue not meeting collectability criteria over the last five years.



A total of 63 municipalities of the 71 municipalities approved for participation in the municipal debt relief programme did not fully settle their current accounts by March 2025 (taking into account subsequent payments received until 7 April 2025). These municipalities have a combined overdue current account amounting to R25 billion at 31 March 2025 and include only five municipalities with an overdue current account of one month during the year.

Breach notifications have been issued to 59 of the 63 non-compliant municipalities. Eskom advised National Treasury of the non-compliant municipalities that failed to pay their current accounts on time and requested National Treasury to engage with the affected municipalities to implement remedial action.

National Treasury issued instruction letters to Eskom during the year to write-off one-third of the ringfenced debt for 14 municipalities to the value of R3.5 billion. Eskom wrote off R0.5 billion during the year relating to nine of these municipalities that met the debt relief conditions during the compliance cycle. The remaining five municipalities complied with the conditions of the municipal debt relief programme after the amendment of the conditions and R3 billion will be written off in 2026.

A further five municipalities met the compliance cycle conditions for 12 consecutive months during the year with another five municipalities meeting the conditions in May 2025 and August 2025. Write-off instructions for these municipalities were received from National Treasury on 24 June 2025, 7 August 2025 and 22 August 2025. The write-off of R0.6 billion will be processed in 2026. Refer to note 5.1.1.

The arrear debt owed by City of Tshwane and City of Johannesburg metropolitan municipalities has continued to escalate. Eskom is engaging with these metros and pursuing its legal rights through the courts. The City of Tshwane and Eskom concluded a five-year payment arrangement plan in November 2024 that was recognised as a loan receivable. An agreement was reached with the City of Johannesburg in June 2025 for the settlement of the outstanding debt over the next four years.

#### **NERSA tariff and Regulatory Clearing Account decisions**

Revenue growth by migrating towards a more appropriate tariff path remains a focus area for the group. NERSA awarded Eskom an average standard tariff increase of 12.7% for 2025 (multi-year price determination (MYPD) 5 covering 2022 to 2025) and announced the MYPD 6 determination on 30 January 2025 that awarded Eskom an average standard tariff increase of 12.7%, 5.36% and 6.19% for 2026, 2027 and 2028 respectively.

Eskom assessed the decision and submitted a review application to the High Court on 29 June 2025 to set aside the decision made by NERSA. NERSA approved a settlement of R54 billion (to be endorsed by a court order) in favour of Eskom on 8 August 2025 (accepted by Eskom on 11 August 2025) which resulted in additional revenue recovery of R12 billion for 2027 and R23 billion for 2028. The standard tariff increase is estimated to increase to 8.76% and 8.83% for 2027 and 2028 respectively. The recovery of the remaining balance is still to be determined by NERSA.

The lack of a longer term tariff outlook beyond the three years covered by MYPD 6 poses a risk to financial sustainability and development of appropriate financial strategies as it limits the ability of Eskom and its customers to plan for the future. Eskom and the Minister of Electricity and Energy will be engaging with NERSA and other stakeholders on a long-term tariff outlook.

Eskom submitted a proposed retail tariff plan to NERSA in September 2024 (included changes to tariff charges and rates to ensure that customers only pay for the costs they incur). This was a separate process to the MYPD 6 application to ensure that electricity tariffs reflect the costs approved by NERSA while considering affordability, fairness and transparency. NERSA approved the retail tariff plan application on 18 February 2025 for implementation in 2026 except for the generation capacity charge which will be implemented over three years at a reduced amount in each of the three years. The annual Eskom Retail Tariffs and Structural Adjustment application for 2026 incorporates the approved retail tariff plan and was approved by NERSA on 11 March 2025 effective from 1 April 2025.

#### **Eskom review applications submitted to the High Court**

##### **Revenue decision for 2020 to 2022 (MYPD 4)**

NERSA was required to include an additional R15 billion in allowable revenue per year from 2024 to 2026 and R14 billion in 2027 in terms of the court order. NERSA complied with the court order in its MYPD 5 revenue decision for 2024 and 2025.

##### **RCA applications relating to prior years**

##### **RCA decisions for 2015 to 2021**

Eskom accepted the decision made by NERSA for the recovery of R3.3 billion relating to the regulatory clearing account (RCA) decision for 2020 (MYPD 4) to be recovered equally over three years (R1.1 billion per year from 2025 to 2027) from standard tariff customers. The remaining R135 million will be recovered from local special pricing arrangement customers and international customers.

A decision was received from NERSA on 5 May 2025 for the settlement of RCA cases relating to 2015 to 2021 totalling R40.2 billion. This was endorsed through a court order on 9 May 2025. The recovery of the settlement will be determined by NERSA after following their governance processes.

## Financial performance (continued)

### NERSA tariff and Regulatory Clearing Account decisions (continued)

#### RCA applications relating to prior years (continued)

##### RCA decision for 2022 (MYPD 4)

Eskom submitted a RCA application to NERSA of R23.9 billion in favour of Eskom in April 2023 resulting mainly from revenue, primary energy and operating cost variances. NERSA released its decision on 2 August 2024 to award a RCA balance of R8.1 billion in favour of Eskom. The reasons for decision document was published in March 2025. The timing of the RCA recovery through future tariffs will be determined by NERSA.

##### RCA decision for 2023 (MYPD 5)

Eskom submitted a RCA application for 2023 of R9 million in favour of Eskom to NERSA on 24 January 2024. The application was considerably lower than previous financial years as the revenue variance was much lower because of the impact of loadshedding. NERSA approved a RCA balance of R232 million in favour of customers on 27 March 2025. NERSA published the reasons for the decision in May 2025 with the timing of the RCA recovery still to be determined.

##### RCA application for 2024 (MYPD 5)

The RCA application for 2024 has been delayed because of the late finalisation of the 2024 annual financial statements. The application is in the process of being compiled and will be submitted to NERSA following the necessary governance processes.

## Funding

The group has a centralised treasury function. The funding and liquidity activities are overseen by a general manager who is the group treasurer and Eskom's debt officer and has the relevant experience and expertise for this role. Mr R Vaughan fulfilled this role until his resignation in August 2024 when Mr K Masike took over the role from 20 August 2024 after his appointment as acting general manager.

Eskom received a total of R140 billion in debt relief support from government since implementation of the Eskom Debt Relief Act, 7 of 2023. A total of R64 billion (recognised as a loan from the shareholder) was received in 2025 of which R8 billion was approved for conversion to equity on 21 October 2024 and the remaining R56 billion on 11 June 2025.

The Eskom Debt Relief Amendment Act, 5 of 2025, that was enacted on 3 September 2025 replaced the original envisaged final R70 billion in debt takeover of long-dated debt by government with loans totalling R50 billion that will be convertible into equity subject to conditions being met. This will increase the support received from government in 2026 by R40 billion (total support of R80 billion) which will assist Eskom with a large domestic bond redemption of R39.5 billion due in April 2026. The balance of R10 billion will be received in 2029 to assist with the redemption of a domestic bond of R13.7 billion maturing in May 2028.

Eskom incurred R382 million in interest on the debt relief support received during the year after the amendment to the Eskom Debt Relief Act, 7 of 2023. Interest is charged on all debt relief support received from 2025 payable in cash until the related loan is converted to equity.

The repayment profile of the total debt book for Eskom at 31 March 2025 includes interest payments of R102 billion (2024: R120 billion) and debt repayments of R120 billion (2024: R210 billion) over the next five years.

The availability period of the R350 billion guarantee framework agreement expired on 31 March 2023. Eskom could therefore no longer apply for new guarantees under the framework agreement. The expiry of the availability period does not impact the existing guarantees in issue which will remain in place until the related debt is settled. All other operational and relevant capital expenditure spending are financed through operational cash flows and drawdowns from existing project related loan agreements.

Drawdowns from development finance institutions and export credit agencies amounted to R8.7 billion (2024: R7.5 billion) during the year. Eskom is targeting development finance institutions and export credit agency drawdowns of R13.4 billion over the next five years (2026 to 2030). It is anticipated that new incremental debt will be raised through a combination of development finance institutions and conventional capital market activities from 2028 onwards to fund the capital expenditure required for emission reduction, renewable energy generation as well as transmission network expansion.

Refer to page 90 of the integrated report for more information.

## Legal separation

The commencement of trade by NTCSA on 1 July 2024 was a key milestone in the legal separation process. The lessons learnt from the transmission separation are being incorporated into the remainder of the legal separation process.

NTCSA is fulfilling the role of the transmission system operator in the interim from the effective date of the Electricity Regulation Amendment Act, 38 of 2024, (1 January 2025) until the transmission system operator is established.

The establishment of the independent electricity market is underway. A draft market code was developed and published for stakeholder comment. The required legal due diligence was completed and subsequent revisions to the code was concluded. There was a second round of stakeholder comments until 18 September 2025 and submission to NERSA is expected once the process is complete.

A market operator licence application was approved by the NTCSA governance structures and submitted to NERSA in May 2025. NERSA rejected the application in July 2025 as it was considered inadequate and requested, amongst other requirements, the simultaneous submission of the market code. Engagement with NERSA confirmed the simultaneous submission of the market code was not required. The application was resubmitted on 25 July 2025 with additional information. The application of the licence has been advertised and hearings are expected to take place at the end of September 2025.

The corporatisation and operationalisation of the National Electricity Distribution Company of South Africa SOC Ltd (NEDCSA) is deferred due to the delayed operationalisation of NTCSA and external dependencies including inter-ministerial alignment. The liquidity and solvency of distribution due to the escalating municipal arrear debt is a key area. A solution to ensure the financial sustainability of distribution is critical for the success of the transaction and will impact timelines.

The legal separation of generation is dependent on the establishment and operationalisation of a new holding company. The process and timing to establish the new holding company is dependent on legislation and government policy. The focus is to finalise the remaining power purchase agreements, ringfence all aspects of generation from corporate and develop a future-fit generation operating model and structure that incorporates the generation clean energy business portfolio.

## Governance and compliance

The enhancement of systems, controls, resources, reporting structures, policies and procedures remain key focus areas to address and rectify various governance and compliance challenges that the board is committed to as well as support the fight against fraud, crime and corruption. These enhancements are not yet fully effective as there are still areas that require significant improvement even though some progress has been made.

### Non-technical energy losses

Eskom is addressing the challenge of non-technical energy losses (reported as losses due to criminal conduct in note 51.3) through a multi-faceted approach which will assist with, amongst others, recovery of lost revenue and preventing losses from increasing. These include:

- Field interventions such as physical audits and meter fixes.
- Reducing the number of zero buyers with the KRN rollover project, zero buyers reduction programme and other awareness initiatives.
- Customer education campaigns about the dangers of illegal connections and the consequences of tampering of meters and illegal vending.
- Installing smart prepaid meters with enabled remote control that allows for software updates, disconnecting of defaulting customers and load management.
- Reducing illegal connections with enhanced security law enforcement and retrieving of illegal credit dispensing units.
- Reducing illegal or ghost vending with enhanced system detection capabilities.

The investigation into the online vending system breach continues. Eskom has taken proactive steps to strengthen systems and restore public confidence. Progress has been made in enhancing and protecting the related infrastructure to ensure greater resilience and reliability. These enhancements to strengthen the online vending environment are ongoing and were not yet completely effective at year end. Interventions implemented include the following:

- Established a war room that is focusing on reducing illicit prepaid electricity tokens providing insights into mitigation measures and implementing security enhancements to improve the physical, logical and operational securing of the token vending system.
- Strengthened controls and detection capabilities in the online vending ecosystem with enhanced management and security protocols such as upgrading of internal firewalls, adopting new technologies, successful penetration testing and restricting external access to authorised national vendors.
- Implemented measures to safeguard the system by reinforcing physical infrastructure and limiting both physical and digital access.
- Disconnecting, issuing of penalties and criminally charging customers where it was confirmed that illegal generated tokens were loaded onto meters.
- Investigating options to prevent the use of previously generated 600kWh illicit tokens.
- Enhanced monitoring capabilities by tracking unusual activities across the online vending ecosystem for greater transparency and timely reporting of irregular incidents.
- Ongoing collaboration with law enforcement agencies to support investigations, ensure accountability and identify those who gained financially. Consequence management was done for employees found guilty based on investigations completed to date. The scope of investigations has been extended and is ongoing. Implicated internal employees have been placed on precautionary suspension pending further review with their access revoked.
- Improved in-house capabilities with support from an external forensic firm to better manage risks and safeguard operations.
- Transitioning the responsibility of the key management centre back to the Standard Transfer Specification Association to address risks associated with managing encryption of vending keys.
- Coordinated system upgrades through a structured change management process.
- Oversight by the audit committee and regular reporting to the board.
- Improved internal governance processes including segregation of duties.
- Accelerating acquisition of a secure online vending system to replace the current system and prevent future incidents.
- Enhanced cyber security requirements including updated vending agency agreements where vending agents are required to submit independent assurance reports.

The interventions resulted in an observed downward trend in the number of illicit prepaid electricity tokens created and the number of zero buyers by the end of March 2025.

### Addressing crime, fraud and corruption

One of the priorities of the board has been to restore good governance, strengthen internal controls and promote accountability. Significant attention has been given to fighting crime, fraud and corruption across the group by addressing issues stemming from weaknesses in the internal control environment, strengthening investigative capacity and consequence management processes. The board acknowledges that addressing these issues is essential to securing Eskom's long-term sustainability and rebuilding stakeholder confidence and recognised this as a complex, multi-year undertaking that will demand a sustained effort.

An independent assessment of the crime risk landscape of Eskom identified areas requiring enhanced oversight and control. These included vulnerabilities in fraud prevention, cyber security and physical asset protection. It also highlighted the need for clearer accountability, improved training as well as more robust systems and processes to support whistle-blowing, procurement transparency and compliance.

The enhancement of organisational structures, together with strengthening people, processes and systems, has been critical to restore the capability of Eskom to effectively address governance and compliance challenges. The board adopted a multi-pronged approach to combatting crime, fraud and corruption, centred around prevention, detection, investigation and corrective action.

Preventative efforts have focused on reinforcing ethical behaviour as well as strengthening governance and controls supported by improved systems and processes. Detection capabilities have been enhanced to allow for more effective monitoring and identification of unlawful behaviour. Eskom has also invested in building internal capacity and adequately resourcing specialist functions to investigate and respond to incidents swiftly and decisively, reinforcing a culture of accountability. Corrective actions aim to ensure that lessons from past incidents are translated into tangible improvements, including improved consequence management, supplier oversight and closer collaboration with law enforcement to recover losses and prevent recurrence. Refer to the fighting crime, fraud and corruption section in the integrated report for further information.

The mandate of the group investigations and security department is to perform independent forensic investigations into cases of crime, fraud and corruption as well as other irregularities and implement recommendations arising from these forensic investigations to timeously address consequence management.

A dedicated project management office was established to address the backlog of forensic investigations and disciplinary cases against employees and suppliers. The project management office refers all completed cases involving crime, fraud and corruption to law enforcement agencies as well as the group investigations and security department for further investigation and to fast-track conviction and recovery processes.

A rapid response unit was recently established within the group investigations and security department to strengthen Eskom's capacity to combat high revenue loss crimes and to ensure the timeous investigation of high-priority infrastructure and economic crimes. The unit is being equipped with the necessary resources to support proactive and coordinated responses to existing and emerging threats through streamlined, intelligence-driven organised crime investigations. The focus will be on optimising remediation efforts by consolidating high-risk cases for investigation.

## Governance and compliance (continued)

### Addressing crime, fraud and corruption (continued)

An internal breach of the Eskom SAP enterprise financial accounting system occurred in December 2024. An investigation found that an employee used unauthorised software to capture user credentials with inappropriate and elevated rights to gain access to the SAP system enabling the creation of fraudulent payments. There was no financial loss incurred as the payments were immediately stopped when discovered. A consequence management process is in progress. A SAP war room was set up to investigate the breakdown of controls and oversee the implementation of corrective and enhanced preventative measures as a key focus area.

Significant advancements were made to enhance cyber security protection including improved software for endpoint security protection aimed at detecting advanced cyber threats to address limitations and vulnerabilities of legacy endpoint security technology. The improved detection tools added greater levels of security. Processes have also been enhanced to prevent breaches from occurring in the future.

The incompatibility of certain outdated and unsupported operating technology systems to new endpoint security and the legislative hurdle of data storage outside South Africa resulted in some business components not transitioning to new endpoint security timeously which was subsequently addressed as a priority.

### Ethics management

Eskom employees are required to submit a declaration of interest by 30 June of every year regardless of whether a conflict exists and to update their declarations as soon as circumstances change. The declaration system has been enhanced to identify politically exposed persons. The system also integrates with the Companies and Intellectual Property Commission database to verify active directorships. Eskom employees are also required to apply and obtain annual approval to perform private work. Failure to submit a declaration, obtain prior approval for private work or declare a conflict of interest is considered non-compliance with Eskom's conflict of interest policy and all non-compliant employees will be subjected to investigation and disciplinary action. Non-executive directors are also required to make a declaration of interest.

The disclosure rate and compliance with the annual declaration of interest process at 31 March 2025 indicated that 99.8% (2024: 99.7%) of employees and all executive committee (Exco) and board members complied with the process. Verification of the declarations made by board and Exco members found no deviations.

All individuals acting on behalf of Eskom, including suppliers, are required to uphold the ethical standards of Eskom. Suppliers found to be in contravention of the Eskom Code of Ethics are also subject to disciplinary processes and potential sanctions.

The ethics office in Eskom continues to play a vital role in implementing ethics and providing guidance on ethical matters in the workplace, developing and monitoring ethics-related policies as well as facilitating mandatory annual ethics training for all employees. The office is also responsible for referring matters of unethical behaviour involving crime, fraud and corruption to the forensic function for investigation.

An independent ethics risk assessment was conducted by The Ethics Institute to identify, assess and manage ethics-related risks within the organisation. The assessment provided valuable insights into the strengthening of ethical practices. The actions identified are being implemented and monitored. The ethics strategy and management plan were revised and approved in August 2024, assisting the board to address ethics and integrity matters in an integrated manner. Key policies, including the code of ethics as well as the conflict of interest, fraud prevention and whistle-blowing policies, have been reviewed and approved to enhance compliance across the organisation.

The ethics training content was updated and the mandatory requirement to complete the training has been communicated to employees. Eskom will also roll out the staff ethics awareness programme by The Ethics Institute to all employees from 2026.

Eskom encourages all stakeholders to report suspected incidents of unlawful or unethical conduct involving directors, employees or suppliers through Eskom's independent whistle-blowing hotline or government's anti-corruption channels. These mechanisms are designed to ensure confidentiality, protect whistle-blowers and uphold the integrity of the reporting process.

### Consequence management

Disciplinary action was recommended against 82 employees (2024: 167) during the year based on findings from completed forensic investigations, while 195 disciplinary recommendations relating to the current and prior years were concluded, reducing the backlog of cases. Eskom flags employees who resign before disciplinary processes or investigations are concluded on its human resources database. These individuals cannot be employed in Eskom for 10 years and cannot serve as an employee of a contractor on Eskom sites.

Forensic recommendations for disciplinary action against 91 employees were pending finalisation at year end. A total of 60 of the 91 employees are awaiting initiation of disciplinary processes by the managers of the respective employees, disciplinary hearings are underway for 30 employees and a charge sheet was issued to one employee for finalisation.

Focus remains on implementing and improving the effectiveness of consequence management in the organisation. Several interventions are in the process of being implemented. The people relations and the group investigations and security departments are working together to ensure that the managers of affected employees act promptly to address forensic recommendations. The monitoring and close-out of long-outstanding disciplinary actions improved with monthly follow up and external support received from accredited labour dispute bodies.

Eskom initiates a supplier review process where forensic investigation confirm that suppliers failed to declare a potential conflict of interest or engaged in misconduct and have been proven to have benefitted unduly. The supplier review committee and Exco tender committee evaluate cases against suppliers based on respective level of authority and determine disciplinary action to be implemented.

The status of 43 suppliers was considered by the Exco tender committee during the year of which 25 suppliers received sanctions for removal from the Eskom supplier database with referral to National Treasury for restriction. Suspended sanctions were issued to eight suppliers which could be removed from the supplier database of Eskom if any further non-compliance is committed during the suspension period. Purchasing blocks were implemented for two suppliers pending finalisation of criminal matters. The remaining eight suppliers were found not guilty with no further action recommended.

The supplier review committee considered the status of an additional 22 suppliers since its first meeting in October 2024. A total of 19 suppliers received sanctions for removal from the supplier database or blocking on the procurement system of Eskom, two suppliers received suspended sanctions and one supplier was found not guilty with no further action recommended.

### Forensic investigation

Eskom continues to monitor forensic investigation proceedings and support law enforcement agencies in their work. A total of 66 (2024: 172) new criminal cases were opened during the year. A total of 247 open cases were registered with South African Police Services (SAPS) for criminal investigation at year end, with 227 matters reported to the Hawks in terms of the Prevention and Combatting of Corrupt Activities Act, 12 of 2004. Of these, 20 cases were at trial stage at various magistrate and specialist commercial crimes courts by year end and a further 63 cases have been through the criminal proceedings provided for under the Criminal Procedure Act, 51 of 1977.

Forensic investigations during the year revealed recurring themes, including procurement and recruitment irregularities, undeclared conflicts of interest involving both suppliers and employees and other forms of fraud and corruption. These findings highlight the need for stronger compliance with well-established policies and procedures and more robust management supervision and monitoring. Remedial actions were recommended where control deficiencies were identified to prevent recurrence although a stronger focus is required to prevent repeat incidents.

### Fraud prevention

Eskom's fraud prevention plan sets out critical actions to prevent, detect, respond to and mitigate the risk of crime, fraud and corruption and is monitored by the anti-fraud and corruption integration management committee. The plan is reviewed and updated annually and consolidates ongoing initiatives with new interventions to address emerging risks. The following outcomes, amongst others, were achieved during the year through the implementation of the plan:

- Developed and rolled out a programme to enhance skills of investigators.
- Strengthened partnerships with law enforcement agencies, including the Special Investigating Unit (SIU), Hawks and SAPS to drive impactful investigative outcomes.
- Implemented mandatory fraud awareness training for all employees and developed a fraud prevention training framework to conduct targeted training at high-risk areas.
- Extended anti-fraud and corruption awareness campaigns to suppliers and employees.
- Continued with the ongoing integration of the forensics function within the group investigations and security department and progress made to obtain a central repository for investigations.
- Established a dedicated project management office to expedite on the backlog of old outstanding investigations.
- Reestablished the supplier review committee to enhance supplier consequence management.
- Reviewed and tested the central supplier database for informal tendering of National Treasury which was successfully implemented in generation and is being extended throughout the group.
- Piloted e-tendering for formal tenders.
- System enhancements introduced to the e-auction system to enable greater competition and transparency in pricing.
- Implemented security clearance vetting in line with the requirements of the Risk Integrity and Management Framework of Government and the vetting policy of Eskom.
- Continued with ongoing support to management for the implementation of employee disciplinary processes and improving oversight and management accountability.
- Reviewed divisional fraud risk registers to improve leadership accountability and coordination of treatment plans as well as identified and consulted on areas that require enhancements.
- Deployed transaction monitoring and data analytics to detect control weaknesses and process risks.
- Established interventions in response to the SAP and online vending system control deficiencies and to enhance collaboration between the affected business units of Eskom and assist in comprehensive investigations where necessary.

Other initiatives to mitigate fraud and corruption risks include the modernisation of the procurement systems with automated procurement tools, implementation of coal automation systems to monitor coal delivery from mines to power stations and improve coal quality assurance. A service provider has been appointed to assist with the use of analytical and forensic tools to identify transactions and anomalies that should be investigated for potential crime, fraud and corruption as well as to build this capability within Eskom which will assist with the enhancement of systems and controls and implementation of digital tools to support early detection of fraud and corruption.

Eskom subscribes to the principles and practices of the King IV™ Report on Corporate Governance for South Africa (King IV™) and conducts an annual assessment of its application thereof.

### Public Finance Management Act, 1 of 1999 compliance

The particulars of irregular expenditure, fruitless and wasteful expenditure as well as material losses due to criminal conduct as required by section 55(2)(b) of the PFMA are reported in accordance with legislative prescripts set out by National Treasury in note 5I and the integrated report. The identification of all occurrences of irregular as well as fruitless and wasteful expenditure, conducting assessments and determinations (investigations) thereof as well as oversight of consequence management, such as disciplinary action, condonations and recovery of losses remains a key focus area.

The PFMA reporting procedure is being revised in line with the latest National Treasury Instruction. Updated PFMA training will be implemented in 2026 after the revised procedure has been approved to strengthen compliance and enhance reporting practices.

The condonation process instruction for irregular expenditure has been approved and awareness sessions were undertaken in collaboration with the Eskom Academy of Learning. The fruitless and wasteful process instruction is in the process of approval. These instructions will be incorporated into the Eskom revised PFMA reporting procedure.

National Treasury granted Eskom a departure from the requirement to disclose PFMA amounts inclusive of VAT in terms of section 79 of the PFMA. Eskom has historically reported all PFMA amounts excluding VAT and continued to do so in the current year.

Eskom again received a qualified opinion relating to the quantification and disclosure of information required in terms of the PFMA (irregular expenditure and losses due to criminal conduct) as associated financial records were not complete or accurately maintained in line with legislative requirements. The auditors raised material findings in respect of the lack of completeness and accuracy of PFMA information reported by Eskom, both relating to the current year and cumulative balance. Fruitless and wasteful expenditure was not qualified in the current year.

The audit recovery programme initiated during the year, led by the group chief financial officer, aims to prevent audit qualifications in the future as well as focuses on strengthening, monitoring and tracking of the external audit process by enhancing transparency and visibility by embedding sustainable improvements in financial management, compliance and internal control practices across the organisation. The programme will improve the PFMA control environment in future years with the intended impact expected to be visible over a three-year period, although it will not address all the historical deficiencies.

Oversight of the programme is exercised through the external audit oversight committee which is chaired by the group chief executive. This committee reinforces executive accountability, promotes cross-functional collaboration and aligns the programme with the Eskom broader governance and reform agenda of Eskom. The programme focuses on the following:

- Strengthening internal controls to ensure accurate and reliable financial reporting.
- Promoting strict adherence to Eskom's policies, processes and procedures.
- Addressing non-compliance with the PFMA through corrective measures and compliance monitoring.
- Enhancing audit readiness, enabling Eskom to respond proactively to audit requirements as well as closure of existing audit findings.

## Governance and compliance (continued)

### Public Finance Management Act, 1 of 1999 compliance (continued)

The programme (through awareness campaigns and employee engagement sessions) aims to instill a culture of accountability and ownership across the business as sustainable improvement depends both on process enhancements and the active commitment of all employees.

### Irregular expenditure

Irregular expenditure amounted to R1.5 billion (2024: R5.6 billion restated) for the year of which new matters incurred in 2025 amounted to R0.5 billion (2024: R0.4 billion). The balance related to existing multi-year contracts that will continue to attract irregular expenditure until condoned or expired. The expenditure for the comparative period was restated due to prior year expenditure that was only confirmed as irregular in the current year.

The process of collecting information and reporting on irregular expenditure continues to be a focus area although it is expected that new instances of irregularities will continue to be detected as the group continues with governance clean-up initiatives such as the audit recovery programme.

### Fruitless and wasteful expenditure and criminal conduct

Fruitless and wasteful expenditure incurred during the year amounted to R20.0 million (2024: R13.0 million restated) with 37 (2024: 46 restated) incidents of fruitless and wasteful expenditure for the group.

Incidents of fruitless and wasteful expenditure cannot be closed until consequence management has been undertaken or valid reasons to not institute consequence management have been provided. The fruitless and wasteful expenditure must be recovered or written off as irrecoverable to fully address the incident for reporting purposes.

Losses due to criminal conduct of R7.2 billion (2024: R6.7 billion) were reported during the year with the majority related to estimated non-technical energy losses. There is a cost associated with delivering the electricity with no corresponding revenue recognised. The non-technical energy losses cannot be recognised as revenue as it cannot be reliably quantified, recovery is not expected to be probable and there is no valid contract or tacit agreement for the supply of electricity.

Only material losses due to criminal conduct are reported in the annual financial statements and integrated report. Matters are regarded as material where an individual incident or class of closely related incidents exceed R25 million in line with the Significance and Materiality Framework. Investigations related to non-technical energy losses are ongoing and there is continual collaboration with other state-owned entities that are affected by similar challenges, industry role players, SAPS and the National Prosecuting Authority to combat these losses.

### Board and executive committee changes

The Eskom board should consist of a minimum of three and maximum of 15 directors with the majority being non-executive directors in terms of the memorandum of incorporation. The current board comprised of 13 directors at year end including 11 independent non-executive directors and two executive directors.

There were no changes to the composition of the board during the year. The revision of Eskom's memorandum of incorporation authorised the shareholder to appoint a lead independent director to strengthen governance and oversight. An existing independent non-executive director, Mr Leslie Mkhabela, was appointed as the lead independent director from 31 January 2025.

The board approved the separation of the audit and risk committee into a separate audit committee and risk committee in February 2025 to enhance oversight and accountability by bringing greater focus to the distinct responsibilities of these disciplines. The audit committee retains the same membership as the original audit and risk committee whilst the risk committee comprises five non-executive and two executive directors. The terms of reference of the separate committees were approved on 30 May 2025.

Membership of the governance and strategy committee comprises the chairs of each of the board committees. Dr TL Mthombeni who is serving as chair of the risk committee was appointed as a member of the governance and strategy committee effective from 25 February 2025.

The new Exco structure that was effective from May 2024 has been fully capacitated to address the prevailing business challenges and future-proof the organisation to enable growth and long-term sustainability.

Changes to Exco include the following:

Executive committee members	Comment
ML Bala	Acted as group executive: human resources from 24 June 2024 until 28 February 2025 in addition to his role as group executive: distribution. Seconded to the role of interim chief executive officer at NTCSA effective from 1 August 2025 and is currently an invitee to Exco.
FS Burn	Resigned as member of Exco on 31 October 2024 with the appointment of the chief technology and information officer effective from 1 November 2024.
RA Crookes	Appointed as group executive: group capital effective from 1 November 2024.
NY Hadebe	Appointed as group executive: strategy and sustainability effective from 1 November 2024.
C Hartley	Appointed as chief people officer effective from 1 March 2025.
A Mlambo	Appointed as acting group executive: distribution effective from 1 August 2025.
PB Mngomezulu	Appointed as group executive: corporate services effective from 1 November 2024. The role incorporates procurement, legal as well as communications and stakeholder management functions.
SJ Mthembu	Appointed as head of legal and compliance effective from 1 May 2024. Resigned as member of Exco on 31 October 2024 with the appointment of the group executive corporate services on 1 November 2024 and is currently a permanent invitee to Exco.
RP Mnisi	Appointed as group executive: renewables effective from 1 February 2025.
EM Pule	Retired as group executive: human resources effective from 31 July 2024.
J Sankar	Resigned as member of Exco on 31 October 2024 with the appointment of the group executive: corporate services on 1 November 2024.
SM Scheppers	Appointed as member of Exco in the role of transmission divisional executive effective from 1 June 2023 until 30 June 2024. Served as interim chief executive officer of NTCSA effective from 1 July 2024 and invitee to Exco until his secondment ended on 31 July 2025.



Executive committee members	Comment
AE Seema	Appointed as group executive: strategic delivery unit effective from 1 December 2024.
NN Sithole	Acted as group executive: government and regulatory affairs effective from 10 August 2023 until 31 October 2024 with the appointment of the group executive: corporate services on 1 November 2024.
V Tuku	Fixed-term contract as group executive: transformation management office ended 30 June 2024. The position was removed from the organisational structure.
HS Vezi	Acted as group executive: legal and compliance from 1 April 2024 until 30 April 2024.
LM de Villiers	Appointed on a three-year fixed-term contract as chief technology and information officer effective from 1 November 2024.

The end of the term of the board was extended from 30 September 2025 to November 2025. The board played a key role in addressing several systemic challenges that affected the operations, finances and sustainability of Eskom over the three years. Key developments and contributions made by the board in improving performance as well as steering Eskom towards stability and growth over the term of the board are discussed in more detail in "Reflecting on the Board's performance" in the integrated report.

Refer to pages 15 and 54 of the integrated report for more information.

## Human resources

### Workforce

The creation of a high-performance ethical culture with a multi-skilled, capable, efficient, flexible and innovative workforce that supports a transformed Eskom is crucial as it adapts to the evolving energy market and the changing world of work.

The group continues to make progress on implementation of the workforce plan that is aimed at ensuring that current and future staffing levels are aligned to the strategic objectives of the organisation with the focus on retaining core and critical skills, driving employment equity transformation targets and meeting training and development needs.

The group headcount increased by 1 405 to 42 030 (2024: 40 625) employees at year end mainly because of the appointment of core and critical skills within generation and Eskom Rotek Industries (ERI). The group headcount includes 612 learners under the Youth Employment Services programme of government. Gross attrition rate was 5.9% (2024: 5.7%) with 2 436 employees that exited during the year. A total of 3 841 employees were appointed from the external market and 3 106 current employees were either promoted or internally transferred to advance current employees.

### Industrial relations

A collective agreement was reached with trade unions that covers the salaries and other benefits of all bargaining unit employees for a period of three years. The agreement includes a 7% salary increase per year applicable from 1 July 2023 to 30 June 2026, a 7% increase in the housing allowance per year over the three-year period and a once-off taxable payment of R10 000 for the first two years.

Salary adjustments were implemented from 1 October 2024 for managerial employees. The increase resulted in a 7% increase in managerial remuneration costs of which a 3% cost of living adjustment was guaranteed for all managerial employees and the remaining 4% was available for managers to use at their discretion to award employees based on performance, correcting income differentials and retaining high performers. Monthly production bonuses were also awarded during the year to eligible employees for improving operational performance based on daily targets.

The long-term performance incentive scheme rewards eligible Exco members in cash for meeting organisational objectives measured over a three-year period. The performance awards are linked to gatekeeper conditions and key performance indicators (KPIs) that are aligned with the Eskom Corporate Plan as well as shareholder compact and include both financial and non-financial targets. Performance awards were granted in 2024 (grant 13) and 2025 (grant 14) effective from 1 April 2023 and 1 April 2024 respectively. Refer to note 49 and the integrated report.

The annual STI scheme was reimplemented in 2025 and is based on performance of the organisation and employees. The objective is to improve productivity, financial performance and encourage a high-performance culture. The initiative is self-funded through enhanced profitability and liquidity, focusing on operational key performance areas across the organisation. A once-off mid-year pay-out was made to employees in December 2024. A provision was raised for the remaining pay-out for the full year which was paid in September 2025 after conclusion of the year end audit and verification of the level of achievement of year end targets at an organisational level.

### Building and retaining strong skills

Eskom continues to monitor skills trends across the organisation and implement initiatives to build critical skills with the capacity to innovate and address the technical skills gap. Divisions and subsidiaries have been encouraged to reintroduce divisional learning committees and prioritise future-focused training interventions.

The total learner pipeline represented 8.0% (2024: 5.9%) of the permanent Eskom company workforce against a target of 2.5% with technical learners (artisans, engineers, plant operators and technicians) making up around 25.0% of the total pipeline. There were 2 609 (2024: 2 086) learners at year end representing a 25.1% growth in learner numbers.

Critical roles most at risk of knowledge loss have been proactively identified as a sizeable portion of the experienced workforce approaches retirement in the next five years with structured knowledge transfer initiatives being implemented. These include digital platforms, mentorship programmes and succession planning frameworks designed to capture institutional expertise and ensure continuity of operations.

Interventions across several proficiencies are being prioritised including technical and plant knowledge, business acumen and financial literacy, leadership and management capabilities and understanding the broader energy industry and associated regulations based on the results of the skills audit concluded in October 2022. Continuous monitoring and progress feedback on closing skills gaps identified are in place.

The Eskom Academy of Learning is being repositioned to address competency gaps and support future-readiness by delivering streamlined, high-impact learning solutions. A leadership development unit was established within the Eskom Academy of Learning to enhance leadership capabilities and strengthen the leadership pipeline through succession planning and talent management programmes.

## Human resources (continued)

### Improving internal transformation

Ensuring a diverse and inclusive workforce and promoting the interests of designated groups remains a key area of commitment. The racial equity targets for the year were met but gender equity at top and senior management, skilled and semi-skilled levels require improvement. The overall gender ratio improved to 63% male and 37% female (2024: 64% male and 36% female) with a goal of achieving 50:50 gender parity by 2030. Female representation at Exco level remains a priority with three of the 11 members being women.

Group disability equity improved to 3.1% (2024: 3.0%) with the number of employees with disabilities increasing to 1 308 (2024: 1 201). The group met and exceeded the national target of 2.0% but still falls short compared to the group target of 3.2%. There is continual focus on efforts to enhance awareness and accessibility such as training, deployment and use of virtual platforms as well as provision of tailored physical equipment for persons with disabilities. Of concern is that employees with disabilities are mostly represented in the lower job categories.

Eskom is committed to investing in employee development to ensure that employees are equipped to meet the evolving demands of the transforming energy sector. A total of 930 (2024: 930) employees were enrolled in further studies during the year of which 651 (2024: 549) were female and 30 (2024: 31) were employees with disabilities pursuing qualifications ranging from certificates to doctorates, with more than 70% working toward a bachelor's degree or higher.

Refer to page 120 of the integrated report for more information.

## Shareholder compact performance

The table below sets out Eskom's performance measured against the shareholder compact that was subject to audit by the external auditors. The external audit opinion relating to this audit is detailed on page 31.

All the KPIs in the compact refer to the Eskom group, except where specifically indicated.

Actual performance against the year end target is indicated as follows:

- Actual performance for the year met or exceeded the target
- Actual performance for the year did not meet the target

Key performance indicator	Ref	Unit	Target 2025	Actual 2025	Actual 2024
<b>Generation</b>					
Energy availability factor (EAF)	(a)	%	65.00 ●	60.60	54.56
Planned capability loss factor (PCLF) <sup>1</sup>		%	10.50 ●	12.76	12.04
Relative particulate emissions	(b)	kg/MWh sent out	0.30 ●	0.64	0.79
Specific water consumption	(c)	ℓ/kWh sent out	1.37 ●	1.40	1.43
Atmospheric emission licences compliance	(d)	%	90.00 ●	85.62	80.20
Coal purchase rand/ton increase		%	10.00 ●	2.90	6.64
Generation capacity installed and commissioned (commercial operation)	(e)	MW	800 ●	799	–
<b>Just Energy Transition</b>					
Assembly of containerised microgrids at Komati <sup>1</sup>	(f)	number	30 ●	13	n/a
Construction of the climate-smart horticulture facility at Grootvlei <sup>1</sup>	(g)	%	100.00 ●	79.64	n/a
<b>Transmission</b>					
System minutes lost <1	(h)	minutes	3.53 ●	4.37	3.29
Transmission lines installed		km	286.0 ●	292.6	74.4
Transmission transformer capacity installed and commissioned		MVA	2 380 ●	2 620	23
<b>Distribution</b>					
Payment levels	(i)	%	94.00 ●	93.86	94.91
Distribution total energy losses	(j)	%	9.65 ●	10.42	9.92
System average interruption duration index (SAIDI)		hours	38.00 ●	34.91	34.88
<b>Finance</b>					
EBITDA		R million	67 120 ●	99 038	43 410
Cash interest cover		ratio	1.92 ●	2.76	1.18
Debt service cover		ratio	0.76 ●	1.11	0.46
Savings from turnaround initiatives		R billion	5.4 ●	16.3	9.9
<b>Human resources</b>					
Training spend as % of actual gross employee benefit expense <sup>3, 4</sup>		%	3.75 ●	4.26	4.19
New learner enrolment <sup>2, 5</sup>		number	290 ●	952	806
<b>Risk and sustainability</b>					
Lost-time injury rate (employee)		rate	0.30 ●	0.23	0.29
<b>Corporate social investment (CSI)</b>					
CSI committed spend		R million	146.10 ●	146.20	93.10
<b>Fraud and corruption</b>					
Assessment of whistle-blower reports completed within 21 working days of being registered <sup>1, 6</sup>		%	70.00 ●	93.40	n/a
Investigations that commenced within 60 calendar days of the preliminary assessment report being completed <sup>1, 7</sup>	(k)	%	70.00 ●	12.24	n/a
Cases where recommendations emanating from forensic investigations have been fully implemented <sup>1, 8</sup>	(l)	%	70.00 ●	42.68	n/a
Board members' and employees' security clearance assessments conducted in line with Risk and Integrity Management Framework (RIMF) requirements <sup>1, 9</sup>	(m)	%	70.00 ●	19.15	n/a
Employees (existing and new recruits) whose background checks have been conducted in line with RIMF requirements <sup>1, 10</sup>		%	60.00 ●	95.41	n/a

Key performance indicator	Ref	Unit	Target 2025	Actual 2025	Actual 2024
<b>Research, testing and development</b>					
Research and development		% of NERSA-allocated spend	95.00	102.70	91.00
<b>Information technology</b>					
Blockchain adoption rate	(n)	%	40.00	20.00	20.00
<b>Legal separation</b>					
Distribution legal separation (corporatisation) – Distribution is a legal operating subsidiary of Eskom <sup>11</sup>	(o)	date	30 June 2024	No	n/a
<b>Procurement and supply chain management</b>					
Preferential procurement		% of total measurable procurement spend (TMPS)	80.00	93.21	75.55
Local content <sup>3</sup>		%	80.00	85.83	60.34
B-BBEE score <sup>3</sup>		number	4	3	3
Enterprise development <sup>2</sup>		R million	5.00	6.98	6.12
Supplier development <sup>2</sup>		R billion	6.00	12.29	8.31
National industrial participation programme <sup>2</sup>		%	100.00	100.00	100.00

The reasons for the targets that were not achieved are discussed below:

Ref	Key performance indicator	Target 2025	Actual 2025	Reason
<b>Generation</b>				
(a)	EAF	65.00	60.60	EAF was negatively affected by high levels of unplanned losses as well as planned maintenance to address plant performance as part of the Generation Recovery Plan. Long duration full load losses (>30 days) at Ankerlig unit 12, Arnot unit 2, Hendrina unit 2, Hendrina unit 7, Matla unit 6 and Matimba unit 2 as well as delays in the steam generator replacement outage at Koeberg unit 2 contributed to unplanned losses for the year. Substandard contractor performance resulted in delays in returning some units on planned maintenance, thereby further impacting unplanned losses. Extreme weather conditions also resulted in multiple unit shutdowns at Camden, Lethabo and Kusile power stations as well as excessive partial load losses.  The energy sent out by Koeberg power station improved during the year and contributed positively on EAF performance compared to the prior year because the efficiency at Koeberg unit 1 increased after the replacement of the steam generator.  The increase from 12.04% in 2024 to 12.76% in 2025 for PCLF reflects positively on the reduction of planned maintenance backlogs but contributes negatively to energy availability.
(b)	Relative particulate emissions	0.30	0.64	The target has not been met even though the relative particulate emission performance improved significantly from the previous year. Performance was negatively affected by ash plant challenges, dust handling plant malfunctions as well as sulphur trioxide plant breakdowns which negatively impacted the efficiency of electrostatic precipitators that limit particulate emissions. Eight out of 14 power stations frequently exceeded their particulate matter emission limits.
(c)	Specific water consumption	1.37	1.40	Water performance was negatively affected by low load factors at several wet-cooled power stations (Hendrina, Kriel, Tutuka, Duvha and Arnot), high demineralised water consumption associated with unit trips as well as poor water management practices at power stations, including high raw water usage and dam overflows. Fixing leaks during opportunity maintenance and outages, dredging dams, preventing excessive ash going into the dams as well as ensuring availability of pumps to recover water for reuse continued to be focus areas.

1. New measure included in the 2025 shareholder compact. The prior year actual is reported as not applicable where no comparative is available.

2. Measure consists of Eskom company and NTCSA.

3. Measure consists of Eskom company only.

4. The definition in the 2025 shareholder compact measures training spend as a percentage of actual gross employee benefit expense. The comparative figure is based on the 2024 shareholder compact definition which measured training spend as a percentage of budgeted gross employee benefit expense.

5. The 2024 shareholder compact included four separate measures for the intake of learner artisans, engineers, technicians and sector specific learners. The 2025 shareholder compact includes a single measure for combined learner intake. The comparative figure therefore reflects the combined value of the four learner intake measures reported in the prior year.

6. Measured on assessment of incidents recorded from 1 April 2024. This KPI is measured on cases recorded within the case management system as managed by the group investigations and security department.

7. Measured on investigations referred from 1 April 2024 in cases where preliminary assessments recommend a full forensic investigation.

8. Measured on forensic reports issued from 1 April 2024 based on the percentage of disciplinary referrals that have been tabled with the presiding officer of the disciplinary hearing within 90 calendar days.

9. Measured on security clearance applications as well as accompanying documents submitted to Eskom's vetting unit and subsequently captured on the State Security Agency's system for assessment. This KPI measures the number of applications in progress with the State Security Agency and does not indicate the final clearance status for those employees.

10. Measured on accompanying documents submitted and background checks conducted as part of Eskom's human resources recruitment process by an independent service provider.

11. The definition of legal separation in the 2025 shareholder compact was based on corporatisation of distribution which refers to the signing of the merger agreement for NEDCSA. The legal separation of transmission which was included in the 2024 shareholder compact was achieved when NTCSA commenced trading from 1 July 2024.

## Shareholder compact performance (continued)

Ref	Key performance indicator	Target 2025	Actual 2025	Reason
<b>Generation</b>				
(d)	Atmospheric emission licences compliance	90.00	85.62	Compliance is scored based on average emission limit compliance, number of emergency incidents reported to authorities in terms of section 30 of the National Environmental Management Act, 107 of 1998 (NEMA), emission monitor test validity, gaseous monitor reliability and general atmospheric emission licence compliance based on internal reviews and assessments completed. Performance was negatively affected by power stations operating in non-compliance with average monthly emission limits, monitor test invalidity as well as gaseous monitor unreliability.
(e)	Generation capacity installed and commissioned (commercial operation)	800	799	The target for commercial operation of Kusile unit 5 was carried forward from the 2024 shareholder compact to 2025 due to the significant schedule delays arising from the gas air heater incident in September 2022.  Commercial operation was successfully achieved for Kusile unit 5 on 30 June 2024, thereby connecting 799MW to the grid. The unit is considered to have been delivered in line with the shareholder compact expectation despite the final rated capacity of the unit being 1MW lower than planned.
<b>Just Energy Transition</b>				
(f)	Assembly of containerised microgrids at Komati	30	13	Construction of 13 containerised microgrid units, which commenced in 2024, was concluded in May 2024 against a target of 30 units, due to limited orders and delays in securing planned funding from Department of Electricity and Energy. There was insufficient time to complete the assembly and fabrication of the remaining units by year end after internal funding was obtained in February 2025 to manufacture additional units. There were no containers in fabrication by year end. The strategy was revised and stakeholders were engaged. Eskom secured commitments for the offtake of an additional 43 units during 2026.
(g)	Construction of the climate-smart horticulture facility at Grootvlei	100.00	79.64	Significant development work was concluded during the year, including identifying and ringfencing of land, finalising funding and partnership arrangements, obtaining environmental approvals, concluding designs and appointing contractors for civil work and fencing.  Construction of the facility commenced in November 2024. Construction was subsequently halted in early December 2024 to facilitate for further engagement with business forums as well as local and provincial government. Work recommenced in January 2025 but heavy rains affected the construction with the site remaining waterlogged and inaccessible until year end. Expenditures incurred during the year related to fencing, the greenhouse and transformer.  Construction is scheduled for completion in 2026 with the facility expected to become operational by 31 March 2026. The necessary training will be done simultaneously.
<b>Transmission</b>				
(h)	System minutes lost <1	3.53	4.37	Performance was negatively impacted by several equipment failures at substations and commissioning errors resulting in trips as well as increased veld fire-related incidents that resulted in transmission line faults.
<b>Distribution</b>				
(i)	Payment levels	94.00	93.86	Performance was negatively affected by the significant growth in arrear metro debt during the year. While payment levels of non-municipal sectors performed well above target, the recent challenges with several Gauteng metros have contributed significantly to the decline in payment levels of the municipal sector, adversely affecting overall payment levels.
(j)	Distribution total energy losses	9.65	10.42	Non-technical losses resulted largely from electricity theft due to illegal connections, meter tampering and illegal vending. Technical losses were impacted by ageing distribution networks which are constrained, overloaded and exposed to equipment theft.

Ref	Key performance indicator	Target 2025	Actual 2025	Reason
<b>Fraud and corruption</b>				
(k)	Investigations that commenced within 60 calendar days of the preliminary assessment report being completed	70.00	12.24	Performance was negatively affected by the backlog of forensic cases. Most forensic investigations conducted during the year related to cases which were registered between 2021 to 2023. Investigations had therefore not yet commenced on most cases referred since 1 April 2024. The forensic function is focusing on clearing the backlog by prioritising high-impact investigations and considering the ageing of cases.
(l)	Cases where recommendations emanating from forensic investigations have been fully implemented	70.00	42.68	Performance was negatively affected by the focus on addressing and finalising recommendations relating to priority matters and matters from prior years as well as cases where the 90-day period applied in the measure had not elapsed by year end.
(m)	Board members' and employees' security clearance assessments conducted in line with RIMF requirements	70.00	19.15	Performance was negatively affected by resource constraints due to the high volumes of security vetting applications received. These resource constraints also led to delays in complying with the new requirement from October 2024 to first capture all applications on the system of the State Security Agency, thereby delaying the submission of security vetting applications.
<b>Information technology</b>				
(n)	Blockchain adoption rate	40.00	20.00	Performance was negatively affected by delays in acquiring a digital procurement solution due to the requirement for data to be hosted and processed locally as well as revisions to the procurement strategy. Eskom investigated the implementation of blockchain technology for the detection and prevention of fraud in the supply chain system in line with the shareholder's expectations. Despite some areas being identified where blockchain technology could be applied, none were directly related to the detection and prevention of fraud in supply chain systems. Eskom proposed a new measure in the 2026 shareholder compact for the rate of digitalising procurement management processes which will not be limited to blockchain technology.
<b>Legal separation</b>				
(o)	Distribution legal separation (corporatisation) – Distribution is a legal operating subsidiary of Eskom	30 June 2024	No	The legal separation progress to date has provided key insights into risks and dependencies which affect the timelines and future direction of the legal separation programme. The separation of distribution has been delayed by the escalation in municipal arrear debt which affects the liquidity and solvency assessment of NEDCSA and its financial sustainability. A comprehensive approach is underway to create solutions to improve the financial position of distribution.

## Reportable irregularities

The action plans to address reportable irregularities raised in previous years remained a focus area. It is acknowledged that specific matters will reoccur and remain open until all related aspects are concluded as it takes time to resolve these matters because of the inherent nature thereof, such as environmental regulatory compliance. Detailed progress on reportable irregularities can be found in note 52.

## Events after the reporting date


Events after the reporting date are discussed in note 48.

## Approval

The group annual financial statements for the year ended 31 March 2025 were prepared under the supervision of the group chief financial officer, C Cassim CA(SA), and approved by the board and signed on its behalf by:



**M Nyati**  
Chairman  
29 September 2025



**DL Marokane**  
Group chief executive  
29 September 2025



**C Cassim**  
Group chief financial officer  
29 September 2025

# Report of the audit committee

The audit committee (the committee) (formerly the audit and risk committee) presents its report in terms of the requirements of the Public Finance Management Act, 1 of 1999 (PFMA), the Companies Act (section 94(7)(f)) and other applicable regulatory requirements as well as in accordance with the King IV™ for the financial year ended 31 March 2025.

## Mandate and terms of reference

This report covers the oversight activities of the audit and risk committee that was in place until February 2025 and the separate audit committee since then until the date of finalising the annual financial statements.

The separation of the audit and risk committee into separate committees for audit and risk was approved by the board in February 2025 to enhance oversight and accountability with greater focus on the distinct responsibilities of the committees and alignment with governance best practice.

The membership of the former audit and risk committee was retained for the audit committee.

The role of the audit and risk committee was defined in its mandate. It covered, among others, its statutory duties and assistance to the board with the oversight of financial and non-financial reporting and disclosure, internal control systems, risk management, compliance with legal and regulatory provisions, forensics, internal and external audit functions as well as combined assurance including technology and information governance.

The terms of reference of the separate committees were approved on 30 May 2025. The audit committee provides oversight over financial management, reporting and disclosure, internal control and the internal and external audit functions whilst the risk committee provides oversight over the enterprise risk management system ensuring that material risks that could affect the group are identified, evaluated, effectively managed and reported. The role of the audit committee is to assist the board with its responsibility for the governance of risk related to financial reporting including market, financial, liquidity and operational risks that could result in financial loss.

The audit committee (as well as the audit and risk committee) adopted appropriate formal terms of reference as its charter, regulated its affairs in compliance with this charter and discharged all its responsibilities contained therein.

Information about the mandate, membership composition and attendance of meetings of the audit committee is set out in the 2025 integrated report under the leveraging governance for transformation section.

## Execution of functions

The committee considered information, insights and explanations provided by management, management's experts, the internal audit and forensic departments as well as had discussions with the independent external auditors. The committee encouraged rigorous challenging of internal control, accounting, disclosure matters and compliance to legislation in carrying out its functions and to conclude on key issues during the year.

A combined assurance model is applied by the group to ensure coordinated assurance activities. The committee oversees the assurance activities and the establishment and maintenance of effective systems of internal control which aim to provide reasonable assurance that the group's financial and non-financial objectives are achieved and that the preparation of the group's suite of externally published reports (as detailed in the integrated report) are in accordance with the frameworks and standards set out within those reports.

### External audit

The committee is responsible for recommending the appointment of external auditors as well as overseeing the external audit process and considered, *inter alia*, the following in the conduct of its duties:

- Appointment of the external auditors in terms of the Companies Act (tabled at the annual general meeting for approval), Johannesburg Stock Exchange Debt and Specialist Securities Listings' Requirements and other applicable legal and regulatory requirements.
- Quality and effectiveness of the external audit as well as the independence and objectivity of the external auditors, including the tenure of the audit firm and the rotation of the engagement partner. Deloitte & Touche was appointed as external auditors from 2022 with Mr AJ Dennis as the lead engagement partner for the 2022 to 2025 financial years.
- Decision letters, findings and remedial explanations issued by the Independent Regulatory Board for Auditors as well as any summaries and explanations made available by the external auditors to the committee.
- External audit plan, external audit fees (budget and actual) and terms of engagement of the external auditors, including adherence to the practice of not allowing the external auditors to provide non-audit services (unless pre-approved by the committee) to ensure the independence and objectivity of the external auditors. The actual audit fees (audit of financial statements and related assurance work - refer to note 37) were higher than anticipated because of increased audit work needed to address additional risks and further breakdown in controls identified.
- Feedback on the outcome of the external audit including the qualification and material findings raised in the audit opinion, reportable irregularities, accounting, sustainability and auditing concerns identified as well as recommendations for improvement.
- Feedback from the Auditor-General of South Africa (AGSA) resulting from their oversight of the external audit process including reviews of audit work on identified risk areas and understanding of the group to identify good practises for improved governance, accountability and building of public confidence in Eskom.

The committee acknowledged that significant shortcomings, in particular internal control deficiencies, were identified by the external auditors and the AGSA. The audit recovery programme which aims to build finance capacity and capability, strengthen internal controls and track progress against audit findings (internal and external) will result in better audit outcomes over the next three years. The key objective of the audit recovery programme will improve the PFMA control environment in future years, although it will not address all the historical deficiencies.

The committee is satisfied with the independence and objectivity of the external auditors having considered the matters set out in section 94(8) of the Companies Act as well as the quality and effectiveness of the external audit.

### Internal audit

The committee is responsible for overseeing the internal audit function, that reports functionally to the committee, and considered, *inter alia*, the following in the conduct of its duties:

- Internal audit charter, three-year rolling internal audit plan, independence and performance of the internal audit department.
- Cooperation and coordination by internal audit with external auditors.
- Risk-based internal audit plan that was augmented to incorporate internal assurance on initiatives by management to address external audit findings and proactive assurance on any internal reports requiring board approval.
- Expertise, resources and experience of the internal audit department, including the chief audit executive.
- Feedback on the outcome of internal audit reviews including shortcomings in internal controls, risks and governance.
- Status of corrective action taken by management in response to significant internal audit findings.
- Readiness and impact on internal audit in terms of the Global Internal Audit Standards 2024 (effective from January 2025) which was formally adopted by internal audit on 1 April 2025.



- External quality assessment in accordance with International Standards for the Professional Practice of Internal Auditing of the internal audit function, finalised in June 2025, that confirmed the highest level of conformance. This outcome affirms the function's effectiveness, independence and alignment with global internal audit practices.

The committee is satisfied that the internal audit function carried out the responsibilities in its mandate and noted that there are areas of improvement within the function which the committee will continue to monitor for improvement. There remains a need to fill key vacancies and acquire additional resources and expertise, including future fit specialist skills to enhance the value that this function adds to the group.

#### Internal control including information technology, governance and management of risks

##### Internal control

The committee assists the board with the oversight of the internal control system and implemented processes to actively oversee, consider and monitor, *inter alia*, the following in the conduct of its duties:

- Continuing control deficiencies as identified by internal combined assurance activities, the external auditors and other external assurance providers.
- Assessment by assurance providers of the effectiveness of adherence to policies, process control manuals and procedures by the business which revealed a significant lack of management oversight. Areas impacted include management of contracts, supply chain, operational and capital projects, inventory, sustainability indicators and plant, as well as legal, regulatory and compliance processes. There were also identified inadequacies in general and security controls in the information technology and operational technology environments.
- Continuing breakdown in internal controls over financial reporting including inadequate review and insufficient monitoring of financial and reporting processes at component level.
- Significant risk areas and their associated remediation plans and mitigating controls implemented.
- Ongoing improvements to the control environment that are being implemented where control deficiencies were identified, including enhancing the culture of adherence to established policies and procedures, the work ethic and accountability of employees as well as focusing on strengthening financial control and reporting at component level. The effectiveness of the internal control environment is largely dependent on the commitment of employees to consistently apply and maintain these controls.
- Ongoing enhancements of automated systems to minimise manual intervention in the procurement of goods and services to improve internal controls.
- Progress on findings raised by internal and external assurance service providers including management's assessment of the root causes, immediate actions taken to ensure matters progress satisfactorily, consequence management of employees and suppliers as well as recommendations to avoid recurrence.

The committee acknowledged the effort by management to remedy identified weaknesses and improvement made in certain areas but is concerned that the internal control environment has not improved significantly and that matters are not addressed at the rate required to reduce the risk exposure to the business. The committee continued to place higher reliance on external assurance providers as the internal environment requires significant improvement.

The committee acknowledged that the design of the internal control system is generally adequate and provides a structured framework to support governance, risk management and operational efficiency. The effective application of controls, however, requires ongoing improvement from management. The combined assurance model requires enhancement in the internal monitoring and assessment of the execution of controls to proactively address the circumvention of controls, prevent recurrence of findings and improve the functioning of business processes.

The committee noted the progress made by management in strengthening the process control and assurance function. Additional resources have been recruited within group finance as part of the audit recovery programme to enhance process control and assurance capabilities to improve the monitoring of adherence to policies, process control manuals and procedures and at reinforcing the effectiveness of the internal control environment.

The committee concluded that the compensating measures in place to combat any identified breakdown in the internal accounting controls to ensure that the financial records may be relied upon for the preparation of the financial statements and accountability for assets and liabilities are maintained. Necessary enhancements are however required to ensure the controls operate effectively.

##### Governance

The committee is responsible for assisting the board in strengthening corporate governance practices and considered, *inter alia*, the following in the conduct of its duties:

- Compliance of employees, contractors, directors and service providers with Eskom ethics policies and procedures.
- Recommended and provided oversight on combining of the security and forensic functions of Eskom into the group investigations and security division to carry out all investigative matters. The general manager investigations and security was appointed in October 2024 and a rapid response unit was established within the group investigations and security division to accelerate the timeframes of investigations. The backlog of outstanding forensics cases are being expedited through a dedicated project management office.
- Effectiveness of governance processes, status and action taken by the group investigations and security division relating to internal and external investigations involving fraud, theft, financial irregularities and misconduct.
- Reportable irregularities raised by the external auditors, the actions taken to address reportable irregularities raised in the prior year as well as measures taken to prevent any reoccurrence thereof. The committee acknowledged that certain reportable irregularities will reoccur and remain open until all related aspects have been concluded as it takes time to resolve these matters because of the inherent nature thereof such as environmental regulatory compliance. The committee shared details of reportable irregularities that impact areas of oversight of other committees to ensure that the relevant committees monitor progress of the implementation of interventions within their mandate. Refer to note 52.
- The restructured strategic leadership with a new Exco structure announced in May 2024 has been fully capacitated to address the prevailing business challenges and future-proof the organisation to enable growth and long-term sustainability.
- Progress made by the supplier review and executive tendering committees in verifying supplier information, evaluating potential risks as well as expediting resolution of reported suspected fraudulent conduct referred to them.
- Assessment of the application of practices and principles of the King IV™ report on corporate governance for South Africa.

The governance framework of Eskom remains an area for improvement with compliance with key laws and regulations requiring attention, particularly compliance with the PFMA. Despite the various initiatives, consequence management also remains a focus area for improvement to address instances of non-compliance by employees and suppliers to generally well-documented policies, process control manuals and procedures.

While progress has been made in the implementation of consequence management, Eskom is still dependent on law enforcement agencies and the justice system to timeously execute on arrests and convictions.

The committee acknowledged Eskom's overall assessment of the implementation of the King IV™ principles and practices. Initiatives are underway to address focus areas where some of the principles have not been fully or effectively applied.

# Report of the audit committee continued

## Execution of functions (continued)

### Internal control including information technology, governance and management of risks (continued)

#### Management of risks

The committee assists the board with its responsibility for the governance of risk relating to financial reporting and considered, *inter alia*, the following in the conduct of its duties:

- Effectiveness of the system and process of risk management including the process of identifying significant risks and resulting mitigation strategies.
- Risks and internal controls relating to financial reporting, including risks arising from fraud, information technology and operational technology as well as legal and regulatory compliance.

#### Information technology and operational technology related to financial reporting

The committee is responsible for ensuring that risks related to information technology and operational technology are adequately managed, dealt with and considered, *inter alia*, the following in the conduct of its duties:

- Effectiveness of the information technology and operational technology systems and processes of risk management relating to financial reporting, internal control and security including the appointment of the group information and technology officer that resulted in a more dedicated focus on these environments.
- Feedback on the progress made by the SAP war room that was set up to investigate and oversee the implementation of corrective and enhanced preventative measures because of the breakdown in the control environment after an internal breach in the SAP system by an employee (no financial loss incurred). A consequence management process is in progress. The external auditors needed to perform additional substantive audit procedures as the control breakdown limited their ability to place reliance on the general SAP IT controls.
- Enhancements made to endpoint security protection with improved software aimed at detecting advanced cyber threats to address limitations and vulnerabilities of legacy endpoint security technology. Due to the incompatibility of certain outdated and unsupported operating technology systems to the new endpoint security and the legislative hurdle of data storage outside South Africa, some business components did not transition to the new endpoint security. This was subsequently addressed as a priority with improved detection tools that added greater levels of security.
- Progress by the online vending system war room on the investigation, interventions, control enhancements and measures to reduce and mitigate the growth of illicit prepaid electricity token creation. The committee noted that the measures to strengthen the online vending environment are ongoing and were not yet completely effective at the date of this report. Refer to non-technical energy losses in the directors' report. The committee acknowledged that the financial risk to the company relating to unused illicit prepaid electricity tokens cannot be quantified. Refer to note 45.2.

Based on investigations completed to date, consequence management was taken on employees found guilty. However, the scope of investigations has been extended and is ongoing. The committee recommended that a two-pronged approach consisting of accelerating rollout of smart meters and acquiring new software for prepaid token creation is followed by management to eliminate the current online vending system fraud incorporating the lessons learnt to ensure robust controls are in place around access and configuration management, backups and reconciliations.

Other related risks, including the role Eskom played in managing encryption of keys for vending, were mitigated by transitioning the responsibility of the key management center back to the Standard Transfer Specification Association. The over reliance on and overconcentration of a single external entity in the value chain of the online vending environment is being addressed.

- System enhancements were implemented to reduce risks integral to the procurement and financial systems including, amongst others, automation of both invoice processing and vendor reconciliations.
- Improvements and action plans implemented in the management of the data centre to address shortcomings including access control.

The committee acknowledged that the information technology and operational technology control environments are theoretically adequate but in practise susceptible to internal circumvention, which could potentially lead to misstatements during financial reporting and financial loss if undetected. Ongoing oversight and understanding of the information and operational technology landscapes, including, outdated operational technology, cyber security, logging and retention of data and management of contractors and service providers continues to be a key focus area for improvement.

#### Fraud risks relating to financial reporting including crime and corruption

The committee is responsible for monitoring the status and action taken on addressing key matters arising from allegations of criminality in the form of crime, fraud and corruption, theft and sabotage and the investigations thereof and considered, *inter alia*, the following in the conduct of its duties:

- Fraud prevention plan and actions taken to prevent, detect, respond to and mitigate the risk of crime, fraud and corruption.
- Updates on investigations being conducted internally by the SIU as well as other specialist service providers.
- Progress by the state capture task team in implementing plans to address the recommendations from the Zondo Commission report.
- Use of data analytics to identify transactions and anomalies that should be investigated for potential crime, fraud and corruption, as well as non-compliance with specific policies. A service provider was appointed to assist with this process and to build this capability within the company. Robust controls are being developed to address and prevent the findings identified.

The committee noted that the enhancement of systems, controls, resources, reporting structures, policies and procedures and consequence management remains key focus areas for improvement to address instances of crime, fraud and corruption. The committee acknowledged the progress made in forensic investigations, legal matters and other internal and external investigations into allegations of crime, fraud and corruption.

The committee concluded that the system and process of risk management related to financial reporting and internal financial reporting controls, including the risk of crime, fraud and corruption, is adequate even though the effectiveness thereof needs to be improved.

#### Compliance with legal and regulatory requirements

The committee monitors and reviews the compliance of the group with legal and regulatory requirements and considered, *inter alia*, the following in the conduct of its duties:

- Legal and regulatory requirements, in particular PFMA and Companies Act compliance relating to financial reporting.
- Legal matters that could have a material impact on the group.
- Ongoing audit qualification regarding the completeness and accuracy of certain financial records in terms of the requirements of the PFMA and Companies Act that continued in 2025 and the impact thereof on the audit opinion.
- Implementation and progress of the audit recovery programme including addressing non-compliance with the PFMA through corrective measures, compliance monitoring and closure of existing audit findings.

The committee noted that the system of control related to compliance is partially effective as issues have been identified that may pose challenges to the achievement of business objectives and long-term sustainability of the organisation if not addressed timeously.

The committee noted that the audit qualification regarding the PFMA records that were not complete or accurately maintained in line with legislative requirements relating to irregular expenditure and losses due to criminal conduct continued in 2025. Fruitless and wasteful expenditure was not qualified in the current year.

The committee emphasised the continued need to place significant focus on addressing the shortcomings in the accuracy and completeness of information required by the PFMA and acknowledged that there are still significant internal control deficiencies in the PFMA reporting process. The committee acknowledged that reporting structures, systems, controls, resources, policies and procedures continued to be enhanced to address the challenges.

The committee concluded that the compliance framework requires greater focus to ensure adequate application thereof, especially in terms of PFMA requirements and contract management. The committee acknowledged the progress made to improve compliance with PFMA and other issues identified by the external audit but that the intended improvement will only be observed in the longer term.

#### Oversight of financial and non-financial reporting and disclosure

The committee is responsible for providing oversight on financial management, reporting and disclosure and considered, *inter alia*, the following in the conduct of its duties:

- Appropriateness of the expertise and experience of the group chief financial officer as well as the expertise, resources and experience of the finance function.
- Matters relating to liquidity, cost savings, budgeting and forecasting, future funding and taxation in relation to the going-concern assumption for the group.
- Integrity of the information reported in the integrated report and disclosure of non-financial issues, including sustainability and PFMA related information, to ensure that it is reliable and does not conflict with the financial information in the annual financial statements.
- Adequacy, reliability and accuracy of financial information provided to users of such information.

The following significant matters relating to the annual financial statements which continue to be key focus areas for monitoring and reporting were considered:

Significant matter	Consideration
Going-concern assessment	<p>The committee continued to monitor the liquidity and solvency of the group and company closely because of the financial position and related challenges and concluded that it was not trading recklessly at any time during the year.</p> <p>The committee acknowledged the continued support from government including the debt relief arrangement and adherence to the conditions as well as the strengthening of the financial sustainability and liquidity of the group because of the debt relief arrangement.</p> <p>The committee acknowledged that the group continues to face liquidity pressure due to long-term financial sustainability challenges arising from a lower than anticipated tariff path and structure, high debt service costs, above-inflationary cost increases, escalating arrear municipal and metro debt, operational inefficiencies, the impact of crime, fraud and corruption (including loss of revenue because of illegal electricity connections and illicit prepaid electricity tokens) and continued focus on addressing plant performance and expanding the transmission infrastructure for new generation sources.</p> <p>The committee noted that the debt relief is a temporary solution and acknowledged that the liquidity in the longer term after the debt relief period remains at risk given the financial and operational challenges of the group. These include the growth in overdue municipal and metro debt as well as the municipal debt relief arrangement that is yielding minimal results. Intervention by government is needed to address the root cause of this challenge. It is also imperative that the improved generation plant performance continues going forward.</p> <p>The going-concern assessment evaluated the liquidity of the group based on the latest cash flow forecasts including servicing of debt in the 12 months after the sign-off of the annual financial statements and included stress-tested scenarios.</p> <p>The committee considered the key aspects, material uncertainties inherent in the events, conditions and assumptions that may cast significant doubt on the going concern of the group as well as the mitigation strategies and actions (aspects and considerations applicable to both group and company). The committee acknowledged, noted and considered the impact of, amongst others, the matters discussed in note 3.2 including the:</p> <ul style="list-style-type: none"> <li>• Improvement in the financial indicators of the group compared to the prior year, in particular the EBITDA, EBITDA margin, net debt service cover and cash interest cover indicators.</li> <li>• Significant improvement in net profit after tax because of increased revenue (tariff increase and higher sales volumes), decreased primary energy costs (improved plant performance, lower diesel prices, recovery of the fuel levy rebates from SARS) and derecognition of the deferred tax asset in the prior year.</li> <li>• Approval granted by the Minister of Finance in October 2024 to convert R8 billion and the remaining balance of R56 billion during June 2025 of the R64 billion debt relief support from government received during the year to equity.</li> <li>• Eskom Debt Relief Amendment Act, 5 of 2025, which reduced the total debt relief support from government from R254 billion to R230 billion due to the improved performance at Eskom as well as the delay in the sale of the EFC (the sale to African Bank Limited consists of the EFC loan book and interest in Nqaba referred to as the EFC disposal group). The amendment also replaced the initial takeover of Eskom debt (principal and future interest) of R70 billion with a loan of R40 billion in 2026 and R10 billion in 2029 that is convertible into equity subject to conditions being met.</li> <li>• Sale of the EFC disposal group continues to be prioritised and is expected to be concluded by 31 March 2026. Refer to note 23.</li> <li>• Total amount of R9.2 billion received from SARS by 31 March 2025 because of the resolution of the dispute between Eskom and SARS on 18 October 2024 relating to previously disallowed claims for fuel levy rebates.</li> <li>• Impact of the continuous increase in overdue electricity receivables mainly due to growing municipal arrear debt (including the impact of non-recoverability of long outstanding electricity receivables) and the municipal debt relief arrangement that is yielding minimal results with most of the municipalities failing to comply with the conditions. The municipal overdue debt is a key matter that must be resolved for the continuation of the legal separation of the distribution business.</li> </ul> <p>The committee acknowledged that there are various dependencies and uncertainties, both from the perspective of timing of interventions as well as whether the plans will materialise as anticipated to address the risks to manage the going concern.</p> <p>The committee concluded, after examining the forecast and stress-tested scenarios, that the going-concern basis of accounting was appropriate for Eskom company and group because of adequate access to resources and support from government in the form of the debt relief arrangement to continue their operations for the foreseeable future, supporting the going-concern assumption and to address the related material uncertainties. The committee recommended the adoption of the going-concern basis of preparation by the group and company to the board based on the critical factors as disclosed in note 3.2.</p>

# Report of the audit committee continued

Significant matter	Consideration
Consideration of cash generating unit (CGU) and assessment of possible impairment	<p>The committee considered the appropriateness of the CGUs for the group and that the Eskom company (generation and distribution segments), NTCSA (transmission segment) and ERI have been identified as a single CGU (referred to as the Eskom CGU) as it remains a regulated vertically integrated business and the segments across the electricity supply chain do not generate cash inflows independently.</p> <p>The committee acknowledged that the identification of the Eskom CGU may be impacted in the future by the planned legal separation of generation and distribution into separate entities. The determination of the CGU could also change when the separate legal entities (or some of the legal entities in the vertically integrated electricity business) are fully operational in terms of their individual mandates with unregulated pricing structures for each licensee, alternative transmission (NTCSA) infrastructure exist and there is sufficient generation capacity to allow for a truly independent market structure. Refer to note 2.6.</p> <p>The committee noted that the sale and purchase of electricity and other services between the segments in the vertically integrated electricity business is recognised in accordance with the contractual agreements between the segments (through internal transfer pricing) based on NERSA methodology principles and the Transmission Grid Code. Refer to note 7.</p> <p>The committee considered the assumptions and key judgements, inputs and sensitivities applied in the impairment assessment of the Eskom CGU. The committee noted that the recoverable amount (determined based on the higher of the fair value less costs of disposal and value in use) of the Eskom CGU, based on the value in use, is higher than the carrying value and is comfortable that there is no impairment loss on the Eskom CGU. Refer to note 3.3.</p>
Valuation of property, plant and equipment	<p>The committee considered feedback by management regarding the nature and quantum of costs capitalised to property, plant and equipment, that the costs were necessary in bringing the asset to the condition required for it to operate in the manner intended by management and that it is probable that future economic benefits associated with the asset will flow to Eskom in the future. The committee considered the write-off of costs capitalised including certain costs associated with the Majuba rail project.</p> <p>The committee also considered feedback from management that an appropriate methodology has been applied to determine the useful lives of assets based on the experience of Eskom of the performance of the assets in line with the operating and maintenance regimes of Eskom as well as the physical conditions and circumstances under which the assets operate.</p> <p>The committee acknowledged that there could be further adjustments to the carrying value of property, plant and equipment and identification of undetected invalid expenditure and losses due to criminal conduct in the future because of the outcome of internal and external investigations into crime, fraud and corruption that indicated overcapitalisation to assets of past expenditure incurred. Refer to note 2.4.</p>
Recovery of the deferred tax asset	<p>The committee noted that no deferred tax asset was recognised at 31 March 2025 based on the deferred tax asset recoverability assessment at 31 March 2025 as it is considered that there is no persuasive evidence that the company will generate sufficient taxable income over the forecast period against which the unused tax losses can be utilised, despite the company expecting to return to a tax paying position within the forecast period. Refer to note 14.</p>
Recovery of overdue trade receivables (arrear debt)	<p>The committee considered the actions taken by Eskom to address the arrear debt challenge including enhancing of existing revenue and debt management processes, enforcing Eskom's rights through legal action and the implementation of the active partnering solution for municipalities.</p> <p>The committee monitored the municipal debt status and level of compliance of municipalities on a quarterly basis and acknowledged that the municipal debt relief programme is yielding minimal results. The committee noted that more than 85% of the 71 municipalities approved to participate in the municipal debt relief programme did not fully settle their current accounts on time. An amount of R0.5 billion was written off in 2025 relating to municipalities that were compliant with the debt relief conditions in line with the instruction from National Treasury. Refer to note 5.1.1.</p> <p>The committee noted the progress made regarding the settlement of certain overdue debt and billing disputes, including the five-year payment arrangement plan concluded in November 2024 with the City of Tshwane (recognised as a loan receivable) as well as the agreement reached in June 2025 with the City of Johannesburg for the payment of outstanding debt over the next four years.</p> <p>The committee recognised that the challenges regarding the recovery of outstanding receivables, specifically escalating municipal arrear debt, cannot be solved by Eskom alone and that it has an adverse impact on the liquidity and financial sustainability of distribution and the legal separation of NEDCSA. The continued support and cooperation from government and other stakeholders are crucial to address the root causes of the problem.</p>
Valuation of financial instruments and hedge accounting	<p>The committee considered the inputs and assumptions used in the valuation of financial instruments including derivatives held for risk management and embedded derivatives. The committee noted that management made use of independent experts to assist with the valuations to ensure alignment of the valuation curve methodology in determining the fair values of the financial instruments to market practice.</p> <p>The committee acknowledged that the valuation of these instruments is complex and that it is important that Eskom has access to valuation professionals with the required specialised skills and knowledge.</p>
Valuation and adequacy of provisions including employee benefit obligations	<p>The committee considered the details of provisions including the movement in provisions over time, key assumptions and discount rates applied.</p> <p>The committee considered the adequacy of the decommissioning provisions and noted that detailed annual reviews are done by external experts (coal, OCGT and pumped storage power station provisions are updated annually based on the results of yearly external reviews performed for five power stations on a rotational basis with the nuclear plant provision updated every second year) to re-assess the relevant decommissioning and rehabilitation liabilities against the latest international practices and benchmarks as well as compliance to legislation.</p> <p>The committee is satisfied that management has adequately considered the provision for compensation events as assessed by experts and legal advisors based on the latest available information. The committee acknowledged that the provision is based on the group's past experience regarding the finalisation and outcome of compensation events and that the outcome of open compensation events, which are subject to a contractual adjudication process, could be different to management's assessment thereof. The committee noted that the potential financial impact of compensation events claims cannot be precisely determined and that developments related to contingencies are continuously monitored. Refer to note 45.2.</p> <p>The committee considered the adequacy of the employee benefit obligations and noted that the liabilities are based on values calculated annually by external experts in terms of market practise in line with International Accounting Standard (IAS®) 19 Employee Benefits.</p>

The committee is satisfied that the group chief financial officer has the appropriate expertise and experience required for the role. The committee also recommended that the finance function continued to be further enhanced with financial resources, both in terms of capacity and capabilities, such as subject matter experts to execute complex functions as well as practises that allow for career planning from entry level employees, succession planning and retention of employees. The committee acknowledged the need for specialist functions to integrate, for example IFRS® Accounting Standards with corporate legal, particularly in the execution of corporate finance transactions. There is a need for improved and aligned finance business partnering and role clarity under a functional leadership business model as well as improved accountability, financial control, review and reporting with a higher professional skill set at component and subsidiary level as there is a large dependency on group finance for assistance.

The committee concluded that the annual financial statements met the fair presentation requirements of the PFMA, Companies Act and IFRS Accounting Standards and that key judgements, estimates and the accounting treatment applied to significant transactions in the annual financial statements were appropriate. The committee is also satisfied that the related financial and non-financial disclosures have been adequately considered and addressed in the annual financial statements.

#### **Audit committee of wholly owned subsidiaries**

The committee performs the functions required by the Companies Act on behalf of the wholly owned subsidiaries of the group, except for NTCSA, Escap SOC Ltd (Escap) and Nqaba Finance I (RF) Ltd which have independent audit committees.

The governance principles and processes for the effective management of wholly owned subsidiaries in the group are set out in the Subsidiary Governance Framework. The framework was revised and enhanced to address governance gaps relating to oversight and reporting of subsidiaries. The implementation of the framework is in progress and aims to enhance reporting mechanisms and governance practices across the group.

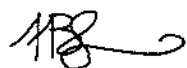
The enhancements include regular feedback on the activities and performance of the subsidiaries to the committee on a regular basis as well as standing invitations to the chair of the audit committee to attend the subsidiary audit and assurance committees. Regular feedback by the respective subsidiary audit committees (NTCSA, Escap and Nqaba) and assurance committees (those subsidiaries where Eskom audit committee fulfils the functions of audit committee) assisted the committee in performing its functions relating to subsidiaries.

#### **Recommendation of the annual financial statements**

The committee is satisfied, notwithstanding the aspects considered in relation to the annual financial statements regarding the PFMA reporting challenges, control deficiencies, findings and observations identified (particularly the reliance on the SAP general controls) as well as ongoing investigations into fraud and corruption, that nothing else significant has come to the attention of the committee to indicate a material breakdown in the functioning of the controls, procedures and systems and that the controls are appropriate with compensating measures to ensure compliance with the requirements of the Companies Act, the PFMA and IFRS Accounting Standards.

The committee has evaluated the annual financial statements of Eskom and the group for the year ended 31 March 2025 and, based on the information provided to it, considers that they comply, in all material respects, with the requirements of the Companies Act, the PFMA and IFRS Accounting Standards. The committee considered the independent auditors' report and the qualified opinion relating to the accuracy and completeness of information disclosed in terms of the PFMA and that, except for this qualification, the consolidated annual financial statements are fairly presented in terms of IFRS Accounting Standards. The committee concluded that the information contained in the integrated and sustainability reports is reliable and does not contradict the information in the annual financial statements. The committee concurs that the adoption of the going-concern premise in the preparation of the annual financial statements is appropriate.

The committee has therefore, at its meeting held on 26 September 2025, recommended the adoption of the financial statements by the board.



**FBB Abdul Gany**  
Chair

29 September 2025

## **Statement by company secretary**

In terms of section 88(2)(e) of the Companies Act of South Africa, I certify that the company has filed with the Companies and Intellectual Property Commission all such returns and notices in terms of this Act, and all such returns appear to be true, correct and up to date.



**M Manjingolo**  
Company secretary

29 September 2025

# Independent Auditor's report to Parliament on Eskom Holdings SOC Ltd and its subsidiaries

## Report on the audit of the consolidated and separate financial statements

### Qualified opinion

We have audited the consolidated and separate financial statements of Eskom Holdings SOC Limited and its subsidiaries (the group) set out on pages 38 to 136 which comprise the consolidated and separate statements of financial position as at 31 March 2025, the consolidated and separate income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of material accounting policy information.

In our opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 31 March 2025, and their financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act, 2008 (Act No. 71 of 2008).

### Basis for qualified opinion

#### Irregular expenditure

The public entity did not fully and accurately record irregular expenditure in note 51.1 to the consolidated and separate financial statements, as required by section 55(2)(b)(i) of the PFMA. This was due to inadequate systems of internal control to timeously detect and record this expenditure in the consolidated and separate financial statements, as well as inadequate controls to ensure appropriate assessment of potential irregular expenditure arising from non-compliant supply chain management processes in the current and prior years, various investigation reports, tracking of forensic report findings, inadequate record keeping and misuse of deviation process with a related party. Payments on certain contracts were made to parties who are not party to the original agreement. The value of irregular expenditure disclosed in the annual financial statements did not agree to underlying registers and supporting documents.

As a result of the weaknesses identified and described above, we were unable to determine the full extent of the misstatement of irregular expenditure disclosed in terms of section 55(2)(b)(i) of the PFMA stated at R1 537 million (2024: R5 626 million restated) and R1 273 million (2024: R4 999 million restated) in note 51.1 to the consolidated and separate financial statements respectively, as it was impracticable to do so.

#### Losses due to criminal conduct

The public entity did not fully record losses due to criminal conduct in note 51.3 to the consolidated and separate financial statements, as required by section 55(2)(b)(i) of the PFMA. This was due to inadequate systems of internal control to timeously detect and record these losses in the financial statements. In addition, certain items of inventory (reworks and transfers) were written off as unexplained losses included in impairment and write-down of assets in note 36 to the consolidated and separate financial statements.

As a result of the combined impact of these weaknesses identified and described above, we were unable to determine the full extent of the understatement of losses due to criminal conduct disclosed in the financial statements stated at R7 226 million (2024: R6 718 million) and R7 211 million (2024: R6 706 million) disclosed in note 51.3 to the consolidated and separate financial statements respectively, as it was impracticable to do so.

### Context for the opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.

We are independent of the group in accordance with the *Code of professional conduct for auditors* of the Independent Regulatory Board for Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants* (Including *International Independence Standards*).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

### Final materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error, and they 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 the consolidated and separate financial statements.

Our determination of materiality is a matter of professional judgement and is affected by our perception and understanding of the financial information needs of intended users, which is the quantitative and qualitative factors that determine the level at which relevant decisions taken by users would be affected by a misstatement. These factors helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated and separate financial statements as a whole.



Based on our professional judgement, we determined final materiality for the consolidated and separate financial statements as follows:

<b>Materiality</b>	<b>Group:</b> R2 billion <b>Company:</b> R1.8 billion
Basis for determining materiality	<p>A key judgement in determining materiality is the appropriate benchmark to select, based on our perception of the needs of shareholders. We considered which benchmarks and key performance indicators have the greatest bearing on shareholder decisions. In line with Auditor General of South Africa (AGSA) methodology, we determined that expenses remained the key benchmark for the group and company.</p> <p>Based on our professional judgement, for the group we determined materiality to be R2 billion which represents 0.8% of selected expenses. For the company, we determined materiality to be R1.8 billion which represents 0.7% of selected expenses.</p>

### Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, considering the structure of the group and the accounting processes and controls.

Our group audit was scoped by obtaining an understanding of the group and its environment, including the structure and organisation of the group and company, and assessing the risks of material misstatement at the group and company level.

We selected components at which audit work in support of the group and company audit opinion needed to be performed in order to provide an appropriate basis for undertaking audit work to address the risks of material misstatement. Our selection was informed by taking into account the component's contribution to relevant classes of transactions, account balances or disclosures.

Based on our assessment, we performed work at nine components, representing the group's most material operations. For company, we performed work at five components.

The following audit scoping was applied:

- Eight and four components were audits of the component's financial information for group and company respectively.
- One component was an audit of one or more classes of transactions, account balances or disclosures for both group and company.

Residual values were addressed by risk assessment and analytical procedures performed at a group level. These components account for 98% of the group's total assets and 98% of the group's revenue. In addition, these components account for 91% of the company's total assets and 99% of the company's total expenses.

### Material uncertainty related to going concern

We draw attention to the matters below. The opinion is not modified in respect of these matters.

We draw attention to note 3.2 in the consolidated and separate financial statements which highlights several indicators of material uncertainty regarding the group and company's ability to continue as a going concern. The group and company are faced with significant challenges. These include:

- Eskom remains in a debt-reliant liquidity position over the short, medium, and long term with reliance on the continued support from Government. Overall, the support under the Debt Relief Act has been reduced from R254 billion to R230 billion with a total of R180 billion having been drawn down by 2025. Any further reduction in the support under the Debt Relief Act would materially impact Eskom's ability to service debt obligations in the future.
- The National Treasury Municipal Debt Relief Programme was implemented to address municipal debt and improve payment levels. However, non-compliance with the programme conditions by the participating municipalities renders the effort unsuccessful in the long term, given the current trajectory of non-payment of current accounts. This places significant financial strain on the going-concern case and represents a material risk factor to the financial forecast over the forecast period.
- Despite marked improvements in the levels of energy generation, as evidenced by the continued reduction in the number of load shedding days in 2025, the aged generation fleet continues to pose a significant risk to Eskom in meeting its cash flow forecasts, as the achievement of the going-concern cash flows hinges on the realisation of the underlying assumptions, specifically the Energy Availability Factor (EAF) and Energy Utilisation Factor (EUF). The going concern assumption remains fully dependent on the ongoing positive and incremental impact of the generation recovery programme.
- Notable increases in technical and non-technical losses (for reasons such as illegal connections, ghost vending, selling of illegal tokens, etc.) which results in an increase in Eskom's current and future cost to produce such energy, with no related billings and cash collections for these production volumes.

There are several mitigating strategies and actions disclosed in note 3.2, however, there are various dependencies and internal and external uncertainties which could impact the ability to deliver against these strategies in the timelines anticipated. Certain of these plans and strategies may be impacted by the changing energy landscape, and that cannot be modelled due to the uncertainty of clarity and timing as to the implementation of the market code and the fully fledged Transmission Market Operator model. This is indicative of the existence of a material uncertainty that may cast significant doubt on the group and company's ability to continue as a going concern.

In terms of the EAR Rule, we report on how we have evaluated management's assessment of the group and company's ability to continue as a going concern. Our procedures in relation to going concern included, but were not limited to:

- Evaluating the design and implementation of the key controls related to management's assessment and conclusion on going concern.
- Evaluating management's prepared forecasts and budgets, including evaluating the reasonableness of key assumptions, with a particular focus on projected revenues, costs, capital expenditure (CAPEX), and available financing.
- With the assistance of our business restructuring specialist, applying sensitivities to certain of management's inputs and assumptions, including aligning annual tariff increases to the settlement agreement reached between NERSA and Eskom on errors made in Multi-Year Price Determination (MYPD) 6, incorporating capital-growth adjustments for municipal debt, and incorporating the cost of a stage 1 load-shedding scenario.
- Testing the mathematical accuracy of management's cash flow forecasts and comparing them to historical performance and post year-end results where available.
- Reviewing the terms of existing financing arrangements, including compliance with debt covenants and the availability of undrawn facilities.
- Considering the impact of any significant events or conditions identified during the audit that may affect the group and company's ability to continue as a going concern.
- Assessing the adequacy of disclosures in the going-concern note as to whether such appropriately reflect the key areas of uncertainty identified.

Based on the procedures performed, we found that management's assessment was reasonable and that the disclosures in the financial statements appropriately reflect the group and company's circumstances in relation to going concern.

# Independent Auditor's report to Parliament on Eskom Holdings SOC Ltd and its subsidiaries continued

## Key audit matters

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

In addition to the matter described in the Basis for qualified opinion and the material uncertainty related to going-concern sections, we have determined the matters described below to be the key audit matters to be communicated in our report. The key audit matters identified are applicable to the consolidated and separate financial statements.

In terms of the EAR Rule, we are required to also report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below:

Key audit matters	How the matter was addressed in the audit
<p><b>Information technology controls</b></p> <p>The group's operations are highly reliant on information technology (IT) and a range of financial reporting systems. The IT environment is both complex and integral to operations due to:</p> <ul style="list-style-type: none"> <li>• The high volume of transactions processed daily across multiple locations; and</li> <li>• Significant reliance on both automated controls and IT-dependent manual controls.</li> </ul> <p>As a result, robust IT controls are essential to ensure that applications process data accurately and that any changes are implemented appropriately. These controls play a key role in mitigating the risk of fraud and error.</p> <p>During the year, the group experienced an internal breach affecting the key financial accounting system. The breach resulted in unauthorised access to an IT system, raising concerns regarding the integrity and confidentiality of financial data. Given the complexity of the group's IT environment and the reliance on automated and IT-dependent controls, there is a risk that the breach may have compromised the accuracy and completeness of financial records. The incident also highlighted potential vulnerabilities in the group's IT control framework, increasing the risk of material misstatement due to fraud or error. Addressing this matter required significant auditor judgement, additional auditor procedures and the involvement of IT and cyber security specialists to assess the extent of the breach and its impact on the group's financial reporting processes and controls, as a result this has been identified as a key audit matter.</p>	<p>Given the nature and pervasiveness of the internal breach and impact on general IT control deficiencies identified, we adopted a fully substantive audit approach. In addition:</p> <ul style="list-style-type: none"> <li>• Engaged our internal IT specialists and cyber security specialists to obtain an understanding and evaluate the technical aspects of the internal breach, including the scope of compromised systems and effectiveness of the group's remediation efforts. This also included an assessment of the effectiveness of the cyber security endpoint protection as well as the impact of the potential vulnerabilities in certain operational technologies.</li> <li>• With the assistance of our IT and cyber incident response specialists, we evaluated the actions taken by management in response to the breach, including procedures to evaluate management's conclusions as to the extent of impacts of the breaches on the IT environment and to understand improvements made to the IT security control environment.</li> <li>• Assessed the effects of the breach on the rest of the IT environment, specifically user access controls, and the effectiveness of internal control activities.</li> <li>• Reassessed our risk assessment and where required modified our audit plan to obtain sufficient appropriate audit evidence on the key impacted classes of transactions and account balances.</li> <li>• Performed a formal consultation with our audit quality and risk technical department to evaluate our assessed audit impact and modified audit responses to concur whether sufficient appropriate audit evidence on which to base an audit opinion was obtained.</li> <li>• We revised our sample sizes and thresholds used in performing substantive analytical procedures where applicable to address the risk arising from the breach and internal control deficiencies.</li> <li>• Where applicable, reports produced by the systems which were relevant to the performance of our audit procedures were subjected to increased substantive testing to determine whether reliance could be placed on them.</li> <li>• We increased the level of involvement by our senior audit team members to perform additional audit procedures to address the breach and or to evaluate audit results including accuracy and completeness of financial information.</li> <li>• Assessed manual and automated journal entries.</li> <li>• We evaluated the sufficiency of audit evidence obtained by reassessing the results of audit procedures performed, including the appropriateness of the nature and extent of such evidence.</li> </ul> <p>In conclusion, based on the audit procedures performed and the level of expertise and effort associated with the current year audit, we are satisfied that our audit procedures were sufficient to mitigate the audit risks arising from the internal IT breach.</p>

**Impairment assessment of property, plant and equipment and indefinite useful life intangible assets**

As disclosed in note 3.3, the directors assessed property, plant and equipment for impairment in line with IAS 36 *Impairment of Assets*. The recoverable amount of a group of assets, or cash generating unit (CGU), is to be measured whenever there is an indication that the value of the group of assets or the CGU may be impaired. Significant judgement is required by management in assessing the impairment of the group of assets or the CGUs, which is determined with reference to fair value less cost to sell or the value in use, based on the cash flow forecast for the CGU.

The group's financial position continued to be impacted by the constrained generation capacity on the back of plant performance challenges resulting in the reliance on more expensive generating capacity from open cycle gas turbines (OCGTs) and independent power producers (IPPs), which gave rise to an identified impairment indicator.

Considering the introduction of a system market operator, the future liberalisation in the energy trading market, the introduction of license-specific tariff structures and uncertainty of the future pricing methodology that would be applied by NERSA, certain assumptions contain significant estimation uncertainty.

The key assumptions with the most significant impact on the cash flow forecasts were:

- The evaluation of the appropriateness of the identified CGUs within the group, considering the progress made on the unbundling activities and related issued legislation.
- Revenue volumes – dependent on electricity sales volumes, forecasted embedded self-generation and generation capacity.
- Revenue tariffs – dependent on management's forecasted price of electricity, which is based on the MYPD6 tariff increase determined by NERSA on 30 January 2025, and subsequent agreement reached due to errors that existed in the original tariff determinations.
- Long-term growth rates and targeted earnings before interest, taxes, depreciation and amortisation (EBITDA) ratio.
- Considering Eskom's ageing fleet, the available generation capacity, including EAF and potential additional capacity from current capex and/or maintenance projects. The reliance on IPPs and OCGTs should the projects not materialise as per the forecast production plan.
- Impact of carbon tax rates in future.

Based on the outcome of the respective cash flow models, the directors did not record an impairment charge for the current year.

Due to the significant estimation uncertainty and subjective nature of the assumptions used in these estimates, this was considered a key audit matter.

In evaluating the impairment of property, plant and equipment within the applicable CGU, we reviewed the "fair value less cost to sell" and "value in use" calculation/model prepared by the directors, with a particular focus on the assumptions with the most significant impact. This included the forecasted sales price, the forecasted available generation capacity, increase in primary energy costs from OCGTs and the implementation of carbon tax, discount rates, the long-term growth rate, and consistent implementation of the pricing methodology as identified by management.

Our procedures to address the key audit matter included the following:

- Evaluated management's updated accounting position around the appropriateness of the identified CGU within the group.
- Evaluated the design and implementation of the key control relating to the preparation and review of the group's cash flow forecasts used in the respective impairment models.
- Recalculated the recoverable amount of the CGU.
- Assessed the appropriateness of the disclosures and sensitivity analyses presented.
- With the assistance of our external legal specialist, we evaluated the appropriateness of including the R54 billion settlement between NERSA and Eskom in the forecast tariffs.
- With the assistance of our internal valuation, pricing, engineering, and accounting specialists, we performed the following:
  - Critically evaluated whether management's assertion regarding a single CGU and the recoverable amount calculation complies with the requirements of IAS 36 *Impairment of Assets* (including the impact of the National Transmission Company South Africa (NTCSA) unbundling on the CGU assessment).
  - Assessed the logic and mathematical accuracy of the valuation models against best practice and agreed relevant data to the latest long-term business plans, whilst also performing a retrospective comparison of forecasted cash flows to actual past performance and previous forecasts.
  - Benchmarked the sustainable EBITDA margin and growth rates, with a focus on management's forecast price path in comparison to the historic MYPD outcomes.
  - Assessed the weighted average cost of capital (discount rate) and the alignment of this rate to the regulatory model.
  - Assessed the forecasted available generation capacity, specifically the energy wheel, including the forecasted impact of embedded self-generation.
  - Stress tested the key inputs (including EAF) within the production plan forecast period until 2050.

The discount rate and other assumptions were within independently determined acceptable ranges. We note that the recoverable amount of the CGU is significantly dependent on NERSA approving the tariffs in line with the regulatory electricity pricing methodology. This is a significant assumption, as in recent determinations, the group has resorted to legal measures to have certain NERSA decisions reassessed post NERSA's announcements. In addition, the determination of the relevant CGUs might be impacted by the corporatisation of the Distribution and Generation divisions and at such time, this could result in different conclusions.

We considered the related disclosures of the key dependencies and the sensitivities in the impairment model to be appropriate.

# Independent Auditor's report to Parliament on Eskom Holdings SOC Ltd and its subsidiaries continued

## Report on the audit of the consolidated and separate financial statements (continued)

### Key audit matters (continued)

Key audit matters	How the matter was addressed in the audit
<p><b>Impact of the ongoing Eskom's forensic investigation into the illicit creation of prepaid tokens (Illicit prepaid tokens)</b></p> <p>Eskom sells prepaid electricity tokens via the online vending system (OVS) and recognises revenue in line with IFRS 15, <i>Revenue from Contracts with Customers</i> as disclosed in note 2.19.</p> <p>Revenue is recognised for tokens generated for which cash has been received through Eskom's national vending agents. An estimate for the deferral of revenue is processed for electricity that has not been delivered against purchased tokens, based on the historical purchasing patterns of customers.</p> <p>Eskom's accounting and key financial reporting processes related to prepaid electricity is highly dependent on the automated processes within the prepaid IT system.</p> <p>The ongoing forensic investigation which was commissioned in the 2023 financial year led to the identification of unauthorised use of privileged level access within the prepaid IT ecosystem to create illicit usable prepaid tokens, in both the prior and current financial years.</p> <p>As reported previously, our cyber risk assessment procedures and our IT audit specialists concluded that a material breakdown of internal controls within the prepaid IT ecosystem had occurred. The significant control deficiencies identified in the prior year included inappropriate user access controls, dated systems with a lack of available data logs, inadequate back-up procedures, and limited understanding by Eskom staff of the prepaid environment including hardware and relevant systems.</p> <p>Albeit that certain control deficiencies were addressed by management during the period to March 2025, significant control deficiencies remain which have resulted in an inability to determine the full extent of illicit prepaid tokens created. In addition, to assess whether the illicit prepaid tokens created have been utilised by outside parties, is a manual process of inspecting meters.</p> <p>The existence of illicit prepaid tokens results in a heightened risk regarding the occurrence and completeness of prepaid revenue recognised in terms of IFRS 15 and disclosed in note 32.</p> <p>In addition, as disclosed in note 45, in terms of IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>, Eskom has a present obligation due to the probability of an outflow of economic benefit through the future use of illicit prepaid tokens by customers managed on the Eskom OVS. As a result of the significant deficiencies to support the accuracy and completeness of data in the online vending operating system and to assess the extent of tokens utilised to date, management is unable to measure this liability with sufficient reliability, resulting in the disclosure of the contingent liability. The key judgements with the most significant impact on the contingent liability are whether the creation and distribution of illicit prepaid tokens creates an obligation for providing electricity for illicit prepaid tokens that could be utilised by customers managed on the Eskom OVS and, from other parties within the prepaid ecosystem arising from service level agreements.</p> <p>We identified this as a key audit matter due to its impact on the prepaid revenue and the contingent liabilities assessment. This required an increased extent of audit effort, including the need for us to involve professionals with expertise in cyber incident response, data analytics and IT. This also required a high degree of auditor judgement in identifying, testing, and evaluating the potential extent and consequences of the information system breach on the group and company's IT environment and controls.</p>	<p>Our audit procedures to address the key audit matter were as follows:</p> <ul style="list-style-type: none"> <li>• Inquired of the Chief Technology Information Officer, managing director of Eskom Distribution and the Eskom Distribution IT team to understand the preventative controls, security changes and other systems changes implemented in the current year.</li> <li>• Held discussions with management's forensic experts, Eskom forensics as well as relevant regulatory investigators to understand the various steps taken post December 2024 to curtail the fraud as well as understanding if the fraud scheme had changed from the prior year.</li> <li>• Assessed the competence, qualifications and objectivity of the group and company's external forensic experts, including an assessment of the scope of their investigation and reviewing conclusions reached.</li> <li>• Engaged specialists with critical skills to undertake the relevant procedures. The specialists include individuals in the fields/disciplines of information systems, cyber and security forensics, data analytics, information system architects, legal, technical accounting and technical auditing to assist the audit team to perform updated risk assessment procedures taking into account the impact on the current year's audit.</li> <li>• Obtained an understanding and updated the systems architecture of the prepaid IT ecosystem developed in the prior year which included the relevant hardware, software, underlying processes, controls and links to key interdependent organisations.</li> <li>• Obtained an understanding of Eskom's prepaid ecosystem including the third-party agents, data centres and the relevant associations.</li> <li>• Performed walkthroughs of the prepaid IT ecosystem including all data centres. With the assistance of our IT and cyber incident response specialists, we evaluated the actions taken by management in response to the breach, including procedures to evaluate management's conclusions as to the extent of impacts of the breach on the IT environment and to understand improvements made to the IT security control environment.</li> <li>• Assessed the effects of the breach on the rest of the IT environment, specifically user access controls, and the effectiveness of internal control activities.</li> <li>• Obtained independent confirmations from the National Vending Agents on total tokens sold and revenue earned for the financial year. This was reconciled to the prepaid revenue recorded and the commissions paid in the current year.</li> <li>• Performed compliance procedures related to PFMA on the tendering process for the new vending agreements entered into in the current financial year.</li> <li>• Assessed the impacts of the breach and management's evaluation and conclusions with respect to possible non-compliance with applicable local legislation, in particular with section 34(1) of the Prevention and Combatting of Corrupt Activities of South Africa (PRECCA).</li> <li>• Assessed the appropriateness of the legal opinion obtained in the prior year on the potential liabilities on Eskom for illicit tokens created relating to service level agreements with various parties in the prepaid ecosystem.</li> <li>• With the assistance of our technical accounting specialists, we evaluated the impacts arising from the continuous breach on the financial statements.</li> <li>• Consulted with our auditing specialists on the impact on the group's internal control environment and the sufficiency of the audit work we have performed in response to the breach.</li> <li>• Using management's forensic specialist data for the period October 2023 – March 2025, we engaged our data analytics specialists to determine the valid tokens, as well as the illicit tokens created for Eskom.</li> <li>• We performed back-end infrastructure (network, storage, operating system and hardware security module) exploitation testing which included assessing access logs and configurations in terms of the controls over the prepaid IT environment.</li> <li>• We performed front-end application testing which included general IT controls and walkthroughs of the prepaid IT environment with a focus on segregation of duties.</li> <li>• Obtained written representations from management concerning its intent to limit the exposure emanating from the creation and distribution of illicit tokens, as well as the work to rectify all manual and/or system and general IT control deficiencies identified.</li> <li>• Evaluated the accounting policy disclosure of prepaid revenue.</li> <li>• Evaluated the significant assumptions used by management to estimate the contingent liability and the disclosures thereof.</li> </ul> <p>As disclosed in note 51.3, the forensic investigation remains ongoing. We consider the related disclosures of the prepaid revenue accounting policy in note 2.19 and contingent liabilities in note 45.2 to be appropriate.</p>

## Key audit matters

## How the matter was addressed in the audit

### Material breakdown in internal controls over financial reporting and the impact on the audit of the financial statements

Robust internal controls over the financial reporting process are essential to ensure that financial statements are reliable and fairly presented. Internal control refers to the processes designed, implemented, and maintained by those charged with governance, management, and other personnel to provide reasonable assurance regarding the achievement of the entity's objectives in relation to the reliability of financial reporting, the effectiveness and efficiency of operations, and compliance with laws and regulations.

The deployment of management's Audit Recovery Process began in the latter part of the financial year, reducing the efficacy of the initiative in the current year. During the audit, we again identified significant weaknesses in the group's control environment, including inadequate adherence to established policies and procedures, insufficient monitoring of internal controls, and a lack of accountability for control failures. These deficiencies increase the risk of material misstatement in the financial statements, whether due to error or fraud. The weak control environment also contributed to material errors in the financial statements, delays in availability of supporting documentation, insufficient consideration of transactions and the resultant accounting treatment and delays in the financial reporting process. Addressing these issues required substantial auditor judgement and additional audit procedures to obtain sufficient appropriate audit evidence. Given the pervasive impact of these control deficiencies on the reliability of financial reporting, we consider this to be a key audit matter.

### Valuation of complex financial instruments

The group and company are a party to certain derivative financial instruments. These include embedded derivatives in supply contracts, and derivatives entered into for risk management as described below:

- a) Embedded derivatives in supply contracts: In accordance with IFRS 9 *Financial Instruments*, embedded derivatives that are not closely related to the host contract are separately recognised and measured at fair value through profit or loss. Certain electricity supply contracts entered into by the group and the company have underlyings that are not closely related to the host electricity supply contract, such as commodity prices and foreign currencies. This has resulted in the recognition of embedded derivatives which have been measured at fair value through profit or loss, applying the guidance in IFRS 13 *Fair Value Measurement*.
- b) Derivatives used for risk management: the group and company entered into forward exchange contracts and cross currency swaps that are designated as hedging instruments. The group and company apply the hedge accounting requirements of IAS 39 *Financial Instruments: Recognition and Measurement*. In addition, the group and company are a party to derivatives which do not qualify for hedge accounting but are used for economic hedging. The derivatives used for risk management are measured at fair value through profit or loss as required by IFRS 9.

The valuation of both the embedded derivatives and the derivatives used for risk management rely on complex valuations. Inputs include estimated electricity consumption, forward curves for valuation adjustments, curve interpolation methodology and forward rate calculation methodology. In addition, where appropriate, the group's valuations include the credit risk of Eskom (known as debit value adjustment "DVA") and counterparties (known as credit value adjustment "CVA"). Due to the complexities of the contract, management also assesses the impact of the customer exercising key clauses in the contract on the valuation of the embedded derivative. These inputs have a significant impact on the measurement of the derivatives. As a result, the valuation of the embedded derivatives, and derivatives used for risk management is a key audit matter.

Our primary response to this audit engagement was to deploy senior audit personnel and engage both internal and external specialists with expertise in areas requiring significant complexity and judgement. In addition, we adopted a predominantly substantive audit approach for both the separate and consolidated financial statements, making use of advanced analytical tools to enhance our understanding and response to fraud risks.

The principal procedures performed to address this key audit matter included:

- Exercising auditor judgement in planning the nature, timing, and extent of audit procedures over financial statement account balances.
- Adjusting the timing of audit procedures to perform them closer to the balance sheet date.
- Delaying the audit process to provide management, the directors, and the audit team with sufficient time to resolve key areas of judgement.
- Reassessing certain critical judgements and reviewing significant decisions made on estimates and judgements in the prior year.
- Re-evaluating our scoping thresholds and control risk assessments in light of the material control deficiencies identified.
- Increasing the number of sample selections beyond what would have been required had the entity's controls been appropriately designed and operating effectively.
- Assessing the sufficiency of audit evidence obtained by evaluating the results of our procedures, including the appropriateness of the nature and extent of such evidence.

Based on the procedures performed, and considering the level of expertise and effort applied during the current year's audit, we are satisfied that our audit approach was sufficient to address the impact of the material breakdown in financial controls.

Our procedures to respond to the key audit matter included the following:

- Evaluated the design and implementation of certain internal controls over the group and company's valuation of derivative financial instruments.
- Assessed the impact of the invoked contract clauses called upon by the customers in the current year on the key inputs used in the valuation of the embedded derivative.
- Assessed the impact of information available prior and post year end on the valuation of the embedded derivative.
- Reviewed and assessed the appropriateness of the hedge accounting policies adopted.
- Involved valuation professionals with specialised skills and knowledge, who assisted in the evaluation of the group and company's hedge documentation for certain contracts, for the purposes of determining whether the related accounting treatment was in accordance with the requirements of the prevailing accounting standards.
- Assessed the competence, qualifications and objectivity of group and company's external specialists.
- For selected instruments, with the assistance of our valuation specialists we:
  - Challenged the appropriateness of the valuation methodology, inputs and technique used by the group and company in the valuation of the instruments, where relevant.
  - Reperformed the valuation using an independent model and compared the fair value results to group and company's valuation to assess the reasonableness of the model methodology and the output of model calculations.
  - Evaluated the swap curves, overnight indexed swap curves, ZAR, USD, and EUR foreign exchange basis adjusted curves and the ZAR CPI curves used in the valuation of the derivatives.
  - Reperformed the valuation of commodity forwards used to hedge various commodities.
- With regards to the derivatives used for risk management, misstatements were identified related to inaccurate forward curves for valuation adjustments, curve interpolation methodology and forward rate calculation methodology. The appropriate corrections were made for both numeric and disclosure misstatements.
- With regards to the embedded derivatives in supply contracts, a control deficiency was identified over the consideration of the contract clauses invoked as well as the electricity consumption within the valuation model. In addition, a number of differences were identified with the most material arising from an inadequate consideration of contract clauses called upon by the customer as well as the impact thereof on the electricity consumption and the ultimate valuation of the embedded derivatives. The impact of these inaccuracies resulted in material corrected misstatements on the evaluation of the instruments at reporting date and the valuation of the derivative asset. The misstatements identified during the audit were corrected, and the related disclosures reflected in the annual financial statements are appropriate.



# Independent Auditor's report to Parliament on Eskom Holdings SOC Ltd and its subsidiaries continued

## Report on the audit of the consolidated and separate financial statements (continued)

### Key audit matters (continued)

Key audit matters	How the matter was addressed in the audit
<p><b>Valuation of the compensation events provisions relating to mega-build projects</b></p> <p>As disclosed in notes 2.18, 28, and 45 to the consolidated and separate financial statements, the group recognises provisions for compensation events.</p> <p>Compensation event liabilities arise when contractors assert that they are entitled to additional payments from Eskom due to factors such as scope changes, design errors, industrial disputes, prolongation claims, contractor replacement costs, access delays, or acceleration incentives. These circumstances may result in the re-assessment of project prices, key dates, or completion dates. Judgement is required in determining the value of claims recognised as liabilities (i.e., the valuation and allocation assertion), as there is a risk that claims may be received for which no liability is recognised, or that provisions may be insufficient.</p> <p>The final amount of the obligation is subject to various factors, many of which are beyond the group's control. This includes contractual consultations, dispute adjudication, and, if necessary, arbitration processes, all of which can affect both the timing and amount of claim settlements.</p> <p>As set out in accounting policy note 2.4, the group and company have acknowledged certain overpayments on mega-build projects that are currently under investigation. This remains an ongoing matter. During the current year, external construction experts continued their assessment at Kusile and commenced their review at Medupi, with no further overpayment write-offs recorded in the year.</p> <p>Estimating the amount required to settle claims arising from compensation events involves significant judgement. Given the high degree of judgement and estimation involved in determining these provisions, this is considered to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We assessed the design and implementation of controls in place, as well as the adequacy of oversight exercised by the compensation events committee, responsible contract managers, and Eskom executives, to ensure that settled compensation events are valid and that appropriate provisions are recognised for outstanding claims.</li> <li>• For a sample of contractor claims, we: <ul style="list-style-type: none"> <li>– Evaluated the validity of each claim by reference to the relevant contract documentation.</li> <li>– Reviewed reports from, and held discussions with, Eskom's internal and external experts to understand the significant assumptions, judgements, and methodologies applied in determining the estimates and the basis for their conclusions.</li> <li>– Considered the reasonableness of estimates used in recognising provisions for compensation events by inspecting claim submissions, quantity surveyor reports, and correspondence between the contractor and Eskom.</li> <li>– Assessed the completeness of claims recognised by reconciling our findings to the claim registers and reviewing minutes from compensation event claims meetings.</li> <li>– Evaluated the competence, capabilities, and objectivity of Eskom's internal and, where applicable, external experts by reviewing their qualifications and professional memberships.</li> <li>– Considered the historical accuracy of previous provisions raised and the settlements ultimately made.</li> <li>– Updated our understanding of claims in progress up to the date of signing the financial statements, and considered subsequent rulings to determine whether any adjustments were required as at 31 March 2025.</li> </ul> </li> <li>• In relation to potential overpayment write-offs, we held discussions with management's internal and external experts to understand the progress made during the year on the investigation and assessment of overpayments on the major build projects.</li> </ul> <p>We are satisfied that the resulting disclosures in the financial statements are appropriate.</p>

### Emphasis of matter

We draw attention to the matters below. Our opinion is not modified in respect of these matters.

### Events after the reporting period

We draw attention to note 48 in the consolidated and separate financial statements, which discloses several material non-adjusting and adjusting events.

### Investigations into possible corruption and related impact on capital projects

We draw attention to note 2.4 in the consolidated and separate financial statements, which discloses the group and company's accounting policy on the impact of corruption on the valuation of capital projects which states that once an investigation on the overpayment on capital projects is finalised and if required, an adjustment is made to the carrying value.

### Responsibilities of the accounting authority for the consolidated and separate financial statements

The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS, the requirements of the Companies Act and PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the group and company'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 accounting authority either intends to liquidate the group and company or to cease operations, or has no realistic alternative but to do so.

### Responsibilities of the auditor for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 consolidated and separate financial statements.

A further description of our responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report. This description, which is located at page 36, forms part of our auditor's report.



## Report on the audit of the annual performance report

### Introduction and scope

In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, we must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected key performance areas presented in the shareholders compact performance section of the directors' report. The accounting authority is responsible for the preparation of this annual performance report.

We selected the following key performance areas presented in the shareholders compact performance section of the directors' report for the year ended 31 March 2025 for auditing. We selected key performance areas that measures the entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Key performance area	Page numbers	Purpose
Generation	14	<p>Measurement and monitoring of key indicators specific to the operational efficiency within electricity generation including energy availability at a power station level and proportion of energy unavailable because of planned shutdowns and planned load reductions.</p> <p>Measurement and monitoring of the mass of particulates emitted from Eskom's coal-fired power stations, the amount of raw water used for power generation, the average increase in coal cost per annum and various indicators emanating from the Atmospheric Emissions License compliance requirements imposed per power station.</p> <p>Measurement and monitoring of the creation of new assets to support the expansion of the current generation capacity and improve the ratio of electricity supply in relation to electricity demand.</p>
Transmission	14	Measurement and monitoring of key indicators specific to the operational efficiency within electricity transmission including the measurement of transmission interruptions experienced as well as transmission infrastructure expansion and strengthening projects.
Distribution	14	Measurement and monitoring of key indicators specific to the operational efficiency within electricity distribution including the measurement of distribution energy losses, the average duration of distribution interruptions experienced by customers during a year and the level of customer cash collection from invoiced electricity supplied.
Just Energy Transition	14	Measurement and monitoring of key indicators focussed on ensuring the shift towards a low-carbon electricity future is just and occurs without extensive disruptions to socio-economic development. Executing on the Just Energy Transition strategic implementation plan enables the delivery of the government's Just Energy Transition Framework.
Finance	14	Measurement and monitoring of key financial sustainability indicators focussed on operational profitability, operating cash flow availability to service net interest on borrowings as well as interest and capital repayments on borrowings, as well as progress in identified and targeted operational and capital cost savings/optimisation initiatives, cost avoidance initiatives, working capital optimisation initiatives as well as income recovery initiatives against established baselines as envisaged within the Eskom Profit Maximisation Programme measurement rules.
Fraud and Corruption	14	<p>Measurement and monitoring of key indicators specific to the timely resolution of cases concerning corruption, fraud, and other misconduct as recorded within the Eskom Holdings SOC Limited group Case Management System.</p> <p>The indicators aim to measure and monitor the period between recording an allegation within the case management system and the completion of an initial/preliminary assessment. Additional indicators track and assess whether a formal investigation is initiated promptly when recommended by the initial or preliminary assessment, as well as the degree to which recommendations arising from the formal investigation have been fully implemented.</p> <p>The indicators within this key performance area further extends to the measurement and monitoring of the status of submission, by designated employees, of completed security clearance assessments documentation for further processing by the State Security Agency of South Africa.</p> <p><i>Please note that this indicator does not measure and monitor the successful completion of the security vetting by the State Security Agency of South Africa but simply tracks the level of compliance in its submission.</i></p> <p>An indicator is included that aims to measure and monitor compliance with employee background checks being completed by an independent third party in line with the Risk and Integrity Management Framework.</p>

We evaluated the reported performance information for the selected key performance areas 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 public entity's planning and delivery on its mandate and objectives.

We performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives.
- all the indicators relevant for measuring the public 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 we 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 in the prescribed manner and is comparable and understandable.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over or underachievement of targets.

# Independent Auditor's report to Parliament on Eskom Holdings SOC Ltd and its subsidiaries continued

## Report on the audit of the annual performance report (continued)

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

The material findings on the performance information of the selected key performance areas are as follows:

### Finance: Savings from turnaround Initiatives

A reported achievement of savings of R16.3 billion was recorded against a target of R5.4 billion. However, this reported achievement was not supported by sufficient audit evidence. The figure represents the cumulative savings from 36 separate initiatives, each calculated by comparing actual results for the year against an approved baseline. Our audit found that the reported achievement was overstated by R2.9 billion due to errors in the actual results used to determine the saving. Additionally, we identified a potential further overstatement of R3.4 billion arising from the inappropriate estimates and judgements applied by management in establishing the approved baselines. Furthermore, in addition to the R6.3 billion overstatement identified, one initiative, contributing R1.4 billion to the reported savings, could not be adequately substantiated. We were unable to verify the actual savings for this initiative but estimate that the true amount is materially less than reported. Consequently, it is likely that the actual achievement against the target was lower than reported.

### Fraud and Corruption: Vetting and Integrity Assessment: Security clearance: Board and designated employees

An achievement of 19.15% was reported against a target of 70%. However, we could not determine if the reported achievement was correct as adequate supporting evidence was not available to substantiate the performance during quarter one and quarter two of this financial year. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

### Missing indicator

Eskom Distribution is responsible, amongst others, for the ongoing maintenance and strengthening of plant assets and the creation of new assets to support the expansion of the current distribution capacity and improve the ratio of electricity supply in relation to electricity demand. However, an indicator to measure performance on the progress of Eskom Distribution infrastructure expansion and the conversion from conventionally billed post-paid customers to prepaid customers and Smart grid technologies was omitted from the approved planning documents. Consequently, progress towards the achievement of this mandate was not reported on in the shareholders compact performance section of the directors' report.

### Other matter

We draw attention to the matters below.

### Achievement of planned targets

The annual performance report, which is included in the directors' report, includes information on reported achievements against planned targets and provides explanations for over and under achievements. This information should be considered in the context of the material findings on the reported performance information.

### Material misstatements corrected

We identified material misstatements in the Finance key performance area of the annual performance report submitted for audit resulting from corrections to the underlying financial statements submitted for audit. In addition, we identified material misstatements in the key performance indicators reported within the Fraud and Corruption and Just Energy Transition key performance areas submitted for auditing. Management did not correct all the misstatements. The material uncorrected audit misstatements form the basis of our material findings as reflected above.

## Report on compliance with legislation

In accordance with the PAA and the general notice issued in terms thereof, we 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 public entity's compliance with legislation.

We performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA findings engagement methodology. This engagement is not an assurance engagement. Accordingly, we do not express an assurance opinion or conclusion.

Through an established AGSA process, we selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public 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.

The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

### Annual financial statements

The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework (IFRS Accounting Standards) as required by section 55(1)(b) of the PFMA. The submitted financial statements contained material misstatements on property, plant and equipment, loans receivable, capital and reserves, impairment of financial assets, net fair value and foreign exchange loss identified by the auditors which were subsequently corrected. Furthermore, the note disclosures relating to capital management and going concern, financial risk management, accounting classification and fair value, segment information, deferred tax, loans receivables, derivatives held for risk management, net impairment and write down of assets, income tax, cash generated from operations, related-party transactions and balances and events after the reporting period contained material misstatements which were subsequently corrected. This non-compliance resulted in a reportable irregularity as described in the report on other legal and regulatory requirements. A similar non-compliance was reported in the prior year.

### Expenditure management

Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. As reported in the basis for the qualified opinion, the amount of irregular expenditure disclosed in note 51.1 of the separate financial statements does not reflect the full extent of the irregular expenditure incurred and the full extent of the irregular expenditure could not be quantified. The majority of the irregular expenditure disclosed in the financial statements was caused by non-compliance with section 51(1)(a)(iii) of the PFMA. A similar non-compliance was reported in the prior year.

Effective steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 51.2 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. A similar non-compliance was reported in the prior year.

### Revenue management

Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA. A similar non-compliance was reported in the prior year.

### Procurement and contract management

Some of the goods, works or services were not procured through a procurement process which is fair, equitable, transparent and competitive, as required by section 51(1)(a)(iii) of the PFMA.

We were unable to obtain sufficient appropriate audit evidence that contracts were awarded to bidders in an economical manner and prices for the goods or services were reasonable as required by section 57(b) of the PFMA.

We were unable to obtain sufficient appropriate audit evidence that contracts and quotations were awarded to bidders that scored the highest points in the evaluation process as required by section 2(1)(f) of PPPFA and Preferential Procurement Regulation 2022. A similar limitation was reported in the prior year.

### Consequence management

We were unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular and fruitless and wasteful expenditure as required by section 51(1)(e)(iii) of the PFMA. This was due to investigations into irregular and fruitless and wasteful expenditure not being performed. This limitation resulted in a reportable irregularity as reported in 2022, 2023, 2024 and 2025 on the report on other legal and regulatory requirements. A similar limitation was reported in the prior year.

Where investigations were performed, disciplinary steps were not taken against some officials who had permitted irregular and fruitless and wasteful expenditure, as required by section 51(1)(e)(iii) of the PFMA. This non-compliance resulted in a reportable irregularity as reported in 2022, 2023, 2024 and 2025 on the report on other legal and regulatory requirements. A similar non-compliance was reported in the prior year.

Investigations were not conducted into all allegations of financial misconduct committed by officials, as required by Treasury Regulation 33.1.1. The non-compliance was reported as a reportable irregularity in 2022, 2023, 2024 and 2025 on the report on other legal and regulatory requirements. A limitation was reported in the prior year.

Disciplinary hearings were not held for confirmed cases of financial misconduct committed by officials, as required by Treasury Regulation 33.1.1. The non-compliance was reported as a reportable irregularity in 2022, 2023, 2024 and 2025 on the report on other legal and regulatory requirements. A limitation was reported in the prior year.

Due to inadequate processes of management of cases and investigations, we are unable to obtain sufficient evidence that allegations of corruption or theft, fraud, extortion, forgery, uttering a forged document which exceeded R100 000 were reported to the South African Police Service (SAPS), as required by section 34(1) of the Prevention and Combatting of Corrupt Activities of South Africa. This limitation is included in a reportable irregularity as reported in 2022, 2023, 2024 and 2025 on the report on other legal and regulatory requirements. A similar limitation was also reported in the prior year.

### State-owned enterprise oversight and governance

The annual return and the latest approved audited financial statements were not timeously filed, as required by section 33(1)(a) of the Companies Act and 30(2) of the Companies Regulation.

## Reportable irregularities

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified reportable irregularities in terms of the Auditing Profession Act. We have reported such matters to the IRBA. The matters pertaining to the reportable irregularities have been described in note 52.1 to the consolidated and separate financial statements.

## Other information

The accounting authority is responsible for the other information. The other information comprises the information included in the document titled "Eskom Annual financial statements 31 March 2025" which includes the directors' report, the report of the audit committee and statement by the company secretary as required by the Companies Act, and the document entitled "Eskom Integrated Report", which were obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements, our auditor's report and those selected key performance areas presented in the shareholder compact performance section of the directors' report that have been specifically reported on in this auditor's report.

Our opinion on the financial statements and our findings on the reported performance information and the report on compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion on it.

In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected key performance areas presented in the shareholder compact performance section of the directors' report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

The matters included in the Basis of Qualification will materially impact the other information and in addition, we describe below that we have concluded that a material misstatement of the other information exists as it relates to the disclosure of irregular expenditure, fruitless and wasteful expenditure and losses due to criminal conduct.

The opening balances for irregular expenditure, fruitless and wasteful expenditure were subjected to audit in the prior years, with irregular expenditure being qualified due to it not being fully and accurately recorded and fruitless and wasteful expenditure being qualified due to it not being fully recorded. In addition, taking into account, the qualifications above relating to current year expenditure and disclosure, and the fact that inadequate progress has been made to address the control deficiencies that gave rise to these conclusions, we highlight that the information presented on page 155 to 160 of the Eskom Integrated Report remains materially misstated. The ageing of matters still under determination for disclosure as either irregular expenditure and fruitless and wasteful expenditure is on average 1.80 years, coupled with the reportable irregularity on delay in investigations in note 51, means that any findings on irregular expenditure and fruitless and wasteful expenditure would not be timeously disclosed and will be adjusted in the prior year opening balance in the information presented in the Eskom Integrated Report. These matters indicate that the cumulative irregular expenditure disclosed in the integrated report may not be complete and accurate, and the cumulative fruitless and wasteful expenditure disclosed in the integrated report may not be complete.

# Independent Auditor's report to Parliament on Eskom Holdings SOC Ltd and its subsidiaries continued

## Internal control deficiencies

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

The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the material findings on the compliance with legislation included in this report.

In the latter part of the financial year, management commenced on a three-year recovery plan to address significant internal control deficiencies. The timing of the implementation has impacted on the realisation of the benefits derived from the plan. The majority of the significant internal control deficiencies that resulted in negative audit outcomes for at least the prior years and the current year were therefore not adequately addressed. Our audit reports in 2022, 2023, 2024 and 2025 have consistently highlighted a material breakdown in controls over compliance with applicable laws and regulations that have hindered the public entity's ability to prevent material non-compliance findings resulting in modified audit opinions.

There were inadequate controls in place to ensure that amounts reported in the PFMA disclosure note were supported by accurate and complete registers. We identified inaccurate, insufficient and inappropriate evidence which impacted the efficacy of the audit process. Management processes have not sufficiently addressed these control weaknesses, resulting in this deficiency being reported for the prior years and in the current year.

Management did not implement adequate, sufficient, and appropriate internal controls to ensure effective self-assessment of procurement transactions and proper monitoring of awarded contracts for compliance with applicable laws and regulations. In addition, the loss control function does not have adequate processes in place to ensure that non-compliances are identified to ensure complete reporting.

Management does not have adequate processes in place to ensure that matters referred by forensics to business units for further investigation are appropriately investigated and, where necessary, disclosed as losses due to criminal conduct.

Management have not sufficiently implemented the necessary interventions to enhance compliance to applicable laws and regulation relating to consequence management, which includes management's commitment to take disciplinary actions within three months from the date they become aware of the transgression. This is demonstrated by repeated instances of non-compliance with relevant legislation reported both in the current and prior years, with audit outcomes remaining unchanged.

Management did not resolve the backlog in concluding investigations relating to alleged financial misconduct, the assessment and determination of alleged irregular expenditure, as well as fruitless and wasteful expenditure. This matter was reported in previous years, and adequate controls have not been implemented in the current year to ensure that the backlogs are resolved.

Management did not implement adequate controls to ensure that disciplinary actions are taken against all transgressors following the concluded investigations. Furthermore, where disciplinary actions are taken, there is inadequate controls to ensure that disciplinary actions are appropriate, consistent, and corrective towards the severity of the transgression committed.

Management did not implement adequate controls to ensure that forensic investigations are timeously concluded. The delays in concluding forensic investigations into alleged financial misconduct, fraud and supply chain management improper conduct, resulted in the inability to confirm the existence of matters that need to be reported to SAPS in terms of section 34(I) of PRECCA, mitigate any possible future exposures to financial losses, and effective consequence management. The similar material non-compliance was also noted in the prior year.

The accounting authority did not exercise adequate oversight over the financial statements before submitting them for audit. We identified material misstatements to the financial statements submitted for audit and these material misstatements were appropriately corrected in the final audited financial statements.

Management did not implement adequate internal controls around the management of inventory. Though we have noted an improvement from what was reported in the prior year, Eskom is still susceptible to material losses of inventory due to the poor control environment across all Eskom power stations. The inventory matters described above result in potential losses due to criminal conduct and points to uneconomic use of resources of the public entity.

Revenue collection remains a concern as the entity continues to struggle to collect the revenue due. The steps taken for collection did not yield the desired results as the revenue collection remains an issue. Management has not adequately implemented measures to collect all revenues due to the public entity and thus compromising the long-term financial sustainability of the public entity.

Management did not adhere to policy requirements for awarding internal suppliers under the single source mechanism. The internal supplier's capacity to execute on the works was not assessed prior to awarding the contracts.

We reported negative audit outcomes for procurement and contract management in the current and prior years. The accounting authority did not exercise adequate oversight over those responsible for ensuring that all procurement transactions and contracts have followed the appropriate procurement and contract management process in accordance with the appropriate legislative requirements. We reported a similar control deficiency in the prior year.

The accounting authority did not exercise adequate oversight nor held management accountable for the less than adequate design and implementation of effective action plans to follow up, investigate and address prior year audit findings that led to negative audit outcomes for procurement and contract management for the past three audits. This resulted in not all prior year audit findings being investigated and remediated timeously to act as a deterrent for future possible non-compliances as there has not been notable progress in addressing the prior year audit findings. This is evidenced in management's reporting on the prior year audit findings status and progress at year end. We reported a similar control deficiency in the past two years due to the high number of prior year limitations not being investigated and remediated by management.

Management do not have adequate controls in place to ensure that complete and accurate procurement and contract management registers are maintained and readily available for audit purposes. Significant errors were identified resulting in management having to rework the registers for accuracy and completeness. This contributed to delays in the submission of the registers impacting the audit process. An increased number of errors were identified in the current year when compared to the prior year.

Management did not design and implement adequate controls to ensure that, in accordance with the appropriate legislative requirements, the bids of the winning suppliers were received on or before the closing date and time determined for the bid. As a result, we could not confirm whether any of the tenders awarded were received from the winning bidders who submitted their bids on or before the closing date and time advertised to the public. We reported a similar control deficiency in the prior year.

At business unit level, internal controls were ineffective and year-end adjustments and reconciliations were not adequately reviewed, leading to material audit adjustments.

The inconsistent application of IT controls undermined the reliability, ongoing availability, accuracy, and security of information systems.

Management did not implement adequate internal controls for the systematic collection of supporting evidence substantiating the validity of reported results from all savings initiatives. In addition, ineffective review controls exist in that numerous inaccuracies and errors were identified as part of the external audit process after the reported results were disclosed to the Shareholder. We further noted inadequate documentation of applied judgments in the establishment of an approved baseline for measuring savings. This resulted in the material finding included in the audit of the annual performance report.

Management did not implement adequate internal controls for the systematic collection of supporting evidence in support of the submission of completed security clearance assessments documentation for further processing by the State Security Agency of South Africa during the full year. The documentation control deficiencies were limited to the quarter one and quarter two reported performance and resulted in the material finding included in the audit of the annual performance report.

The accounting authority did not exercise adequate oversight in the development and approval of the annual shareholder compact to ensure that the compact is sufficiently complete to prioritise relevant core functions of its mandate. Performance indicators specific to Distribution plant maintenance, strengthening and expansion has been omitted from the approved plans and have been included in the Report as a material missing indicator.

## Other reports

We draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the consolidated and separate financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of our opinion on the financial statements or our findings on the reported performance information or compliance with legislation.

### Matters under investigation

During the financial year under review, both regulatory authorities and the accounting authority undertook investigations into alleged irregularities, fraud, and corruption within the procurement function, capital projects, prepaid revenue, and other areas of the entity. Furthermore, internal and external investigations highlighted findings of maladministration related to supply chain management, improper conduct, and manipulation within the prepaid revenue environment, as well as matters linked to state capture that have been reported to the accounting authority.

The sophisticated and complex nature of these fraud schemes has prolonged the investigation process, resulting in a backlog of cases requiring further examination. To support these efforts, the directors have engaged forensic firms to assist with the investigations. Additionally, Presidential proclamations have mandated investigations into alleged maladministration, improper or unlawful conduct by employees, officials, or agents, and the unlawful appropriation or expenditure of public funds or property. These investigations are being conducted by the Special Investigating Unit.

As at the reporting date, these investigations are ongoing, and we are unable to determine the potential impact of their outcomes on the consolidated and separate financial statements. Further details regarding the recognition, measurement, and disclosure of investigations can be found in accounting policies note 2.4 and note 45.


### Limited assurance and agreed upon procedures engagements

At the date of this report, we have commenced/completed the following engagements:

- Agreed upon procedures on net sent out power megawatt hours, gross sent out power megawatt hours and actual sent out power production figures to NERSA for the year ended 31 December 2024. The report was issued to the accounting authority on 25 April 2025.
- Agreed upon procedures on the group's generation, transmission and distribution activities regulatory financial report as issued to NERSA. The report was issued to the accounting authority on 18 March 2025.
- Assurance engagement on the 2022 greenhouse gas emissions results submitted reported to the Department of Forestry, Fisheries and the Environment as part of the National Greenhouse Gas Emission Reporting Regulations. The report was issued to the accounting authority on 30 May 2025.
- Agreed upon procedures on the Home Loan and Mortgage Disclosure Act 63 of 2000, Annual Return Form of Eskom Finance Company SOC Ltd. The report was issued to the accounting authority on 23 May 2025.
- Agreed upon procedures Reports on National Credit Regulator Annual Financial Statement Return (Form 40) for Eskom Finance Company SOC Ltd. The report was issued on 17 March 2025.
- Agreed upon procedures for Escap SOC Ltd on the Schedule of Collection and Remission of Premiums to South African Special Risk Insurance Association SOC Limited (SASRIA). The report covered the period from 1 April 2024 to 31 March 2025, and the report was issued to SASRIA on 13 June 2025.
- Agreed upon procedures for Escap SOC Ltd on the regulatory return in compliance with the Insurance Act 18 of 2017 to the Prudential Authority for the year ended 31 March 2025. This report was issued on 31 July 2025.
- Agreed upon procedures in National Transmission Company South Africa on agreeing certain information within the draft Shareholder Reports to the underlying financial records for the quarters ended 30 September 2024 and 31 December 2024. The reports were issued to the National Transmission Company South Africa board of directors on 21 February 2025 and 31 March 2025 respectively.
- Agreed upon procedures reports on the short-term incentive for the year ended 31 March 2025. The reports were issued to the accounting authority on 18 and 19 September 2025.
- Assurance engagement on the sustainability reporting as included in the 2024/25 Integrated Report. The report will be issued to the accounting authority on the same date as this report.

## Auditor tenure

In terms of the IRBA rule published in Government gazette number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Eskom Holdings SOC Ltd for four years.

**Signed by:**  
  
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**Deloitte & Touche**  
Registered Auditor

Per: André J. Dennis  
Partner

29 September 2025

5 Magwa Crescent  
Waterfall City  
Waterfall  
2090

# Independent Auditor's report to Parliament on Eskom Holdings SOC Ltd and its subsidiaries continued

## Annexure to the auditor's report

The annexure includes the following:

- The auditor's responsibility for the audit; and
- The selected legislative requirements for compliance testing.

## Auditor's responsibility for the audit

### Professional judgement and professional scepticism

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

### Financial statements

In addition to our responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, we also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public 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 accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. We 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 public entity and its subsidiaries to continue as a going-concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the consolidated and separate financial statements. Our conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern.
- evaluate the overall presentation, structure, and content of the consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

### Communication with those charged with governance

We 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 we identify during our audit.

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

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



## Compliance with legislation

The list of selected legislative requirements are as follows:

Selected legislation and regulations	Consolidated firm level requirements
Public Finance Management Act No.1 of 1999 (PFMA)	Section 50(3); 50(3)(a); 50(3)(b) Section 51(1)(a)(iii); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 52(b) Section 54(2)(c); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56 Section 57(b); 57(d) Section 66(3)(a)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities	Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; 29.2.2; 29.3.1 Regulation 31.2.5; 31.2.7(a); Regulation 33.1.1; 33.1.3
Companies Act No.71 of 2008	Section 30(3)(b)(i); 33(1)(a) Section 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4) Section 46(1)(a); 46(1)(b); 46(1)(c) Section 72(4)(a) Section 75(6) Section 86(1); 86(4) Section 88(2)(d) Section 112(2)(a) Section 129(7)
Prevention and Combating of Corrupt Activities Act No.12 of 2004	Section 34(1)
Companies Regulations	Regulation 30(2); 43(2)(a)
Construction Industry Development Board Act No.38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; Section 25(7A)
Second amendment National Treasury Instruction no. 5 of 2020/21	Paragraph 1
National Treasury Instruction No. 5 of 2020/21	Paragraph 2; 4.8; 4.9; 5.3
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury Instruction No. 3 of 2020/21	Paragraph 4.2
National Treasury Instruction No. 11 of 2020/21	Paragraph 3.1; 3.4(b); 3.9
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2 Regulation 5.1; 5.3; 5.6; 5.7 Regulation 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Regulation 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Regulation 8.2; 8.5 Regulation 9.1 Regulation 10.1; 10.2 Regulation 11.1; 11.2

# Statements of financial position

at 31 March 2025

	Note	Group		Company	
		2025 Rm	2024 Rm	2025 Rm	2024 Rm
<b>Assets</b>					
<b>Non-current</b>		<b>744 546</b>	750 872	<b>712 966</b>	720 243
Property, plant and equipment	8	685 986	680 950	602 758	603 093
Intangible assets	9	3 570	3 438	890	816
Future fuel supplies	10	7 639	6 782	7 639	6 782
Investment in equity-accounted investees	11	346	346	95	95
Investment in subsidiaries	12	—	—	27 057	22 697
Inventories	13	15 373	13 297	15 373	13 297
Deferred tax	14	7	81	—	—
Loans receivable	15	1 583	7 565	31 934	36 815
Embedded derivatives	16	3 847	10 486	3 847	10 486
Derivatives held for risk management	17	13 320	18 881	13 320	18 881
Finance lease receivables	18	138	174	89	109
Payments made in advance	19	1 729	1 793	1 817	1 792
Trade and other receivables	20	4 977	4 031	5 509	4 356
Investments	21	6 031	3 048	2 638	1 024
<b>Current</b>		<b>159 474</b>	115 450	<b>162 559</b>	99 995
Inventories	13	31 084	28 293	30 685	27 972
Taxation		177	11	—	—
Loans receivable	15	309	208	7 467	2 610
Embedded derivatives	16	125	1 315	125	1 315
Derivatives held for risk management	17	2 025	8 135	2 075	8 162
Finance lease receivables	18	36	37	3	22
Payments made in advance	19	1 109	1 413	968	1 299
Trade and other receivables	20	41 923	35 975	58 479	35 650
Investments	21	18 925	16 478	—	—
Cash and cash equivalents	22	63 761	23 585	62 757	22 965
<b>Assets held-for-sale</b>	23	<b>7 811</b>	—	<b>—</b>	—
<b>Total assets</b>		<b>911 831</b>	866 322	<b>875 525</b>	820 238
<b>Equity</b>		<b>278 345</b>	222 858	<b>227 420</b>	200 312
Capital and reserves					
<b>Liabilities</b>		<b>478 009</b>	486 657	<b>460 620</b>	469 393
<b>Non-current</b>		<b>478 009</b>	486 657	<b>460 620</b>	469 393
Debt securities and borrowings	25	351 226	359 692	356 204	363 992
Derivatives held for risk management	17	836	27	836	27
Deferred tax	14	11 389	10 412	—	—
Payments received in advance	26	6 529	5 013	3 670	2 478
Contract liabilities and deferred income	26	34 041	34 687	32 985	33 688
Employee benefit obligations	27	19 672	17 448	18 237	16 236
Provisions	28	47 447	52 561	47 447	52 561
Lease liabilities	29	6 598	6 553	993	252
Trade and other payables	30	271	264	248	159
<b>Current</b>		<b>154 871</b>	156 807	<b>187 485</b>	150 533
Debt securities and borrowings	25	21 429	52 508	42 470	56 293
Loan from shareholder	31	56 132	32 000	56 132	32 000
Derivatives held for risk management	17	811	566	829	566
Payments received in advance	26	3 636	4 300	3 404	4 158
Contract liabilities and deferred income	26	3 824	3 684	3 775	3 645
Employee benefit obligations	27	7 584	3 777	6 108	3 130
Provisions	28	5 829	9 325	5 538	9 177
Lease liabilities	29	1 112	850	118	61
Trade and other payables	30	54 040	49 664	69 111	41 503
Taxation		474	133	—	—
<b>Liabilities held-for-sale</b>	23	<b>606</b>	—	<b>—</b>	—
<b>Total liabilities</b>		<b>633 486</b>	643 464	<b>648 105</b>	619 926
<b>Total equity and liabilities</b>		<b>911 831</b>	866 322	<b>875 525</b>	820 238

# Income statements

for the year ended 31 March 2025

	Note	Group		Company	
		2025 Rm	2024 Rm	2025 Rm	2024 Rm
Revenue	32	340 895	295 814	319 666	295 814
Other income	33	3 265	1 295	4 752	3 046
Primary energy	34	(150 207)	(173 729)	(171 731)	(173 729)
Employee benefit expense	35	(43 160)	(35 096)	(33 420)	(30 967)
Impairment of financial assets	36	(7 317)	(3 017)	(7 621)	(3 080)
Impairment and write down of other assets	36	(299)	(416)	(294)	(414)
Other expenses	37	(44 139)	(41 441)	(49 501)	(47 937)
Profit before depreciation and amortisation expense and net fair value and foreign exchange (loss)/gain (EBITDA)		99 038	43 410	61 851	42 733
Depreciation and amortisation expense	38	(31 764)	(33 239)	(29 179)	(33 310)
Net fair value and foreign exchange (loss)/gain	39	(10 415)	2 644	(10 483)	2 668
Profit before net finance cost and share of profit of equity-accounted investees		56 859	12 815	22 189	12 091
Net finance cost		(33 092)	(38 389)	(34 293)	(40 590)
Finance income	40	6 840	4 859	8 159	2 989
Finance cost	41	(39 932)	(43 248)	(42 452)	(43 579)
Share of profit of equity-accounted investees after tax	11	102	105	–	–
<b>Profit/(loss) before tax</b>		<b>23 869</b>	<b>(25 469)</b>	<b>(12 104)</b>	<b>(28 499)</b>
Income tax	42	(7 822)	(29 546)	(213)	(28 585)
<b>Profit/(loss) for the year<sup>1</sup></b>		<b>16 047</b>	<b>(55 015)</b>	<b>(12 317)</b>	<b>(57 084)</b>

# Statements of comprehensive income

for the year ended 31 March 2025

	Note	Group		Company	
		2025 Rm	2024 Rm	2025 Rm	2024 Rm
<b>Profit/(loss) for the year<sup>1</sup></b>		<b>16 047</b>	<b>(55 015)</b>	<b>(12 317)</b>	<b>(57 084)</b>
<b>Other comprehensive loss</b>		<b>(560)</b>	<b>(71)</b>	<b>(575)</b>	<b>(96)</b>
<b>Items that may be reclassified subsequently to profit or loss</b>		<b>226</b>	<b>(527)</b>	<b>226</b>	<b>(533)</b>
Cash flow hedges					
Changes in fair value	17	1 781	(493)	1 781	(493)
Net amount transferred to profit or loss		(1 278)	(34)	(1 278)	(34)
Amortisation of effective portion of terminated cash flow hedges	39	–	3	–	3
Ineffective portion of cash flow hedges	39	(1 278)	(37)	(1 278)	(37)
Net amount transferred to initial carrying amount of hedged items		(193)	(203)	(193)	(203)
Foreign currency translation differences on foreign operations		–	6	–	–
Income tax thereon	42	(84)	197	(84)	197
<b>Items that may not be reclassified subsequently to profit or loss</b>		<b>(786)</b>	<b>456</b>	<b>(801)</b>	<b>437</b>
Remeasurement of benefits	27	(1 077)	625	(1 098)	601
Income tax thereon	42	291	(169)	297	(164)
<b>Total comprehensive profit/(loss) for the year<sup>1</sup></b>		<b>15 487</b>	<b>(55 086)</b>	<b>(12 892)</b>	<b>(57 180)</b>

1. A nominal amount is attributable to the non-controlling interest in the group. The remainder is attributable to the owner of the company.

# Statements of changes in equity

for the year ended 31 March 2025

	Share capital	Other capital	Cash flow hedge reserve	Unrealised fair value reserve	Foreign currency translation reserve	Accumulated profit/(loss)	Total equity
	Rm	Rm	Rm	Rm	Rm	Rm	Rm
<b>Group</b>							
Balance at 31 March 2023	241 550	—	(335)	(12 757)	47	5 439	233 944
Loss for the year	—	—	—	—	—	(55 015)	(55 015)
Other comprehensive (loss)/income, net of tax	—	—	(533)	—	6	456	(71)
Conversion of loan from shareholder	—	44 000	—	—	—	—	44 000
Transfers between reserves	—	—	—	2 444	—	(2 444)	—
Balance at 31 March 2024	<b>241 550</b>	<b>44 000</b>	<b>(868)</b>	<b>(10 313)</b>	<b>53</b>	<b>(51 564)</b>	<b>222 858</b>
Profit for the year	—	—	—	—	—	16 047	16 047
Other comprehensive income/(loss), net of tax	—	—	226	—	—	(786)	(560)
Share capital issued	<b>76 000</b>	<b>(44 000)</b>	—	—	—	—	<b>32 000</b>
Conversion of loan from shareholder	—	<b>8 000</b>	—	—	—	—	<b>8 000</b>
Transfers between reserves	—	—	—	<b>2 627</b>	—	<b>(2 627)</b>	—
<b>Balance at 31 March 2025</b>	<b>317 550</b>	<b>8 000</b>	<b>(642)</b>	<b>(7 686)</b>	<b>53</b>	<b>(38 930)</b>	<b>278 345</b>
<b>Company</b>							
Balance at 31 March 2023	241 550	—	(335)	(12 757)	—	(14 966)	213 492
Loss for the year	—	—	—	—	—	(57 084)	(57 084)
Other comprehensive (loss)/income, net of tax	—	—	(533)	—	—	437	(96)
Conversion of loan from shareholder	—	44 000	—	—	—	—	44 000
Transfers between reserves	—	—	—	2 444	—	(2 444)	—
Balance at 31 March 2024	<b>241 550</b>	<b>44 000</b>	<b>(868)</b>	<b>(10 313)</b>	—	<b>(74 057)</b>	<b>200 312</b>
Loss for the year	—	—	—	—	—	(12 317)	(12 317)
Other comprehensive income/(loss), net of tax	—	—	226	—	—	(801)	(575)
Share capital issued	<b>76 000</b>	<b>(44 000)</b>	—	—	—	—	<b>32 000</b>
Conversion of loan from shareholder	—	<b>8 000</b>	—	—	—	—	<b>8 000</b>
Transfers between reserves	—	—	—	<b>2 627</b>	—	<b>(2 627)</b>	—
<b>Balance at 31 March 2025</b>	<b>317 550</b>	<b>8 000</b>	<b>(642)</b>	<b>(7 686)</b>	—	<b>(89 802)</b>	<b>227 420</b>

## Share capital

Refer to note 24 for details regarding share capital.

## Other capital

Other capital comprises the portions of the loan from the shareholder that were approved for conversion to equity by the Minister of Finance prior to the reporting date and where the share certificates were only issued after the reporting date. Refer to note 48.

## Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments (forward exchange contracts and cross-currency swaps) related to hedged transactions that have not yet occurred. The cross-currency swap hedges foreign exchange rate and interest rate risk of the future interest payments and the principal repayment on bonds and loans (denominated in US dollar; euro and Chinese yuan).

## Unrealised fair value reserve

The cumulative net change in the fair value of financial instruments that have not been designated as cash flow hedging instruments is recognised in profit/(loss). The unrealised portion of the net change in fair value is not distributable and has been reallocated from a distributable reserve (accumulated profit) to a non-distributable reserve.

## Foreign currency translation reserve

The foreign currency translation reserve comprises exchange differences resulting from the translation of the results and financial position of foreign operations.

## Accumulated profit/(loss)

Accumulated profit/(loss) is the amount of cumulative profit/(loss) retained in the business after tax. No dividend has been proposed in the current or prior year. There are no restrictions on the distribution of dividends.

## Non-controlling interest

The group does not have any subsidiaries with a material non-controlling interest.

# Statements of cash flows

for the year ended 31 March 2025

		Group		Company	
	Note	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Cash flows from operating activities					
Cash generated from operations	43	93 366	40 515	60 604	39 912
Net cash from derivatives held for risk management		(1 436)	794	(1 256)	789
Finance income received		441	412	395	412
Finance cost paid		(26)	(4)	(4)	(4)
Income taxes paid		(6 400)	(1 321)	–	–
		85 945	40 396	59 739	41 109
Cash flows used in investing activities					
Disposals of property, plant and equipment		292	1 082	304	1 076
Acquisitions of property, plant and equipment		(39 832)	(42 492)	(33 637)	(42 339)
Acquisitions of intangible assets		(157)	(85)	(97)	(84)
Acquisitions of future fuel supplies		(3 388)	(2 857)	(3 388)	(2 857)
Acquisitions of investments in subsidiaries		–	–	(4 360)	(116)
Acquisitions of treasury investments		(1 397)	(1 002)	(1 397)	(1 002)
Disposals of insurance investments		26 133	25 560	–	–
Acquisitions of insurance investments		(29 375)	(27 295)	–	–
Payments made in advance		(18)	(101)	(18)	(101)
Cash used in provisions		(216)	(135)	(216)	(135)
Net cash from/(used in) derivatives held for risk management		35	(221)	35	(221)
Loans receivable repaid		1 759	703	3 793	50
Loans receivable advanced		(741)	(640)	(500)	–
Cash from finance lease receivables		37	21	39	21
Dividends received		72	74	102	889
Dividends received – investment in equity-accounted investees	11	102	109	–	–
Finance income received		2 321	2 336	3 673	496
		(44 373)	(44 943)	(35 667)	(44 323)
Cash flows (used in)/from financing activities					
Debt securities and borrowings raised	44	8 683	23 562	24 240	23 561
Loan from shareholder raised	44	64 000	76 000	64 000	76 000
Payments made in advance	44	(131)	(426)	(131)	(426)
Debt securities and borrowings repaid	44	(46 424)	(54 594)	(46 309)	(54 550)
Net cash from derivatives held for risk management	44	4 555	10 992	4 555	10 992
Cash used in lease liabilities	44	(783)	(721)	(49)	(638)
Finance income received		2 217	1 110	2 211	1 030
Finance cost paid		(33 364)	(35 255)	(32 676)	(35 564)
Taxes paid		(60)	(71)	(58)	(71)
		(1 307)	20 597	15 783	20 334
Net increase in cash and cash equivalents		40 265	16 050	39 855	17 120
Cash and cash equivalents at beginning of the year		23 585	7 516	22 965	5 832
Foreign currency translation		–	6	–	–
Effect of movements in exchange rates on cash held		(63)	13	(63)	13
Assets and liabilities held-for-sale		(26)	–	–	–
Cash and cash equivalents at end of the year	22	63 761	23 585	62 757	22 965

## Cash flow allocation

Cash flows that form part of the changes in the line items of the statements of financial position are classified into operating, investing and financing activities in a manner that is most appropriate to the group. As a result, the cash flows associated with some line items in the statements of financial position may be split into multiple cash flow activities in the statement of cash flows. These line items are:

### Derivatives held for risk management

Derivatives held for risk management are classified as operating, investing or financing activities based on the allocation of the cash flows of the underlying hedged item. Refer to note 17.

### Payments made in advance

Payments made in advance that relate to the raising of debt securities and borrowings are classified as financing activities. Payments related to the acquisition of property, plant and equipment and intangible assets are allocated to investing activities. All other payments made in advance are deemed operational in nature and are therefore included within operating activities. Refer to note 19.

### Provisions

Cash flows related to provisions for compensation events where the cost of property, plant and equipment includes these costs, are classified as investing activities. All other provisions are operational in nature and are classified as operating activities. Refer to note 28.

### Finance income and costs

Finance income and costs are allocated in line with the allocation of the related balances on which the income or cost arose. The interest income classified as financing activities was earned incidental to the financing activities and has thus been classified as such in the statements of cash flows.

# Notes to the financial statements

for the year ended 31 March 2025

## 1. General information

Eskom Holdings SOC Ltd (Eskom), a state-owned company and holding company of the group, is incorporated and domiciled in the Republic of South Africa.

The group is wholly owned by the government with the Minister of Electricity and Energy as the shareholder representative.

The principal activity of the group is the vertically integrated regulated electricity business (Eskom and National Transmission Company South Africa SOC Ltd (NTCSA)) that generates, transmits and distributes electricity to local industrial, mining, commercial, agricultural, redistributor (metropolitan and other municipalities) and residential customers, and to international customers in southern Africa. The group also purchases electricity from IPPs and international suppliers in southern Africa. The primary business focus of the other subsidiaries is to support the electricity business.

The business nature of the significant operating subsidiaries is set out in note 12.

## 2. Summary of material accounting policies

The accounting policies applied in the preparation of these separate and consolidated financial statements are set out below.

### 2.1 Basis of preparation and measurement

#### Statement of compliance

The consolidated financial statements of Eskom Holdings SOC Ltd at and for the year ended 31 March 2025 comprise the Eskom company, its subsidiaries, joint ventures, associates and structured entities (together the group). The separate and consolidated financial statements have been prepared in accordance with IFRS Accounting Standards and in the manner required by the PFMA and the Companies Act. The financial statements have been prepared on the going-concern basis and were approved for issue by the board on 29 September 2025.

#### Basis of measurement

The separate and consolidated financial statements are prepared on the historical-cost basis except for the following items which are measured at fair value:

- derivatives held for risk management
- embedded derivatives
- certain other investments

#### Functional and presentation currency

The separate and consolidated financial statements are presented in South African rand (rounded to the nearest million unless otherwise stated), which is the company's functional currency and the presentation currency of the group.

#### Changes in accounting policies

The group has consistently applied the accounting policies to all periods presented in these consolidated financial statements except for new or revised statements and interpretations implemented during the year. The nature and effect of new standards and interpretations are discussed in note 50.2.

### 2.2 Consolidation

#### Subsidiaries

Subsidiaries are consolidated from the date on which control is transferred to the group until the date that control ceases. Investments in subsidiaries are accounted for at cost less impairment losses in the separate financial statements of the company. When the group ceases to have control of an entity, it derecognises the assets and liabilities of the subsidiary and any components of equity. Any resulting gain or loss is recognised in profit or loss.

Common control transactions are accounted for at carrying value in the consolidated and separate financial statements where the acquirer recognises the acquired assets and liabilities at the carrying values reflected in the financial statements of the transferring entity (Eskom company).

The transferring entity recognises the net carrying value of the assets and liabilities transferred as its investment in the subsidiary and the acquirer recognises the same value as equity in their respective financial statements.

Any difference between the acquisition consideration and the net carrying value of the assets and liabilities that form part of the common control transaction is recognised in the respective financial statements as part of the investment in the subsidiary by the transferring entity and as equity by the acquirer.

The accounting policies of the subsidiaries have been adjusted, where necessary, to ensure consistency with the policies adopted by the group.

#### Investment in equity-accounted investees

Investments in equity-accounted investees (associates and joint ventures) are accounted for at cost less impairment losses in the separate financial statements of the company and on the equity method of accounting in the consolidated financial statements. The group's share of post-acquisition profits or losses of these investments is recognised in profit or loss within share of profit of equity-accounted investees. The cumulative post-acquisition movements, including dividends received, are adjusted against the carrying amount of the investment.

Accounting policies of associates and joint ventures have been adjusted where necessary to ensure consistency with the policies adopted by the group. If the financial statements of the associate or joint venture were prepared as of a different date to that of the group (maximum of three months difference), adjustments were made to the group financial statements for significant transactions and events that occurred between the date of the financial statements of the associate or joint venture and the date of the financial statements of the group.



## 2.3 Foreign currency translation

### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when recognised in other comprehensive income for qualifying cash flow hedges.

Non-monetary items measured at historical cost are translated at the exchange rate on transaction date.

Foreign loans are initially recognised at the exchange rate prevailing at transaction date and are translated at spot rate at every reporting date. Foreign exchange gains and losses that relate to financial assets and liabilities at amortised cost are presented in profit or loss within net fair value and foreign exchange gain/loss.

## 2.4 Property, plant and equipment

### Recognition and measurement

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes environmental rehabilitation costs, borrowing costs and transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency transactions. Assets under construction includes the cost of materials and direct labour and any other directly attributable costs incurred in bringing an item of property, plant and equipment to its present location and condition. Significant parts of an item of property, plant and equipment that have different useful lives are accounted for as separate items (major components). Spare parts classified as strategic and critical spares are recognised as property, plant and equipment and are only capable of operating in the manner intended by management when they are installed. Items of property, plant and equipment transferred from customers are initially recognised at fair value in accordance with IAS 16 *Property, Plant and Equipment* and any related revenue is recognised in accordance with IFRS 15 *Revenue from Contracts with Customers*, within revenue.

Subsequent costs are capitalised only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. When part of an asset is being replaced, the carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the financial period incurred.

Owned land and spare parts are not depreciated. Depreciation on other owned assets is calculated using the straight-line method to allocate cost over the estimated useful lives (limited to residual values). Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the assets. The useful lives of owned and right-of-use assets are as follows:

	Owned Years	Right-of-use Years
Buildings and facilities	8 to 40	2 to 5
Plant		
• Generating	3 to 80	10 to 15
• Transmitting	5 to 50	n/a
• Distributing	5 to 80	n/a
• Other	10 to 40	16 to 22
Equipment and vehicles	3 to 45	2

The depreciation method, residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date. The estimation of the useful lives and residual values of property, plant and equipment is an area of judgement. The estimation is based on professional judgement and independent expert opinion, where available, considering historical performance, the circumstances and operating environment in which the assets operate, alignment to industry benchmarks as well as expectations about the future.

Gains or losses on the disposal or write-off of an item of property, plant and equipment are recognised in profit or loss within other income or other expenses. Projects in assets under construction that have been discontinued are written off and included in other expenses.

### Investigations into possible corruption and related impact on capital projects

Eskom acknowledges that there is evidence that its control environment to ensure that capital contracts were awarded appropriately, subsequent changes and amendments were valid and that value was received have not operated effectively and that remediation of such control deficiencies is ongoing.

Several contracts and contract amendments have been highlighted by the Zondo Commission, SIU and other internal and external mechanisms. Matters that are under investigation include:

- contracts being irregularly awarded
- non-compliance with contractual terms in submitting claims
- modifications to contracts where the value added to Eskom is questionable

Eskom is mostly reliant on the SIU who has the requisite knowledge and access to systems and data to evaluate and investigate these complex transactions and the consequential effects thereof. Eskom does not have access to the SIU investigations and related progress as the details are only made available to Eskom once an investigation is finalised.

The outcomes of these SIU and other internal investigations are assessed once finalised and, if required, an adjustment is made to the carrying value of the related assets. The investigations are complex and determining the correct accounting implications for these possible irregularities that cover an extended period of time presents a key judgement. A receivable is only raised for a recovery of an overpayment when the realisation of the income is probable and included as other income in profit or loss.

Internal investigations into corruption and maladministration are completed from time-to-time and where wasteful, fruitless and fraudulent expenditure is identified, these are expensed and the carrying value of the related asset reduced. These write-offs will have an impact on the EBITDA at the time of recognition but are non-cash in nature.

### 2. Summary of material accounting policies (continued)

#### 2.5 Intangible assets

##### Research and development

Research expenditure is recognised as an expense as incurred.

Development expenditure (relating to the design and testing of new or improved products) is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the group intends to, and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss within other expenses as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs previously capitalised that have been discontinued are written off and included in other expenses.

Capitalised development costs are amortised from the point at which the asset is ready for use on a straight-line basis over its useful life. Subsequent to initial recognition, the capitalised development costs are measured at cost less accumulated amortisation and impairment losses.

##### Rights

Rights consist mainly of servitudes and rights of way under power lines. A servitude right is granted to the group for an indefinite period (useful life) and is therefore not amortised.

##### Computer software

Computer software and licences acquired have a finite useful life and are measured at cost less accumulated amortisation and any accumulated impairment losses. If software is integral to the functionality of related equipment, it is capitalised as part of the equipment. Costs associated with the support and maintenance of computer software programmes are recognised as an expense as incurred.

Amortisation is calculated using the straight-line method to allocate costs over the estimated useful lives of software of between 3 and 10 years. Amortisation methods and useful lives of assets are reviewed at each reporting date and adjusted if appropriate.

#### 2.6 Impairment of non-financial assets

The carrying amounts of non-financial assets within the scope of IAS 36 *Impairment of Assets* are assessed at each reporting date to determine whether there is any indication of impairment. These assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or if there are indicators of impairment. Assets that have an indefinite useful life (rights) are tested annually for impairment.

The group's assets are grouped at the smallest identifiable group of assets (CGUs) that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The identification of CGUs involves judgement.

The core operating assets of the group (generation (Eskom), transmission (NTCSA) and distribution (Eskom) segments) as well as ERI (included in all other segments) function together to deliver electricity and generate revenue from the sale of electricity to external customers in South Africa. The end product is the sale of electricity generated, transmitted and distributed through the vertically integrated regulated electricity business operations at a single exit price as approved by NERSA. NERSA approves a revenue allocation for each licensed part of Eskom (generation, NTCSA and distribution) based on a MYPD. NERSA then approves an annual electricity price (tariff) at an Eskom level (generation, NTCSA and distribution) which translates into a percentage increase that culminates into a c/kWh price for electricity (electricity tariff) charged to the end customer.

Revenue is recognised in accordance with contractual agreements between segments through internal transfer pricing that is based on NERSA methodology principles and the objectives of the South African Grid Code and Transmission Tariff Code (Grid Code). Some limited capacity in the grid is sold by NTCSA to international customers in southern Africa.

Eskom company (generation and distribution segments), NTCSA (transmission segment) and ERI, have been identified as a single CGU (referred to as the Eskom CGU). This is on the basis that Eskom currently remains a vertically integrated regulated business and the various segments across the electricity supply chain are not capable of generating cash inflows independently.

The identification of Eskom company, NTCSA and ERI as a single CGU may be impacted in the future by the planned legal separation of the generation and distribution divisions into separate operational legal entities and when the separate legal entities (or some of the legal entities in the vertically integrated electricity business) are fully operational in terms of their individual mandates with unregulated pricing structures for each licensee, alternative transmission infrastructure (network assets) exist and there is sufficient generation capacity to allow for a truly independent market structure.

The above may be possible when an active market exists where the market operator (currently fulfilled by NTCSA in the interim) can trade independently and generate independent cashflows through the buying and selling of electricity with external customers outside the vertically integrated electricity business at unregulated electricity prices. This is dependent on the development, approval and implementation of the market operator licence, market code, rules and trading platform (systems) for the market operator, which is expected to take some time to finalise as required (uncertainties relating to detail and timing), as well as the establishment of an alternative transmission infrastructure (network assets) and an unregulated pricing structure for each licensee. The individual licensees will only be able to generate independent cashflows when the market operator is fully operational and unregulated electricity tariff structures are in place, even if NERSA approves separate electricity tariffs per licensee.

An impairment loss is recognised for the amount by which the asset's (or CGU's) carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs of disposal and value in use.

The fair value less cost of disposal is determined using a cost-based methodology, referred to as the depreciated replacement cost (DRC) method calculated as a proxy to assess impairment. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Non-financial assets that were subject to impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses or reversals are recognised in profit or loss within net impairment and write down of other assets.

## 2.7 Capitalisation of borrowing costs

Borrowing costs attributable to the construction of qualifying assets are capitalised as part of the cost of these assets over the period of construction, until the asset is substantially ready for its intended use. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs for qualifying assets financed by specific borrowings are capitalised using the actual interest expense incurred. Borrowing costs for qualifying assets not financed by specific borrowings are capitalised at the weighted average of the borrowing costs (capitalisation rate) using the borrowings applicable to the entity in the group.

## 2.8 Leases

The group assesses at contract inception whether 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.

### Lessee accounting

The group recognises right-of-use assets relating to the right to use the underlying assets and lease liabilities for the lease payments except for short-term leases and leases of low-value assets, where the recognition exemption is applied.

#### Right-of-use assets

The group recognises a right-of-use asset at lease commencement (the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date. Refer to note 2.4 for details regarding the depreciation of right-of-use assets and to note 2.6 regarding assessment for impairment of right-of-use assets.

#### Lease liabilities

The group recognises a lease liability at the commencement of a lease at the present value of the lease payments that must be made over the lease term. The lease payments include fixed payments and variable payments dependent on an index or rate.

The group uses the incremental borrowing rate at lease commencement to calculate the present value of lease payments if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate requires a degree of judgement regarding the determination of an appropriate discount rate for the lease term and is based on borrowings of a similar term which considers current market conditions.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and is reduced for lease payments made. The carrying amount of lease liabilities is remeasured to reflect any reassessment, lease modification or a change of the in substance fixed lease payments.

#### Short-term leases and leases of low-value assets

The group applies the short-term lease recognition exemption to leases with a term of less than 12 months. The group also applies the lease of low-value assets recognition exemption to leases with a value of less than R75 000. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

### Lessor accounting

#### Finance leases

Finance lease receivables mainly comprise premium power supply equipment contracts.

The present value of the lease payments is recognised as a receivable when property, plant and equipment are leased out under a finance lease. The difference between the gross receivable and the present value of the receivable is disclosed as unearned finance income within finance lease receivables. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Finance lease receivables are assessed for impairment and derecognised in accordance with the requirements for financial assets.

#### Operating leases

Leases where substantially all of the risks and rewards of ownership are not transferred are classified as operating leases. Payments received under operating leases are recognised in profit or loss within other income on a straight-line basis over the period of the lease.

## 2.9 Payments made in advance

### Securing debt raised

Payments are made in advance to lenders for the commitment and issuing fees incurred in raising debt.

### Environmental rehabilitation trust fund

Contributions were made by Eskom to environmental rehabilitation trust funds that were established to fund the financial obligation in respect of the rehabilitation of certain coal mines from which Eskom sources its coal for the generation of electricity. The trust funds are controlled by third parties and will be used solely for the environmental rehabilitation of the relevant coal mines. The contributions made to the trust funds are recognised separately from the environmental rehabilitation provision in accordance with the requirements of IFRIC 5 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*. Changes in the carrying amount of the trust funds are recognised in profit or loss within other income.

### Other

Other payments made in advance comprise mainly payments made to suppliers to reserve manufacturing capacity and resources for the future construction of assets as well as for support and maintenance of IT infrastructure. These amounts will be used as partial settlement towards the future amounts payable to the suppliers. There are various remedies in place, including performance bonds, early cancellation penalties and guarantees, that can be used to recover outstanding payments in advance in the event of default or non-performance.

## 2. Summary of material accounting policies (continued)

### 2.10 Financial instruments

#### 2.10.1 Financial assets (excluding derivatives)

##### Classification

The appropriate classification of a financial asset is determined on acquisition of the financial asset and is based on:

- whether the contractual terms of the financial asset gives rise to contractual cash flows that are solely payments of principal and interest
- the objective of the business model in which the financial asset is held at a portfolio level that best reflects the way the business is managed

Financial assets are not reclassified subsequent to their initial recognition unless the group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets are classified into the following categories:

##### Amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

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

##### Fair value through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

##### Measurement

###### Initial recognition

Financial assets are initially measured at fair value on the date of commitment to purchase (trade date). The transaction price is generally the best indicator of fair value. If a contract with a customer has a significant financing component, the related financial asset is initially measured at the transaction price excluding the time value of money.

Where the fair value of a financial asset is different to the transaction price, a day-one gain or loss may arise. If the fair value has been determined based on market-observable data the whole day-one gain or loss is recognised immediately in profit or loss. If the fair value has not been based on market-observable data, the day-one gain or loss is deferred in the statements of financial position and amortised over the term of the instrument in profit or loss.

Any directly attributable transaction costs are included in the initial measurement of financial assets except for financial assets at fair value through profit or loss where directly attributable transaction costs are recognised in profit or loss.

Purchased or originated credit impaired assets are financial assets that are credit impaired on initial recognition. These assets are recognised at fair value reflecting the credit risk at acquisition and are subsequently measured at amortised cost using a credit-adjusted effective interest rate.

Purchased or originated credit impaired assets are excluded from the general three-stage expected credit loss (ECL) model. Lifetime expected credit losses are embedded in the measurement of the asset through the credit-adjusted effective interest rate. Cumulative changes in the lifetime expected credit losses since initial recognition are recognised as a loss allowance or gain in profit or loss.

###### After initial recognition

##### Amortised cost

Financial assets at amortised cost are measured at amortised cost after initial recognition using the effective interest rate method less any accumulated impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

##### Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are measured at fair value after initial recognition. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairments are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income.

##### Fair value through profit or loss

Financial assets at fair value through profit or loss are measured at fair value after initial recognition. Changes in the fair value after initial recognition (including any interest or dividend income) are recognised in profit or loss.

##### Impairment

Loss allowances are recognised for expected credit losses on financial assets measured at amortised cost or fair value through other comprehensive income. Loss allowances are calculated using the general or simplified approach.

The general approach requires impairment to be measured using a 12-month or lifetime expected credit loss. The lifetime expected credit loss method will be used if, after initial recognition, there is a significant increase in the credit risk of a financial asset or if it becomes credit impaired. The simplified approach requires impairment to be measured using a lifetime expected credit loss and is applied to trade and other receivables.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the group is exposed to credit risk. The 12-month expected credit losses are the portion of the expected credit loss resulting from default events that are possible within 12 months after reporting date (or a shorter period if the expected life of the instrument is less than 12 months). Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

Expected credit losses are probability-weighted estimates of credit losses. Credit losses are measured as the difference between the cash flows due in accordance with the contract and the cash flows expected to be received, discounted at the effective interest rate of the financial asset.

All financial assets subject to impairment based on the general approach are monitored to assess whether they have been subject to a significant increase in credit risk after initial recognition. There will be a significant increase in credit risk when:

- payments are more than 30 days past due
- a significant qualitative event has occurred

Where it is assessed that a counterparty's credit risk has increased significantly from its initial low risk designation, the related asset is moved from stage 1 to stage 2.

An assessment is performed at each reporting date to determine whether financial assets subject to impairment are credit impaired. A financial asset is credit impaired when there is observable evidence that one or more events have occurred that has had a detrimental impact on the estimated future cash flows expected to flow from the asset such as:

- significant financial difficulty of the borrower, issuer or customer
- a breach of contract such as a default (where the counterparty is unlikely to pay its obligations) or being more than 90 days past due
- restructuring of a loan or advance on terms that the group would not otherwise consider
- it is probable that the borrower or customer will enter bankruptcy or other financial reorganisation
- the disappearance of an active market for a security because of financial difficulties

Where the counterparty is assessed to be credit impaired, the related asset is disclosed in stage 3.

#### Summary of staging

Instrument	Criteria used for assessment of expected credit loss measurement			Purchased or originated credit impaired
	12-month expected credit loss Stage 1 Low credit risk	Stage 2 Not credit impaired or significant increase in credit risk	Stage 3 Credit impaired or default	
Trade and other receivables	Not applicable (simplified approach applied and therefore use lifetime expected credit loss)	Elected to measure loss allowances at an amount equal to the lifetime expected credit losses	Financial asset more than 90 days past due	Not applicable
Finance leases, loans receivable (other than home loans) and financial guarantees	Credit risk is assessed as low (where the credit risk rating assigned is equivalent to the globally understood definition of investment grade)	Financial asset more than 30 days past due	Financial asset more than 90 days past due	Financial asset that is credit impaired at initial recognition
Loans receivable (home loans)	Financial asset is not past due	Financial asset more than 30 days past due	Financial asset more than 90 days past due	Not applicable
Investments and cash and cash equivalents	Credit risk is assessed as low (where the credit risk rating assigned is equivalent to the globally understood definition of investment grade)	Significant increase in credit risk since initial recognition but there is no objective evidence of loss (ie the counterparty is still considered likely to pay its obligations)	There is objective evidence that the counterparty is unlikely to pay its obligations	Not applicable

#### Derecognition

Financial assets are derecognised when the right to receive cash flows from the assets has expired or substantially all the risks and rewards of ownership have transferred from the group. Realised gains or losses on derecognition are determined using the last-in-first-out method. Gains and losses, including those accumulated in other comprehensive income, are recognised in profit or loss.

The gross carrying amount of a financial asset is written off when the group has no reasonable expectation of recovering a financial asset. Financial assets written off may still be subject to legal action or other enforcement activities undertaken by the group to recover outstanding amounts where appropriate. Any subsequent recovery of amounts previously written off is recognised in profit or loss.

When a financial asset is subject to a modification that does not result in derecognition, an assessment is done to determine whether the modified terms of the financial asset are substantially different from the original terms, considering both quantitative and qualitative aspects as follows:

- The 10% test for financial liabilities is applied by analogy for the quantitative assessment. A modification is substantial if the present value of the modified contractual cash flows that were discounted at the original effective interest rate differs by 10% or more from the present value of the original contractual cash flows.
- The qualitative assessment evaluates whether the changes to the contractual terms are material in nature, such as changes to the interest rate, maturity date, currency or other material contractual provisions. The modification is considered substantial if such changes are determined to be material, even if the 10% test is not met.

The financial asset is derecognised if the quantitative or qualitative assessment indicates that the modification is substantial. A new financial asset is recognised at fair value with any resulting difference recognised in profit or loss.

The carrying amount of the financial asset is recalculated as the present value of the modified cash flows, discounted at the original effective interest rate if the modification is not substantial. Any adjustment is recognised as a modification gain or loss in profit or loss.

## 2.10.2 Financial liabilities (excluding derivatives)

#### Classification

Financial liability balances have been classified as amortised cost.

#### Measurement

##### Initial recognition

Financial liabilities are recognised at the date it becomes a party to the contractual provisions of the instrument. Where financial liabilities are carried at amortised cost, transaction costs are included in the value of the financial liability. Fees paid on the establishment of loan facilities are recorded as a payment made in advance where it is probable that some or all of the facility will be drawn down. Refer to note 2.9. The fees paid are recognised as transaction costs upon drawdown and then amortised to profit or loss within finance costs from the date of first drawdown to final maturity of each facility.

## 2. Summary of material accounting policies (continued)

### 2.10 Financial instruments (continued)

#### 2.10.2 Financial liabilities (excluding derivatives) (continued)

##### Measurement (continued)

##### After initial recognition

Financial liabilities at amortised cost are measured using the effective interest method.

##### Derecognition

Financial liabilities are derecognised when the obligation expires, is discharged or cancelled or there is a substantial modification to the terms of the liability.

#### 2.10.3 Derivatives held for risk management

##### Classification and measurement

Derivatives held for risk management are not managed on a held-to-collect and/or for sale business model and the default classification and measurement is therefore at fair value through profit or loss unless they meet the criteria for and have been designated as cash flow hedges.

##### Economic hedges

Certain derivative instruments do not qualify for cash flow hedge accounting but are used for economic hedging. Changes in the fair value of these derivative instruments (realised and unrealised gains or losses) are recognised in profit or loss within net fair value and foreign exchange gain/loss.

##### Cash flow hedges

The relationship between hedging instruments and hedged items as well as risk management objectives and the strategy for undertaking various hedging transactions are documented at the inception of a transaction. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

It is expected that the values of the hedging instrument and hedged item will move in opposite directions because of the hedged risks (foreign exchange and interest rate risks).

The hedge ratio is based on a hedging instrument with the same notional amount in currency terms as the hedged item or portion thereof designated for hedge accounting. This results in a hedge ratio of 1:1 or 100%.

Day-one gains and losses are deferred in the statements of financial position (in derivatives held for risk management) and amortised on a straight-line basis over the term of the hedging instrument to profit or loss. Unamortised day-one gains and losses are written off to profit or loss if the related financial instrument is derecognised (extinguished) before maturity date. Day-one gains and losses on hedging instruments are predominantly a function of the inclusion of credit, liquidity and other risks in the terms of the trading instrument. These risks are not included in the determination of a hypothetical derivative used to measure fair value movements in a hedged item and are therefore excluded from any hedge accounting relationships.

The effective realised and unrealised portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income within the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within net fair value and foreign exchange gain/loss.

Cumulative gains or losses existing in other comprehensive income where the hedged item is a non-financial asset are included in the initial carrying amount of the asset when the forecast transaction results in the recognition of a non-financial asset. Gains and losses recognised in the cash flow hedge reserve in other comprehensive income will affect profit or loss in the periods during which the relevant non-financial assets are expensed to profit or loss.

Cumulative gains or losses existing in other comprehensive income where the hedged item is a financial liability are taken to profit or loss within finance cost or net fair value and foreign exchange gain/loss when the cash flows occur on the hedged financial liability.

When a hedging instrument expires, is sold or a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in other comprehensive income until the forecast transaction occurs. If a forecast transaction is still expected to occur, the cumulative gains or losses in other comprehensive income are reclassified from equity to profit or loss in the same periods during which the hedged forecast cash flows affect profit or loss. If a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to profit or loss within net fair value and foreign exchange gain/loss.

Sources of ineffectiveness include the following:

- period mismatches between the hedging instrument and hedged item
- the fair value of the hedging instrument at the hedge relationship designation date (if not zero)
- the fair value or cash flow of the hedged item and hedging instrument are dependent on different variables

#### 2.10.4 Embedded derivatives

Embedded derivatives that are closely related to the host contract are not separated and are effectively accounted for as part of the hybrid instrument.

Derivatives that are separated are accounted for on terms that result in a fair value of zero at the date of inception. Option-based derivatives are separated on the terms stated in the contracts and will not necessarily have a fair value equal to zero at the initial recognition of the embedded derivative resulting in day-one gains or losses. These day-one gains or losses are recognised as deferred income and amortised over the period of the agreement to profit or loss.

The changes in fair value of embedded derivatives are recognised in profit or loss within net fair value and foreign exchange gain/loss. The impact of the fair value gains or losses is taken into account in the calculation of current and deferred tax.

#### 2.10.5 Financial guarantees

Financial guarantees are contracts that require the group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

Financial guarantees are initially measured at fair value and subsequently at the loss allowance calculated in accordance with IFRS 9 *Financial Instruments*.

#### 2.11 Future fuel supplies

##### Coal

The capital costs incurred which are associated with the contractual agreements with coal mines for the right to future coal supplies is accounted for as future fuel. The output of the coal mine is controlled through the contractual agreement between Eskom and the mine. Eskom does not have control over the coal resources until the coal has been mined and delivered to the group.



The right to future coal supplies from coal mines is measured at cost. Cost includes payments made to coal suppliers for mine establishment and related equipment in terms of cost-plus agreements. The cost also includes the initial estimate of environmental rehabilitation of the mine as well as changes in the estimated timing or amount of outflow of resources or changes in the discount rate. The cost is amortised to coal inventory over the lesser of the life of the agreement or the underlying assets.

#### **Nuclear**

Expenditure incurred to obtain, convert, enrich and fabricate fuel assemblies is stated at cost in future fuel supplies. The fuel assemblies are transferred to inventory when they are received. Costs include the transfer from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw materials, fabrication and enrichment.

### **2.12 Inventories**

#### **Coal, liquid fuel, maintenance spares and consumables**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and includes expenditure incurred in acquiring inventories and other costs in bringing inventory to its present location and condition as well as the cost of ongoing programmes to rehabilitate the impact of cost-plus mines on the environment and other closure costs for active mines that are charged to profit or loss within primary energy as the coal is consumed.

The Eskom Grid Code specifies the minimum coal inventory level to be on stockpile at the coal-fired power stations (either 10 or 20 days). All coal inventory up to the grid code level (except for Medupi and Matimba power stations) is classified as non-current as it is not anticipated that it will be used within 12 months from the reporting date. Coal inventory at Medupi and Matimba power stations is classified as non-current as it is not expected that the coal will be used within 12 months from the reporting date as it is foreseen that the planned production requirements of these stations will be met from the minimum contractual offtake of the underlying coal supply agreements.

#### **Nuclear fuel**

Nuclear fuel consists of enriched and fabricated fuel assemblies and fuel in reactors. Nuclear fuel is stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and includes cost for the management of fuel assemblies that are recognised to profit or loss on a straight-line basis within primary energy over the estimated useful life of the fuel in the reactor (average 46 months). Nuclear fuel is classified as current as it is expected to be realised within the normal operating cycle.

### **2.13 Loan from shareholder**

The loan from the shareholder in terms of the debt relief arrangement arises from the Debt Relief Act, 7 of 2023, and is accordingly classified as a statutory liability. The group elected to measure the loan at historic cost in terms of the Conceptual Framework for Financial Reporting.

The loan is subsequently measured at amortised cost. Finance costs are recognised in profit or loss within finance costs.

The loan is derecognised when the Minister of Finance confirms that the attached conditions were met and approves that the amounts can be converted to equity. Refer to note 3.1.3.

### **2.14 Income tax**

Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or equity, in which case it is recognised on that basis.

### **2.15 Deferred tax**

Deferred tax is recognised on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is determined using tax rates (and laws) enacted or substantively enacted at the reporting date and that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax is also recognised in respect of temporary differences arising on the assets and provisions created in respect of decommissioning and nuclear waste management and closure, pollution control and rehabilitation.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss
- temporary differences relating to investments in subsidiaries and associates to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Future taxable profits are determined based on business plans for legal entities in the group and the probable reversal of taxable temporary differences in future. The estimation of future taxable profits is an area of judgement.

Deferred tax assets are reviewed at each reporting date and derecognised if it is no longer probable that the related tax benefits will be realised. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects to recover or settle the carrying amount of its assets and liabilities at the reporting date. The derecognition of the deferred tax assets is reversed when the probability of future taxable profits improves.

### **2.16 Payments received in advance, contract liabilities and deferred income**

#### **Customer connections**

Customer connections arise when customers make a contribution to the group to construct regular distribution and transmission assets or when the constructed assets are transferred to the group to connect customers to the electricity network. Contributions are made in advance in terms of a financing agreement or the completed assets are transferred to the group.

Customer connections received in advance are initially recognised as payments received in advance.

The related customer connections that arise when customers transfer distribution and transmission assets to the group to connect to the electricity network are accounted for when the customer hands over the completed assets to the group.

## 2. Summary of material accounting policies (continued)

### 2.16 Payments received in advance, contract liabilities and deferred income (continued)

#### Customer connections (continued)

##### Connections for electricity customers that were connected after 1 April 2018 (transition date to IFRS 15)

When the connection provides the customer with a material right, the connection is allocated to deferred income (contract liabilities) when the customer is connected to the electricity network. The deferred income is recognised in profit or loss within revenue on a straight-line basis over the estimated customer relationship period as the connection provides the customer with a material right of renewal that extends the revenue recognition period beyond the initial contractual period.

When the connection does not provide the electricity customer with a material right, the connection is recognised in full in profit or loss within revenue when the customer is connected to the electricity network.

##### Connections for electricity customers that were connected after 30 June 2009 but before 1 April 2018

Connections were recognised in profit or loss when the customer was connected to the electricity network in terms of IFRIC 18 *Transfers of Assets from Customers*.

##### Connections for electricity customers that were connected before 30 June 2009

Connections were allocated to deferred income when the customer was connected to the electricity network. The deferred income is recognised in profit or loss within revenue on a straight-line basis over the expected useful lives of the related assets.

Refer to note 2.19 for revenue recognition of connections.

#### Grants

Government grants for electrification are initially recognised in payments received in advance and allocated to deferred income when the related asset has been connected to the electricity network. The deferred income is recognised in profit or loss within depreciation and amortisation expense on a straight-line basis over the expected useful lives of the related assets.

### 2.17 Employee benefit obligations

#### Post-employment medical benefits

All permanent employees qualify for post-employment medical benefits, except for new employees appointed on or after 1 June 2003 at a managerial level. The entitlement to post-employment medical benefits is conditional on the employee remaining in service up to retirement when the employee qualifies for the full benefit. Retirement includes any early retirement from age 55 up to normal retirement at age 65.

The post-employment medical benefits obligation is accounted for as a defined benefit plan in line with IAS 19. The post-employment medical benefits plan is unfunded. The cost to the employer in the form of employer contributions is actuarially determined. Provision is made for the estimated cost over the period until the date of early retirement at age 55 when further service by the employee will lead to no material amount of further benefits to the employee. Actuarial gains or losses are recognised in other comprehensive income within remeasurement of benefits. Interest and other expenses related to these benefits are recognised in profit or loss.

#### Pension benefits

All permanent employees of the group are members of the Eskom Pension and Provident Fund (EPPF) in terms of its rules and conditions.

The EPPF is registered as a defined benefit fund in terms of the requirements of the Pension Funds Act, 24 of 1956.

The assets and pension benefits are administered by the EPPF which is a separate legal entity to the group. The board of trustees of the EPPF consists of an equal number of employer (includes appointing a non-executive chair and an expert) and member (includes managerial, labour and pensioners) representatives. The board of trustees is required by law to act in the best interest of the plan participants in terms of the rules of the fund and the provisions of the Pension Funds Act, 24 of 1956, and are responsible for setting policies including those governing investments and ensuring that there are sufficient assets to meet the obligations as they become due.

The board of trustees generally targets to have a portfolio mix of a combined 70% in equity and property and 30% in debt instruments. The board of trustees aims to keep fund assets at a level such that no plan deficits (based on actuarial valuations performed) will arise.

Eskom, NTCSA, ERI and the EPPF itself are the employers in the EPPF. The fund is measured as a whole and there is no policy in place for proportionate allocation of net assets to individual entities of the group.

The fund is accounted for in terms of IAS 19 as a defined benefit plan although the terms of the fund do not automatically require the employer to make good any deficit should it arise.

The contributions to the EPPF comprise 20.8% of pensionable emoluments of which 13.5% is contributed by the employer and 7.3% by members. Contributions are made by each employer in the fund.

Pension benefits are provided by the EPPF to all pensioners of the fund in terms of the rules of the fund. The annual pension benefit on retirement is based on a defined formula of 1.085/600 of the final average emoluments over the last year of service multiplied by the pensionable service period in months. The formula does not limit the benefits payable to the assets and contributions made to the fund. However, the rules of the fund state that any deficit on the valuation of the fund will be funded by increases in future contributions (if consented to by the employer) or reductions in member benefits (as agreed by the members). The obligation on Eskom as the employer to contribute towards the deficit is an area of judgement.

As the benefit formula does not limit the payments to the assets in existence in the fund at the payment date, management concluded that the actuarial and investment risk fall on Eskom when considering the requirements of IAS 19 and therefore classified the fund as a defined benefit fund.

If there is a substantial surplus on the valuation of the fund, future contributions may be decreased or pensioner benefits may be improved as determined and appropriated by the trustees of the fund. The surplus is not controlled by Eskom but by the trustees of the fund in terms of the Pension Fund Act, 24 of 1956, and rules of the EPPF. An asset ceiling is therefore applied in the case of a surplus that limits the net benefit asset to zero.

The pension benefits plan is funded. The cost to the employer, in the form of employer contributions, is actuarially determined.

Return on plan assets in excess of interest, adjustments to the asset ceiling and actuarial gains or losses on the obligation are recognised in other comprehensive income within remeasurement of benefits. The expense or income recognised in profit or loss includes the current service cost, interest income on plan assets and interest expense on the defined benefit obligation and the irrecoverable surplus (effect of asset ceiling).

### Occasional and service leave

The liability for occasional and service leave is of a long-term nature in terms of IAS 19 as it is not expected to be settled wholly within 12 months after the reporting period but there is no unconditional right to defer settlement for at least 12 months after the reporting period. The full provision is therefore presented as a current liability in the statements of financial position.

An actuarial valuation of the occasional and service leave liability is performed at the reporting date. All actuarial gains or losses and past service costs are recognised in profit or loss within employee benefit expense. The present value of the benefit is determined by using government bonds which have maturities similar to the liability.

### Bonus

#### Short-term bonus

Annual, performance and production bonuses are short-term employee benefits which are expensed as the related services are provided.

A liability is raised for bonuses as follows:

- annual bonus: on a proportionate basis as services are rendered
- performance bonus: on the estimated amount payable in terms of the incentive scheme which is based on the performance of the business and employees in the applicable year
- production bonus: on the estimated amount payable in terms of the incentive scheme which is based on improved performance in the production environment

#### Long-term bonus

A liability and corresponding expense are raised annually over the vesting period based on the estimated amount payable in terms of the rules of the long-term incentive scheme. Refer to note 49.

## 2.18 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and when the amount can be reliably estimated. Provisions are not recognised for future operating losses.

The valuation of long-term provisions requires a degree of judgement regarding the future cash flows and the timing thereof. Provisions are determined by discounting the expected future cash flows using pre-tax discount rates that reflect current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The initial cost of a provision is capitalised against the cost of the related asset if it meets the requirements for capitalisation. Subsequent changes in the liability for capitalised provisions are added to, or deducted from, the cost of the related asset. Any amount exceeding the cost of the related asset is allocated to profit or loss. The increase in the provision due to the passage of time is recognised as an expense in profit or loss under finance costs.

The main categories of provisions include the following:

#### Power station-related environmental restoration – nuclear (plant and spent fuel) and other generating plant

The provision includes the estimated decommissioning cost of nuclear and other generating plant. The estimated cost of decommissioning at the end of the productive life the plant is based on engineering and technical estimates and reports from independent experts. The initial cost of the provision is capitalised against property, plant and equipment.

A provision is also raised for the management of used fuel assemblies and high radioactive waste (referred to as spent nuclear fuel), which is recognised and measured based on reports from independent experts. The costing and methodologies are revised on a regular basis to ensure alignment with the relevant requirements, including the National Nuclear Regulator of South Africa and the National Radioactive Waste Management Policy. The cost for the fuel assemblies is included in the cost of inventory while the fuel is in the reactor. The cost relating to radioactive waste is charged to profit or loss within primary energy.

#### Mine-related closure, pollution control and rehabilitation

The provision includes the estimated cost of physical, biophysical and social closure and environmental rehabilitation of the mines where a legal or constructive obligation exists. The initial cost of the provision is capitalised against future fuel. The cost of ongoing closure and rehabilitation programmes for active mines is charged to inventory and subsequently to profit or loss within primary energy as the coal is consumed, while the cost relating to defunct mines is charged directly to profit or loss.

#### Compensation events

Compensation events and claims are a normal part of construction agreements and are triggered by changes in the scope of work or time needed to complete the work. A dispute resolution process, as outlined in the contractual agreements, is followed as and when a compensation event or claim arises and is dealt with through a structured process involving notification, consultation, assessment and agreement or adjudication.

All open compensation events and claims are assessed at the reporting date by management's experts and legal advisors (where deemed necessary) based on the latest available information to determine the probability of an outflow of resources and the best estimate of the expenditure that would be required to settle the present obligation.

There is significant judgement applied by management and the board, based on past experience regarding the finalisation and outcome of compensation events, in determining the appropriate provision for these matters. The related costs are charged to profit or loss within other expenses or assets under construction if it meets the requirements for capitalisation.

#### Other

Other provisions include provisions made for contractual obligations relating to onerous contracts, litigation matters and guarantees. These provisions are recognised based on contractual obligations and measured based on the best estimate of the expenditure that would be required to settle the present obligation at the end of the reporting period and are charged to profit or loss within other expenses.

The amount of the provisions is based on management's assessment of the most likely amounts due based on the current information available. The group expects to settle the majority of these provisions within 12 months. The finalisation of an obligation depends on factors outside the control of the group, for example, arbitration and dispute resolution processes, which could impact the timing. It is not expected that any additional liability in excess of the amounts provided would have a material adverse effect on the group's financial position, liquidity or cash flow.

## 2. Summary of material accounting policies (continued)

### 2.19 Revenue from contracts with customers

The main revenue activity of the group is the sale of electricity to users, which is recognised when electricity is consumed, with supporting inter-segment transactions between the generation, transmission (NTCSA) and distribution segments. The operations of the other subsidiaries in the group (such as employee home loan financing, insurance, maintenance, and construction services) support the group activities but are not part of the core electricity revenue chain and are therefore excluded from the group's principal revenue stream.

The sale and purchase of electricity between the generation, transmission and distribution segments are based on contractual agreements which enable the recognition of inter-segment energy related revenue and recoveries (achieved through transfer pricing) for the flow of electricity from generator to consumer. NTCSA began operating as a standalone entity on 1 July 2024 after the transfer of transmission-related assets and liabilities from Eskom to NTCSA as part of a common control transaction on 31 March 2024. Inter-segment revenues and recoveries are eliminated in the consolidated financial statements and reflected in the inter-segment revenue/recoveries column of the segment report. Refer to note 7 for further information on services and related charges between segments for the sale and purchase of electricity.

Revenue is recognised when a customer obtains control of the goods or services supplied. The amount of revenue recognised is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Customers that fail the collectability criterion are accounted for on a cash basis and revenue is only recognised when cash is received. The transaction price is then recognised in profit or loss within revenue and the related payment for VAT is allocated against the trade and other receivables balance. Refer to note 4.6.

An invoice is still raised for sales to customers accounted for on a cash basis. The group has a statutory obligation to charge VAT for local customers, payable to SARS, when an invoice is created which gives rise to a receivable that is accounted for as a statutory receivable within other receivables. A portion of the VAT on revenue recognised on a cash basis (for municipalities recorded on a cash basis) are not expected to be realised within 12 months after the reporting period because of the low payment levels of the municipalities which are accounted for on the cash basis and are therefore classified as non-current. An impairment is raised based on the discounted cash flows at a market related interest rate. The expected recovery period is based on current information and past experience limited to a maximum recovery period of five years to provide for a recovery from SARS through a write-off.

The group's principal revenue-generating activities are as follows:

Revenue activity	Nature and timing of satisfaction of performance obligation, including significant payment terms	Revenue recognition
Electricity sales	Performance obligation is settled when electricity is supplied to the customer. Most customers pay for electricity after consumption and have terms ranging between 15 and 45 days. Some customers prepay for electricity.	Revenue is recognised over time as electricity is consumed by the customer (ie when control is transferred). Conventional customers are billed on a monthly basis after electricity is consumed whereas prepaid customers pay for electricity upfront when electricity tokens are purchased resulting in a contract liability to deliver electricity in the future. Prepaid revenue is recognised and the contract liability derecognised for electricity consumed on tokens loaded on the prepaid meter. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.
Connections	<p>Connections arise when customers make a contribution to the group to construct regular distribution and transmission assets or when the constructed assets are transferred to the group to connect customers to the electricity network.</p> <p>Connections arise from contracts with customers who will also become electricity purchasing customers once they are connected and those who will not purchase electricity (eg property developers).</p>	<p>Connections that were completed before 30 June 2009 were allocated to deferred income when the customer was connected to the electricity network. The deferred income is recognised in profit or loss within revenue on a straight-line basis over the expected useful life of the related assets.</p> <p>Connections that were completed after 30 June 2009 were recognised as revenue when the customer was connected to the electricity network in terms of IFRIC 18.</p> <p>Connections that were completed from 1 April 2018 are recognised as follows:</p> <ul style="list-style-type: none"> <li>connections relating to electricity purchasing customers where there is a material right are allocated to deferred income when the customer is connected to the electricity network. The deferred income is recognised in profit or loss within revenue on a straight-line basis over the estimated customer relationship period of 25 years. Refer to note 26 for the contract liabilities of connections recognised on a straight-line basis</li> <li>connections relating to electricity purchasing customers where there is not a material right are recognised as revenue over the initial contract term</li> <li>connections relating to non-electricity purchasing customers are recognised as revenue at a point in time when the customer is connected to the electricity network</li> </ul>
Other	Ad hoc requests for electricity-related services that are distinct from the sale of electricity or the connection of customers to the grid.	Revenue is recognised at a point in time when the service is completed.

The assessment to defer revenue for connection charges from electricity customers requires judgement because of divergent international treatments based on contract and operational differences. Changes to the recognition of customer connections are not expected based on the current information available.

The assessment of whether a connection charge is a material right or not in terms of IFRS 15 requires judgement of what constitutes a material right from the perspective of the customer and results in different accounting treatments as discussed above.

## 2.20 Finance income

Finance income comprises interest receivable on loans, trade receivables, finance lease receivables and income from financial market investments.

Finance income is calculated by applying the effective interest rate method to the gross carrying amount of non-credit impaired financial assets (ie at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). Finance income on credit impaired financial assets is calculated by applying the effective interest rate to the amortised cost of the credit impaired financial assets (ie the gross carrying amount less the allowance for expected credit losses). Interest income is recognised in profit or loss.

## 2.21 Finance cost

Finance cost comprises interest and fees payable on debt securities and borrowings and lease liabilities, interest resulting from derivatives held for risk management and interest from the unwinding of discount on liabilities. Borrowing costs which are not capitalised are recognised in profit or loss. Refer to note 2.7.

## 2.22 Assets and liabilities held-for-sale

Assets and liabilities (or disposal groups) which meet the definition of held-for-sale under IFRS 5 *Non-current Assets Held-for-Sale and Discontinued Operations* are stated at the lower of their carrying amount or fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. Assets not in the measurement scope of IFRS 5 are measured at the applicable IFRS Accounting Standards before classification as held-for-sale.

## 2.23 Net debt

Gross debt is the aggregate of debt securities and borrowings, loan from shareholder and lease liabilities.

Net debt is calculated by adjusting gross debt for related payments made in advance, derivatives held for risk management and cash and cash equivalents.

# 3. Capital management, going concern and impairment

## 3.1 Capital management

The objective of capital management is to ensure that the group is sustainable over the long term. The government, as the sole shareholder, and the board have the responsibility to ensure that the group is adequately capitalised and that the business is attractive to investors and lenders.

Group funding consists of external debt and equity investments by the shareholder (including those under the Debt Relief Act and Debt Relief Amendment Act), funds generated from operations and funds borrowed on local and foreign debt markets (limited to borrowings approved by the Minister of Finance during the debt relief period and drawdowns on existing facilities). The following capital reserves are managed by the group:

	Note	Group		Company	
		2025 Rm	2024 Rm	2025 Rm	2024 Rm
Share capital	24	317 550	241 550	317 550	241 550
Other capital		8 000	44 000	8 000	44 000
Accumulated loss		(38 930)	(51 564)	(89 802)	(74 057)
Net debt	44	358 652	401 060	379 076	402 675
		645 272	635 046	614 824	614 168
Facilities available – debt securities and borrowings <sup>1</sup>		14 116	22 495	14 116	22 495

### 3.1.1 Share capital

Share capital consist of R317 550 million of issued shares.

### 3.1.2 Accumulated loss

#### Revenue

The group analyses the Integrated Resource Plan (which forecasts the growth in long-term electricity demand) and evaluates the alternative options to meet and manage forecast demand. This information impacts the planning process and informs the revenue applications made to NERSA for tariff increases that will allow the group to be financially sustainable.

#### Operating cost

The group continues to pursue cost-saving opportunities to assist in ensuring financial sustainability.

The following non-generally accepted accounting principles profit or loss measures (unaudited) are monitored by management:

	Group		Company	
	2025 %	2024 %	2025 %	2024 %
EBITDA margin	29.05	14.67	19.35	14.45
Net profit/(loss) margin	4.71	(18.60)	(3.85)	(19.30)

### 3.1.3 Net debt

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Funding used	121 944	133 682	112 441	133 407
Debt repayment and net finance costs	77 571	88 739	76 774	89 084
Investment funding requirements	44 373	44 943	35 667	44 323
Funding raised	121 944	133 682	112 441	133 407
Cash from operations	85 945	40 396	59 739	41 109
Financing activities	76 264	109 336	92 557	109 418
Unused cash	(40 265)	(16 050)	(39 855)	(17 120)

1. Facilities in foreign currency (refer to note 5.3.2) are converted to rand at mid-spot rate (refer to note 5.2.1) at reporting date.

## Notes to the financial statements continued

### 3. Capital management, going concern and impairment (continued)

#### 3.1 Capital management (continued)

##### 3.1.3 Net debt (continued)

The following ratios (unaudited) play an important role in the credit ratings given to the group, which in turn influences the cost of funding. The credit rating of the group is affected by its own financial position as well as the credit rating of the sovereign:

	Unit	Group		Company	
		2025	2024	2025	2024
Net debt: equity	Ratio	1.29	1.80	1.67	2.01
Net debt: EBITDA	Ratio	3.62	9.24	6.13	9.42
Net debt service cover	Ratio	1.11	0.46	0.78	0.46
Free funds from operations: net debt	%	29.58	13.46	19.10	13.17

Eskom's credit ratings at 31 March were as follows:

	Rating		Outlook	
	2025	2024	2025	2024
<b>Standard &amp; Poor's</b>				
Foreign currency	B	CCC+	Credit watch positive	Credit watch positive
Local currency	B	CCC+	Credit watch positive	Credit watch positive
<b>Moody's</b>				
Foreign currency	B2	Caa1	Positive	Positive
Local currency	Baa3	B1	Positive	Positive
<b>Fitch ratings</b>				
Local currency	B	B	Stable	Stable

Net debt is sourced globally (limited to borrowings approved by the Minister of Finance during the debt relief period) to ensure the lowest cost of funding. Net debt is managed via the continuous monitoring of current and potential debt funding arrangements to achieve the most favourable terms possible. These terms and costs are heavily dependent on the group's credit rating. Eskom is focusing on alleviating the rating agencies' concerns regarding the high leveraged financial profile, inadequate electricity price path and funding requirements of the group.

Funds received and not yet spent are invested to provide the maximum possible return while ensuring minimal capital risk and matching the maturity term requirements of the spending of the amount.

Refer to note 44 for a reconciliation of the movements and analysis of the composition of net debt.

#### Debt relief arrangement

The Eskom Debt Relief Act, 7 of 2023, provides debt relief of R254 billion to Eskom over three years, subject to conditions to allow for the conversion of the debt relief to equity, consisting of liquidity support of R184 billion together with the takeover of R70 billion in Eskom debt (principal and interest) in 2026 to support Eskom's debt and interest payments as they fall due. The Eskom Debt Relief Amendment Act, 5 of 2025, replaced the initial takeover of R70 billion in Eskom debt in 2026 with loans convertible to equity (subject to conditions being met) of R40 billion and R10 billion in 2026 and 2029 respectively.

The conditions were confirmed by the Minister of Finance in terms of section 2(2)b of the Act. The conditions that are applicable from 1 August 2023 to 31 March 2026 (which can be amended by the Minister from time to time) are as follows:

- The debt relief may only be used to settle debt and interest payments.
- Capital expenditure may only be incurred for transmission and distribution as well as generation relating to minimum emission standards, flue-gas desulphurisation, outages and maintenance of existing plant and a greenfield generation project with the written approval from the Minister of Finance.
- All net cash proceeds from the sale of non-core assets, including EFC and any property sales may only be used to settle debt and interest payments.
- Eskom may only borrow new facilities with the written approval of the Minister of Finance.
- The Eskom guarantee framework agreement for the R350 billion facility (which expired on 31 March 2023) must, subject to the terms of that agreement, be reduced as the relevant redemptions fall due.
- Positive equity balances in Eskom's derivative contracts may not be used to structure new debt or loan agreements or be used as margin financing for another derivative contract or derivative overlays, without the written approval of the Minister of Finance.
- Eskom must continue to prioritise and expedite the implementation of the legal separation process, including for example, obtaining the required lender consent.
- Eskom may not implement remuneration adjustments that negatively affect its overall financial position and sustainability.
- Any transaction undertaken in terms of section 54 of the PFMA must be subject to joint approval by the Eskom shareholder representative and the Minister of Finance.

The loan is settled in Eskom ordinary shares upon confirmation of compliance with the conditions and obtaining written approval from the Minister of Finance in terms of the Debt Relief Act, 7 of 2023, for conversion to equity.

Any unconverted loan amounts that fail to qualify for the conversion of debt to equity due to non-compliance with the conditions will become due and payable after the debt relief period (from 1 April 2026) and a separate loan agreement will be entered into with specific terms and conditions.

The Eskom Debt Relief Amendment Act, 5 of 2024, provides for the payment of interest on amounts advanced as a loan at a rate determined by the Minister of Finance from the first disbursement received in 2025 and power to the Minister of Finance to reduce the support for the requirements of Eskom (limited to five percent of the total amount allocated for the applicable financial year) in the event of non-compliance with the conditions. The debt relief support was permanently reduced by R2 billion in both 2024 and 2025 to R76 billion and R64 billion respectively due to the delay in the sale of EFC which continues to be prioritised. Refer to note 23.



### 3.2 Going concern

The board assessed the ability of the group to continue as a going concern in the foreseeable future. The board:

- Reviewed the performance of the group for the year ended 31 March 2025 including the net profit after tax of R16 047 million and the net current assets of R4 603 million.
- Considered the impact of the cash flow forecast for the 24 months ending 31 March 2027 and the projected net profit before tax for 2026 estimated at R23 000 million (unaudited – information has not been reviewed or reported on by the external auditors).
- Noted the improvement in the financial indicators of the group compared to 31 March 2024, in particular, the improvement in the EBITDA and EBITDA margin.
- Noted the increase in the cash and cash equivalents balance to R63 761 million from R23 585 million at 31 March 2024, mainly due to the debt relief support received as well as improved cash from operations during the year.
- Noted that the liquidity in the longer term after the debt relief period remains at risk because of financial sustainability challenges arising from an inadequate tariff path and structure, high debt service costs, escalating municipal arrear debt, operational inefficiencies, the impact of crime, fraud and corruption (including loss of revenue because of illegal electricity connections and illicit prepaid electricity tokens), continued focus on addressing plant performance and funding requirement to expand the transmission infrastructure for new generation sources.
- Noted the remaining portion of the debt relief support from government of R40 billion in 2026, including the conditions that the group needs to comply with to allow for the conversion of debt relief to equity, to address Eskom's debt and interest payments as they fall due thereby allowing Eskom to better manage its liquidity position.
- Noted that the total initial debt relief arrangement from government of R254 billion introduced in the Eskom Debt Relief Act, 7 of 2023, reduced to R230 billion as discussed below.
- Noted and considered the implications of the Eskom Debt Relief Amendment Act, 5 of 2025, published on 12 March 2025 that proposes to replace the initial takeover amount of R70 billion of Eskom debt (principal and future interest) with R50 billion (R40 billion in 2026 and R10 billion in 2029) debt relief support from government for conversion to equity upon complying with the conditions.
- Noted the permanent reduction of R2 billion in the debt relief support in the current year (2024: R2 billion) because of the delay in the disposal of EFC. The sale of the EFC disposal group continued to be prioritised and it is expected to be concluded before 31 March 2026. Refer to note 23.
- Noted that R250 million of interest was paid on the debt relief support received in 2025. The Eskom Debt Relief Amendment Act, 5 of 2024, provided for the monthly payment of interest on amounts advanced as a loan at the 91-day Treasury Bill rate and gave the Minister power to reduce the support to Eskom in the event of non-compliance with the conditions. Any loan amount after the debt relief period that fails to qualify for the conversion of debt to equity because of non-compliance with the conditions will become due and payable from 1 April 2026.
- Noted that no new borrowings (except for drawdowns from existing facilities) were allowed from 1 April 2023 until the end of the debt relief period unless approved by the Minister of Finance. All other operational and relevant capital expenditure is financed through operational cash flows and drawdowns from existing project-related loan agreements.
- Noted the remaining R329 billion of the government guarantees issued on borrowings before 31 March 2023 in terms of the government guarantee facility (initially R350 billion) will remain in place until the settlement of the guaranteed debt.
- Considered the impact of the continuous increase in overdue electricity receivables, mainly due to growing municipal arrear debt (including the impact of non-recoverability of long outstanding electricity receivables) and the municipal debt relief arrangement that is yielding minimal results with most of the municipalities failing to comply with the conditions. This represents a material risk and places a significant financial strain on the going-concern assessment. An amount of R0.5 billion relating to municipalities that were compliant with the debt relief conditions was written off during the year and an additional R3.5 billion will be written off in 2026 in line with instruction received from National Treasury. The municipal arrear debt is a key matter that should be resolved before the legal separation of the distribution business as it impacts the liquidity and solvency as well as the financial sustainability of the business.
- Considered the impact of improved generating plant performance as well as the ongoing positive and incremental impact of the Generation Recovery Plan, even though certain challenges remain. A worsening of the aged generating plant performance could negatively impact cash flow due to lost revenue and an increase in costs, including the level of spend required on OCGTs. The generation capacity of the group continues to be managed as a critical focus area to ensure appropriate steps are being taken to manage performance.
- Considered the impact of the current economic climate, including that some rating agencies expressed a positive outlook on the group.
- Acknowledged that an acceptable price increase, uncertainty of the impact of separate licensed electricity price (tariff) determinations, application of the pricing methodology, continued improved plant performance, addressing payment by municipalities and the uncertainty and timing of a fully operational transmission system operator are critical factors in the going-concern assessment.
- Noted the increase in non-technical energy losses because of illegal connections and the selling of illegal tokens which increase the current and future costs incurred by Eskom to produce energy with no corresponding revenue received. The creation of illegal tokens reduced during the year because of the strengthening of the internal control environment and interventions put in place.
- Noted the impact of extending the useful life of Koeberg power station unit 1 with an additional 20 years which decreased the nuclear decommissioning provision because of later expected cash outflows. The licence extension decision by the National Nuclear Regulator on unit 2 is expected to be announced prior to the licence expiry date of 9 November 2025.
- Considered the impact on future cash flows of ongoing funds set aside for the funding of future nuclear decommissioning activities as directed by the National Nuclear Regulator (cumulative R2.4 billion in treasury investments) whilst discussions regarding a permanent solution are underway.
- Noted that R16.4 billion of the cash and cash equivalents balance was earmarked for the funding of future decommissioning activities and clean energy projects consisting of an additional R4.3 billion set aside to fund future nuclear decommissioning activities as well as R3.0 billion for long-term coal decommissioning activities and R9.1 billion for clean energy projects.
- Noted that R9.2 billion was received from SARS in 2025 after the resolution of the dispute between Eskom and SARS relating to previously disallowed fuel levy rebates.
- Recognised the progress made with the legal separation of Eskom with NTCSA commencing trade on 1 July 2024. The corporatisation and operationalisation of the NEDCSA is deferred due to external dependencies and inter-ministerial alignment, the delayed operationalisation of NTCSA and escalating municipal arrear debt. The legal separation of generation is reliant on the establishment and operationalisation of a new holding company that is dependent on the promulgation of new legislation and government policy.
- Noted that mechanisms of support to NTCSA include, amongst others, approval of a short-term credit facility with Eskom Treasury as well as immediate settlement of intercompany energy purchases and sales.
- Recognised that the group continues to face various challenges that resulted from mismanagement and corruption which could influence on stakeholder sentiment. Management is focusing on addressing irregularities, improving processes and strengthening controls as well as enhancing a culture of work ethics and adherence.

### 3. Capital management, going concern and impairment (continued)

#### 3.2 Going concern (continued)

- Noted the decision received from NERSA for the settlement of R40.2 billion relating to past RCA cases (2015 to 2021) on 5 May 2025 and endorsed through a court order on 9 May 2025. NERSA approved a settlement of R54 billion on 8 August 2025 relating to Eskom's court review application for the MYPD 6 revenue decision (2026 to 2028) which was accepted by Eskom on 11 August 2025 and to be endorsed by a court order. The MYPD 6 settlement resulted in additional revenue recovery of R12 billion for 2027 and R23 billion for 2028. The remaining recovery will be determined by NERSA following their governance processes. Refer to note 48.
- Considered the possible impact if key risks materialise and acknowledged that improved plant performance specifically the EAF and EUF, the management of operating (particularly generating expenditure) and capital costs, as well as addressing the escalating overdue electricity receivables are critical factors in the going-concern assessment.

The challenges that the group is facing are being addressed by the following mitigation strategies and actions:

- Continuous engagement is taking place with the shareholder and National Treasury to ensure that the challenges that impact the going-concern status of the group are addressed satisfactorily within a reasonable timeframe. Government believes that it is critical that a credible, comprehensive and long-term strategy (which incorporates addressing municipal receivables, providing greater clarity and transparency in tariff pricing and addressing operational efficiencies) is developed to fully optimise the group and company's financial position. The Eskom debt relief arrangement is assisting in setting the group on a path to long-term financial stability. Compliance by the municipalities with the requirements of the municipal debt relief programme as set out by National Treasury remains a key focus area as the programme did not yield the expected results.
- Eskom is working with National Treasury and the shareholder representative regarding Eskom's ongoing compliance with the conditions of the debt relief arrangement to enable the conversion of the loan to equity. Total debt relief of R64 billion was received in 2025 of which R8 billion was approved for conversion to equity on 21 October 2024 and the remaining R56 billion on 11 June 2025.
- There is continued focus on implementing various strategies to recover overdue electricity receivables. The successful outcome of these strategies remains uncertain. Eskom continually advised National Treasury of the municipalities not compliant with the municipal debt relief arrangement conditions. National Treasury is engaging with these municipalities to highlight the risk of terminating their participation in the debt relief programme.
- Eskom continues to work with the Minister of Electricity and Energy leveraging the National Energy Crisis Committee structures to ensure that the Electricity Action Plan is implemented expeditiously in collaboration with all key stakeholders to resolve the electricity crisis.
- The Electricity Regulation Amendment Act, 38 of 2024, that commenced on 1 January 2025, provides for NERSA to consider the application and issue of licences, new generation capacity and electricity infrastructure and the establishment of the transmission system operator in the future (fulfilled by NTCSA in the interim) to cater for an open market platform that will allow for competitive electricity trading with entity specific revenue determinations by NERSA in line with the approved licences. The transition period (uncertainty relating to detail and timing) is a time-consuming process involving various stakeholder consultations and approval by NERSA. The process for the development, approval and implementation of the market operating licence, market code, rules and trading platform (system) as well as the qualifying criteria for participants are underway.
- The cost structures and capital programme of the group are continuously reviewed to extract cost savings as well as improve liquidity and ultimately financial sustainability.
- The group is aware of outstanding RCA decisions and the impact of large capital projects on its statement of financial position and will only engage in such projects in compliance with the conditions attached to the Eskom Debt Relief Act, 7 of 2023, and with full disclosure and approval by the Minister of Finance and the shareholder.

The board considered that there are uncertainties and dependencies that exist both from the perspective of timing of interventions as well as whether the plans will materialise as anticipated. The events, conditions and assumptions described above inherently include material uncertainties that may cast significant doubt on the going concern of the group and company.

The board has a reasonable expectation that the risks will be satisfactorily addressed with the mitigation strategies in place. The board continues to manage these strategies as a priority as it is important that they materialise as envisaged. The board assessed the current cash flow projections considering that future capital costs during the debt relief period will be funded from cash from operations. The board concluded after carefully considering the progress of the initiatives included in note 3.2 and the continued financial support from the government through the debt relief arrangement that there is a reasonable expectation that the group and company have access to adequate resources and facilities to be able to continue its operations and fund the capital programme for the foreseeable future as a going concern. The consolidated and separate financial statements have therefore been prepared on a going-concern basis.

#### 3.3 Impairment assessment of the Eskom CGU

The Eskom CGU (refer to note 2.6) was assessed for impairment because of ongoing liquidity, financial and operational performance challenges. The assessment includes property, plant and equipment and assets with an indefinite useful life of intangible assets (rights).

The group uses two models as part of its impairment assessment to determine the recoverable amount of the Eskom CGU.

##### Fair value less cost of disposal

The fair value less cost of disposal (no estimate for the cost of disposal was provided, as this is deemed to not be material) is determined using a cost-based methodology, referred to as the DRC method that is a calculated proxy to assess for impairment (referred to as the Eskom regulatory model). The DRC approximates the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. This approach is normally adopted for the valuation of specialised assets or installations where there is little or no comparable market evidence to estimate value. A revenue shortfall that approximates the discount to market participants was deducted to determine the fair value as the electricity tariff is not cost reflective and therefore results in an insufficient return on assets.

##### Value in use

The value in use calculation is based on the estimated future cash flows discounted to their present value based on the future revenue and cost to operate and maintain the assets over their useful lives. Estimates in the value in use calculation include long-term growth rates, electricity sales volumes, price path, available generation capacity from existing IPPs and specific generating capacity and discount rates. Estimates are based on past experience and expectations of future changes in the market, including the prevailing economic climate.

### Key assumptions

The cash flow projections used in the two models were based on the Eskom Corporate Plan for 2026 to 2030, adjusted for known differences and the exclusion of future new capacity and expansion of assets. The projections after the first five years were extrapolated based on the estimated long-term average growth rates, inflation and available existing capacity. The extrapolation beyond the first five years was deemed appropriate as generating plants have long useful lives.

A declining sales trajectory limited to available capacity was assumed. The available capacity depends on generating capacity (still under construction) becoming available and decommissioning of old power stations. It was assumed that there will be no new electricity production sources, both from Eskom and IPPs. Negotiated pricing agreements for revenue was included until 2040 with a significant decrease from 2032. The use of OCGTs was assumed at an average load factor of 6% in 2026, 3% for 2027 to 2029, increasing to 5.5% in 2030 for Eskom plant and then reducing over time to 3% for IPP owned plant. The EAF of the power stations was aligned to the performance at year end, with a gradual improvement over time.

The price path is based on the NERSA MYPD 6 approved price increase of 12.74% for 2026, 5.36% for 2027, 6.19% for 2028, adjusted for the recovery of known differences from 2027 onwards, including the recovery of R54 billion relating to the MYPD 6 revenue determination and R40.2 billion relating to past RCA cases for 2015 to 2021, as well as an assumed long-term estimate for all future price increases not yet applied for.

A conservative view was taken on overdue municipality debt by assuming that it will continue to increase at the assumed tariff increase rate with no further decline in payment levels. The possible positive impact of the municipal debt relief arrangement was not considered as the majority of the accepted municipalities have not been complying with the conditions. Eskom will only be impacted by carbon tax in 2031 with a substantial increase in cost from 2032.

Management concluded that the key assumptions (which includes price path and EAF) are reasonable.

The price increases used for the Eskom CGU were:

	2026 %	2027 %	Year ended 31 March		2030 %	2031 %
			2028 %	2029 %		
<b>2025</b>						
Price increase	13	9	9	9	9	8
	2025 %	2026 %	Year ended 31 March		2029 %	2030 %
			2027 %	2028 %		
<b>2024</b>						
Price increase	13	15	14	18	11	4

An average long-term negative sales growth rate of 5% (2024: 5%) was used whilst there was sufficient production capacity to support sales. Once production capacity was insufficient to support sales, sales was restricted to production capacity.

A pre-tax nominal discount rate of 15.6% (2024: 16.3%) was used as derived from the NERSA determination.

### Sensitivity analysis

#### Price sensitivity

A conservative price path has been assumed to keep the price below 10%. The price already approved by NERSA was used for 2026 to 2028 with an uplift for 2029 onwards to allow for the recovery of known differences. A reduction of 1% in the price assumption for 2027 results in the recoverable amount exceeding the carrying amount by 4% (2024: 5%).

#### Discount rate sensitivity

An increase of approximately 1% (2024: 2%) in the discount rate will result in the recoverable amount equal to the carrying value.

#### Arrear debt and non-recovery of arrear debt sensitivity

A 2% increase in the arrear debt ratio results in the carrying value exceeding the recoverable amount by 10% (2024: 3%) on an assumed ratio of actual arrear debt to electricity revenue (2024 assumed a ratio of average arrear debt to electricity revenue).

An increase of approximately 2% in the non-recovery of the arrear debt ratio results in the carrying amount exceeding the recoverable amount by 5% (2024: 2%) on an assumed increase of 2% (2024: 4%) in the non-recovery of arrear debt from 2035 (2024: 2030).

#### Other sensitivities

A 1% cumulative increase in the cost of coal over 2026 to 2050 period results in the recoverable amount exceeding the carrying amount by approximately 8% (2024: 0%) based on an assumed 5% (2024: 0%) cost saving from 2030.

EAF was assumed to be 62% in 2026 with a gradual increase of 2% per annum until 2030, stabilising at 70% from 2030 to 2037 and increasing again thereafter.

A 1% cumulative reduction in available total production from coal plants over the 2026 to 2050 periods results in the recoverable amount exceeding the carrying amount by approximately 6% (2024: 5%).

### Conclusion

No impairment loss was recognised on the Eskom CGU as the recoverable amount of the Eskom CGU (determined based on the higher of its fair value less costs of disposal and value in use) was higher than the carrying value. The estimated value in use exceeds the carrying amount with 9% (2024: 9%).

### 4. Critical accounting estimates and assumptions

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in this note.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to the previous period unless specifically indicated. Sensitivity analyses are calculated based on a change in a single key assumption keeping all other assumptions constant. It is unlikely that changes in assumptions would occur in isolation from one another in practice. All relevant inputs as well as sensitivities have then been provided for the key sources of estimation uncertainty.

#### 4.1 Embedded derivatives

Eskom entered into agreements to supply electricity to electricity-intensive businesses where the revenue from the contracts is based on approved tariffs with a possible upside charge that is applicable when predefined thresholds are exceeded.

These upside charges resulted in option-based embedded derivatives arising from:

- Aluminium market price – applicable if both the aluminium price and foreign exchange rate simultaneously exceed predefined thresholds from August 2021 to July 2031.
- Ferrochrome market price – applicable when the ferrochrome price exceeds predefined thresholds from January 2024 to December 2029.

The valuation of the embedded derivatives reflects the remaining benefit to Eskom attributable to the upside charge when the thresholds are exceeded.

#### Valuation

Valuation techniques are used to determine the fair value as there is no active market for embedded derivatives.

The embedded derivative is valued independently from the host contract.

A Monte Carlo valuation method was used which uses random paths to model the price of commodities (aluminium and ferrochrome) and the USD/ZAR exchange rate. The simulation paths allow for varying prices depending on the underlying simulations being above or below the threshold levels. The fair value of the embedded derivatives reflects a probability-weighted estimate of the upside benefit to Eskom in terms of the Monte Carlo method.

#### Input and valuation assumptions

The key valuation approach and methodology used include the following:

- Aluminium price forecasting was modelled using the Schwartz 1-factor model and is calibrated to futures prices and at-the-money European options on futures contracts traded on the London Metal Exchange.
- Aluminium price and USD/ZAR correlation was modelled by identifying the correlation between the log returns in outlier scenarios which is driven by global economic shocks, where commodities tend to appreciate as the global economy deteriorates.
- Ferrochrome price forecasting was modelled by using the Schwartz 1-factor model and by establishing a suitable commodity proxy as there is no exchange market for ferrochrome futures. Nickel was selected as an appropriate commodity proxy as most of the global ferrochrome and nickel resources are used in the production of stainless steel and have similar market dynamics. Nickel is highly correlated with ferrochrome demand.
- An assessment through a defined set of criteria was undertaken during the year to establish a suitable proxy for ferrochrome due to the absence of market related data which resulted in a change in proxy from stainless steel to nickel. Nickel has sufficient market data that is available for the full contract period compared to stainless steel where market data was limited to one year. The change in proxy resulted in an increase in the embedded derivative asset of R471 million.
- The nickel, aluminium and USD/ZAR volatility was based on implied volatilities of the at-the-money options traded in the market.
- Counterparty credit risk was calculated by using the marginal probability of default (using a hazard rate model and calibrated to the counterparty's credit default swap spread), weighted by the present value of the expected future exposure, at each cash flow date.
- Projected cash flows were weighted and discounted at the appropriate risk-free rate by simulating forward USD/ZAR rates (basis adjusted) and underlying commodity price (in US dollar) and then valuing the payoff using Monte Carlo methods. The average of the simulated upside tariffs across the contract supply term structure was discounted to the valuation date using the ZAR three-month swap zero curve.
- The United States and South African Producer Price Index (PPI) are significant unobservable inputs used in the model. Other inputs were obtained from appropriate market data providers or were otherwise modelled using market standard modelling procedures which do not attract significant uncertainty or judgement.
- Consumption estimates and electricity load factor assumptions were linked to operational expectations in terms of potential contract modifications (including the impact of relaxed take-or-pay criteria), the ferrochrome market downturn and possible customer plant closures.

The ferrochrome market, driven by global oversupply, has experienced a significant economic downturn and price decline which resulted in a decrease in operational production (consumption) and implementation of the contractual hardship clause in February 2025 for ferrochrome linked smelters. The hardship clause allowed the customer to give notice and engage with Eskom to consider and agree on an adjustment to the contract.

Eskom engaged with NERSA on 17 March 2025 to seek approval for the relaxation of the take-or-pay criteria as per the contract which NERSA approved on 21 July 2025. This allows for reallocation of load between smelters, operational flexibility to the smelters and to elect specific smelter shutdowns based on prevailing market and operational conditions.

One of the ferrochrome smelters reflected a complete idle status with halted operations by year end resulting in the derecognition of the related embedded derivative asset of R222 million.

Two other smelters were placed on operational suspension and long-term maintenance. The underlying contracts remained in force despite these operational challenges and invoicing continued at the contracted rates. If these smelters were to shut down the embedded derivative asset would reduce by R972 million.

The following valuation assumptions were used and are regarded as the best estimates by management:

2025		Year ended 31 March					
Input	Unit	2025	2026	2027	2028	2029	2030
Aluminium price	USD per ton	2 518	2 573	2 608	2 644	2 678	2 707
Aluminium volatility	Year-on-year (%)	16.99	17.70	17.05	17.05	17.05	17.05
Ferrochrome price	USD per ton	1 830	1 890	1 900	1 917	1 949	1 973
Nickel price	USD per ton	15 698	16 481	17 193	17 898	18 601	19 356
Nickel volatility	Year-on-year (%)	20.85	22.56	25.05	25.05	25.05	25.05
ZAR/USD	ZAR per USD	18.31	18.75	19.25	19.82	20.49	20.96
USD/ZAR volatility	Year-on-year (%)	13.97	14.20	14.67	14.91	14.91	15.62
Rand interest rates	Annual actual/365 days (%)	7.44	8.24	7.72	7.85	8.00	8.19
Dollar interest rates	Annual actual/365 days (%)	4.50	4.03	3.77	3.69	3.69	3.68
South African PPI	Year-on-year (%)	2.20	2.20	2.50	2.50	2.50	2.50
United States PPI	Year-on-year (%)	2.00	1.80	1.60	1.40	1.40	1.30
Electricity usage – aluminium	Electricity usage per maximum capacity (%)	97.14	97.14	97.14	97.14	97.14	97.14
Electricity usage – ferrochrome	Electricity usage per maximum capacity (%)	58.04	48.72	48.72	48.72	48.72	48.72

2024		Year ended 31 March					
Input	Unit	2024	2025	2026	2027	2028	2029
Aluminium price	USD per ton	2 295	2 415	2 536	2 627	2 696	2 744
Aluminium volatility	Year-on-year (%)	14.89	17.73	17.95	17.97	17.97	17.97
Ferrochrome price	USD per ton	2 150	2 198	2 176	2 144	2 127	2 091
Stainless steel price	Chinese yuan per ton	13 915	14 020	–	–	–	–
ZAR/USD	ZAR per USD	18.94	19.59	20.34	21.26	22.84	23.86
USD/ZAR volatility	Year-on-year (%)	9.82	14.78	15.17	15.40	15.40	16.07
Rand interest rates	Annual actual/365 days (%)	5.60	9.34	8.56	8.57	8.74	9.08
Dollar interest rates	Annual actual/365 days (%)	5.57	5.11	4.61	4.30	4.13	4.02
South African PPI	Year-on-year (%)	5.00	4.80	4.60	4.50	4.30	4.20
United States PPI	Year-on-year (%)	1.50	1.80	1.60	1.40	1.40	1.30
Electricity usage – aluminium	Electricity usage per maximum capacity (%)	97.64	97.64	97.64	97.64	97.64	97.64
Electricity usage – ferrochrome	Electricity usage per maximum capacity (%)	79.18	79.18	79.18	79.18	79.18	79.18

#### Sensitivity analysis

The effect on profit/loss before tax of an increase or decrease in the significant assumptions is:

			Group and company			
Input	Unit	Change in assumption	2025		2024	
			increase Rm	decrease Rm	increase Rm	decrease Rm
Aluminium price	USD per ton	10% relative	450	(339)	545	(375)
Aluminium volatility	Index	1% absolute	22	(24)	51	(55)
Ferrochrome price	USD per ton	10% relative	1 461	(1 173)	2 653	(2 695)
Nickel volatility	Index	10% relative	108	(108)	–	–
Rand/USD – Aluminium	Rand per USD	10% relative	186	(220)	188	(223)
Rand interest rates	Continuous actual/365 days (%)	100 basis points	(26)	27	(10)	10
Dollar interest rates	Annual actual/365 days (%)	100 basis points	(57)	54	(55)	51
South African PPI	Index	1% absolute	(38)	6	38	(43)
United States PPI	Index	1% absolute	(92)	58	(193)	237

## 4.2 Post-employment medical benefits

### Valuation

The estimated present value of the anticipated expenditure for both in-service and retired members is calculated by independent actuaries using the projected unit credit method annually. This method accounts for the accrued service liability separately from the current cost liability. The accrued service liability is based on the completed service to the valuation date for the in-service members and the full liability in respect of retired members. The current cost liability is the cost of providing the benefit over the next year. The present value of the obligation is determined by using government bonds which have maturities similar to the liability.

The fund is exposed to inflation risk, interest rate risks and changes in the life expectancy of beneficiaries.

## Notes to the financial statements continued

### 4. Critical accounting estimates and assumptions (continued)

#### 4.2 Post-employment medical benefits (continued)

##### Valuation (continued)

##### Valuation assumptions

The principal actuarial assumptions used were:

	Unit	Group		Company	
		2025	2024	2025	2024
Discount rate	%	13.0	15.0	13.0	15.0
Medical aid inflation	%	8.7	10.6	8.7	10.6
Male longevity	years	14.4	14.4	14.4	14.4
Female longevity	years	20.8	20.8	20.8	20.8
Weighted average duration	years	17.2	17.1	16.9	16.7

Assumptions regarding future mortality have been based on published mortality tables and statistics derived from experience.

##### Sensitivity analysis

The effect of an increase or decrease in the assumptions is:

	Change in assumption	Group				Company			
		2025		2024		2025		2024	
		increase Rm	decrease Rm	increase Rm	decrease Rm	increase Rm	decrease Rm	increase Rm	decrease Rm
<b>Effect on aggregate current service cost and finance cost</b>									
Discount rate	1%	(236)	287	(241)	293	(210)	257	(217)	264
Medical aid inflation	1%	533	(429)	510	(413)	483	(389)	466	(377)
Future mortality	1 year	71	(72)	70	(71)	66	(67)	66	(67)
<b>Effect on post-employment medical benefits obligation</b>									
Discount rate	1%	(2 376)	2 936	(2 067)	2 546	(2 171)	2 677	(1 899)	2 333
Medical aid inflation	1%	2 972	(2 433)	2 579	(2 118)	2 709	(2 222)	2 363	(1 944)
Future mortality	1 year	469	(474)	413	(418)	440	(444)	388	(393)

#### 4.3 Pension benefits

##### Valuation

The estimated present value of the anticipated expenditure for both in-service and retired members is calculated by independent actuaries using the projected unit credit method annually. This method accounts for the accrued service liability separately from the current cost. The accrued service liability is based on the completed years of service to the valuation date in respect of current in-service members and the full liability in respect of pensioners. The current cost liability is the cost of providing the benefit over the next year. The present value of the obligation is determined by using government bonds which have maturities similar to the liability.

The liability is compared to the fair value of the plan assets to determine a resultant deficit or surplus (which would be subject to an asset ceiling). The fair value of the plan assets represents the market value of the assets.

The fund is exposed to inflation, interest rate risks, changes in the life expectancy of pensioners, changes in the age profile of members, equity and debt market risk and foreign exchange risk.

##### Valuation assumptions

The principal actuarial assumptions used were:

	Unit	Group and company	
		2025	2024
Discount rate	%	13.0	15.0
Long-term price inflation rate	%	6.7	8.6
Future salary inflation	%	8.2	10.1
Future pension increases	%	6.7	8.6
Male longevity	years	13.5	13.5
Female longevity	years	19.7	19.7
Weighted average duration	years	14.5	14.3

Assumptions regarding future mortality have been based on published mortality tables and statistics derived from experience.

##### Sensitivity analysis

The effect on fund obligations of an increase or decrease in the assumptions is:

	Change in assumption	Group and company			
		2025		2024	
		increase Rm	decrease Rm	increase Rm	decrease Rm
Discount rate	1%	(7 579)	8 773	(6 834)	7 945
Inflation rate	1%	9 239	(8 063)	8 345	(7 270)
Future mortality	1 year	(1 799)	1 752	(1 654)	1 612



#### 4.4 Occasional and service leave

##### Valuation

An actuarial valuation is done on an annual basis for occasional and service leave. The accrued liability is determined by valuing all future leave expected to be taken and payments to be made in respect of benefits up to the valuation date. Allowance is made for the assumed benefit options employees will exercise and salary increases up to the date the benefit is estimated to be paid. The present value of the obligation is determined by using government bonds which have maturities similar to the liability.

##### Valuation assumptions

The principal actuarial assumptions used were:

	Group and company	
	2025 %	2024 %
Discount rate	13.0	15.0
Long-term price inflation rate	6.7	8.6
Salary inflation rate	8.2	10.1
Leave usage	8.0	8.0

Assumptions regarding future mortality have been based on published mortality tables and statistics derived from experience. For details regarding current longevities underlying the values of the occasional and service leave obligation at the reporting date refer to note 4.2.

##### Sensitivity analysis

Based on current experience, 8% (2024: 8%) of the leave is utilised. If the rate at which leave is taken is 16% (2024: 16%), then the liability will increase by R112 million (2024: R103 million) for the group and R90 million (2024: R83 million) for the company. If the rate at which leave is taken is 4% (2024: 4%), then the liability will decrease by R64 million (2024: R58 million) for the group and R51 million (2024: R47 million) for the company.

The carrying amount of the occasional and service leave liability for the group is R1 447 million (2024: R1 309 million) and R1 125 million (2024: R1 020 million) for the company.

#### 4.5 Power station-related environmental restoration and mine-related closure, pollution control and rehabilitation

##### Valuation

These provisions are determined by discounting the current estimated future decommissioning and rehabilitation costs. The present value of the obligation is determined by using government bonds which have maturities similar to the liability.

##### Valuation assumptions and estimated payment dates

The real discount rates used for these provisions and estimated payment dates of the costs are:

	Group and company			
	2025 %	Year	2024 %	Year
Nuclear plant	5.0	2045–2060 <sup>I</sup>	4.4–5.1	2025–2039
Coal, pump storage, open cycle gas turbine and renewable stations	4.3–5.0	2027–2099	4.4–5.1	2026–2099
Spent nuclear fuel	4.3–5.0	2026–2100	4.4–5.1	2025–2100
Mine-related closure, pollution control and rehabilitation	4.3–5.0	2026–2159	4.4–5.1	2025–2151

##### Sensitivity analysis

The effect on the provisions of an increase or decrease in the real discount rate is:

	Change in assumption	Group and company			
		2025 increase Rm	2025 decrease Rm	2024 increase Rm	2024 decrease Rm
Nuclear plant	1%	(1 048)	1 338	(466)	504
Coal, pump storage, open cycle gas turbine and renewable stations	1%	(2 302)	2 874	(2 187)	2 735
Spent nuclear fuel	1%	(1 690)	2 471	(1 271)	2 377
Mine-related closure, pollution control and rehabilitation	1%	(1 319)	1 724	(1 180)	1 523

#### 4.6 Revenue from contracts with customers

##### Customer connections

Connection charges are charged to customers in exchange for connection to the group's electricity network. This connection enables the group to sell electricity to these customers over the estimated customer relationship period. The customer relationship period refers to the period the customer remains a purchaser of electricity from the group at a given point of supply. A period of 25 years was determined after considering, *inter alia*, assumptions about the life-cycle of the distribution network used to supply electricity to customers.

##### Collectability of amounts receivable

Revenue may only be recognised if it is probable at the time of sale that the revenue is likely to be recovered from the customer. This recoverability requirement is not considered to have been met in contracts with customers who have a poor payment history and for which the group does not have the ability to manage the credit risk due to external facts and circumstances (for example socio-economic or political reasons). The group accounts for revenue from these contracts on a cash (rather than accrual) basis.

Where the recoverability requirement is met, revenue is recognised on an accrual basis. The risk of non-collection is reflected in the expected credit loss as an impairment expense rather than an adjustment to the revenue recognised.

I. The licence for Koeberg unit 1 was extended resulting in a change in useful life from 40 to 60 years which reduced the related decommissioning provision.

# Notes to the financial statements continued

## 4. Critical accounting estimates and assumptions (continued)

### 4.7 Expected credit loss on financial assets

The expected credit loss on financial assets is calculated using the following formula:

Expected credit loss = Exposure at default x Probability of default x Discounted loss given default

The exposure is the estimated amount outstanding at the point of default less any collateral held. The probability of default measures the likelihood that the amount outstanding will become more than 90 days past due, and depending on the portfolio, this is either on a 12-month or lifetime basis in accordance with IFRS 9 requirements. The loss given default measures the expected credit loss in the event that the outstanding amount becomes more than 90 days past due. Cash flows are discounted at the original effective interest rate over the expected recovery period.

The financial assets that are subject to IFRS 9 impairment are stratified using factors such as the balance type, credit risk rating, existence and type of collateral, remaining term to maturity, delinquency status and geographical location.

An economic overlay in the form of a five-year forward-looking scaler that incorporates economic variables (including gross domestic product and exchange rate growth) has been applied to international electricity receivables, intercompany trade and other receivables, other receivables, finance lease receivables, loans receivables (excluding home loans and municipal payment arrangements) investments and financial guarantee portfolios.

It was not necessary to apply an economic overlay to the municipality, large power and small power user portfolios as the models to determine the probability of default are considered to be sensitive to the economic environment and representative of the most recent economic conditions.

An additional expected credit loss consideration continued to be applied to the municipality portfolio for the possible impact of the municipal debt relief arrangement. This additional impairment decreased to R1 002 million (2024: R1 903 million) mainly due to write-offs implemented during the year.

The following details are applicable to the models used for the various financial asset balances:

Financial asset	Model details
International electricity receivables	Expected credit losses were calculated using a benchmark approach that assigns a probability of default to a client based on the size and country in which the client operates. Credit ratings were assigned to these categories which were then used to determine the probability of default. A five-year economic forward-looking scaler was applied to the probability of default. The loss given default was calculated as a weighted average of industry benchmarks (Basel Pillar 3 disclosures).
Local large and small power user electricity receivables	Expected credit losses were calculated using a provision matrix which utilises a transition approach. The probability of default is defined as the likelihood of an obligor defaulting over a future time period. The loss given default approach considers both historical and expected future recoveries in the estimation. Future recoveries are determined based on historical experience and extrapolated to incomplete workouts using a development factor approach.
Intercompany loans receivable	The expected credit losses were calculated using a dual rating approach, which relies on key financial ratios to determine a through-the-cycle probability of default. The through-the-cycle probability of default was updated with economic information to produce a point-in-time probability of default, which is consistent with the current and future forecasted economic conditions. The loss given default was calculated as a weighted average of industry benchmarks (Basel Pillar 3 disclosures).
Intercompany trade and other receivables	The estimates of the probability of default were based on the external rating of Eskom mapped to an internal rating scale. A five-year economic forward-looking scaler was applied to the probability of default. The loss given default was calculated as a weighted average of industry benchmarks (Basel Pillar 3 disclosures).
Other receivables, finance lease receivables and loans receivable (excluding home loans)	Expected credit losses were calculated using a benchmark approach that assigns a probability of default to a client based on the size and country in which the client operates. Credit ratings were assigned to these categories which were then used to determine the probability of default. A five-year economic forward-looking scaler was applied to the probability of default. The loss given default was calculated as a weighted average of industry benchmarks (Basel Pillar 3 disclosures).
Loans receivable (home loans)	The estimates of the probability of default are influenced by factors including whether a client is still employed by Eskom and whether they are in arrears. Loans are assigned a risk rating based on payment levels. Forward-looking information is based on reasonable and supportable forecasts of future economic conditions, including experience judgement. The loss in the event of default is determined as the difference between the outstanding loan amount and the amount that can be recovered through the legal collection process, which also includes the perfection of physical collateral. The historical loss experience is adjusted for current observable data to determine the loss given default.
Investments and financial guarantees	The estimates of the probability of default were based on the external credit ratings of the counterparts using an external rating scale mapped to an internal rating scale. A five-year economic forward-looking scaler was applied to the probability of default. The loss given default was calculated as a weighted average of industry benchmarks (Basel Pillar 3 disclosures).

## 5. Financial risk management

The group's integrated risk and resilience management process enables management to assess and respond to all material risks that may affect the achievement of organisational objectives.

The group maintains an integrated risk and resilience management framework comprising governance structures, management policies and guidance standards with a focus on risk and resilience assessments, treatment plans, monitoring and reporting. The management of financial risks, as defined by IFRS 7 *Financial Instruments: Disclosures*, falls within these overarching structures, policies and standards.

The management of financial risks is delegated by the board to the audit committee, which provides oversight over the financial reporting risks, and the risk committee which provides oversight over the enterprise risk management framework. Day-to-day management of financial risks is carried out in the area in which the risks arise.

The group's exposure to risk, its objectives, policies and processes for managing the risk and the methods used to measure it have been consistently applied in the years presented.

The group has exposure to the following risks as a result of its financial instruments:

- credit risk – the risk of financial loss to the group if a customer or other counterparty to a financial instrument fails to meet its contractual obligations
- market risk – the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates, commodity prices, interest rates or equity prices
- liquidity risk – the risk that the group will not have sufficient financial resources to meet its obligations when they fall due or will have to do so at excessive cost

## 5.1 Credit risk

The carrying amounts of financial assets represent the maximum credit exposure. The group's maximum exposure as a result of financial guarantees issued is disclosed in note 45.1.

### 5.1.1 Trade and other receivables Impairment analysis

	2024			2025			2025		
	Gross	Stage 2	Carrying	Gross	Stage 3	Carrying	Gross	Total	Carrying
	Rm	Allowance for impairment	value	Rm	Allowance for impairment	value	Rm	Allowance for impairment	value
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
<b>Trade receivables</b>									
<b>Group</b>									
International	2 592	(14)	2 578	573	(516)	57	3 165	(530)	2 635
B- to BB+	2 468	(9)	2 459	573	(516)	57	3 041	(525)	2 516
Below B-	124	(5)	119	–	–	–	124	(5)	119
Local large power users – municipalities	14 449	(885)	13 564	6 863	(4 502)	2 361	21 312	(5 387)	15 925
0–30 days	11 778	(433)	11 345	–	–	–	11 778	(433)	11 345
30–90 days	2 671	(452)	2 219	–	–	–	2 671	(452)	2 219
More than 90 days or credit impaired	–	–	–	6 863	(4 502)	2 361	6 863	(4 502)	2 361
Local large power users – other	13 093	(39)	13 054	701	(551)	150	13 794	(590)	13 204
0–30 days	12 936	(10)	12 926	–	–	–	12 936	(10)	12 926
30–90 days	157	(29)	128	–	–	–	157	(29)	128
More than 90 days or credit impaired	–	–	–	701	(551)	150	701	(551)	150
Local small power users	3 115	(290)	2 825	1 348	(1 055)	293	4 463	(1 345)	3 118
0–30 days	2 583	(138)	2 445	–	–	–	2 583	(138)	2 445
30–90 days	532	(152)	380	–	–	–	532	(152)	380
More than 90 days or credit impaired	–	–	–	1 348	(1 055)	293	1 348	(1 055)	293
	33 249	(1 228)	32 021	9 485	(6 624)	2 861	42 734	(7 852)	34 882
Other receivables (B- to BB+)	2 391	(93)	2 298	512	(503)	9	2 903	(596)	2 307
	35 640	(1 321)	34 319	9 997	(7 127)	2 870	45 637	(8 448)	37 189
<b>Company</b>									
International									
B- to BB+	13	–	13	–	–	–	13	–	13
Local large power users – municipalities	14 449	(885)	13 564	6 863	(4 502)	2 361	21 312	(5 387)	15 925
0–30 days	11 778	(433)	11 345	–	–	–	11 778	(433)	11 345
30–90 days	2 671	(452)	2 219	–	–	–	2 671	(452)	2 219
More than 90 days or credit impaired	–	–	–	6 863	(4 502)	2 361	6 863	(4 502)	2 361
Local large power users – other	13 093	(39)	13 054	701	(551)	150	13 794	(590)	13 204
0–30 days	12 936	(10)	12 926	–	–	–	12 936	(10)	12 926
30–90 days	157	(29)	128	–	–	–	157	(29)	128
More than 90 days or credit impaired	–	–	–	701	(551)	150	701	(551)	150
Local small power users	3 115	(290)	2 825	1 348	(1 055)	293	4 463	(1 345)	3 118
0–30 days	2 583	(138)	2 445	–	–	–	2 583	(138)	2 445
30–90 days	532	(152)	380	–	–	–	532	(152)	380
More than 90 days or credit impaired	–	–	–	1 348	(1 055)	293	1 348	(1 055)	293
	30 670	(1 214)	29 456	8 912	(6 108)	2 804	39 582	(7 322)	32 260
Other receivables (B- to BB+)	23 995	(326)	23 669	256	(256)	–	24 251	(582)	23 669
	54 665	(1 540)	53 125	9 168	(6 364)	2 804	63 833	(7 904)	55 929

# Notes to the financial statements continued

## 5. Financial risk management (continued)

### 5.1 Credit risk (continued)

#### 5.1.1 Trade and other receivables (continued)

##### Impairment analysis (continued)

	Gross	Stage 2 Allowance for impairment	Carrying value	Gross	2024 Stage 3 Allowance for impairment	Carrying value	Gross	Total Allowance for impairment	Carrying value
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
<b>Trade receivables</b>									
<b>Group</b>									
International	1 706	(11)	1 695	691	(586)	105	2 397	(597)	1 800
B- to BB+	1 576	(7)	1 569	691	(586)	105	2 267	(593)	1 674
Below B-	130	(4)	126	–	–	–	130	(4)	126
Local large power users – municipalities	16 496	(838)	15 658	3 783	(3 521)	262	20 279	(4 359)	15 920
0–30 days	10 641	(128)	10 513	–	–	–	10 641	(128)	10 513
30–90 days	5 855	(710)	5 145	–	–	–	5 855	(710)	5 145
More than 90 days or credit impaired	–	–	–	3 783	(3 521)	262	3 783	(3 521)	262
Local large power users – other	12 206	(28)	12 178	662	(566)	96	12 868	(594)	12 274
0–30 days	12 082	(6)	12 076	–	–	–	12 082	(6)	12 076
30–90 days	124	(22)	102	–	–	–	124	(22)	102
More than 90 days or credit impaired	–	–	–	662	(566)	96	662	(566)	96
Local small power users	2 879	(207)	2 672	1 313	(984)	329	4 192	(1 191)	3 001
0–30 days	2 440	(89)	2 351	–	–	–	2 440	(89)	2 351
30–90 days	439	(118)	321	–	–	–	439	(118)	321
More than 90 days or credit impaired	–	–	–	1 313	(984)	329	1 313	(984)	329
	33 287	(1 084)	32 203	6 449	(5 657)	792	39 736	(6 741)	32 995
Other receivables (B- to BB+)	2 489	(53)	2 436	544	(539)	5	3 033	(592)	2 441
	35 776	(1 137)	34 639	6 993	(6 196)	797	42 769	(7 333)	35 436
<b>Company</b>									
International	15	–	15	–	–	–	15	–	15
B- to BB+	15	–	15	–	–	–	15	–	15
Local large power users – municipalities	16 496	(838)	15 658	3 783	(3 521)	262	20 279	(4 359)	15 920
0–30 days	10 641	(128)	10 513	–	–	–	10 641	(128)	10 513
30–90 days	5 855	(710)	5 145	–	–	–	5 855	(710)	5 145
More than 90 days or credit impaired	–	–	–	3 783	(3 521)	262	3 783	(3 521)	262
Local large power users – other	12 206	(28)	12 178	662	(566)	96	12 868	(594)	12 274
0–30 days	12 082	(6)	12 076	–	–	–	12 082	(6)	12 076
30–90 days	124	(22)	102	–	–	–	124	(22)	102
More than 90 days or credit impaired	–	–	–	662	(566)	96	662	(566)	96
Local small power users	2 879	(207)	2 672	1 313	(984)	329	4 192	(1 191)	3 001
0–30 days	2 440	(89)	2 351	–	–	–	2 440	(89)	2 351
30–90 days	439	(118)	321	–	–	–	439	(118)	321
More than 90 days or credit impaired	–	–	–	1 313	(984)	329	1 313	(984)	329
	31 596	(1 073)	30 523	5 758	(5 071)	687	37 354	(6 144)	31 210
Other receivables (B- to BB+)	4 350	(54)	4 296	257	(254)	3	4 607	(308)	4 299
	35 946	(1 127)	34 819	6 015	(5 325)	690	41 961	(6 452)	35 509

## ECL percentages used

	Group				Company			
	2025		2024		2025		2024	
	Stage 2 %	Stage 3 %	Stage 2 %	Stage 3 %	Stage 2 %	Stage 3 %	Stage 2 %	Stage 3 %
<b>Trade receivables</b>								
International	1	90	1	85	–	–	1	85
B- to BB+	–	90	–	85	–	–	–	85
Below B-	4	–	3	–	–	–	3	–
Local large power users – municipalities	6	66	5	93	6	66	5	93
0–30 days	4	–	1	–	4	–	1	–
30–90 days	17	–	12	–	17	–	12	–
More than 90 days or credit impaired	–	66	–	93	–	66	–	93
Local large power users – other	–	79	–	85	–	79	–	85
30–90 days	18	–	18	–	18	–	18	–
More than 90 days or credit impaired	–	79	–	85	–	79	–	85
Local small power users	9	78	7	75	9	78	7	75
0–30 days	5	–	4	–	5	–	4	–
30–90 days	29	–	27	–	29	–	27	–
More than 90 days or credit impaired	–	78	–	75	–	78	–	75
	4	70	3	88	4	69	3	88
<b>Other receivables</b>	4	98	2	99	1	100	1	99

## Age analysis of trade receivables balances

	2025				2024			
	<1 year %	>1 year %	>2 years %	>3 years %	<1 year %	>1 year %	>2 years %	>3 years %
<b>Group</b>								
International	99	1	–	–	87	12	1	–
Local large power users – municipalities	93	–	7	–	90	8	2	–
Local large power users – other	97	1	2	–	97	3	–	–
Local small power users	87	7	3	3	86	8	3	3
<b>Company</b>								
International	100	–	–	–	100	–	–	–
Local large power users – municipalities	93	–	7	–	90	8	2	–
Local large power users – other	97	1	2	–	97	3	–	–
Local small power users	87	7	3	3	86	8	3	3

## Notes to the financial statements continued

### 5. Financial risk management (continued)

#### 5.1 Credit risk (continued)

##### 5.1.1 Trade and other receivables (continued)

##### Reconciliation of movements in allowance for impairment

	Note	Stage 2 Rm	2025 Stage 3 Rm	Total Rm	Stage 2 Rm	2024 Stage 3 Rm	Total Rm
<b>Group</b>							
Balance at beginning of the year		1 137	6 196	7 333	441	4 258	4 699
Raised to the income statement	36	321	6 992	7 313	794	2 006	2 800
Reversed on payment of opening balance		(492)	(1 922)	(2 414)	(343)	(2 557)	(2 900)
Remeasurement of opening balances held at year end		4	267	271	2	759	761
Raised on new balances		809	8 647	9 456	1 135	3 804	4 939
Transfer of balances between stage 2 and 3		(109)	109	–	(75)	75	–
Finance income on stage 3 balances		–	541	541	–	231	231
Derecognised		–	(5 722)	(5 722)	–	–	–
Write-offs		(28)	(989)	(1 017)	(23)	(374)	(397)
Balance at end of the year	20	1 321	7 127	8 448	1 137	6 196	7 333
<b>Company</b>							
Balance at beginning of the year		1 127	5 325	6 452	519	4 195	4 714
Raised to the income statement	36	546	7 096	7 642	715	1 980	2 695
Reversed on payment of opening balance		(461)	(1 313)	(1 774)	(382)	(2 515)	(2 897)
Remeasurement of opening balances held at year end		8	267	275	(11)	743	732
Raised on new balances		999	8 142	9 141	1 108	3 752	4 860
Transfer of balances between stage 2 and 3		(109)	109	–	(65)	65	–
Finance income on stage 3 balances		–	541	541	–	231	231
Derecognised		–	(5 722)	(5 722)	–	–	–
Write-offs		(24)	(985)	(1 009)	(22)	(381)	(403)
Disposal of business		–	–	–	(20)	(765)	(785)
Balance at end of the year	20	1 540	6 364	7 904	1 127	5 325	6 452

##### Security held for trade receivables (guarantees and deposits)

Group and company										
	2025					2024				
	Fair value of security held			Security called upon	Rene-gotiated balances	Fair value of security held			Security called upon	Rene-gotiated balances
	Credit-impaired	Not credit-impaired	Total			Credit-impaired	Not credit-impaired	Total		
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
International	–	9	9	–	–	–	7	7	–	–
Local large power users	462	21 701	22 163	78	1 718	370	17 898	18 268	44	2 331
Municipalities	418	1 331	1 749	2	1 696	329	895	1 224	2	2 309
Other	44	20 370	20 414	76	22	41	17 003	17 044	42	22
Local small power users	185	3 119	3 304	151	83	181	2 972	3 153	152	69
Soweto	12	–	12	–	–	11	–	11	4	–
Other	173	3 119	3 292	151	83	170	2 972	3 142	148	69
	647	24 829	25 476	229	1 801	551	20 877	21 428	196	2 400

##### Additional information

##### Trade receivables

Credit risk attributable to trade receivables is assessed considering the following counterparty characteristics:

- geographic location of the customer (both internationally and within South Africa)
- size of demand (large or small power user)
- receivable ageing profile
- security held (deposits and guarantees)
- payment history



Many residential customers are on a prepaid basis, thereby eliminating credit risk relating to these customers. The group has well established credit control measures for conventional customers that include:

- increased security deposits and guarantees
- conversion of customers to prepayment
- early identification of and engagement with non-paying customers
- negotiation of mutually acceptable payment arrangements
- disconnection of supply
- use of debt collectors
- taking legal measures such as issuing letters of demand and pursuing adverse listing of defaulting customers

All billed customers must provide security. This requirement can only be deviated from based on sound business decisions. The granting of deviations for a customer must be approved in line with the revenue security policy.

Progress on the collection process is regularly reviewed. Strict procedures are in place governing the write-off of trade receivables. Write-offs are considered where balances are assessed to not be collectable (for example deceased customers and businesses in liquidation after completion of business rescue). Outstanding amounts after recovery from the security held are written off once the relevant governance and legal collection processes have been followed. The process of recovery continues unless it is confirmed that there is no prospect of recovery or the costs of such action will exceed the benefits to be derived.

The main classes of trade receivables are:

#### **International customers**

Electricity supply agreements are entered into with key international customers who comprise utility companies, governments of neighbouring countries and sundry large power users. Their payment terms are between 10 and 45 days. Impairment is assessed based on the country-specific risk.

International customers are not required to provide upfront security. If they default, new payment arrangements are negotiated or supply is curtailed. Certain international customers may be required to pay upfront when their credit risk profile has changed.

There were no material changes to the expected credit loss percentages for international customers compared to the prior year.

#### **Local large power users**

Local large power users comprise South African redistributors (metropolitan and municipal) and commercial, industrial and mining customers usually with supplies above 100kVA. Payment terms are individually negotiated and are normally a maximum of 15 days, except for certain bulk redistributing municipalities which are at a maximum of 30 days.

Municipalities are required to provide security for all new supplies or where they request an upgrade of existing supply points. Where a large power user has an acceptable credit rating from an approved rating agency, the provision of security is amended based on the type of risk as defined in the revenue security policy.

The group continues its efforts to ensure maximum collection from non-paying municipalities. These attempts are unfortunately hampered by drawn out litigation and interdicts granted by the courts in the interest of municipal end-consumers. The group is advocating an active partnering solution whereby Eskom supports municipalities with distribution, reticulation and revenue collection services.

Interventions include:

- tracking and monitoring compliance status of the municipal debt relief programme that commenced during 2024
- credit management processes
- entering into payment arrangements
- promoting and implementing solutions for municipalities through active partnering agreements
- following the Promotion of Administrative Justice Act, 3 of 2000, processes to restrict, interrupt or terminate supply where no other options are available
- restricting electricity supply if the set maximum demand levels are exceeded
- issuing of summonses and legal interventions
- government intervention (participation at inter-ministerial task team subcommittees, National Treasury and the Eskom shareholder representative)

National Treasury issued an amendment to the municipal debt relief conditions on 13 August 2025 that allows for a municipality to catch up on outstanding payments after the close of the write-off cycle.

National Treasury issued instruction letters to Eskom during the year to write-off one-third of the ringfenced debt for 14 municipalities to the value of R3.5 billion. Five of these municipalities only complied with the conditions of the municipal debt relief programme after the amendment of the conditions and R3 billion will be written off in the 2026 financial year. The rest of the 14 municipalities met the conditions in the compliance cycle resulting in a total write-off of R0.5 billion during the year.

A further five municipalities met the compliance cycle conditions during the year with another five municipalities meeting the conditions in May 2025 and August 2025. Write-off instructions for these municipalities were received from National Treasury on 24 June 2025, 7 August 2025 and 22 August 2025 respectively. The related write-off of R0.6 billion will be processed in 2026.

Breach notices have been issued to 59 of the 63 non-compliant municipalities during the year. Engagements are taking place with the parties involved, including National Treasury, for municipalities that defaulted on the municipal debt relief conditions. Letters of pending termination were issued by National Treasury to certain non-compliant municipalities during the year as a warning. No municipalities have to date been removed by National Treasury from the municipal debt relief programme. Municipalities that are removed from the debt relief programme will become liable for their remaining arrear debt including subsequent interest and penalties.

The remaining ring-fenced municipal debt relief debt at 31 March 2025 was R55.1 billion (2024: R56.0 billion) of which R54.0 billion (2024: R53.8 billion) related to municipalities accounted for on the cash basis in terms of IFRS 15 with no further financial impact expected thereon as any future write-offs will offset against previous revenue and interest not recognised. The remaining arrear debt balance of R1.1 billion consisting of arrear debt of R1.0 billion and VAT of R0.1 billion (2024: R2.2 billion) was fully impaired at 31 March 2025.

The City of Tshwane metropolitan municipality entered into a long-term payment arrangement with Eskom during the year for the settlement of overdue debt over a five-year period. The payment arrangement was assessed as a financial asset contract modification and resulted in the derecognition of the trade receivable and the recognition of a loan receivable as the modification was qualitatively substantial. Refer to note 5.1.5 and note 15.

There were no other material changes to the expected credit loss percentages compared to the prior year.

## Notes to the financial statements continued

### 5. Financial risk management (continued)

#### 5.1 Credit risk (continued)

##### 5.1.1 Trade and other receivables (continued)

###### Additional information (continued)

###### Trade receivables (continued)

###### Local small power users

Local small power users comprise local customers that have a supply of 100kVA or less in size. Payment terms for small power customers are 30 days.

New customers are required to provide security equivalent to consumption of between one to three months at the commencement of the supply agreement. The level of security is reviewed if a customer defaults on its payment obligation or requires additional electricity supply capacity. Additional security is required in these instances to cover between one to three months of recent consumption before supply will commence. All new customers will preferably be on prepayment terms.

The residential revenue management strategy continues to be implemented with a focus on converting customers to prepaid.

There were no material changes to the expected credit loss percentages for small power users compared to the prior year.

###### Other receivables

Other receivables comprise various sundry receivables. There are no significant balances with specific repayment terms. No security is held in respect of these balances and no interest has been charged on overdue balances.

There were no material changes to the expected credit loss percentages compared to the prior year.

##### 5.1.2 Derivatives held for risk management and cash and cash equivalents

###### Impairment analysis

	Not subject to impairment Rm	2025 Subject to impairment Stage 1 Rm	Total Rm	Not subject to impairment Rm	2024 Subject to impairment Stage 1 Rm	Total Rm
<b>Group</b>						
Derivatives held for risk management	15 345	–	15 345	27 016	–	27 016
BBB- to AAA	6 644	–	6 644	11 020	–	11 020
B- to BB+	8 701	–	8 701	15 996	–	15 996
Cash and cash equivalents	–	63 761	63 761	–	23 585	23 585
BBB- to AAA	–	8 673	8 673	–	2 328	2 328
B- to BB+	–	55 060	55 060	–	21 253	21 253
Unrated	–	28	28	–	4	4
<b>Company</b>						
Derivatives held for risk management	15 395	–	15 395	27 043	–	27 043
BBB- to AAA	6 644	–	6 644	11 047	–	11 047
B- to BB+	8 751	–	8 751	15 996	–	15 996
Cash and cash equivalents	–	62 757	62 757	–	22 965	22 965
BBB- to AAA	–	8 674	8 674	–	1 746	1 746
B- to BB+	–	54 077	54 077	–	21 215	21 215
Unrated	–	6	6	–	4	4

The gross values of cash and cash equivalents approximate its carrying value as the impairments calculated are immaterial.

The Treasury Risk Committee manages credit risk arising from the treasury department's activities in the financial markets with the objective of maximising the rate of return on investments while not exceeding approved levels of credit risk exposure. It is chaired by the general manager of treasury, as delegated by the chief financial officer, and reports on a quarterly basis to Exco.

The terms of reference of the Treasury Risk Committee (maintained and approved by the chief financial officer) are aligned to the Exco credit risk governance standards and supplemented by appropriate policies and procedures.

Specific activities undertaken by the Treasury Risk Committee include the following:

- assessing the credit quality of counterparties and approving credit limits based on this assessment
- monitoring the adherence to credit limits
- approving methodologies for the management of counterparty exposure
- ensuring that, where applicable, transactions with counterparties are supported by trading agreements
- facilitating and managing the issuing of financial guarantees by the group

The portfolio assessment section within the treasury function provides regular feedback on all treasury credit risk-related matters to assist the Treasury Risk Committee to discharge its mandate.

The management of credit risk is governed by the following policies:

- trading in financial instruments is only conducted with selected counterparties after credit limits have been authorised
- financial institutions and/or counterparties with an independent minimum rating of A1 are preferred for investments. If there are no independent ratings, the credit quality of the counterparty is assessed, taking into account its financial position, past experience and other factors
- all exposures are based on mark-to-market values. Transaction or close-out netting takes place in accordance with the terms and conditions of the underlying trading agreements
- minimum credit rating requirements for financial institutions are maintained to assess the risk categories by rating class and to ascertain the probability of default inherent in each rating class
- approved concentration risk parameters and collateral management procedures are in place. Concentration of credit risk is managed by setting credit risk limits at a counterparty-specific level. Concentration credit risk limits are used as second tier limits in relation to counterparty credit limits. Counterparty-specific exposure is monitored against a set concentration of credit risk limits in relation to the total credit risk exposure to all counterparties

Risk is measured by determining a default probability per counterparty using default probabilities assessed by rating agencies for various types of credit ratings. These default probabilities are then applied to the market value of the investment placed to determine the capital at risk.

The treasury department's policies and practices are designed to preserve the independence and integrity of decision-making and ensure credit risks are accurately assessed, properly approved, continually monitored and actively managed. The following are monitored and reported on:

- aggregate credit risk exposure
- limits utilisation including any breaches
- hold-limit exceptions
- risk profile changes
- risk concentrations

Where the credit risk of a particular counterparty has increased, a reassessment of the valuation of the instrument is made for the following factors:

- significance of financial difficulty
- probability of bankruptcy
- probability of breach of contract

### 5.1.3 Investments Impairment analysis

	Not subject to impairment Gross	Subject to impairment Stage I			Total		
	Gross	Gross	Allowance for impairment	Carrying value	Gross	Allowance for impairment	Carrying value
	Rm	Rm	Rm	Rm	Rm	Rm	Rm
<b>2025</b>							
<b>Group</b>							
Treasury investments							
B- to BB+	–	2 649	(11)	2 638	2 649	(11)	2 638
Insurance investments	1 869	20 528	(79)	20 449	22 397	(79)	22 318
BBB- to AAA	–	1 802	–	1 802	1 802	–	1 802
B- to BB+	–	18 726	(79)	18 647	18 726	(79)	18 647
Not subject to credit risk	1 869	–	–	–	1 869	–	1 869
	1 869	23 177	(90)	23 087	25 046	(90)	24 956
<b>Company</b>							
Treasury investments							
B- to BB+	–	2 649	(11)	2 638	2 649	(11)	2 638
<b>2024</b>							
<b>Group</b>							
Treasury investments							
B- to BB+	–	1 028	(4)	1 024	1 028	(4)	1 024
Insurance investments	1 550	16 986	(34)	16 952	18 536	(34)	18 502
BBB- to AAA	–	3 173	–	3 173	3 173	–	3 173
B- to BB+	–	13 813	(34)	13 779	13 813	(34)	13 779
Not subject to credit risk	1 550	–	–	–	1 550	–	1 550
	1 550	18 014	(38)	17 976	19 564	(38)	19 526
<b>Company</b>							
Treasury investments							
B- to BB+	–	1 028	(4)	1 024	1 028	(4)	1 024

Eskom invested in a long-term fixed deposit to phase in the funding for the nuclear decommissioning provision over the remaining life of Koeberg power station in line with nuclear regulations in South Africa. Investments in fixed deposits are made with banks with an investment-grade credit rating. The credit risk associated with the counterparty's credit rating is managed in line with the treasury risk framework and forms part of the treasury department's activities discussed in note 5.1.2.

## Notes to the financial statements continued

### 5. Financial risk management (continued)

#### 5.1 Credit risk (continued)

##### 5.1.3 Investments (continued)

There were no material changes to the expected credit loss percentages compared to the prior year.

Escap invests in listed shares, negotiable certificates of deposit, floating rate notes and inflation-linked bonds to satisfy its capital adequacy requirements in line with insurance regulations in South Africa. The listed shares do not expose the group to credit risk. The objective is to invest negotiable certificates of deposit in banks with an investment-grade credit rating.

The group uses the highest available investment grade where investment-grade ratings are not available.

#### 5.1.4 Finance lease receivables

##### Impairment analysis

	Gross Rm	Stage 1 Allowance for impairment Rm	Carrying value Rm	Gross Rm	Stage 3 Allowance for impairment Rm	Carrying value Rm	Gross Rm	Total Allowance for impairment Rm	Carrying value Rm
<b>2025</b>									
<b>Group</b>									
B- to BB+	177	(2)	175	–	–	–	177	(2)	175
<b>Company</b>									
B- to BB+	94	(1)	93	–	–	–	94	(1)	93
<b>2024</b>									
<b>Group</b>									
B- to BB+	212	(1)	211	1	(1)	–	213	(2)	211
<b>Company</b>									
B- to BB+	131	–	131	1	(1)	–	132	(1)	131

There were no material changes to the expected credit loss percentages compared to the prior year.

The supply of electricity to customers may be in the form of either a standard or premium power supply. A standard power supply is the least life-cycle cost technically acceptable solution as defined in the Grid Code and the Distribution Network Code whereas with a premium supply the customer's connection requirement exceeds the specifications of a standard supply. This is achieved through the installation of premium supply equipment for which the customer is required to pay a connection charge. Connection charges for premium supply contracts were repayable on a monthly basis over a maximum period of 25 years. This payment option is no longer available for new premium supplies as the connection charges are payable upfront.

The standard payment terms for trade receivables are also applied to the premium supply equipment connection charge customers. The credit risk exposure resulting from premium supply contracts is managed by monitoring payment levels of the customer's trade receivable balance. There were no significant overdue or distressed balances relating to finance lease receivables in the current or prior financial year. Security in the form of bank guarantees is required from customers before the asset is constructed and is in place for a maximum period of 14 years to cover irrecoverable costs in the event of early termination of the supply contract. In addition, the premium supply equipment serves as security for the outstanding finance lease receivable balance.

#### 5.1.5 Loans receivable

##### Impairment analysis

	Gross Rm	Stage 1 Allowance for impairment Rm	Carrying value Rm	Gross Rm	Purchased or originated credit impaired Allowance for impairment Rm	Carrying value Rm	Gross Rm	Total Allowance for impairment Rm	Carrying value Rm
<b>2025</b>									
<b>Group</b>									
Municipal payment arrangement CCC- to CCC+	–	–	–	1 864	–	1 864	1 864	–	1 864
Other loans B- to BB+	28	–	28	–	–	–	28	–	28
	28	–	28	1 864	–	1 864	1 892	–	1 892
<b>Company</b>									
Loans to subsidiaries B- to BB+	37 956	(419)	37 537	–	–	–	37 956	(419)	37 537
Municipal payment arrangement CCC- to CCC+	–	–	–	1 864	–	1 864	1 864	–	1 864
	37 956	(419)	37 537	1 864	–	1 864	39 820	(419)	39 401

	Gross	Stage 1 Allowance for impairment	Carrying value	Gross	Stage 2 Allowance for impairment	Carrying value	Gross	Stage 3 Allowance for impairment	Carrying value	Gross	Total Allowance for impairment	Carrying value
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
<b>2024</b>												
<b>Group</b>												
Home loans	6 979	(15)	6 964	360	(3)	357	336	(265)	71	7 675	(283)	7 392
B- to BB+	6 979	(15)	6 964	360	(3)	357	–	–	–	7 339	(18)	7 321
Below B-	–	–	–	–	–	–	336	(265)	71	336	(265)	71
Other loans	381	(2)	379	1	–	1	3	(2)	1	385	(4)	381
B- to BB+	381	(2)	379	1	–	1	–	–	–	382	(2)	380
Below B-	–	–	–	–	–	–	3	(2)	1	3	(2)	1
	7 360	(17)	7 343	361	(3)	358	339	(267)	72	8 060	(287)	7 773
<b>Company</b>												
Loans to subsidiaries												
B- to BB+	39 847	(422)	39 425	–	–	–	–	–	–	39 847	(422)	39 425

#### Reconciliation of movements in allowance for impairment

	Note	2025				2024			
		Stage 1 Rm	Stage 2 Rm	Stage 3 Rm	Total Rm	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm	Total Rm
<b>Group</b>									
Balance at beginning of the year		17	3	267	287	6	22	37	65
Raised to the income statement	36	(9)	4	(20)	(25)	12	(6)	228	234
Reversed on payment of opening balance		–	–	(4)	(4)	–	1	(3)	(2)
Remeasurement of opening balances held at year end		(14)	(1)	(54)	(69)	(7)	(9)	197	181
Raised on new balances		5	5	38	48	19	2	34	55
Transfer of balances between stages		(5)	(2)	7	–	(1)	(13)	14	–
Assets and liabilities held-for-sale		(3)	(3)	(243)	(249)	–	–	–	–
Write-offs		–	(2)	(11)	(13)	–	–	(12)	(12)
Balance at end of the year	15	–	–	–	–	17	3	267	287
<b>Company</b>									
Balance at beginning of the year		422	–	–	422	7	–	–	7
Raised to the income statement	36	(5)	–	–	(5)	416	–	–	416
Reversed on payment of opening balance		–	–	–	–	(7)	–	–	(7)
Raised on new balances		(5)	–	–	(5)	423	–	–	423
Write-offs		2	–	–	2	(1)	–	–	(1)
Balance at end of the year	15	419	–	–	419	422	–	–	422

#### Municipal payment arrangement

The municipal payment arrangement consists of a five-year interest free loan with the City of Tshwane metropolitan municipality for the settlement of overdue debt.

The arrangement has been recognised on initial recognition as purchased or originated credit-impaired where the carrying value includes the initial expected credit loss.

There have been no changes in the lifetime expected credit loss since initial recognition.

The purchased or originated credit-impaired asset was recognised at R4.2 billion including a loss allowance of R2.3 billion (undiscounted R3.7 billion) which was recognised against the carrying value as required for purchased or originated credit-impaired assets.

#### Loans to subsidiaries

Loans to subsidiaries consist of loans by Eskom to subsidiaries, mainly to NTCSA, EFC and ERI.

The Treasury Risk Committee manages credit risk arising from loans to subsidiaries to reduce the costs for the group and continuously monitor the liquidity and solvency of the group.

The term loan to NTCSA has a maturity date of June 2042 and is repayable quarterly. Finance costs are charged based on Eskom's underlying weighted average cost of servicing the relevant external debt incurred by Eskom to finance the loan. NTCSA provided an upstream guarantee to impacted lenders of Eskom due to the disposal of assets to NTCSA. The upstream guarantee is limited to the net asset value of NTCSA.

The ERI loan has been refinanced by Eskom and is repayable on 26 March 2027.

The loan to EFC is a revolving facility with no fixed repayment terms and it is expected to be settled in 2026 from the proceeds of the sale of the EFC disposal group. Refer to note 23.

There were no material changes to the expected credit loss percentages compared to the prior year.

## Notes to the financial statements continued

### 5. Financial risk management (continued)

#### 5.1 Credit risk (continued)

##### 5.1.5 Loans receivable (continued)

###### Assets held-for-sale

	Gross	Stage 1 Allowance for impairment	Carrying value	Gross	Stage 2 Allowance for impairment	Carrying value	Gross	Stage 3 Allowance for impairment	Carrying value	Gross	Total Allowance for impairment	Carrying value
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
<b>2025</b>												
<b>Group</b>												
Home loans	6 884	(2)	6 882	303	(3)	300	384	(238)	146	7 571	(243)	7 328
B- to BB+	6 884	(2)	6 882	303	(3)	300	–	–	–	7 187	(5)	7 182
Below B-	–	–	–	–	–	–	384	(238)	146	384	(238)	146
Other loans	432	(1)	431	2	–	2	5	(5)	–	439	(6)	433
B- to BB+	432	(1)	431	2	–	2	–	–	–	434	(1)	433
Below B-	–	–	–	–	–	–	5	(5)	–	5	(5)	–
	7 316	(3)	7 313	305	(3)	302	389	(243)	146	8 010	(249)	7 761

EFC provides loan facilities mainly for the purchase of immovable property to the employees of the group. Credit risk policies are in place requiring employees to meet various criteria on valuation, affordability and credit history in compliance with the National Credit Act, 34 of 2005, before they are granted home loans.

Home loans are extended up to a maximum of 112% of the market value of the property being purchased to cater for bond and transfer costs. Credit risk exposure is mitigated by having:

- recourse to the value of the underlying properties through mortgage contracts
- monthly instalments deducted from the salaries of employees

Credit risk is re-assessed when an employee leaves the service of the group. Ex-employees may make arrangements for a monthly debit order or over-the-counter deposits to settle monthly instalments.

EFC closely monitors properties held as collateral where the related loans are considered to be credit-impaired in order to mitigate potential credit losses.

		<b>Group</b>	
	Unit	2025	2024
Carrying value of credit-impaired balances	Rm	146	71
Fair value of properties held as security for credit-impaired loans	Rm	386	347
Weighted average loan to value ratio	%	88	86
Average repayment period	years	16	17

Eskom guarantees all losses that EFC incurs where the loan granted by EFC exceeded 80% of the market value of the property at the time of origination. Refer to note 45 for details regarding this guarantee.

#### 5.2 Market risk

A significant part of market risk encountered by the group arises from financial instruments that are managed centrally within the group's treasury department.

The objective of the group's market risk management framework is to protect and enhance the statements of financial position and profit or loss by managing and controlling market risk exposures and to optimise the funding of business operations and facilitate capital expansion.

The basis for calculating risk and sensitivity measures are consistent with the prior year. Sensitivity analyses assumes that only the input being analysed changes with all other variables remaining constant.

##### Financial instruments mainly managed by the treasury department

The treasury department is responsible for managing market risk within the risk management framework approved by Exco and the board. The overall authority for the management of market risks within the treasury department is vested in the Treasury Risk Committee. Measurement and reporting occurs on a daily and/or monthly basis and is performed by an independent section within the treasury department. Financial derivatives are used to manage market risk.

##### Financial instruments managed by various divisions and subsidiaries of Eskom

Market risk arises mainly from changes in foreign exchange rates and, to a limited extent, commodity and equity prices. The divisions and subsidiaries of Eskom are responsible for identifying the exposure arising from these risks. They liaise with the centralised treasury department to hedge (economic and cash flow hedges) these exposures appropriately on their behalf.

#### 5.2.1 Currency risk

Currency risk arises primarily from purchasing imported goods and services directly from overseas or indirectly via local suppliers, foreign sales and foreign borrowings. The group is exposed to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities that are denominated in a currency other than the functional currency of the group. All transactions in excess of R150 000 are hedged (ie economic or cash flow hedges). Currency exposure is identified by the business and hedged and managed by the central treasury department. Hedging instruments consist of cross-currency swaps and forward exchange contracts. Most of the forward exchange contracts have a maturity of less than one year from the reporting date and are rolled over at maturity when necessary. Hedging instruments are entered into once the exposure is firm and ascertainable.



Foreign currency exposure (notional amounts in millions per currency)

	EUR	USD	GBP	CNY	JPY	NOK	SEK
<b>2025</b>							
<b>Group</b>							
<b>Liabilities</b>							
Debt securities and borrowings	(659)	(6 633)	–	(2 792)	–	–	–
Trade and other payables	(65)	(25)	–	–	–	(2)	(17)
Gross statement of financial position exposure	(724)	(6 658)	–	(2 792)	–	(2)	(17)
Estimated forecast purchases <sup>1</sup>	(249)	(442)	(25)	–	(641)	(4)	(170)
Gross exposure	(973)	(7 100)	(25)	(2 792)	(641)	(6)	(187)
Derivatives held for risk management <sup>2</sup>	956	7 091	25	2 792	641	5	185
<b>Net exposure</b>	(17)	(9)	–	–	–	(1)	(2)
<b>Company</b>							
<b>Liabilities</b>							
Debt securities and borrowings	(659)	(6 633)	–	(2 792)	–	–	–
Trade and other payables	(35)	(18)	–	–	–	(2)	(4)
Gross statement of financial position exposure	(694)	(6 651)	–	(2 792)	–	(2)	(4)
Estimated forecast purchases <sup>1</sup>	(238)	(345)	(25)	–	(641)	(4)	(151)
Gross exposure	(932)	(6 996)	(25)	(2 792)	(641)	(6)	(155)
Derivatives held for risk management <sup>2</sup>	915	6 987	25	2 792	641	5	153
<b>Net exposure</b>	(17)	(9)	–	–	–	(1)	(2)
<b>Mid-spot rate for one unit of the currency to the rand</b>	<b>19.81</b>	<b>18.31</b>	<b>23.66</b>	<b>2.52</b>	<b>0.12</b>	<b>1.74</b>	<b>1.82</b>
<b>2024</b>							
<b>Group</b>							
<b>Liabilities</b>							
Debt securities and borrowings	(938)	(8 199)	–	–	–	–	–
Trade and other payables	(71)	(32)	–	–	(40)	–	(3)
Gross statement of financial position exposure	(1 009)	(8 231)	–	–	(40)	–	(3)
Estimated forecast purchases <sup>1</sup>	(246)	(375)	(22)	–	–	(16)	(313)
Gross exposure	(1 255)	(8 606)	(22)	–	(40)	(16)	(316)
Derivatives held for risk management <sup>2</sup>	1 238	8 588	22	–	40	3	312
<b>Net exposure</b>	(17)	(18)	–	–	–	(13)	(4)
<b>Company</b>							
<b>Liabilities</b>							
Debt securities and borrowings	(938)	(8 199)	–	–	–	–	–
Trade and other payables	(62)	(26)	–	–	(40)	–	(2)
Gross statement of financial position exposure	(1 000)	(8 225)	–	–	(40)	–	(2)
Estimated forecast purchases <sup>1</sup>	(216)	(332)	(22)	–	–	(16)	(271)
Gross exposure	(1 216)	(8 557)	(22)	–	(40)	(16)	(273)
Derivatives held for risk management <sup>2</sup>	1 200	8 539	22	–	40	3	268
<b>Net exposure</b>	(16)	(18)	–	–	–	(13)	(5)
<b>Mid-spot rate for one unit of the currency to the rand</b>	<b>20.51</b>	<b>18.98</b>	<b>23.99</b>	<b>–</b>	<b>0.13</b>	<b>1.75</b>	<b>1.78</b>

1. Represents future purchases contracted for.  
2. Includes notional value and accrued interest.

# Notes to the financial statements continued

## 5. Financial risk management (continued)

### 5.2 Market risk (continued)

#### 5.2.1 Currency risk (continued)

##### Sensitivity analysis

	Group				Company			
	2025		2024		2025		2024	
	1% increase Rm	1% decrease Rm	1% increase Rm	1% decrease Rm	1% increase Rm	1% decrease Rm	1% increase Rm	1% decrease Rm
<b>Profit/(loss) before tax</b>								
ZAR/EUR exposure	47	(47)	37	(37)	39	(39)	37	(37)
ZAR/USD exposure	132	(132)	153	(153)	114	(114)	153	(153)
ZAR/other currency	6	(6)	4	(4)	6	(6)	4	(4)
<b>Equity</b>								
ZAR/EUR exposure	15	(15)	27	(27)	15	(15)	27	(27)
ZAR/USD exposure	33	(33)	13	(13)	33	(33)	13	(13)
ZAR/other currency	5	(5)	8	(8)	5	(5)	8	(8)

#### 5.2.2 Commodity risk

The group is exposed to commodity risk where commodities are either used directly (liquid fuels) or indirectly as a component of plant, equipment or inventory (eg aluminium, copper or steel).

The exposures are hedged economically by means of commodity forwards and options. Economic hedging is applied where it is practical (a relevant hedging instrument exists) based on the optimal economic solution and in compliance with the South African Reserve Bank requirements.

##### Commodities used directly

The group is exposed to price risk on diesel (low sulphur gas oil) used in the generation of electricity at the OCGT power stations and on fuel oil (bunker fuel oil) used to manage the temperature of heat generating components at the coal-fired power stations. Prices are determined by the Department of Mineral and Petroleum Resources based on the price of Brent crude oil, refining margins and US dollar exchange rates.

##### Commodities used indirectly

The group had no material exposure to commodities that formed a part of plant, equipment or inventory. A small exposure was recognised in the prior year, mainly copper.

##### Commodity exposure

		Group and company					
	Unit	Estimated forecast purchases	2025 Derivatives held for risk management (notional)	Net exposure	Estimated forecast purchases	2024 Derivatives held for risk management (notional)	Net exposure
Low sulphur gas oil	kilo litres	431 680	(103 000)	328 680	736 342	(204 000)	532 342
Copper	tons	–	–	–	22	(22)	–

The notional volumes of the derivatives held for risk management are as follows:

		Group and company	
	Unit	2025 Net asset/ (liability)	2024 Net asset/ (liability)
Commodity swaps	kilo litres	(72 000)	(278 000)
Zero-cost collar	kilo litres	(21 000)	–
Call options	kilo litres	(10 000)	74 000
		(103 000)	(204 000)

##### Sensitivity analysis

The group is exposed mainly to changes in the price of Brent crude oil and US dollar exchange rates. The sensitivity analysis has been performed assuming that all other variables remain constant and the possible impact on profit or loss is:

			Group and company			
Input	Unit	Change in assumption	2025		2024	
			increase Rm	decrease Rm	increase Rm	decrease Rm
ZAR/USD	ZAR per USD	10% relative	66	(66)	326	(326)
Low sulphur gas oil price	USD per metric ton	10% relative	66	(66)	326	(326)

### 5.2.3 Interest rate risk

Interest rate risk is the risk that the group's financial position may be adversely affected as a result of changes in interest rate levels, yield curves and spreads.

Debt securities and borrowings and derivatives held for risk management at variable rates expose the group to cash flow risk and those at fixed rates expose the group to fair value risk. The group's policy is to restrict the maximum effective portion of the external debt (excluding the trading portfolio which is managed within the constraints of the risk management framework) exposed to an interest rate reset within the next 12-month period to 40%.

The group's quantitative exposure to interest rate risk is disclosed in note 25.

#### Sensitivity analysis

The group analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined interest rate shifts. The same interest rate shift is used for each simulation for all currencies.

The sensitivity analysis for interest rate risk excludes finance costs capitalised.

The simulation is performed on a monthly basis to verify that the maximum loss potential is within the limit set by management. The results of the simulation are included in the table below:

	Group				Company			
	2025 +100 basis points Rm	2025 -100 basis points Rm	2024 +100 basis points Rm	2024 -100 basis points Rm	2025 +100 basis points Rm	2025 -100 basis points Rm	2024 +100 basis points Rm	2024 -100 basis points Rm
<b>Profit/(loss) before tax</b>								
ZAR interest rates	1 548	(1 612)	1 243	(1 303)	1 201	(1 242)	1 236	(1 296)
EUR interest rates	(77)	79	(63)	32	(74)	76	(59)	28
USD interest rates	(1 525)	1 602	(1 639)	1 722	(1 515)	1 591	(1 635)	1 718
Other currency interest rates	(86)	88	(1)	1	(86)	88	(1)	1
<b>Equity</b>								
ZAR interest rates	1 439	(1 501)	1 886	(1 975)	1 439	(1 501)	1 886	(1 975)
EUR interest rates	(224)	235	(325)	342	(224)	235	(325)	342
USD interest rates	(1 712)	1 793	(2 429)	2 556	(1 712)	1 793	(2 429)	2 556

#### Fixed and floating rate debt

	Group and company			
	2025 fixed %	2025 floating %	2024 fixed %	2024 floating %
Proportion of fixed versus floating rate debt at 31 March	54	46	54	46

### 5.2.4 Equity price risk

Equity price risk arises from investments listed on the Johannesburg Stock Exchange. Changes in the fair value of equity securities held by the group will fluctuate because of changes in market prices caused by factors specific to the individual equity issuer or factors affecting all similar equity securities traded on the market.

The investment policy is approved by the Escap board and monitored by the Escap audit and risk committees. Exposure to market risk is limited through diversification and by applying strict investment criteria.

#### Carrying values of investments per sector

	Group			
	2025 Rm	2025 portfolio %	2024 Rm	2024 portfolio %
Banks, financial services and insurance	729	39	562	36
Basic materials and resources	360	19	297	19
Consumer goods and services	550	29	559	36
Other	230	13	132	9
	1 869	100	1 550	100

A 1% increase or decrease in share prices would have increased/decreased profit or loss before tax by R19 million (2024: R16 million).

## Notes to the financial statements continued

### 5. Financial risk management (continued)

#### 5.3 Liquidity risk

Liquidity risk can arise from mismatches in the timing of cash flows from revenue with capital and operational outflows. Funding risk arises when the necessary liquidity to fund illiquid asset positions, such as building new electricity capacity, cannot be obtained at the expected terms and when required.

The objective of the group's liquidity and funding management is to ensure that all foreseeable operational and capital expenditure as well as debt commitments can be met under both normal and stressed conditions. The group has adopted an overall statement of financial position approach, which consolidates all sources and uses of liquidity, while aiming to maintain a balance between liquidity, profitability and interest rate considerations.

The management of group liquidity and funding risk is centralised in the treasury department in accordance with practices and limits set by Exco and the board. The group's liquidity and funding management process includes:

- projecting cash flows and considering the cash required by the group and optimising the short-term liquidity as well as the long-term funding
- managing the concentration and profile of debt maturities
- maintaining liquidity and funding contingency plans

The group has an established corporate governance structure and process for managing the risks regarding guarantees and contingent liabilities. All significant guarantees issued by the group are approved by the board and are managed on an ongoing basis by the treasury department and by Exco. The audit committee assists the board by providing oversight over financial reporting risks and the risk committee provides oversight over the enterprise risk management framework. Refer to note 45.

#### 5.3.1 Key liquidity indicators

	Unit	Group		Company	
		2025	2024	2025	2024
Weighted average term to maturity of debt securities and borrowings	years	5.78	6.07	5.78	6.08
Working capital	ratio	1.04	0.98	1.07	1.12
Cash interest cover	ratio	2.76	1.18	1.96	1.19
Net debt service cover	ratio	1.11	0.46	0.78	0.46
Liquid assets	Rm	63 761	23 585	62 757	22 965

The cash interest cover and debt service cover ratios measure the ability to fund debt costs via cash from operations. Management has targeted 3.5 for cash interest cover and 1.5 for net debt service cover.

Liquid assets are investments identified as having the potential to be quickly converted into cash and consist of cash and cash equivalents.

#### 5.3.2 Primary sources of funding and unused facilities

The primary sources to meet the group's liquidity requirements are cash generated from operations, cash inflows from maturing financial assets, funds committed by government through the Debt Relief Act, 7 of 2023, as well as signed development finance institution facilities. No new borrowings are allowed during the period of the debt relief, unless approved by the Minister of Finance. Eskom is allowed to drawdown on existing facilities that were in place at 31 March 2023. All figures are quoted in notional amounts.

	Group and company					
	ZAR		EUR		USD	
	2025 m	2024 m	2025 m	2024 m	2025 m	2024 m
<b>Facilities available</b>						
Development financing institutions	1 118	2 035	60	–	632	1 065
World Bank	–	–	–	–	438	439
African Development Bank	1 118	2 035	60	–	2	4
Clean technology fund – African Development Bank	–	–	–	–	21	36
Clean technology fund – World Bank	–	–	–	–	47	48
New Development Bank	–	–	–	–	44	60
Kreditanstalt für Wiederaufbau	–	–	–	–	80	91
China Development Bank	–	–	–	–	–	387
Export credit agencies						
Kreditanstalt für Wiederaufbau – Hermes <sup>1</sup>	–	–	12	12	–	–
	1 118	2 035	72	12	632	1 065
Facilities available (rand equivalent)	1 118	2 035	1 426	246	11 572	20 214

The facility agreement with African Development Bank was amended in November 2024 to reallocate the unused amount of EUR60 million to funding for the construction of transmission lines to enhance renewable energy integration into the grid.

The China Development Bank facility was amended before the expiry of the availability period on 31 December 2024 to allow for the undrawn balance of USD387 million to be converted to Chinese yuan.

	Group and company					
	ZAR		EUR		USD	
	2025 m	2024 m	2025 m	2024 m	2025 m	2024 m
<b>Funds received during the year</b>						
Development financing institutions	917	895	–	–	433	351
World Bank <sup>2</sup>	–	–	–	–	1	1
African Development Bank <sup>3</sup>	917	60	–	–	2	21
Clean technology fund – World Bank <sup>4</sup>	–	–	–	–	1	135
Clean technology fund – African Development Bank <sup>4</sup>	–	–	–	–	15	22
New Development Bank <sup>5</sup>	–	–	–	–	16	18
Kreditanstalt für Wiederaufbau <sup>6</sup>	–	–	–	–	11	4
Agence Française de Développement <sup>7</sup>	–	835	–	–	–	–
China Development Bank <sup>8</sup>	–	–	–	–	387	150
	917	895	–	–	433	351
Funds received during the year (rand equivalent)	917	895	–	–	7 928	6 662

#### Government guarantees

	Group and company					
	Domestic multi-term note programme Rm	2025 General Rm	Total Rm	Domestic multi-term note programme Rm	2024 General Rm	Total Rm
Opening balance	–	2 191	2 191	6 232	2 191	8 423
Guarantee granted	145 768	183 000	328 768	152 000	198 000	350 000
Accumulated amounts used	(145 768)	(180 809)	(326 577)	(145 768)	(195 809)	(341 577)
Facilities repaid	–	–	–	–	15 000	15 000
Reduction in facility granted due to debt relief	–	–	–	(6 232)	(15 000)	(21 232)
Closing balance	–	2 191	2 191	–	2 191	2 191
Guarantee granted	145 768	183 000	328 768	145 768	183 000	328 768
Accumulated amounts used	(145 768)	(180 809)	(326 577)	(145 768)	(180 809)	(326 577)

The availability of the unused portion of the government guarantee facility of R350 billion expired on 31 March 2023. Capital repayments on existing government guaranteed debt facilities amounted to R10.9 billion (2024: R25.4 billion).

#### Loan covenants

There are various loan covenants, both of a financial and non-financial nature, attached to the loan facilities.

The covenants are closely monitored on an ongoing basis for compliance. The group proactively notifies and engages with lenders should an event of default be anticipated to remedy the possible event before a default is triggered including obtaining an extension of a submission deadline or a waiver for a potential breach.

The right to defer settlement in certain of the loan agreements is subject to assessing compliance to the loan covenants after the reporting date. These include:

- submission of annual and interim financial statements within specified timelines
- unqualified audit opinion on the financial statements and no reportable irregularities
- environmental compliance

The covenants in the loan facilities of the group generally fall into the following categories:

#### • Events of default

There are various events, both of a financial and non-financial nature, that can trigger a default. Eskom has to on occurrence of these events, without delay, notify the relevant lenders. If an event is not cured or remedied within specified periods, it could trigger acceleration of outstanding amounts (immediately due and payable upon notice) and cancellation of undisbursed funds. Acceleration could lead to events of default and recalling of government guarantees. Cross default to other loans may be triggered in most instances.

1. An extension was requested for the availability period of the existing facility.
2. Funds received were for the Komati project.
3. Funds received were for transmission projects.
4. Funds received were for the battery energy storage system project.
5. Funds received were for the renewable energy integration and transmission augmentation project.
6. Funds received were for the renewable grid integration and strengthening programme.
7. Funds received were for phase 2 of the Namaqualand strengthening project.
8. Funds received were for the Kusile power station.

## 5. Financial risk management (continued)

### 5.3 Liquidity risk (continued)

#### 5.3.2 Primary sources of funding and unused facilities (continued)

##### Loan covenants (continued)

##### • Events of default (continued)

Potential events of default and mitigating measures include:

- Maintain financial ratios: Key lenders require that certain financial ratios be maintained at specified levels (debt service cover ratio between 0.9 to 1.3 and a minimum EBITDA margin of 25%). Potential non-compliance is mitigated through financial action plans as detailed in the loan agreements. These include sharing of relevant financial information with lenders, such as the performance on financial measures quarterly and the Eskom Corporate Plan annually, as well as submission of annual compliance certificates. The required extensions to submit the financial action plan and supporting documentation which includes the rationale for the non-compliance and provides insight into steps that Eskom can take to improve performance were obtained for the year. There was no event of default despite Eskom not meeting the minimum financial ratios as threshold alone does not trigger an event of default.
- Annual and interim financial statements submitted within specified timelines: Certain loan agreements require Eskom to submit financial statements within specified timelines after the reporting date. There could be a potential breach if a delay in the submission is not rectified within the timelines specified in the loan agreements. All potential events of default were proactively managed. Eskom engaged on a continuous basis at the highest level of governance to obtain extensions and waivers where potential delays were expected to avoid any event of default. Extension letters were received from all lenders that cover the period up to the date of issuing the financial statements to ensure compliance with the required timelines.
- Unqualified audit opinion of the financial statements and no reportable irregularities: Eskom has one loan agreement where a default event could be triggered with the issue of a qualified audit opinion due to PFMA non-compliance or raising of a reportable irregularity resulting in a potential breach if the relevant waiver is not obtained timeously. Eskom engaged proactively with the lender regarding the details and potential impact of a qualified audit opinion and reportable irregularities prior to the release of the financial statements. The relevant waivers valid up to the date of approval of the financial statements were obtained in October 2024 to cover potential events of default arising from the audit qualification and reportable irregularities in the 31 March 2024 annual financial statements. The potential default was therefore successfully remedied. The risk of a continued audit qualification and reportable irregularities relating to the 31 March 2025 annual financial statements could only be confirmed upon the conclusion of the audit. Eskom had a reasonable expectation at the reporting date that the relevant waivers will be obtained. The relevant waivers applicable to 31 March 2025 have subsequently been obtained after following a similar process of proactive engagement to cover potential events of default including those arising from PFMA non-compliance and reportable irregularities, up to the date of issuing the financial statements.
- Information submitted within specified timelines: Information covenants include submission of project progress reports, compliance certificates and environmental reports. Any anticipated delays in submitting the required information are communicated upfront to lenders. The financial position, operational performance, progress of the legal separation and PFMA compliance of the group were discussed during the quarterly engagements with lenders.

##### • Prepayment events

Certain events could trigger the prepayment of outstanding loan balances prior to the original maturity date, usually within 30 days of notice. Potential prepayment events and mitigating measures include:

- Environmental compliance: Certain obligations in the loan agreements could have been breached with emissions above allowed limits when the three units at Kusile power station were damaged on 22 October 2022 after the flue-gas duct failure at unit 1 became operational in November 2023 without using the flue-gas desulphurisation plant. Eskom obtained approval from the DFFE as a mitigation measure to operate the temporary stacks and postpone compliance with emission standards. Eskom engaged with the three impacted lenders in advance regarding the mitigation measures to prevent any potential breach of loan conditions as Eskom did not exceed any emission standards and is complying with all obligations under the loan agreements. An independent environmental consultant was appointed as requested by two of the lenders to conduct an environmental and social review of the impact of the temporary stacks and to review the mitigation measures. Eskom is committed to address the concerns and implement the recommendations raised by the environmental consultant in their close-out report. The lenders are satisfied with the progress made to date and Eskom continues to maintain active engagement with lenders to ensure ongoing compliance with environmental covenants and to address any risk of potential default.
- Legal separation of Eskom divisions: The legal separation process requires advance approval from lenders. Ongoing engagement is taking place with lenders regarding the future legal separation of the distribution and generation divisions.

##### • Suspension and cancellation events

Certain events such as audit qualifications, procurement irregularities or funds not used in line with the loan conditions could trigger suspension and/or cancellation of undisbursed amounts if the event that has triggered the suspension is not cured or remedied within a specified period (usually 60 days). Eskom proactively engaged with lenders to ensure that all possible suspension and/or cancellation events are remedied in time. Independent external reviews were performed on certain facilities to ensure funds were utilised in compliance with the loan conditions and disbursements were received on these facilities. No suspensions or cancellations were triggered during the year.

##### • Representation and warranties

Eskom made certain representations regarding its status and the information provided to lenders by signing the loan agreements. Making false and/or misleading representation and warranties is an event of default under all the agreements. Eskom maintained full compliance with these obligations, thereby avoiding any default events related to misrepresentations.

All possible events and covenant breaches have been successfully remedied or waived before default and there were no loan defaults or covenant breaches at the reporting date and up to the date of approval of the financial statements. There were also no breaches that resulted in the early repayment of a facility at the reporting date.

#### 5.3.3 Contractual cash flows

The contractual undiscounted cash flows of the group's financial assets and liabilities are indicated on the basis of their earliest possible contractual maturity.

The cash flows for derivatives held for risk management are presented on a net basis in line with the classification in the statement of financial position. Contractual cash flows are a function of forward exchange rates and forward interest rates and are a point-in-time calculation that are impacted by market conditions at that time.

Only cash flows relating to financial instruments and financial guarantees have been presented and do not include future cash flows expected from the normal course of business and related commodity-linked pricing agreements.



	Nominal inflow/outflow Rm	0–3 months Rm	Cash flows 4–12 months Rm	1–5 years Rm	>5 years Rm
<b>2025</b>					
<b>Group</b>					
<b>Financial assets</b>					
Loans receivable	3 344	47	831	2 466	–
Derivatives held for risk management	21 166	221	433	17 751	2 761
Finance lease receivables	234	6	49	153	26
Trade and other receivables	45 660	43 373	1 747	540	–
Treasury investments	3 736	–	–	3 736	–
Insurance investments	24 043	7 231	12 700	4 112	–
Cash and cash equivalents	63 761	63 761	–	–	–
	161 944	114 639	15 760	28 758	2 787
<b>Financial liabilities</b>					
Debt securities and borrowings	606 739	7 183	31 260	245 374	322 922 <sup>1</sup>
Derivatives held for risk management	2 257	850	2 692	1 120	(2 405)
Lease liabilities	11 393	750	1 393	7 374	1 876
Trade and other payables	51 762	42 985	8 486	289	2
	672 151	51 768	43 831	254 157	322 395
<b>Company</b>					
<b>Financial assets</b>					
Loans receivable	61 227	6 139	5 019	29 995	20 074
Derivatives held for risk management	21 219	234	473	17 751	2 761
Finance lease receivables	131	–	14	94	23
Trade and other receivables	63 832	61 614	1 188	1 030	–
Treasury investments	3 736	–	–	3 736	–
Cash and cash equivalents	62 757	62 757	–	–	–
	212 902	130 744	6 694	52 606	22 858
<b>Financial liabilities</b>					
Debt securities and borrowings	633 211	28 249	31 434	250 606	323 922 <sup>1</sup>
Derivatives held for risk management	2 275	858	2 702	1 120	(2 405)
Lease liabilities	1 658	98	162	792	606
Trade and other payables	66 871	58 258	8 353	258	2
Financial guarantees	191	191	–	–	–
	704 206	87 654	42 651	252 776	321 125
<b>2024</b>					
<b>Group</b>					
<b>Financial assets</b>					
Loans receivable	19 037	283	841	4 273	13 640
Derivatives held for risk management	40 116	325	7 698	19 926	12 167
Finance lease receivables	295	16	45	186	48
Trade and other receivables	42 789	40 652	1 607	530	–
Treasury investments	1 559	–	–	1 559	–
Insurance investments	19 702	8 634	8 463	2 605	–
Cash and cash equivalents	23 585	23 585	–	–	–
	147 083	73 495	18 654	29 079	25 855
<b>Financial liabilities</b>					
Debt securities and borrowings	710 255	8 528	67 372	273 137	361 218 <sup>1</sup>
Derivatives held for risk management	2 646	496	2 150	–	–
Lease liabilities	11 544	441	1 309	8 488	1 306
Trade and other payables	47 941	39 717	7 926	298	–
	772 386	49 182	78 757	281 923	362 524
<b>Company</b>					
<b>Financial assets</b>					
Loans receivable	63 305	819	4 941	34 495	23 050
Derivatives held for risk management	40 129	338	7 698	19 926	12 167
Finance lease receivables	184	8	27	107	42
Trade and other receivables	42 026	39 320	1 899	807	–
Treasury investments	1 559	–	–	1 559	–
Cash and cash equivalents	22 965	22 965	–	–	–
	170 168	63 450	14 565	56 894	35 259
<b>Financial liabilities</b>					
Debt securities and borrowings	718 992	12 413	67 406	278 047	361 126 <sup>1</sup>
Derivatives held for risk management	2 646	496	2 150	–	–
Lease liabilities	467	31	77	324	35
Trade and other payables	39 727	31 717	7 822	188	–
Financial guarantees	206	206	–	–	–
	762 038	44 863	77 455	278 559	361 161

1. The maturity profile of undiscounted contractual payments of debt securities and borrowings due after five years comprise of:
- between years five and 10: group R137 946 million (2024: R202 813 million) and company R137 946 million (2024: R202 721 million)
  - beyond 10 years: group R184 976 million (2024: R158 405 million) and company R184 976 million (2024: R158 405 million)

## Notes to the financial statements continued

### 6. Accounting classification and fair value

#### 6.1 Accounting classification

	Note	2025				2024			
		Fair value through profit or loss	Amortised cost	Other <sup>1</sup>	Total	Fair value through profit or loss	Amortised cost	Other <sup>1</sup>	Total
		Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
<b>Group</b>									
<b>Financial assets</b>									
Loans receivable	15	–	1 892	–	1 892	–	7 773	–	7 773
Home loans		–	–	–	–	–	7 392	–	7 392
Municipal payment arrangement		–	1 864	–	1 864	–	–	–	–
Other loans		–	28	–	28	–	381	–	381
Embedded derivatives	16	3 972	–	–	3 972	11 801	–	–	11 801
Derivatives held for risk management	17	3 785	–	11 560	15 345	5 574	–	21 442	27 016
Foreign exchange contracts		264	–	34	298	209	–	56	265
Cross-currency swaps		2 872	–	11 526	14 398	4 819	–	21 386	26 205
Commodity forwards		3	–	–	3	210	–	–	210
Commodity options		23	–	–	23	7	–	–	7
Inflation-linked swaps		623	–	–	623	329	–	–	329
Finance lease receivables	18	–	–	174	174	–	–	211	211
Trade and other receivables	20	–	37 189	–	37 189	–	35 436	–	35 436
Treasury investments	21	–	2 638	–	2 638	–	1 024	–	1 024
Insurance investments	21	1 869	20 449	–	22 318	1 550	16 952	–	18 502
Negotiable certificates of deposit		–	17 056	–	17 056	–	13 900	–	13 900
Floating rate notes		–	2 886	–	2 886	–	2 024	–	2 024
Inflation-linked bonds		–	507	–	507	–	1 028	–	1 028
Listed shares		1 869	–	–	1 869	1 550	–	–	1 550
Cash and cash equivalents	22	–	63 761	–	63 761	–	23 585	–	23 585
Bank balances		–	31 684	–	31 684	–	10 865	–	10 865
Fixed deposits		–	32 077	–	32 077	–	12 720	–	12 720
		9 626	125 929	11 734	147 289	18 925	84 770	21 653	125 348
<b>Financial liabilities</b>									
Debt securities and borrowings	25	–	372 655	–	372 655	–	412 200	–	412 200
Eskom bonds		–	169 992	–	169 992	–	165 809	–	165 809
Commercial paper		–	–	–	–	–	748	–	748
Eurorand zero coupon bonds		–	9 077	–	9 077	–	8 045	–	8 045
Foreign bonds		–	39 419	–	39 419	–	64 551	–	64 551
Development financing institutions		–	133 562	–	133 562	–	139 270	–	139 270
Export credit facilities		–	20 063	–	20 063	–	25 583	–	25 583
Other loans		–	542	–	542	–	8 194	–	8 194
Derivatives held for risk management	17	1 252	–	395	1 647	358	–	235	593
Foreign exchange contracts		347	–	77	424	318	–	45	363
Cross-currency swaps		802	–	318	1 120	12	–	190	202
Commodity forwards		80	–	–	80	–	–	–	–
Commodity options		6	–	–	6	–	–	–	–
Credit default swaps		17	–	–	17	27	–	–	27
Inflation-linked swaps		–	–	–	–	1	–	–	1
Lease liabilities	29	–	–	7 710	7 710	–	–	7 403	7 403
Trade and other payables	30	–	51 734	–	51 734	–	47 912	–	47 912
		1 252	424 389	8 105	433 746	358	460 112	7 638	468 108

1. Other includes derivatives held for risk management designated as cash flow hedges measured at fair value through other comprehensive income and finance leases in terms of IFRS 16 Leases measured at amortised cost. The total assets measured at amortised cost amounted to R126 103 million (2024: R84 981 million) and the total liabilities measured at amortised cost amounted to R432 099 million (2024: R467 515 million).

	Note	2025				2024			
		Fair value through profit or loss	Amortised cost	Other <sup>1</sup>	Total	Fair value through profit or loss	Amortised cost	Other assets and liabilities <sup>1</sup>	Total
		Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
<b>Company</b>									
<b>Financial assets</b>									
Loans receivable	15	–	39 401	–	39 401	–	39 425	–	39 425
Loans to subsidiaries		–	37 537	–	37 537	–	39 425	–	39 425
Municipal payment arrangement		–	1 864	–	1 864	–	–	–	–
Embedded derivatives	16	3 972	–	–	3 972	11 801	–	–	11 801
Derivatives held for risk management	17	3 835	–	11 560	15 395	5 601	–	21 442	27 043
Foreign exchange contracts		314	–	34	348	236	–	56	292
Cross-currency swaps		2 872	–	11 526	14 398	4 819	–	21 386	26 205
Commodity forwards		3	–	–	3	210	–	–	210
Commodity options		23	–	–	23	7	–	–	7
Inflation-linked swaps		623	–	–	623	329	–	–	329
Finance lease receivables	18	–	–	92	92	–	–	131	131
Trade and other receivables	20	–	55 929	–	55 929	–	35 509	–	35 509
Treasury investments	21	–	2 638	–	2 638	–	1 024	–	1 024
Cash and cash equivalents	22	–	62 757	–	62 757	–	22 965	–	22 965
Bank balances		–	30 680	–	30 680	–	10 245	–	10 245
Fixed deposits		–	32 077	–	32 077	–	12 720	–	12 720
		7 807	160 725	11 652	180 184	17 402	98 923	21 573	137 898
<b>Financial liabilities</b>									
Debt securities and borrowings	25	–	398 674	–	398 674	–	420 285	–	420 285
Eskom bonds		–	175 167	–	175 167	–	170 931	–	170 931
Eurorand zero coupon bonds		–	9 077	–	9 077	–	8 045	–	8 045
Foreign bonds		–	39 419	–	39 419	–	64 551	–	64 551
Development financing institutions		–	133 562	–	133 562	–	139 270	–	139 270
Export credit facilities		–	20 063	–	20 063	–	25 583	–	25 583
Other loans		–	21 386	–	21 386	–	11 905	–	11 905
Derivatives held for risk management	17	1 270	–	395	1 665	358	–	235	593
Foreign exchange contracts		365	–	77	442	318	–	45	363
Cross-currency swaps		802	–	318	1 120	12	–	190	202
Commodity forwards		80	–	–	80	–	–	–	–
Commodity options		6	–	–	6	–	–	–	–
Credit default swaps		17	–	–	17	27	–	–	27
Inflation-linked swaps		–	–	–	–	1	–	–	1
Lease liabilities	29	–	–	1 111	1 111	–	–	313	313
Trade and other payables	30	–	66 849	–	66 849	–	39 703	–	39 703
		1 270	465 523	1 506	468 299	358	459 988	548	460 894

## 6.2 Fair value

### Valuation processes

The group has a control framework in place for the measurement of fair values. It includes a valuation team (supported by external specialists) that ultimately reports to the chief financial officer and has overall responsibility for all significant fair value measurements.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. Where third-party information, such as broker quotes or pricing services, is used to measure fair value, this information is assessed as to whether it provides adequate support for the accounting treatment applied including the level of the fair value hierarchy assigned to it.

### Principal markets

The group is involved in various principal markets because of the unique funding activities undertaken where the fair value is determined by each participant in the different principal markets. The principal markets include:

- capital and money markets
- development financing institutions
- export credit agencies

1. Other includes derivatives held for risk management designated as cash flow hedges measured at fair value through other comprehensive income and finance leases in terms of IFRS 16 measured at amortised cost. The total assets measured at amortised cost amounted to R160 817 million (2024: R99 054 million) and the total liabilities measured at amortised cost amounted to R466 634 million (2024: R460 301 million).

## 6. Accounting classification and fair value (continued)

### 6.2 Fair value (continued)

#### Fair value hierarchy

Fair value measurements are categorised into the different levels in the fair value hierarchy based on the inputs to the valuation techniques used. There were no changes in the valuation techniques applied. The hierarchy levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable, either directly (ie as prices) or indirectly (ie derived from prices).

Level 3: Unobservable inputs.

There were no transfers between levels 1, 2 or 3 of the fair value hierarchy during the year. The group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfers have occurred. The group's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- changes in market and trading activity (eg significant increases/decreases in activity)
- changes in inputs used in valuation techniques (eg inputs becoming/ceasing to be observable in the market)

#### Valuation techniques

Financial instrument	Valuation technique
<b>Level 1: Quoted prices (unadjusted) in active markets</b>	
Insurance investments (listed shares)	Quoted bid price in active markets. A market is regarded as active when it is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
<b>Level 2: Inputs other than quoted prices included within level 1 that are observable</b>	
Loans receivable (excluding EFC), treasury investments, insurance investments (excluding listed shares) and debt securities and borrowings	A discounted cash flow technique is used which uses expected cash flows and a market related discount rate.
Derivatives held for risk management	Valuation determined with reference to broker quotes as well as use of discounted cash flow and option pricing models. Broker quotes are tested for reasonableness by discounting expected future cash flows using a market interest rate for a similar instrument at the measurement date.  Valuations of cross-currency swaps include the credit risk of Eskom (known as debit value adjustment) and counterparties (known as credit value adjustment) where appropriate. A stochastic modelling approach is followed where the expected future exposure to credit risk for Eskom and its counterparties (considering default probabilities and recovery rates derived from market data) is modelled.
Trade and other payables and cash and cash equivalents	Fair values have not been disclosed for financial instruments where the carrying amounts are a reasonable approximation of fair value.
<b>Level 3: Unobservable inputs</b>	
Embedded derivatives	Fair value determined using unobservable inputs. Refer to note 16 for a movement reconciliation and to note 4.1 for information regarding the valuation techniques and assumptions used.
Loans receivable (EFC home and other loans)	The fair value of EFC loans are based on discounted cash flows using market related interest rates.
Trade and other receivables	Fair value determined using unobservable inputs. The carrying value is equal to the fair value due to the expected short-term maturity of the trade receivables. The fair value for long-term receivables is based on discounted cash flows using the effective interest rate method. The carrying value approximates the fair value as the interest rates are market related and no additional disclosure is required.

The fair value hierarchy of financial instruments is as follows:

	Measured at fair value	Level 1 Rm	2025 Level 2 Rm	Level 3 Rm	Level 1 Rm	2024 Level 2 Rm	Level 3 Rm
<b>Group</b>							
<b>Financial assets</b>							
Loans receivable		–	1 893	–	–	415	6 646
Home loans	No	–	–	–	–	–	6 646
Municipal payment arrangement	No	–	1 864	–	–	–	–
Other loans	No	–	29	–	–	415	–
Embedded derivatives	Yes	–	–	3 972	–	–	11 801
Derivatives held for risk management		–	15 345	–	–	27 016	–
Foreign exchange contracts	Yes	–	298	–	–	265	–
Cross-currency swaps	Yes	–	14 398	–	–	26 205	–
Commodity forwards	Yes	–	3	–	–	210	–
Commodity options	Yes	–	23	–	–	7	–
Inflation-linked swaps	Yes	–	623	–	–	329	–
Treasury investments	No	–	2 646	–	–	1 039	–
Insurance investments		1 869	20 567	–	1 550	17 090	–
Negotiable certificates of deposit	No	–	17 153	–	–	13 925	–
Floating rate notes	No	–	2 901	–	–	2 112	–
Inflation-linked bonds	No	–	513	–	–	1 053	–
Listed shares	Yes	1 869	–	–	1 550	–	–
Assets held-for-sale		–	–	7 233	–	–	–
Home loans	No	–	–	6 725	–	–	–
Other loans	No	–	–	508	–	–	–
<b>Financial liabilities</b>							
Debt securities and borrowings		–	358 836	–	–	385 808	–
Eskom bonds	No	–	154 673	–	–	144 176	–
Commercial paper	No	–	–	–	–	748	–
Euroand zero coupon bonds	No	–	7 788	–	–	6 348	–
Foreign bonds	No	–	42 751	–	–	63 953	–
Development financing institutions	No	–	131 570	–	–	134 585	–
Export credit facilities	No	–	21 477	–	–	27 622	–
Other loans	No	–	577	–	–	8 376	–
Derivatives held for risk management		–	1 647	–	–	593	–
Foreign exchange contracts	Yes	–	424	–	–	363	–
Cross-currency swaps	Yes	–	1 120	–	–	202	–
Commodity forwards	Yes	–	80	–	–	–	–
Commodity options	Yes	–	6	–	–	–	–
Credit default swaps	Yes	–	17	–	–	27	–
Inflation-linked swaps	Yes	–	–	–	–	1	–

## Notes to the financial statements continued

### 6. Accounting classification and fair value (continued)

#### 6.2 Fair value (continued)

##### Fair value hierarchy (continued)

	Measured at fair value	Level 1 Rm	2025 Level 2 Rm	Level 3 Rm	Level 1 Rm	2024 Level 2 Rm	Level 3 Rm
<b>Company</b>							
<b>Financial assets</b>							
Loans receivable		–	39 064	–	–	38 803	–
Loans to subsidiaries <sup>1</sup>	No	–	37 200	–	–	38 803	–
Municipal payment arrangement	No	–	1 864	–	–	–	–
Embedded derivatives	Yes	–	–	3 972	–	–	11 801
Derivatives held for risk management		–	15 395	–	–	27 043	–
Foreign exchange contracts	Yes	–	348	–	–	292	–
Cross-currency swaps	Yes	–	14 398	–	–	26 205	–
Commodity forwards	Yes	–	3	–	–	210	–
Commodity options	Yes	–	23	–	–	7	–
Inflation-linked swaps	Yes	–	623	–	–	329	–
Treasury investments	No	–	2 646	–	–	1 039	–
<b>Financial liabilities</b>							
Debt securities and borrowings		–	384 839	–	–	393 783	–
Eskom bonds	No	–	159 831	–	–	149 189	–
Eurorand zero coupon bonds	No	–	7 788	–	–	6 348	–
Foreign bonds	No	–	42 751	–	–	63 953	–
Development financing institutions	No	–	131 570	–	–	134 585	–
Export credit facilities	No	–	21 477	–	–	27 622	–
Other loans	No	–	21 422	–	–	12 086	–
Derivatives held for risk management		–	1 665	–	–	593	–
Foreign exchange contracts	Yes	–	442	–	–	363	–
Cross-currency swaps	Yes	–	1 120	–	–	202	–
Commodity forwards	Yes	–	80	–	–	–	–
Commodity options	Yes	–	6	–	–	–	–
Credit default swaps	Yes	–	17	–	–	27	–
Inflation-linked swaps	Yes	–	–	–	–	1	–

1. The values are based on the assumption that there are no changes in the manner of recovery of the loans. It is assumed that the outstanding amount on the loan to:

- EFC would be recovered based on the collections from the underlying loans and advances in EFC in the normal course of business, it is however expected that the loan will be settled in 2026 from the proceeds of the sale of the EFC disposal group. Refer to note 23.
- ERI would be recovered through refinancing or repayment of the loan by 26 March 2027.
- NTCSA would be recovered through the underlying cost of servicing the debt incurred to fund NTCSA in the normal course of business.

## 7. Segment information

The operations of the group consist mainly of generation, distribution and transmission activities through Eskom and NTCSA.

### Operating segments

Management identified the reportable segments based on the reports regularly provided, reviewed and used by Exco which serves as the Chief Operating Decision Maker. Exco makes strategic decisions and assessed the performance of the operating segments based on a measure of profit or loss, significant assets and liabilities as well as key financial ratios and operational performance indicators. The amounts provided to Exco in respect of total assets and liabilities were measured in terms of IFRS Accounting Standards. These assets and liabilities were allocated based on the operation of the segment.

The operations of the reportable segments are as follows:

Segment	Operations
Generation	Consists of generation, primary energy and group capital functions that respectively: <ul style="list-style-type: none"> <li>• procure primary energy</li> <li>• manage capacity and generates electricity for sale to transmission</li> <li>• plan, develop, execute and monitor generation-related capital projects</li> </ul>
Transmission (NTCSA)	Consists of transmission network, international customers and electricity trading functions that respectively: <ul style="list-style-type: none"> <li>• operates and maintains the transmission network for transmitting electricity through the transmission network and manages real time supply and demand by the system operator</li> <li>• purchase and sale bulk electricity with international customers through the international trader</li> <li>• operates the electricity trading system through the transmission central purchasing agent including purchase of electricity from generation and IPPs and sale of electricity to distribution across six transmission grids</li> </ul>
Distribution	Consists of five operating clusters across nine provinces who provides, operates and maintains the distribution network for distributing electricity and the sale of electricity to local large (including municipalities) and small power users (including prepaid residential customers).
All other segments	Relates to operating segments which are below the quantitative thresholds for determining a reportable segment in terms of IFRS 8 <i>Operating Segments</i> which includes the group's subsidiaries as well as all service and strategic functions (corporate entities) which do not qualify as a reportable segment in terms of IFRS 8.

Electricity is sold by distribution to external customers in terms of contractual agreements based on the NERSA approved regulated tariffs and accounted for as external revenue in terms of the principal revenue generating activities of the group referred to in note 2.19. Electricity is also sold to international customers through the international trader and accounted for as external revenue in terms of the principal revenue generating activities of the group.

### Inter-segment transactions

Inter-segment transactions are based on contractual agreements between segments, including between the generation, transmission and distribution segments for the sale and purchase of electricity.

### Energy related sales and recoveries

Inter-segment energy related revenue and recoveries (achieved through transfer pricing) for the flow of electricity from generator to consumer are derived from the revenue in the approved corporate plan which is based on cost recovery plus a return on assets informed by the regulatory methodology principles and revenue determinations, and adjusted in line with regulatory records of decision, RCA and court decisions.

Transfer pricing between the segments is adjusted in future periods as a recovery or reduction to account for differences between actual and estimated information.

The services and related charges between segments for the sale and purchase of electricity are as follows:

#### Generation

Electricity generated is sold to transmission based on a tariff (reflective of the generating costs) consisting of a fixed capacity and a variable energy component as well as a charge for ancillary services to assist the transmission system operator to maintain grid stability in line with the Grid Code.

The charges are recognised as follows:

- fixed capacity charge over time as capacity is made available to the customer
- variable energy charge at a point in time as electricity is delivered and consumed

#### Transmission (NTCSA)

The Grid Code sets out the objectives of transmission pricing and the allocation of costs between generators and load customers, including charges for network related services. Transmission incurs additional energy costs (energy purchases from IPPs and import of energy).

Electricity is sold to distribution at a tariff that allows the recovery of costs and return on assets consisting of a fixed capacity and a variable energy component where the ratio between fixed and variable costs is aligned with the regulated tariffs charged to external customers.

Transmission also charges generation and distribution their portion of transmission network and related costs (equal recovery of network losses, network access charges and ancillary services from generators and load customers recovered via distribution from external customers).

The charges are recognised as follows:

- network charges over time for services
- fixed capacity charge over time as capacity is made available to the customer
- variable energy charge at a point in time as electricity is delivered and consumed

#### Distribution

Distribution procures electricity from the transmission central purchasing agent (fixed capacity and variable energy charge) and incurs transmission network operator services (network losses, network access and ancillary (reliability) charges).



# Notes to the financial statements continued

## 7. Segment information (continued)

### Inter-segment transactions (continued)

#### Other

All direct corporate service costs were charged to the relevant segments based on service consumption. An appropriate cost driver apportionment was used to split the remaining overhead costs on a fair basis between segments. Net finance costs, net fair value and foreign exchange gains/(losses) were allocated to segments based on segment funding requirements.

The segment information provided to Exco for the reportable segments is as follows:

	Generation	Transmission	Distribution	All other segments	Reallocation and inter-segment transactions	Group
	Rm	Rm	Rm	Rm	Rm	Rm
<b>2025</b>						
External revenue	–	21 202	319 701	1 408	(1 416)	340 895
Inter-segment revenue/recoveries	207 117	73 687	(280 788)	16 860	(16 876)	–
Total revenue	207 117	94 889	38 913	18 268	(18 292)	340 895
Other income	738	675	2 371	2 326	(2 845)	3 265
Primary energy	(98 008)	(52 185)	(14)	–	–	(150 207)
Employee benefit expense	(16 631)	(4 530)	(14 359)	(7 640)	–	(43 160)
(Impairment)/reversal of impairment of financial assets	(284)	(527)	(7 330)	(8)	832	(7 317)
Reversal of impairment/(impairment) and write down of other assets	174	(4)	(468)	(180)	179	(299)
Other expenses	(38 295)	(1 421)	(12 276)	(12 193)	20 046	(44 139)
Profit/(loss) before depreciation and amortisation expense and net fair value and foreign exchange (loss)/gain (EBITDA)	54 811	36 897	6 837	580	(87)	99 038
Depreciation and amortisation expense	(24 564)	(2 629)	(4 421)	(377)	227	(31 764)
Net fair value and foreign exchange (loss)/gain	(2 945)	(175)	(6 176)	(1 116)	(3)	(10 415)
Profit/(loss) before net finance (cost)/income and share of profit of equity-accounted investees	27 302	34 093	(3 760)	(913)	137	56 859
Net finance (cost)/income	(31 930)	(1 121)	(1 511)	1 316	154	(33 092)
Finance income	122	1 706	1 553	8 760	(5 301)	6 840
Finance cost	(32 052)	(2 827)	(3 064)	(7 444)	5 455	(39 932)
Share of profit of equity-accounted investees after tax	–	–	–	102	–	102
(Loss)/profit before tax	(4 628)	32 972	(5 271)	505	291	23 869
Income tax	–	(5 761)	–	(1 363)	(698)	(7 822)
<b>(Loss)/profit for the year</b>	<b>(4 628)</b>	<b>27 211</b>	<b>(5 271)</b>	<b>(858)</b>	<b>(407)</b>	<b>16 047</b>
<b>Other information</b>						
Segment assets	583 251	137 871	143 596	188 111	(149 155)	903 674
Investment in equity-accounted investees	–	–	–	346	–	346
Assets held-for-sale	–	–	–	7 811	–	7 811
Total assets	583 251	137 871	143 596	196 268	(149 155)	911 831
Total liabilities	90 195	94 617	89 135	493 242 <sup>1</sup>	(133 703)	633 486
Additions and transfers to property, plant and equipment and intangible assets	27 156	6 357	6 908	1 107	(114)	41 414

1. Represents the external debt and borrowings that are accounted for in the treasury segment.

	Generation	Transmission	Distribution	All other segments	Reallocation and inter-segment transactions	Group
	Rm	Rm	Rm	Rm	Rm	Rm
2024						
External revenue	–	11 054	284 760	1 085	(1 085)	295 814
Inter-segment revenue/recoveries	190 236	64 160	(254 358)	15 818	(15 856)	–
Total revenue	190 236	75 214	30 402	16 903	(16 941)	295 814
Other income	597	1 186	290	2 277	(3 055)	1 295
Primary energy	(117 873)	(55 842)	(14)	–	–	(173 729)
Employee benefit expense	(13 332)	(3 283)	(12 407)	(6 074)	–	(35 096)
Reversal of impairment/(impairment) of financial assets	17	(450)	(2 216)	(500)	132	(3 017)
Reversal of impairment/(impairment) and write down of other assets	309	(2)	(720)	(3)	–	(416)
Other expenses	(36 722)	(2 364)	(10 148)	(10 667)	18 460	(41 441)
Profit/(loss) before depreciation and amortisation expense and net fair value and foreign exchange gain/(loss) (EBITDA)	23 232	14 459	5 187	1 936	(1 404)	43 410
Depreciation and amortisation expense	(26 186)	(2 565)	(4 365)	(339)	216	(33 239)
Net fair value and foreign exchange gain/(loss)	522	(70)	2 166	26	–	2 644
(Loss)/profit before net finance (cost)/income and share of profit of equity-accounted investees	(2 432)	11 824	2 988	1 623	(1 188)	12 815
Net finance (cost)/income	(33 582)	(4 861)	(2 024)	1 909	169	(38 389)
Finance income	222	105	1 141	3 603	(212)	4 859
Finance cost	(33 804)	(4 966)	(3 165)	(1 694)	381	(43 248)
Share of profit of equity-accounted investees after tax	–	–	–	105	–	105
(Loss)/profit before tax	(36 014)	6 963	964	3 637	(1 019)	(25 469)
Income tax	–	–	–	(29 793)	247	(29 546)
<b>(Loss)/profit for the year</b>	<b>(36 014)</b>	<b>6 963</b>	<b>964</b>	<b>(26 156)</b>	<b>(772)</b>	<b>(55 015)</b>
<b>Other information</b>						
Segment assets	561 658	85 157	143 681	163 683	(88 203)	865 976
Investment in equity-accounted investees	–	–	–	346	–	346
Total assets	561 658	85 157	143 681	164 029	(88 203)	866 322
Total liabilities	94 159	32 287	65 175	518 964 <sup>1</sup>	(67 121)	643 464
Additions and transfers to property, plant and equipment and intangible assets	28 686	5 414	8 486	591	(233)	42 944

	Group			
	Revenue		Non-current assets	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
<b>Geographical information</b>				
South Africa	319 285	284 357	699 270	693 309
Foreign countries	21 610	11 457	–	–
	340 895	295 814	699 270	693 309

The group's reportable segments operate mainly in South Africa, which is Eskom's country of domicile.

Revenue is allocated based on the country in which the customer is located after eliminating inter-segment transactions. There is no significant revenue derived from a single external customer by any of the reportable segments.

Non-current assets disclosed for geographical information comprise non-current assets other than deferred tax assets and financial instruments.

1. Represents the external debt and borrowings that are accounted for in the treasury segment.

## Notes to the financial statements continued

### 8. Property, plant and equipment

	Note	Land, buildings and facilities Rm	Generating Rm	Plant Transmitting Rm	Distributing Rm	Spares and other Rm	Equipment and vehicles Rm	Assets under construction Rm	Total Rm
<b>2025</b>									
<b>Group</b>									
Carrying value at beginning of the year		8 684	375 081	50 619	77 550	18 262	4 385	146 369	680 950
Cost		11 897	568 199	78 705	149 415	20 162	18 273	146 369	993 020
Accumulated depreciation and impairment losses		(3 213)	(193 118)	(28 086)	(71 865)	(1 900)	(13 888)	–	(312 070)
Additions and transfers		43	2 214	504	393	1 325	2 435	34 343	41 257
Transfers of assets from customers		–	–	81	1 013	–	–	–	1 094
Commissioning of assets constructed		242	61 613	635	8 132	47	138	(70 807)	–
Basis adjustment – cash flow hedge reserve		–	–	–	–	–	–	(74)	(74)
Finance cost capitalised	41	–	–	–	–	–	–	6 147	6 147
Provisions capitalised	28	–	(7 140)	–	–	–	–	1 090	(6 050)
Disposals and write-offs		(53)	(960)	(362)	(166)	(243)	(61)	(1 889)	(3 734)
Depreciation		(126)	(24 817)	(1 785)	(5 969)	(86)	(821)	–	(33 604)
Carrying value at end of the year		8 790	405 991	49 692	80 953	19 305	6 076	115 179	685 986
Cost		12 041	620 980	79 412	158 594	21 172	20 104	115 179	1 027 482
Accumulated depreciation and impairment losses		(3 251)	(214 989)	(29 720)	(77 641)	(1 867)	(14 028)	–	(341 496)
<b>Company</b>									
Carrying value at beginning of the year		6 735	373 481	–	77 768	15 118	2 643	127 348	603 093
Cost		9 540	562 717	–	149 792	16 050	13 097	127 348	878 544
Accumulated depreciation and impairment losses		(2 805)	(189 236)	–	(72 024)	(932)	(10 454)	–	(275 451)
Additions and transfers		1	2 213	–	393	1 287	1 733	28 942	34 569
Transfers of assets from customers		–	–	–	1 013	–	–	–	1 013
Commissioning of assets constructed		183	61 880	–	8 138	–	135	(70 336)	–
Basis adjustment – cash flow hedge reserve		–	–	–	–	–	–	(74)	(74)
Finance cost capitalised	41	–	–	–	–	–	–	4 340	4 340
Provisions capitalised	28	–	(7 140)	–	–	–	–	1 090	(6 050)
Disposals and write-offs		(50)	(960)	–	(166)	(194)	(46)	(1 696)	(3 112)
Depreciation		(93)	(24 395)	–	(5 986)	(25)	(522)	–	(31 021)
Carrying value at end of the year		6 776	405 079	–	81 160	16 186	3 943	89 614	602 758
Cost		9 602	615 698	–	158 975	17 150	14 303	89 614	905 342
Accumulated depreciation and impairment losses		(2 826)	(210 619)	–	(77 815)	(964)	(10 360)	–	(302 584)

	Note	Land, buildings and facilities Rm	Generating Rm	Plant Transmitting Rm	Distributing Rm	Spares and other Rm	Equipment and vehicles Rm	Work under construction Rm	Total Rm
<b>2024</b>									
<b>Group</b>									
Carrying value at beginning of the year		8 777	388 721	48 007	76 432	14 139	4 368	127 895	668 339
Cost		11 888	559 303	74 597	143 222	16 038	17 975	127 895	950 918
Accumulated depreciation and impairment losses		(3 111)	(170 582)	(26 590)	(66 790)	(1 899)	(13 607)	–	(282 579)
Additions and transfers		38	1 029	343	418	4 145	778	36 108	42 859
Transfers of assets from customers		–	–	2	876	–	–	–	878
Commissioning of assets constructed		78	14 319	4 166	5 765	110	83	(24 521)	–
Basis adjustment – cash flow hedge reserve		–	–	–	–	–	–	(118)	(118)
Finance cost capitalised	41	–	–	–	–	–	–	8 081	8 081
Provisions capitalised	28	–	(2 253)	–	–	–	–	(516)	(2 769)
Disposals and write-offs		(79)	(276)	(146)	(204)	(41)	(43)	(560)	(1 349)
Depreciation		(130)	(26 459)	(1 753)	(5 737)	(91)	(801)	–	(34 971)
Carrying value at end of the year		8 684	375 081	50 619	77 550	18 262	4 385	146 369	680 950
Cost		11 897	568 199	78 705	149 415	20 162	18 273	146 369	993 020
Accumulated depreciation and impairment losses		(3 213)	(193 118)	(28 086)	(71 865)	(1 900)	(13 888)	–	(312 070)
<b>Company</b>									
Carrying value at beginning of the year		8 273	391 578	48 214	76 665	14 139	3 286	128 269	670 424
Cost		11 289	563 463	74 878	143 600	16 038	14 344	128 269	951 881
Accumulated depreciation and impairment losses		(3 016)	(171 885)	(26 664)	(66 935)	(1 899)	(11 058)	–	(281 457)
Additions and transfers		32	1 030	343	418	4 144	471	36 268	42 706
Transfers of assets from customers		–	–	3	875	–	–	–	878
Commissioning of assets constructed		73	14 500	4 210	5 768	110	15	(24 676)	–
Basis adjustment – cash flow hedge reserve		–	–	–	–	–	–	(118)	(118)
Finance cost capitalised	41	–	–	–	–	–	–	8 081	8 081
Provisions capitalised	28	–	(2 253)	–	–	–	–	(516)	(2 769)
Disposals and write-offs		(79)	(276)	(146)	(204)	(41)	(29)	(492)	(1 267)
Depreciation		(128)	(26 684)	(1 766)	(5 754)	(91)	(620)	–	(35 043)
Disposal of business		(1 436)	(4 414)	(50 858)	–	(3 143)	(480)	(19 468)	(79 799)
Carrying value at end of the year		6 735	373 481	–	77 768	15 118	2 643	127 348	603 093
Cost		9 540	562 717	–	149 792	16 050	13 097	127 348	878 544
Accumulated depreciation and impairment losses		(2 805)	(189 236)	–	(72 024)	(932)	(10 454)	–	(275 451)

The ongoing internal and external investigations (including by the SIU) into allegations of contract corruption are continuing. There could be further write-offs in the future as the investigations are ongoing and once advanced to the stage where the outcome is certain, the related accounting impact will be assessed and processed. Refer to note 2.4.

The estimated useful lives for certain power stations were extended because the assets continued to operate beyond the planned decommissioning dates and the licence of Koeberg power station was extended by an additional 20 years resulting in a decrease in depreciation and provisions capitalised in 2025.

Disposal and write-offs includes costs associated with Majuba Rail project and other assets written off during the year.

## Notes to the financial statements continued

### 8. Property, plant and equipment (continued)

The total depreciation charge for property, plant and equipment is disclosed in profit or loss in the following categories:

	Note	Group		Company	
		2025 Rm	2024 Rm	2025 Rm	2024 Rm
Depreciation and amortisation expense	38	33 593	34 959	31 010	35 031
Primary energy		11	12	11	12
		33 604	34 971	31 021	35 043

Average rates of finance cost capitalised to qualifying assets:

	Group and company	
	2025 %	2024 %
General borrowings	10.05	10.52
Specific borrowings	8.36	9.51

Property, plant and equipment includes the following right-of-use asset balances:

	Land, buildings and facilities Rm	Plant Generating Rm	Spares and other Rm	Equipment and vehicles Rm	Total Rm
<b>2025</b>					
<b>Group</b>					
Carrying value at beginning of the year	44	4 414	61	8	4 527
Cost	131	9 769	505	70	10 475
Accumulated depreciation and impairment losses	(87)	(5 355)	(444)	(62)	(5 948)
Additions and transfers	39	832	—	204	1 075
Disposals and write-offs	(3)	—	—	(8)	(11)
Depreciation	(33)	(657)	(11)	(80)	(781)
Carrying value at end of the year	47	4 589	50	124	4 810
Cost	122	10 600	505	206	11 433
Accumulated depreciation and impairment losses	(75)	(6 011)	(455)	(82)	(6 623)
<b>Company</b>					
Carrying value at beginning of the year	29	—	61	8	98
Cost	88	—	505	67	660
Accumulated depreciation and impairment losses	(59)	—	(444)	(59)	(562)
Additions and transfers	—	832	—	—	832
Disposals and write-offs	(3)	—	—	(8)	(11)
Depreciation	(18)	(6)	(11)	—	(35)
Carrying value at end of the year	8	826	50	—	884
Cost	49	832	505	—	1 386
Accumulated depreciation and impairment losses	(41)	(6)	(455)	—	(502)
<b>2024</b>					
<b>Group</b>					
Carrying value at beginning of the year	78	5 065	73	93	5 309
Cost	164	9 768	505	266	10 703
Accumulated depreciation and impairment losses	(86)	(4 703)	(432)	(173)	(5 394)
Additions	7	—	—	—	7
Disposals and write-offs	(7)	—	—	(4)	(11)
Depreciation	(34)	(651)	(12)	(81)	(778)
Carrying value at end of the year	44	4 414	61	8	4 527
Cost	131	9 769	505	70	10 475
Accumulated depreciation and impairment losses	(87)	(5 355)	(444)	(62)	(5 948)
<b>Company</b>					
Carrying value at beginning of the year	78	5 065	74	22	5 239
Cost	164	9 768	506	68	10 506
Accumulated depreciation and impairment losses	(86)	(4 703)	(432)	(46)	(5 267)
Additions	7	—	—	—	7
Disposals and write-offs	(7)	—	—	—	(7)
Depreciation	(34)	(651)	(13)	(14)	(712)
Disposal of business	(15)	(4 414)	—	—	(4 429)
Carrying value at end of the year	29	—	61	8	98
Cost	88	—	505	67	660
Accumulated depreciation and impairment losses	(59)	—	(444)	(59)	(562)

## 9. Intangible assets

		Rights	2025 Computer software	Total	Rights	2024 Computer software	Total
	Note	Rm	Rm	Rm	Rm	Rm	Rm
<b>Group</b>							
Carrying value at beginning of the year		3 350	88	3 438	3 328	42	3 370
Cost		3 566	624	4 190	3 544	1 351	4 895
Accumulated amortisation and impairment losses		(216)	(536)	(752)	(216)	(1 309)	(1 525)
Additions and transfers		65	92	157	22	63	85
Amortisation	38	–	(25)	(25)	–	(17)	(17)
Carrying value at end of the year		3 415	155	3 570	3 350	88	3 438
Cost		3 631	587	4 218	3 566	624	4 190
Accumulated amortisation and impairment losses		(216)	(432)	(648)	(216)	(536)	(752)
<b>Company</b>							
Carrying value at beginning of the year		732	84	816	3 328	39	3 367
Cost		805	288	1 093	3 544	1 018	4 562
Accumulated amortisation and impairment losses		(73)	(204)	(277)	(216)	(979)	(1 195)
Additions and transfers		16	81	97	22	62	84
Amortisation	38	–	(23)	(23)	–	(16)	(16)
Disposal of business		–	–	–	(2 618)	(1)	(2 619)
Carrying value at end of the year		748	142	890	732	84	816
Cost		823	254	1 077	805	288	1 093
Accumulated amortisation and impairment losses		(75)	(112)	(187)	(73)	(204)	(277)

## 10. Future fuel supplies

		Group and company					
	Note	Coal Rm	2025 Nuclear Rm	Total Rm	Coal Rm	2024 Nuclear Rm	Total Rm
Carrying value at beginning of the year		5 764	1 018	6 782	4 284	1 006	5 290
Additions		1 784	1 604	3 388	1 763	1 094	2 857
Provisions (reversed)/capitalised	28	(234)	–	(234)	382	–	382
Basis adjustment – cash flow hedge reserve		–	(119)	(119)	–	(85)	(85)
Transfer to inventories	13	323	(2 501)	(2 178)	(665)	(997)	(1 662)
Carrying value at end of the year		7 637	2	7 639	5 764	1 018	6 782

## 11. Investment in equity-accounted investees

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Balance at beginning of the year	346	350	95	95
Share of profit after tax	102	105	–	–
Dividends received	(102)	(109)	–	–
Balance at end of the year	346	346	95	95

The group's investments in joint ventures and associates are not individually material.

The group's share of the results of its joint ventures and associates, all of which are unlisted, is as follows:

				Group		Company	
Name	Main business	Country of incorporation	Interest held %	2025 Share of profit after tax for the year Rm	2024 Share of profit/(loss) after tax for the year Rm	2025 Investment at cost Rm	2024 Investment at cost Rm
<b>Directly held</b>							
Motraco – Mozambique Transmission Company SARL	Electricity transmission	Mozambique	33	101	112	95	95
<b>Indirectly held</b>							
Trans Africa Projects (Pty) Ltd	Engineering services	South Africa	50	1	(7)		
				102	105		

The share capital of the group's investment in joint ventures comprises ordinary shares. The joint ventures are structured as separate vehicles and the group has a residual interest in the net assets. The relevant activities are jointly controlled in accordance with the agreements under which the entities are established. The joint arrangements have therefore been classified as joint ventures.

## Notes to the financial statements continued

### 12. Investment in subsidiaries

Name	Main business	2025 Interest held %	2024 Interest held %
<b>Directly held</b>			
Escap SOC Ltd	Insurance	100	100
Eskom Development Foundation NPC	Corporate social investment	100	100
Eskom Enterprises SOC Ltd	Non-regulated electricity supply industry activities in South Africa and electricity supply and related services outside South Africa	100	100
Eskom Finance Company SOC Ltd <sup>1</sup>	Finance (employee housing loans)	100	100
National Electricity Distribution Company of South Africa SOC Ltd	Distribution of electricity – not trading	100	100
National Transmission Company South Africa SOC Ltd	Transmission and trading of electricity	100	100
<b>Indirectly held</b>			
Eskom Rotek Industries SOC Ltd	Construction and abnormal load transportation	100	100
Eskom Uganda Ltd <sup>2</sup>	Operations management – not trading	100	100
Golang Coal SOC Ltd	Coal exports	67	67
Nqaba Finance I (RF) Ltd	Residential backed mortgage securities	100	100
Pebble Bed Modular Reactor SOC Ltd <sup>3</sup>	Reactor-driven generation project – not trading	100	100
South Dunes Coal Terminal Company SOC Ltd	Coal exports	69	69
		2025 Investment at cost Rm	2024 Investment at cost Rm
Escap SOC Ltd		380	380
Eskom Development Foundation NPC		—	—
Eskom Enterprises SOC Ltd		— <sup>4</sup>	— <sup>4</sup>
Eskom Finance Company SOC Ltd		— <sup>4</sup>	— <sup>4</sup>
National Electricity Distribution Company of South Africa SOC Ltd		— <sup>4</sup>	— <sup>4</sup>
National Transmission Company South Africa SOC Ltd <sup>5</sup>		26 331	22 201
		26 711	22 581
Other		346	116
		27 057	22 697

All subsidiaries continue to be accounted for as previously assessed as there has not been any change in the outcome of the control assessment. The group does not have any subsidiaries with a material non-controlling interest. All subsidiaries were incorporated in South Africa with the exception of Eskom Uganda Ltd which was incorporated in Uganda.

### 13. Inventories

	Note	Coal and liquid fuel Rm	Nuclear fuel Rm	2025 Maintenance spares and consumables Rm	Total Rm	Coal and liquid fuel Rm	Nuclear fuel Rm	2024 Maintenance spares and consumables Rm	Total Rm
<b>Group</b>									
Carrying value at beginning of the year		21 493	2 594	17 503	41 590	16 869	2 113	17 241	36 223
Changes in working capital		1 057	(582)	1 800	2 275	4 144	(614)	(15)	3 515
Transfer from future fuel supplies	10	(323)	2 501	—	2 178	665	997	—	1 662
Provisions capitalised/(reversed)	28	245	75	—	320	(185)	98	—	(87)
Reversal of write down	36	—	—	94	94	—	—	277	277
		22 472	4 588	19 397	46 457	21 493	2 594	17 503	41 590
<b>Maturity analysis</b>									
Non-current		15 373	—	—	15 373	13 297	—	—	13 297
Current		7 099	4 588	19 397	31 084	8 196	2 594	17 503	28 293
<b>Company</b>									
Carrying value at beginning of the year		21 493	2 594	17 182	41 269	16 869	2 113	17 061	36 043
Changes in working capital		1 057	(582)	1 717	2 192	4 144	(614)	(13)	3 517
Transfer from future fuel supplies	10	(323)	2 501	—	2 178	665	997	—	1 662
Provisions capitalised/(reversed)	28	245	75	—	320	(185)	98	—	(87)
Reversal of write down	36	—	—	99	99	—	—	279	279
Disposal of business		—	—	—	—	—	—	(145)	(145)
		22 472	4 588	18 998	46 058	21 493	2 594	17 182	41 269
<b>Maturity analysis</b>									
Non-current		15 373	—	—	15 373	13 297	—	—	13 297
Current		7 099	4 588	18 998	30 685	8 196	2 594	17 182	27 972

Nuclear fuel of R3 784 million (2024: R1 961 million) will be recovered more than 12 months after the reporting date.

1. The loan book of EFC and the interest in Nqaba (indirectly held) is in the process of being disposed of. Refer note 23.

2. Eskom Uganda Ltd is in the process of unwinding after the service concession arrangement in Uganda ended on 31 March 2023.

3. Eskom is seeking to dispose PBMR and its subsidiaries to the South African Nuclear Energy Corporation SOC Ltd subject to governance and regulatory approvals.

4. Nominal.

5. The investment increased by R4.1 billion as a result of NTCSA portion of debt relief from government that was converted to equity.



## 14. Deferred tax

	Note	Group		Company	
		Net assets/(liabilities)		Assets	
		2025 Rm	2024 Rm	2025 Rm	2024 Rm
<b>Reconciliation of movements in balances</b>					
Balance at beginning of the year		(10 331)	17 983	–	18 457
Recognised in profit or loss					
Raised temporary differences	42	63	8 304	731	8 061
Recognised in other comprehensive income					
Raised temporary differences	42	207	28	213	33
Disposal of business		–	–	–	10 095
Assets and liabilities held-for-sale	23	(11)	–	–	–
Non-recognition of deferred tax asset	42	(1 310)	(36 646)	(944)	(36 646)
Balance at end of the year		(11 382)	(10 331)	–	–
<b>Comprising</b>					
		(11 382)	(10 331)	–	–
Property, plant and equipment		(121 747)	(117 017)	(108 601)	(104 996)
Revenue not recognised		16 385	12 482	16 385	12 482
Tax losses		89 428	88 276	89 018	88 127
Derecognition of deferred tax asset		(37 956)	(36 646)	(37 590)	(36 646)
Trade and other receivables		15 960	18 380	16 211	18 357
Payments made in advance		(235)	(198)	(235)	(198)
Loans receivable		1 126	–	1 126	–
Insurance investments		(63)	(10)	–	–
Derivatives held for risk management		236	320	236	320
Embedded derivatives		1 049	(626)	1 049	(626)
Provisions		12 922	14 815	12 725	14 771
Employee benefit obligations		7 275	6 055	6 572	5 553
Payments received in advance		4 238	3 838	3 104	2 856

The total net assets/(liabilities) for the group consists of assets of R7 million (2024: R81 million) and liabilities of R11 389 million (2024: R10 412 million).

The group has R331 215 million (2024: R326 948 million) and the company has R329 696 million (2024: R326 396 million) of unused tax losses available for offset against future taxable income. The tax losses do not expire.

The financial loss position of the company is mainly attributed to:

- inadequate cost reflective tariffs approved by NERSA
- use of OCGTs, both Eskom and IPPs, to prevent or minimise the impact of loadshedding and outages
- increased non-payment by municipalities
- high debt service costs
- transmission division profit not part of Eskom from 1 April 2024 after the legal separation to NTCSA

Eskom transferred the assets and liabilities of the transmission division to NTCSA in terms of the intra group relief provisions in tax law and the Companies Act. The accounting date for the disposal of the transmission business to NTCSA was 31 March 2024 while the legal implementation date of the merger agreement and operationalisation of NTCSA was 1 July 2024. The taxable income for NTCSA from 1 April 2024 to 30 June 2024 was therefore included and taxed in Eskom.

When an entity has a history of recent tax losses, the entity recognises in terms of IAS 12 *Income Taxes* a deferred tax asset from unused tax losses or credits only to the extent that the entity has sufficient taxable temporary differences or there is convincing evidence that sufficient taxable profit will be available against which the unused tax losses or credits can be utilised by the entity.

The following factors and possible uncertainties have been considered in the assessment of sufficient future taxable income over the foreseeable future (2026 to 2030) of Eskom:

- electricity price (tariff) path will be impacted by future MYPD applications and approvals effecting the future profitability of the company
- favourable court rulings relating to tariff determinations which will impact the future profitability of the company
- sustaining the current level of generation plant performance and the action plans addressing other operational challenges
- decline in sales volumes and the potential impact of customers moving to alternative energy sources which impacts the future profitability of the group and company
- growing trend of non-payment by municipalities will increase the revenue not recognised impacting the future profitability of the company
- legal separation of the distribution business

Management critically evaluated and assessed the various factors to determine the possible impact on the company future taxable income and the likely timing thereof.

Eskom is expected to return to profitability within the foreseeable future as per the 2026 to 2030 Eskom Corporate Plan. It is probable, based on management's assessment, that future taxable profits will be available because of the implementation of Eskom's turnaround plan, NERSA's revenue determination and the debt relief from government. The cumulative assessed loss is not expected to unwind over the period and a significant portion of the tax losses will remain unused by 2030.

There is no persuasive evidence that the company will generate sufficient taxable income over the forecast period against which the unused tax losses can be utilised based on the deferred tax asset recoverability assessment at 31 March 2025, despite the company expecting to return to a tax paying position within the forecasted period. Future taxable income and the reversal of taxable temporary differences will be insufficient in the foreseeable future to recognise the deferred tax asset position in terms of IAS 12.

## Notes to the financial statements continued

### 14. Deferred tax (continued)

The deferred tax asset relating to the unused tax losses should only be recognised to the extent that there are taxable temporary differences at 31 March 2025. Accordingly, the group has not recognised the deferred tax asset of R37 956 million arising from unused tax losses of R140 578 million and the company has not recognised the deferred tax asset of R37 590 million arising from unused tax losses of R139 222 million at 31 March 2025.

### 15. Loans receivable

	Gross	2025 Allowance for impairment	Carrying value	Gross	2024 Allowance for impairment	Carrying value
	Rm	Rm	Rm	Rm	Rm	Rm
<b>Group</b>						
Home loans	–	–	–	7 675	(283)	7 392
Municipal payment arrangement	1 864	–	1 864	–	–	–
Other	28	–	28	385	(4)	381
	1 892	–	1 892	8 060	(287)	7 773
<b>Maturity analysis</b>	1 892	–	1 892	8 060	(287)	7 773
Non-current	1 583	–	1 583	7 850	(285)	7 565
Current	309	–	309	210	(2)	208
<b>Company</b>						
Loans to subsidiaries	37 956	(419)	37 537	39 847	(422)	39 425
NTCSA term loan	31 929	(409)	31 520	34 199	(416)	33 783
EFC revolving credit facility	5 488	(3)	5 485	5 648	(6)	5 642
ERI term loan	539	(7)	532	–	–	–
Municipal payment arrangement	1 864	–	1 864	–	–	–
	39 820	(419)	39 401	39 847	(422)	39 425
<b>Maturity analysis</b>	39 820	(419)	39 401	39 847	(422)	39 425
Non-current	32 328	(394)	31 934	37 155	(340)	36 815
Current	7 492	(25)	7 467	2 692	(82)	2 610

Home loans and other loans in EFC have been classified as held-for-sale. Refer to note 23.

The loan to EFC has been classified as current as it is expected that the loan will be settled after the EFC disposal group has been sold. Refer to note 23.

Refer to note 5.1.5 for details regarding the loans.

### 16. Embedded derivatives

		<b>Group and company</b>	
	Note	2025 Asset Rm	2024 Asset Rm
Balance at beginning of the year		11 801	823
Day-one fair value recognised in deferred income	26	–	9 279
Net fair value (loss)/gain	39	(7 829)	1 699
Balance at end of the year		3 972	11 801
<b>Maturity analysis</b>		3 972	11 801
Non-current		3 847	10 486
Current		125	1 315

The decrease in embedded derivatives and increase in net fair value loss is because of the downturn in the ferrochrome market resulting in reduced consumption forecasts and a lower ferrochrome spot price. Refer to note 4.1 for the valuation assumptions and sensitivity analysis.

## 17. Derivatives held for risk management

	Note	Foreign exchange contracts Rm	Cross- currency swaps Rm	Commodity forwards Rm	Commodity options Rm	Credit default swaps Rm	Inflation- linked swaps Rm	Total Rm
<b>2025</b>								
<b>Group</b>								
Net (liability)/asset at beginning of the year		(98)	26 003	210	7	(27)	328	26 423
Net fair value (loss)/gain		(4 190)	(5 263)	(478)	4	10	123	(9 794)
Recognised in profit or loss	39	(3 894)	(7 340)	(478)	4	10	123	(11 575)
Recognised in other comprehensive income		(296)	2 077	–	–	–	–	1 781
Transfers		–	–	–	(51)	–	–	(51)
Finance cost accrued		–	102	–	–	–	172	274
Cash paid/(received)		4 162	(7 564)	191	57	–	–	(3 154)
Net (liability)/asset at end of the year		(126)	13 278	(77)	17	(17)	623	13 698
<b>Hedge exposure covered</b>								
Debt securities and borrowings		(61)	13 278	–	–	(17)	623	13 823
Other		(65)	–	(77)	17	–	–	(125)
<b>Assets</b>								
Economic hedging		264	2 872	3	23	–	623	3 785
Cash flow hedging		34	11 526	–	–	–	–	11 560
		298	14 398	3	23	–	623	15 345
<b>Maturity analysis</b>								
Non-current		2	12 834	–	–	–	484	13 320
Current		296	1 564	3	23	–	139	2 025
<b>Liabilities</b>								
Economic hedging		347	802	80	6	17	–	1 252
Cash flow hedging		77	318	–	–	–	–	395
		424	1 120	80	6	17	–	1 647
<b>Maturity analysis</b>								
Non-current		–	819	–	–	17	–	836
Current		424	301	80	6	–	–	811
<b>Notional amount per currency</b>								
		m	m	m	m	m	m	m
EUR		432	521	–	–	–	–	953
USD		1 902	5 161	–	–	–	–	7 063
GBP		25	–	–	–	–	–	25
CNY		–	2 786	–	–	–	–	2 786
JPY		641	–	–	–	–	–	641
SEK		185	–	–	–	–	–	185
ZAR		–	–	–	–	282	3 777	4 059
<b>Notional amount per commodity</b>								
	Unit							
<b>Group and company</b>								
Low sulphur gas oil	kilo litres	–	–	72 000	31 000	–	–	103 000

## Notes to the financial statements continued

### 17. Derivatives held for risk management (continued)

	Note	Foreign exchange contracts Rm	Cross- currency swaps Rm	Commodity forwards Rm	Commodity options Rm	Credit default swaps Rm	Inflation- linked swaps Rm	Total Rm
<b>2025</b>								
<b>Company</b>								
Net (liability)/asset at beginning of the year		(71)	26 003	210	7	(27)	328	26 450
Net fair value (loss)/gain		(4 005)	(5 263)	(478)	4	10	123	(9 609)
Recognised in profit or loss	39	(3 709)	(7 340)	(478)	4	10	123	(11 390)
Recognised in other comprehensive income		(296)	2 077	–	–	–	–	1 781
Transfers		–	–	–	(51)	–	–	(51)
Finance cost accrued		–	102	–	–	–	172	274
Cash paid/(received)		3 982	(7 564)	191	57	–	–	(3 334)
Net (liability)/asset at end of the year		(94)	13 278	(77)	17	(17)	623	13 730
<b>Hedge exposure covered</b>		(94)	13 278	(77)	17	(17)	623	13 730
Debt securities and borrowings		(61)	13 278	–	–	(17)	623	13 823
Other		(33)	–	(77)	17	–	–	(93)
<b>Assets</b>								
Economic hedging		314	2 872	3	23	–	623	3 835
Cash flow hedging		34	11 526	–	–	–	–	11 560
		348	14 398	3	23	–	623	15 395
<b>Maturity analysis</b>		348	14 398	3	23	–	623	15 395
Non-current		2	12 834	–	–	–	484	13 320
Current		346	1 564	3	23	–	139	2 075
<b>Liabilities</b>								
Economic hedging		365	802	80	6	17	–	1 270
Cash flow hedging		77	318	–	–	–	–	395
		442	1 120	80	6	17	–	1 665
<b>Maturity analysis</b>		442	1 120	80	6	17	–	1 665
Non-current		–	819	–	–	17	–	836
Current		442	301	80	6	–	–	829
<b>Notional amount per currency</b>								
		m	m	m	m	m	m	m
EUR		391	521	–	–	–	–	912
USD		1 798	5 161	–	–	–	–	6 959
GBP		25	–	–	–	–	–	25
CNY		–	2 786	–	–	–	–	2 786
JPY		641	–	–	–	–	–	641
SEK		153	–	–	–	–	–	153
ZAR		–	–	–	–	282	3 777	4 059

	Note	Foreign exchange contracts Rm	Cross- currency swaps Rm	Commodity forwards Rm	Commodity options Rm	Credit default swaps Rm	Inflation- linked swaps Rm	Total Rm
<b>2024</b>								
<b>Group</b>								
Net asset/(liability) at beginning of the year		218	24 784	(231)	–	(87)	279	24 963
Net fair value gain/(loss)		1 625	10 639	499	(51)	65	(28)	12 749
Recognised in profit or loss	39	1 361	11 396	499	(51)	65	(28)	13 242
Recognised in other comprehensive income		264	(757)	–	–	–	–	(493)
Transfers		–	–	–	51	–	–	51
Finance cost accrued		–	153	–	–	(5)	77	225
Cash (received)/paid		(1 941)	(9 573)	(58)	7	–	–	(11 565)
Net (liability)/asset at end of the year		(98)	26 003	210	7	(27)	328	26 423
<b>Hedge exposure covered</b>		(98)	26 003	210	7	(27)	328	26 423
Debt securities and borrowings		1	26 003	–	–	(27)	328	26 305
Other		(99)	–	210	7	–	–	118
<b>Assets</b>								
Economic hedging		209	4 819	210	7	–	329	5 574
Cash flow hedging		56	21 386	–	–	–	–	21 442
		265	26 205	210	7	–	329	27 016
<b>Maturity analysis</b>		265	26 205	210	7	–	329	27 016
Non-current		–	18 543	12	–	–	326	18 881
Current		265	7 662	198	7	–	3	8 135
<b>Liabilities</b>								
Economic hedging		318	12	–	–	27	1	358
Cash flow hedging		45	190	–	–	–	–	235
		363	202	–	–	27	1	593
<b>Maturity analysis</b>		363	202	–	–	27	1	593
Non-current		–	–	–	–	27	–	27
Current		363	202	–	–	–	1	566
<b>Notional amount per currency</b>								
		m	m	m	m	m	m	m
EUR		655	579	–	–	–	–	1 234
USD		2 294	6 252	–	–	–	–	8 546
GBP		22	–	–	–	–	–	22
JPY		40	–	–	–	–	–	40
SEK		312	–	–	–	–	–	312
ZAR		–	–	–	–	372	1 000	1 372
<b>Notional amount per commodity</b>								
	Unit							
<b>Group and company</b>								
Copper	tons	–	–	22	–	–	–	22
Low sulphur gas oil	kilo litres	–	–	278 000	(74 000)	–	–	204 000

# Notes to the financial statements continued

## 17. Derivatives held for risk management (continued)

	Note	Foreign exchange contracts Rm	Cross- currency swaps Rm	Commodity forwards Rm	Commodity options Rm	Credit default swaps Rm	Inflation- linked swaps Rm	Total Rm
<b>2024</b>								
<b>Company</b>								
Net asset/(liability) at beginning of the year		218	24 784	(231)	–	(87)	279	24 963
Net fair value gain/(loss)		1 621	10 639	499	(51)	65	(28)	12 745
Recognised in profit or loss	39	1 357	11 396	499	(51)	65	(28)	13 238
Recognised in other comprehensive income		264	(757)	–	–	–	–	(493)
Transfers		–	–	–	51	–	–	51
Finance cost accrued		–	153	–	–	(5)	76	224
Cash (received)/paid		(1 937)	(9 573)	(58)	7	–	1	(11 560)
Disposal of business		27	–	–	–	–	–	27
Net (liability)/asset at end of the year		(71)	26 003	210	7	(27)	328	26 450
<b>Hedge exposure covered</b>		(71)	26 003	210	7	(27)	328	26 450
Debt securities and borrowings		1	26 003	–	–	(27)	328	26 305
Other		(72)	–	210	7	–	–	145
<b>Assets</b>								
Economic hedging		236	4 819	210	7	–	329	5 601
Cash flow hedging		56	21 386	–	–	–	–	21 442
		292	26 205	210	7	–	329	27 043
<b>Maturity analysis</b>		292	26 205	210	7	–	329	27 043
Non-current		–	18 543	12	–	–	326	18 881
Current		292	7 662	198	7	–	3	8 162
<b>Liabilities</b>								
Economic hedging		318	12	–	–	27	1	358
Cash flow hedging		45	190	–	–	–	–	235
		363	202	–	–	27	1	593
<b>Maturity analysis</b>		363	202	–	–	27	1	593
Non-current		–	–	–	–	27	–	27
Current		363	202	–	–	–	1	566
<b>Notional amount per currency</b>								
		m	m	m	m	m	m	m
EUR		615	579	–	–	–	–	1 194
USD		2 246	6 252	–	–	–	–	8 498
GBP		22	–	–	–	–	–	22
JPY		40	–	–	–	–	–	40
SEK		268	–	–	–	–	–	268
ZAR		–	–	–	–	372	1 000	1 372

The hedging practices and accounting treatment are disclosed in note 2.10.3 in the accounting policies. The derivative instruments used to hedge the various financial risks are set out as follows:

Derivative instrument	Financial risk hedged	Exposure
Foreign exchange contracts	Market (currency)	Electricity generation, transmission and distribution activity purchases and loans denominated in foreign currencies
Cross-currency swaps	Market (currency and interest rate)	Foreign fixed rate bonds and other foreign fixed or floating borrowings
Commodity forwards and options	Market (commodity)	Liquid fuel purchases for electricity generation activities and base metal exposure relating to a component of plant, equipment or inventory
Credit default swaps	Credit	Event of default by Eskom on debt securities and borrowings
Inflation-linked swaps	Market (interest rate)	Finance cost that are dependent on current interest rates

### Cash flow hedges

Contractual cash flows are a function of foreign exchange and interest rates and are a point-in-time calculation that are impacted by market conditions at that time. This may result in future contractual cash outflows or inflows even though the fair value of the derivative may be reflected as an asset or liability.

	Group and company					
	Carrying amount	Un-discounted cash flows	0–3 months	4–12 months	1–5 years	>5 years
	Rm	Rm	Rm	Rm	Rm	Rm
The periods in which the cash flows of derivatives designated as cash flow hedges are expected to occur are:						
<b>2025</b>						
<b>Foreign exchange contracts</b>						
Assets	34	37	8	29	–	–
Liabilities	(77)	(74)	(59)	(15)	–	–
<b>Cross-currency swaps</b>						
Assets	11 526	16 920	7	417	14 190	2 306
Liabilities	(318)	(1 605)	(148)	(1 482)	(93)	118
	11 165	15 278	(192)	(1 051)	14 097	2 424
<b>2024</b>						
<b>Foreign exchange contracts</b>						
Assets	56	62	13	49	–	–
Liabilities	(45)	(43)	(27)	(16)	–	–
<b>Cross-currency swaps</b>						
Assets	21 386	31 606	120	6 573	17 094	7 819
Liabilities	(190)	(1 293)	(48)	(1 245)	–	–
	21 207	30 332	58	5 361	17 094	7 819
The periods in which the cash flows associated with derivatives are expected to impact profit or loss are:						
<b>2025</b>						
<b>Foreign exchange contracts</b>						
Assets	34	5 559	29	114	442	4 974
Liabilities	(77)	(74)	(59)	(15)	–	–
<b>Cross-currency swaps</b>						
Assets	11 526	16 920	7	417	14 190	2 306
Liabilities	(318)	(1 605)	(148)	(1 482)	(93)	118
	11 165	20 800	(171)	(966)	14 539	7 398
<b>2024</b>						
<b>Foreign exchange contracts</b>						
Assets	56	5 509	36	123	544	4 806
Liabilities	(45)	(43)	(27)	(16)	–	–
<b>Cross-currency swaps</b>						
Assets	21 386	31 606	120	6 573	17 094	7 819
Liabilities	(190)	(1 293)	(48)	(1 245)	–	–
	21 207	35 779	81	5 435	17 638	12 625

### Ineffective cash flow hedges

The change in the fair value of the hedging instrument of R5 310 million (2024: R2 603 million) and for the hedged item (represented by a hypothetical derivative) of R6 520 million (2024: R2 326 million) were used to calculate hedge effectiveness. The cash flow hedge reserve is adjusted to the lower in absolute amounts of the cumulative gain or loss of the hedging instrument and hedged item from inception of each hedge. During the year a gain of R1 278 million (2024: R37 million) was recognised in profit or loss as ineffectiveness. Refer to note 39.

### Day-one (loss)/gain

The group recognises a day-one (loss)/gain on initial recognition of cross-currency swaps held as hedging instruments where applicable.

	Group and company		
	Cross-currency swaps	Inflation-linked swaps	Total
	Rm	Rm	Rm
Loss at 31 March 2023	(1 497)	(13)	(1 510)
Day-one loss recognised	(168)	–	(168)
Amortised to profit or loss	262	3	265
Loss at 31 March 2024	(1 403)	(10)	(1 413)
Day-one gain/(loss) recognised	128	(79)	49
Amortised to profit or loss	230	16	246
Loss at 31 March 2025	(1 045)	(73)	(1 118)



## Notes to the financial statements continued

### 18. Finance lease receivables

	2025				2024			
	Gross receivables	Unearned finance income	Allowance for impairment	Carrying value	Gross receivables	Unearned finance income	Allowance for impairment	Carrying value
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
<b>Group</b>								
Non-current	179	(39)	(2)	138	234	(58)	(2)	174
Between one and five years	153	(35)	(2)	116	186	(51)	(2)	133
After five years	26	(4)	–	22	48	(7)	–	41
Current	55	(19)	–	36	61	(24)	–	37
	234	(58)	(2)	174	295	(82)	(2)	211
<b>Company</b>								
Non-current	117	(27)	(1)	89	149	(39)	(1)	109
Between one and five years	94	(24)	(1)	69	107	(32)	(1)	74
After five years	23	(3)	–	20	42	(7)	–	35
Current	14	(11)	–	3	35	(13)	–	22
	131	(38)	(1)	92	184	(52)	(1)	131

### 19. Payments made in advance

	2025				2024			
	Securing debt raised	Environ-mental rehabilitation trust fund	Other	Total	Securing debt raised	Environ-mental rehabilitation trust fund	Other	Total
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
<b>Group</b>								
Balance at beginning of the year	653	1 316	1 237	3 206	692	1 256	1 104	3 052
Payments made	131	–	874	1 005	426	–	912	1 338
Recognised in profit or loss	–	138	(723)	(585)	–	60	(386)	(326)
Transfers	(523)	–	(265)	(788)	(465)	–	(393)	(858)
Balance at end of the year	261	1 454	1 123	2 838	653	1 316	1 237	3 206
<b>Maturity analysis</b>	261	1 454	1 123	2 838	653	1 316	1 237	3 206
Non-current	100	1 454	175	1 729	154	1 316	323	1 793
Current	161	–	948	1 109	499	–	914	1 413
<b>Company</b>								
Balance at beginning of the year	653	1 316	1 122	3 091	692	1 256	1 069	3 017
Payments made	131	–	812	943	426	–	843	1 269
Recognised in profit or loss	–	138	(617)	(479)	–	60	(374)	(314)
Transfers	(523)	–	(247)	(770)	(465)	–	(393)	(858)
Disposal of business	–	–	–	–	–	–	(23)	(23)
Balance at end of the year	261	1 454	1 070	2 785	653	1 316	1 122	3 091
<b>Maturity analysis</b>	261	1 454	1 070	2 785	653	1 316	1 122	3 091
Non-current	100	1 454	263	1 817	154	1 316	322	1 792
Current	161	–	807	968	499	–	800	1 299

## 20. Trade and other receivables

	2025				2024			
	Receivable before collectability adjustments Rm	Amounts not meeting collectability criteria Rm	Allowance for impairment Rm	Carrying value Rm	Receivable before collectability adjustments Rm	Amounts not meeting collectability criteria Rm	Allowance for impairment Rm	Carrying value Rm
<b>Group</b>								
<b>Financial instruments</b>								
<b>Trade receivables</b>								
International	3 165	–	(530)	2 635	2 397	–	(597)	1 800
Local large power users	109 565	(74 459)	(5 977)	29 129	93 022	(59 875)	(4 953)	28 194
Municipalities	95 771	(74 459)	(5 387)	15 925	80 154	(59 875)	(4 359)	15 920
Other	13 794	–	(590)	13 204	12 868	–	(594)	12 274
Local small power users	5 518	(1 055)	(1 345)	3 118	5 860	(1 668)	(1 191)	3 001
Soweto	1 055	(1 055)	–	–	1 668	(1 668)	–	–
Other	4 463	–	(1 345)	3 118	4 192	–	(1 191)	3 001
<b>Other receivables</b>	118 248	(75 514)	(7 852)	34 882	101 279	(61 543)	(6 741)	32 995
	2 903	–	(596)	2 307	3 033	–	(592)	2 441
<b>Non-financial instruments</b>	121 151	(75 514)	(8 448)	37 189	104 312	(61 543)	(7 333)	35 436
	9 711			9 711	4 570			4 570
VAT	1 652			1 652	73			73
Diesel rebate	2 239			2 239	–			–
VAT on cash basis receivables	5 820			5 820	4 497			4 497
	130 862	(75 514)	(8 448)	46 900	108 882	(61 543)	(7 333)	40 006
<b>Maturity analysis</b>	130 862	(75 514)	(8 448)	46 900	108 882	(61 543)	(7 333)	40 006
Non-current	5 033	–	(56)	4 977	4 090	–	(59)	4 031
Current	125 829	(75 514)	(8 392)	41 923	104 792	(61 543)	(7 274)	35 975
<b>Company</b>								
<b>Financial instruments</b>								
<b>Trade receivables</b>								
International	13	–	–	13	15	–	–	15
Local large power users	109 565	(74 459)	(5 977)	29 129	93 022	(59 875)	(4 953)	28 194
Municipalities	95 771	(74 459)	(5 387)	15 925	80 154	(59 875)	(4 359)	15 920
Other	13 794	–	(590)	13 204	12 868	–	(594)	12 274
Local small power users	5 518	(1 055)	(1 345)	3 118	5 860	(1 668)	(1 191)	3 001
Soweto	1 055	(1 055)	–	–	1 668	(1 668)	–	–
Other	4 463	–	(1 345)	3 118	4 192	–	(1 191)	3 001
<b>Other receivables</b>	115 096	(75 514)	(7 322)	32 260	98 897	(61 543)	(6 144)	31 210
	24 251	–	(582)	23 669	4 607	–	(308)	4 299
<b>Non-financial instruments</b>	139 347	(75 514)	(7 904)	55 929	103 504	(61 543)	(6 452)	35 509
	8 059			8 059	4 497			4 497
Diesel rebate	2 239			2 239	–			–
VAT on cash basis receivables	5 820			5 820	4 497			4 497
	147 406	(75 514)	(7 904)	63 988	108 001	(61 543)	(6 452)	40 006
<b>Maturity analysis</b>	147 406	(75 514)	(7 904)	63 988	108 001	(61 543)	(6 452)	40 006
Non-current	5 522	–	(13)	5 509	4 368	–	(12)	4 356
Current	141 884	(75 514)	(7 891)	58 479	103 633	(61 543)	(6 440)	35 650

		Group		Company	
	Note	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Reconciliation of movements in amounts not meeting collectability criteria					
Balance at beginning of the year		61 543	53 340	61 543	53 340
Revenue not meeting collectability criteria	32	23 797	17 245	23 797	17 245
Finance income not meeting collectability criteria	40	2 520	(242)	2 520	(242)
Cash basis revenue recognised	32	(11 864)	(8 347)	(11 864)	(8 347)
Write-offs		(482)	(453)	(482)	(453)
Balance at end of the year		75 514	61 543	75 514	61 543

Refer to note 5.1.1 for a reconciliation of the movements in allowance for impairment.

## Notes to the financial statements continued

### 21. Investments

Portfolio	Managed by	Purpose
Treasury	Treasury division	To maintain ring-fenced funds over the remaining life of Koeberg power station for nuclear decommissioning activities in line with the requirements of the National Nuclear Regulator Act, 47 of 1999.
Insurance	Escap	To maintain adequate ring-fenced capital reserves to meet the statutory solvency requirements of the Insurance Act, 18 of 2017.

	Gross Rm	2025 Allowance for impairment Rm	Carrying value Rm	Gross Rm	2024 Allowance for impairment Rm	Carrying value Rm
<b>21.1 Treasury investments</b>						
<b>Group and company</b>						
Fixed deposits	2 649	(11)	2 638	1 028	(4)	1 024
<b>Maturity analysis</b>						
Non-current	2 649	(11)	2 638	1 028	(4)	1 024
<b>21.2 Insurance investments</b>						
<b>Group</b>						
Negotiable certificates of deposit	17 124	(68)	17 056	13 911	(11)	13 900
Floating rate notes	2 896	(10)	2 886	2 038	(14)	2 024
Inflation-linked bonds	508	(1)	507	1 037	(9)	1 028
Listed shares	1 869	–	1 869	1 550	–	1 550
	22 397	(79)	22 318	18 536	(34)	18 502
<b>Maturity analysis</b>						
Non-current	3 404	(11)	3 393	2 038	(14)	2 024
Current	18 993	(68)	18 925	16 498	(20)	16 478
<b>Group</b>						
Total investments	25 046	(90)	24 956	19 564	(38)	19 526
<b>Maturity analysis</b>						
Non-current	6 053	(22)	6 031	3 066	(18)	3 048
Current	18 993	(68)	18 925	16 498	(20)	16 478

### 22. Cash and cash equivalents

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Bank balances	31 684	10 865	30 680	10 245
Fixed deposits	32 077	12 720	32 077	12 720
	63 761	23 585	62 757	22 965

### 23. Assets and liabilities held-for-sale

The disposal of EFC is a key condition in the Eskom Debt Relief Act, 7 of 2023, and will remain a priority until all outstanding approvals are in place and the disposal process has been finalised.

A binding offer from African Bank Limited for the sale of the EFC loan book and interest in Nqaba (disposal group) was approved by the Eskom board on 25 October 2024 (subject to PFMA approval) after a restricted market tender process was followed with a request for proposal offered to and accepted by four pre-approved bidders.

The Minister of Electricity and Energy granted PFMA approval for the disposal in terms of section 54 and for the guarantee in terms of section 66 on 13 February 2025 and 25 March 2025 respectively. National Treasury was in support of the disposal at 31 March 2025 and granted approval in terms of section 54 of the PFMA on 11 April 2025.

Management considered all outstanding approvals on 31 March 2025 and assessed that the approvals will be finalised within 12 months, including the Sale of Business Agreement and the Eskom Support and Guarantee Agreement which were concluded and signed on 2 April 2025 and 3 July 2025 respectively.

Outstanding approvals are being obtained from the Competition Tribunal, as recommended by the Competition Commission on 16 September 2025 (for both EFC and African Bank Limited) and the Prudential Authority (South African Reserve Bank) (for African Bank Limited). The outstanding approvals are not substantive and it is highly probable that all approvals will be granted. The disposal is expected to be finalised before 31 March 2026.

The conditions to the sale included continued future payroll deductions by Eskom for the loan book on behalf of African Bank Limited and that Eskom and African Bank Limited will have a definitive guarantee agreement in place to secure the home loan book. Eskom will continue to guarantee home loans to existing and future employees with a loan to value of above 80% which will result in a financial guarantee liability to Eskom.

The risks and rewards of ownership of the loan book and interest in Nqaba will be substantially transferred to African Bank Limited on disposal. The continued salary deductions are administrative in nature. Eskom will retain some risk because it continues to guarantee the home loan book. Although the guarantee agreement exposes Eskom to the credit risk of the underlying loan receivable, the remaining credit risk is insignificant as it relates to the home loan book which is settled through salary deductions. It is therefore expected that the loan book will be derecognised on the effective date of the disposal.

The assets and liabilities that form part of the disposal group were classified as held-for-sale in terms of IFRS 5 and were measured in terms of the applicable IFRS Accounting Standards (IFRS 9 and IAS 12) before classification in line with the scope specified in IFRS 5. There were no adjustments required upon reclassification to held-for-sale.

The offer price of R5.7 billion from African Bank Limited included the EFC loan book and interest in Nqaba at 31 March 2024. The final selling price will be determined on the disposal date as the offer price fluctuates in line with the value of the loan book. The offer price is lower than the carrying value of R7.2 billion of the disposal group at 31 March 2025 and will result in a loss upon disposal. The expected loss is seen as a justifiable outcome of the disposal as previous delays in the disposal of EFC resulted in deductions from the debt relief granted by National Treasury to Eskom. The expected loss on disposal will be accounted for in the next financial year on the effective date.

A liability, similar in nature to the current financial guarantee provided by Eskom to EFC, will be raised for the financial guarantee to African Bank Limited from the effective date of the disposal. Refer to note 45.

EFC is included under all other segments in the segment report.

The disposal group consists of:

	Eskom Finance Company Rm
<b>2025</b>	
<b>Group</b>	
<b>Summarised statements of financial position</b>	
<b>Assets</b>	
Loans receivable	7 761
Trade and other receivables	11
Deferred tax	11
Taxation	2
Cash and cash equivalents	26
	<b>7 811</b>
<b>Liabilities</b>	
Debt securities and borrowings	606

## 24. Share capital

	Group and company	
	2025 Shares	2024 Shares
<b>Authorised ordinary shares</b>		
Balance at beginning of the year	300 000 000 000	300 000 000 000
Additional ordinary shares authorised	200 000 000 000	—
Balance at end of the year	500 000 000 000	300 000 000 000
<b>Issued</b>		
Balance at beginning of the year	241 550 276 001	241 550 276 001
Share capital issued	76 000 000 000	—
Balance at end of the year	317 550 276 001	241 550 276 001
<b>Unissued</b>	<b>182 449 723 999</b>	58 449 723 999

The unissued share capital is under the control of the Government of the Republic of South Africa, represented by the Minister of Electricity and Energy, as the shareholder representative.

Shares to the value of R44 billion were issued on 22 April 2024 and R32 billion on 19 August 2024.

# Notes to the financial statements continued

## 25. Debt securities and borrowings

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Eskom bonds	169 992	165 809	175 167	170 931
Commercial paper	—	748	—	—
Eurorand zero coupon bonds	9 077	8 045	9 077	8 045
Foreign bonds	39 419	64 551	39 419	64 551
Development financing institutions	133 562	139 270	133 562	139 270
Export credit facilities	20 063	25 583	20 063	25 583
Other loans	542	8 194	21 386	11 905
	372 655	412 200	398 674	420 285
<b>Maturity analysis</b>	372 655	412 200	398 674	420 285
Non-current	351 226	359 692	356 204	363 992
Current	21 429	52 508	42 470	56 293

							Group		Company		
	Currency	Security number	Interest rate		Nominal		Maturity date	Carrying value		Carrying value	
			2025 %	2024 %	2025 m	2024 m		2025 Rm	2024 Rm	2025 Rm	2024 Rm
Eskom bonds								169 992	165 809	175 167	170 931
	ZAR	ES26 <sup>1, 2</sup>	9.26	9.26	37 987	37 987	Apr 26	33 794	33 392	38 969	38 514
	ZAR	EL28 <sup>1</sup>	2.55	2.55	6 278	6 278	May 28	11 877	11 494	11 877	11 494
	ZAR	EL29 <sup>1</sup>	1.90	1.90	5 370	5 370	Nov 29	9 646	9 304	9 646	9 304
	ZAR	EL30 <sup>1</sup>	2.30	2.30	5 136	5 136	Jul 30	8 777	8 478	8 777	8 478
	ZAR	EL31 <sup>1</sup>	2.10	2.10	5 699	5 699	Jun 31	9 194	8 864	9 194	8 864
	ZAR	ECN32	2.95	2.95	5 000	5 000	Mar 32	7 858	7 629	7 858	7 629
	ZAR	ES33 <sup>1</sup>	9.21	9.21	34 542	34 542	Sep 33	31 271	31 019	31 271	31 019
	ZAR	EL36 <sup>1</sup>	2.25	2.25	5 594	5 594	Jan 36	8 455	8 151	8 455	8 151
	ZAR	EL37 <sup>1</sup>	2.25	2.25	23 725	23 725	Jan 37	30 051	28 473	30 051	28 473
	ZAR	ES42 <sup>1</sup>	10.39	10.39	21 437	21 437	Apr 42	19 069	19 005	19 069	19 005
Commercial paper								—	748	—	—
	ZAR	n/a	—	10.70	—	291	May 52 <sup>3</sup>	—	294	—	—
	ZAR	n/a	—	11.16	—	449	May 55 <sup>3</sup>	—	454	—	—
Eurorand zero coupon bonds <sup>4</sup>								9 077	8 045	9 077	8 045
	ZAR	n/a	13.33	13.33	8 000	8 000	Aug 27	5 938	5 240	5 938	5 240
	ZAR	n/a	11.89	11.89	7 500	7 500	Dec 32	3 139	2 805	3 139	2 805
Foreign bonds								39 419	64 551	39 419	64 551
	USD	n/a	—	7.39	—	1 250	Feb 25	—	23 904	—	23 904
	USD	n/a <sup>1</sup>	5.42	5.42	500	500	Jul 27	8 965	19 122	8 965	19 122
	USD	n/a	8.47	8.47	500	500	Aug 28	9 251	9 588	9 251	9 588
	USD	n/a <sup>1</sup>	6.37	6.37	1 000	1 000	Aug 28	18 451	9 185	18 451	9 185
	ZAR	n/a <sup>1</sup>	14.15	14.15	2 753	2 753	Mar 31	2 752	2 752	2 752	2 752
Balances carried forward to the next page								218 488	239 153	223 663	243 527

1. Government guaranteed.

2. Includes, *inter alia*, instruments issued to subsidiaries.

3. Nqaba breached an early amortisation event trigger in June 2020. As a result, the cash flows from the assets in the securitisation structure are applied to repay the capital to all noteholders in a reducing order of rank (*pari passu* if equal rank) on a quarterly basis on or before the final maturity date, which is 32 years from the scheduled maturity date.

4. Holders have a right to first charge against revenue and assets of Eskom in terms of section 7 of the Eskom Conversion Act, 13 of 2001.

	Currency	Security number	Interest rate		Nominal		Maturity date	Group		Company	
			2025 %	2024 %	2025 m	2024 m		Carrying value		Carrying value	
								2025 Rm	2024 Rm	2025 Rm	2024 Rm
Balances carried forward from the previous page								218 488	239 153	223 663	243 527
Development financing institutions <sup>1</sup>								133 562	139 270	133 562	139 270
	CNY	n/a <sup>2</sup>	3.50	—	2 786	—	Sep 26	7 045	—	7 045	—
	ZAR	n/a <sup>2</sup>	8.91	9.74	467	600	Aug 28	473	610	473	610
	USD	n/a <sup>2</sup>	6.52	6.95	68	87	Aug 28	1 252	1 672	1 252	1 672
	EUR	n/a <sup>2</sup>	3.96	4.33	283	346	Aug 29	5 637	7 142	5 637	7 142
	ZAR	n/a <sup>2</sup>	8.65	8.96	3 214	3 928	Aug 29	3 257	3 986	3 257	3 986
	ZAR	n/a <sup>2</sup>	10.10	10.10	1 771	2 164	Sep 29	1 767	2 162	1 767	2 162
	USD	n/a <sup>2</sup>	3.47	3.47	13	2	Sep 30	225	36	225	36
	ZAR	n/a	10.47	10.47	12 000	12 000	Jan 31	12 155	12 156	12 155	12 156
	EUR	n/a <sup>2</sup>	3.97	5.39	269	313	Feb 31	4 730	5 845	4 730	5 845
	USD	n/a <sup>2</sup>	5.96	6.39	4	5	Aug 31	73	87	73	87
	USD	n/a <sup>2</sup>	7.35	8.01	3 066	3 313	Sep 33	55 168	62 238	55 168	62 238
	USD	n/a <sup>2</sup>	8.27	8.70	6	7	Feb 36	106	121	106	121
	ZAR	n/a <sup>2</sup>	11.56	12.39	3 234	3 528	Feb 36	3 232	3 534	3 232	3 534
	ZAR	n/a <sup>2</sup>	9.14	9.14	23 765	25 531	May 38	24 670	26 519	24 670	26 519
	USD	n/a <sup>2</sup>	6.16	6.56	21	21	Aug 38	384	400	384	400
	ZAR	n/a <sup>2</sup>	9.05	9.39	1 698	837	Nov 38	1 704	857	1 704	857
	USD	n/a <sup>2</sup>	6.03	6.88	128	120	Mar 39	2 331	2 275	2 331	2 275
	USD	n/a <sup>2</sup>	6.47	6.36	2	1	Jun 42	37	21	37	21
	ZAR	n/a <sup>2</sup>	10.58	10.56	3 586	3 833	Nov 43	3 676	3 930	3 676	3 930
	USD	n/a <sup>2</sup>	0.25	0.25	232	237	May 51	4 255	4 496	4 255	4 496
	USD	n/a <sup>2</sup>	0.25	0.25	76	62	Feb 62	1 385	1 183	1 385	1 183
Export credit facilities								20 063	25 583	20 063	25 583
	EUR	n/a	—	4.81	—	1	Jul 24	—	17	—	17
	EUR	n/a	5.14	4.81	49	147	Jan 27	953	2 928	953	2 928
	EUR	n/a	4.08	5.16	54	123	Jul 27	1 051	2 490	1 051	2 490
	ZAR	n/a	9.85	10.67	358	630	Jul 27	335	592	335	592
	USD	n/a <sup>2</sup>	10.11	10.99	750	750	Mar 29	13 598	14 076	13 598	14 076
	USD	n/a	2.32	2.32	248	315	Mar 31	4 126	5 480	4 126	5 480
Other loans and bonds <sup>3</sup>								542	8 194	21 386	11 905
	ZAR	n/a	—	11.90	—	1 000	Apr 24	—	1 023	—	1 023
	ZAR	n/a	—	14.84	—	791	Feb 25	—	717	—	717
	ZAR	n/a	—	13.29	—	4 250	Feb 25	—	4 326	—	4 326
	ZAR	n/a	13.56	13.19	500	2 000	Feb 27	510	2 098	510	2 098
	ZAR	n/a	7.53	10.50	20 876	3 740	On demand	—	—	20 876	3 741
	ZAR	n/a <sup>4</sup>	—	—	32	30	On demand	32	30	—	—
								372 655	412 200	398 674	420 285

1. Latest in a range of maturity dates is indicated for these instruments.

2. Government guaranteed.

3. Comprises of loans with various banking institutions.

4. Includes, *inter alia*, current accounts with subsidiaries that have no repayment terms.

# Notes to the financial statements continued

## 26. Payments received in advance and contract liabilities and deferred income

	Note	Customer connections Rm	Government grant Rm	Other Rm	Total Rm
<b>26.1 Payments received in advance</b>					
<b>2025</b>					
<b>Group</b>					
Balance at beginning of the year		6 862	1 763	688	9 313
Payments received		2 066	1 910	362	4 338
Transfers to contract liabilities and deferred income	26.2	(317)	(2 398)	–	(2 715)
Income recognised		(426)	(102)	(243)	(771)
Balance at end of the year		8 185	1 173	807	10 165
<b>Maturity analysis</b>		8 185	1 173	807	10 165
Non-current		6 524	–	5	6 529
Current		1 661	1 173	802	3 636
<b>Company</b>					
Balance at beginning of the year		4 277	1 763	596	6 636
Payments received		1 508	1 910	270	3 688
Transfers to contract liabilities and deferred income	26.2	(212)	(2 398)	–	(2 610)
Income recognised		(385)	(102)	(153)	(640)
Balance at end of the year		5 188	1 173	713	7 074
<b>Maturity analysis</b>		5 188	1 173	713	7 074
Non-current		3 586	–	84	3 670
Current		1 602	1 173	629	3 404
<b>2024</b>					
<b>Group</b>					
Balance at beginning of the year		5 582	1 765	665	8 012
Payments received		1 977	3 060	238	5 275
Transfers to contract liabilities and deferred income	26.2	(296)	(2 897)	–	(3 193)
Income recognised		(401)	(165)	(215)	(781)
Balance at end of the year		6 862	1 763	688	9 313
<b>Maturity analysis</b>		6 862	1 763	688	9 313
Non-current		4 891	–	122	5 013
Current		1 971	1 763	566	4 300
<b>Company</b>					
Balance at beginning of the year		5 582	1 765	657	8 004
Payments received		1 977	3 060	168	5 205
Transfers to contract liabilities and deferred income	26.2	(296)	(2 897)	–	(3 193)
Income recognised		(401)	(165)	(215)	(781)
Disposal of business		(2 585)	–	(14)	(2 599)
Balance at end of the year		4 277	1 763	596	6 636
<b>Maturity analysis</b>		4 277	1 763	596	6 636
Non-current		2 343	–	135	2 478
Current		1 934	1 763	461	4 158



	Note	Customer connections Rm	Government grant Rm	Embedded derivatives Rm	Total Rm
<b>26.2 Contract liabilities and deferred income</b>					
<b>2025</b>					
<b>Group</b>					
Balance at beginning of the year		4 801	24 085	9 485	38 371
Transfers of property, plant and equipment from customers		644	—	—	644
Transfers from payments received in advance	26.1	317	2 398	—	2 715
Income recognised	38	(384)	(1 854)	—	(2 238)
Amortisation of day-one fair value	39	—	—	(1 627)	(1 627)
Balance at end of the year		5 378	24 629	7 858	37 865
<b>Maturity analysis</b>		5 378	24 629	7 858	37 865
Non-current		5 074	22 736	6 231	34 041
Current		304	1 893	1 627	3 824
<b>Company</b>					
Balance at beginning of the year		3 763	24 085	9 485	37 333
Transfers of property, plant and equipment from customers		563	—	—	563
Transfers from payments received in advance	26.1	212	2 398	—	2 610
Income recognised	38	(265)	(1 854)	—	(2 119)
Amortisation of day-one fair value	39	—	—	(1 627)	(1 627)
Balance at end of the year		4 273	24 629	7 858	36 760
<b>Maturity analysis</b>		4 273	24 629	7 858	36 760
Non-current		4 018	22 736	6 231	32 985
Current		255	1 893	1 627	3 775
<b>2024</b>					
<b>Group</b>					
Balance at beginning of the year		4 499	22 925	673	28 097
Transfers of property, plant and equipment from customers		288	—	—	288
Transfers from payments received in advance	26.1	296	2 897	—	3 193
Day-one fair value gain	16	—	—	9 279	9 279
Income recognised	38	(282)	(1 737)	—	(2 019)
Amortisation of day-one fair value	39	—	—	(467)	(467)
Balance at end of the year		4 801	24 085	9 485	38 371
<b>Maturity analysis</b>		4 801	24 085	9 485	38 371
Non-current		4 520	22 310	7 857	34 687
Current		281	1 775	1 628	3 684
<b>Company</b>					
Balance at beginning of the year		4 499	22 925	673	28 097
Transfers of property, plant and equipment from customers		288	—	—	288
Transfers from payments received in advance	26.1	296	2 897	—	3 193
Day-one fair value gain	16	—	—	9 279	9 279
Income recognised	38	(282)	(1 737)	—	(2 019)
Amortisation of day-one fair value	39	—	—	(467)	(467)
Disposal of business		(1 038)	—	—	(1 038)
Balance at end of the year		3 763	24 085	9 485	37 333
<b>Maturity analysis</b>		3 763	24 085	9 485	37 333
Non-current		3 521	22 310	7 857	33 688
Current		242	1 775	1 628	3 645

# Notes to the financial statements continued

## 27. Employee benefit obligations

	Note	Post-employment medical benefits Rm	Pension benefits Rm	Bonus Rm	Leave Rm	Total Rm
<b>2025</b>						
<b>Group</b>						
Balance at beginning of the year		18 374	–	477	2 374	21 225
Recognised in profit or loss						
Employee benefit expense – raised		414	2 308	6 070	1 171	9 963
Finance cost	41	2 750	92	–	–	2 842
Recognised in other comprehensive income						
Remeasurement of benefits		88	989	–	–	1 077
Cash paid		(930)	(3 389)	(2 630)	(902)	(7 851)
Balance at end of the year		20 696	–	3 917	2 643	27 256
<b>Maturity analysis</b>		20 696	–	3 917	2 643	27 256
Non-current		19 672	–	–	–	19 672
Current		1 024	–	3 917	2 643	7 584
<b>Company</b>						
Balance at beginning of the year		17 138	–	375	1 853	19 366
Recognised in profit or loss						
Employee benefit expense – raised		374	1 598	4 457	932	7 361
Finance cost	41	2 559	92	–	–	2 651
Recognised in other comprehensive income						
Remeasurement of benefits		109	989	–	–	1 098
Cash paid		(905)	(2 679)	(1 776)	(728)	(6 088)
Transfers		(43)	–	–	–	(43)
Balance at end of the year		19 232	–	3 056	2 057	24 345
<b>Maturity analysis</b>		19 232	–	3 056	2 057	24 345
Non-current		18 237	–	–	–	18 237
Current		995	–	3 056	2 057	6 108
<b>2024</b>						
<b>Group</b>						
Balance at beginning of the year		17 728	–	450	2 308	20 486
Recognised in profit or loss						
Employee benefit expense – raised		396	1 952	1 051	987	4 386
Finance cost	41	2 338	82	–	–	2 420
Recognised in other comprehensive income						
Remeasurement of benefits		(1 252)	627	–	–	(625)
Cash paid		(836)	(2 661)	(1 024)	(921)	(5 442)
Balance at end of the year		18 374	–	477	2 374	21 225
<b>Maturity analysis</b>		18 374	–	477	2 374	21 225
Non-current		17 448	–	–	–	17 448
Current		926	–	477	2 374	3 777
<b>Company</b>						
Balance at beginning of the year		17 378	–	394	2 073	19 845
Recognised in profit or loss						
Employee benefit expense – raised		395	1 689	740	909	3 733
Finance cost	41	2 293	82	–	–	2 375
Recognised in other comprehensive income						
Remeasurement of benefits		(1 228)	627	–	–	(601)
Cash paid		(815)	(2 398)	(715)	(843)	(4 771)
Disposal of business		(885)	–	(44)	(286)	(1 215)
Balance at end of the year		17 138	–	375	1 853	19 366
<b>Maturity analysis</b>		17 138	–	375	1 853	19 366
Non-current		16 236	–	–	–	16 236
Current		902	–	375	1 853	3 130

Refer to note 4 for relevant critical accounting estimates and assumptions.

## 27.1 Post-employment medical benefits

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
<b>Actuarial (loss)/gain</b>				
Financial assumptions	(166)	1 134	(154)	1 136
Experience adjustments	78	118	45	92
	(88)	1 252	(109)	1 228
<b>Expected maturity analysis of undiscounted benefits</b>				
Non-current	438 116	792 379	393 947	716 252
Between one and two years	1 098	1 018	1 065	989
Between two and five years	3 899	3 932	3 760	3 785
After five years	433 119	787 429	389 122	711 478
Current	1 024	926	995	902
	439 140	793 305	394 942	717 154

The group expects to pay R1 024 million and the company R995 million in contributions to this plan in 2026.

The reduction in the undiscounted benefits is largely attributable to a decrease in the medical inflation assumption. Refer to note 4.2 for the principal actuarial assumptions used and a sensitivity analysis.

## 27.2 Pension benefits

### Movement reconciliation

	Group and company							
	2025				2024			
	Fund assets Rm	Asset ceiling adjustment Rm	Fund obligations Rm	Net asset/ (liability) Rm	Fund assets Rm	Asset ceiling adjustment Rm	Fund obligations Rm	Net asset/ (liability) Rm
Asset/(liability) at beginning of the year	197 510	(80 361)	(117 149)	–	183 154	(74 530)	(108 624)	–
Recognised in profit or loss								
Employee benefit expense	–	–	(2 308)	(2 308)	–	–	(1 952)	(1 952)
Finance income/(cost)	29 357	(12 054)	(17 395)	(92)	23 933	(9 838)	(14 177)	(82)
Recognised in other comprehensive income								
Remeasurement of benefits	(5 619)	2 801	1 829	(989)	(5 883)	4 007	1 249	(627)
Return on plan assets in excess of finance cost	(5 619)	–	–	(5 619)	(5 883)	–	–	(5 883)
Adjustment to asset ceiling	–	2 801	–	2 801	–	4 007	–	4 007
Actuarial gain	–	–	1 829	1 829	–	–	1 249	1 249
Payments received by the fund	5 066	–	(1 677)	3 389	4 154	–	(1 493)	2 661
Employer funded	3 389	–	–	3 389	2 661	–	–	2 661
Member funded	1 677	–	(1 677)	–	1 493	–	(1 493)	–
Payments made by the fund	(8 658)	–	8 658	–	(7 848)	–	7 848	–
Benefit and pension payments	(7 816)	–	7 816	–	(7 040)	–	7 040	–
Fund management costs	(435)	–	435	–	(378)	–	378	–
Net transfers (from)/to the fund	(407)	–	407	–	(430)	–	430	–
Asset/(liability) at end of the year	217 656	(89 614)	(128 042)	–	197 510	(80 361)	(117 149)	–

## Notes to the financial statements continued

### 27. Employee benefit obligations (continued)

#### 27.2 Pension benefits (continued)

##### Fund assets composition

	Group and company					
	2025			2024		
	Domestic Rm	International Rm	Total Rm	Domestic Rm	International Rm	Total Rm
Equities	87 019	59 900	146 919	72 735	48 778	121 513
Bonds	40 282	1 942	42 224	34 482	6 922	41 404
Issued by Eskom	2 151	–	2 151	2 148	–	2 148
Other	38 131	1 942	40 073	32 334	6 922	39 256
Property	12 117	–	12 117	11 058	–	11 058
Cash	1 322	4 125	5 447	2 256	3 332	5 588
Hedge funds	38	–	38	1 787	–	1 787
Collective investment schemes	–	10 911	10 911	–	16 161	16 161
	140 778	76 878	217 656	122 318	75 193	197 511

	Group and company	
	2025 Rm	2024 Rm
<b>Actuarial gain</b>		
Financial assumptions	(2 275)	425
Experience adjustments	4 104	824
	1 829	1 249
<b>Expected maturity analysis of undiscounted benefits</b>		
Non-current	1 578 754	2 872 110
Between one and two years	8 549	7 680
Between two and five years	28 704	27 009
After five years	1 541 501	2 837 421
Current	7 987	6 958
	1 586 741	2 879 068

The group expects to pay R3 192 million and the company R2 505 million in contributions to this plan in 2026.

The reduction in the undiscounted benefits is largely attributable to the decrease in the long-term price inflation, future salary inflation and future pension increase assumptions. Refer to note 4.3 for the principal actuarial assumptions used and a sensitivity analysis.

#### 27.3 Bonus

Bonus includes the annual, performance and production bonuses.

The annual bonus comprises an accrual for a thirteenth cheque generally paid in November. Managerial employees can choose to spread the payment over the course of the year instead of receiving the full amount in November.

## 28. Provisions

		Power station-related environmental restoration Nuclear plant and spent fuel	Other generating plant	Mine-related closure, pollution control and rehabilitation	Compensation events	Other	Total
	Note	Rm	Rm	Rm	Rm	Rm	Rm
<b>2025</b>							
<b>Group</b>							
Balance at beginning of the year		23 679	16 086	13 280	3 524	5 317	61 886
Recognised in profit or loss		(2 082)	(55)	(72)	196	(1 764)	(3 777)
Raised		364	30	–	197	2 018	2 609
Reversed		(2 427)	(279)	(116)	(1)	(3 782)	(6 605)
Change in discount rate		(19)	194	44	–	–	219
Capitalised to property, plant and equipment	8	(7 056)	(84)	–	1 090	–	(6 050)
Raised		361	25	–	1 523	–	1 909
Reversed		(7 230)	(455)	–	(433)	–	(8 118)
Change in discount rate		(187)	346	–	–	–	159
Capitalised to future fuel supplies	10	–	–	(234)	–	–	(234)
Raised		–	–	317	–	–	317
Reversed		–	–	(586)	–	–	(586)
Change in discount rate		–	–	35	–	–	35
Capitalised to inventories	13	75	–	245	–	–	320
Raised		75	–	274	–	–	349
Reversed		–	–	(29)	–	–	(29)
Finance cost	41	1 876	1 688	1 324	–	(892)	3 996
Cash paid		(424)	–	(303)	(418)	(1 720)	(2 865)
Balance at end of the year		16 068	17 635	14 240	4 392	941	53 276
<b>Maturity analysis</b>		16 068	17 635	14 240	4 392	941	53 276
Non-current		15 542	17 635	14 075	–	195	47 447
Current		526	–	165	4 392	746	5 829
<b>Company</b>							
Balance at beginning of the year		23 679	16 086	13 280	3 509	5 184	61 738
Recognised in profit or loss		(2 082)	(55)	(72)	195	(1 994)	(4 008)
Raised		364	30	–	196	1 754	2 344
Reversed		(2 427)	(279)	(116)	(1)	(3 748)	(6 571)
Change in discount rate		(19)	194	44	–	–	219
Capitalised to property, plant and equipment	8	(7 056)	(84)	–	1 090	–	(6 050)
Raised		361	25	–	1 523	–	1 909
Reversed		(7 230)	(455)	–	(433)	–	(8 118)
Change in discount rate		(187)	346	–	–	–	159
Capitalised to future fuel supplies	10	–	–	(234)	–	–	(234)
Raised		–	–	317	–	–	317
Reversed		–	–	(586)	–	–	(586)
Change in discount rate		–	–	35	–	–	35
Capitalised to inventories	13	75	–	245	–	–	320
Raised		75	–	274	–	–	349
Reversed		–	–	(29)	–	–	(29)
Finance cost	41	1 876	1 688	1 324	–	(892)	3 996
Cash paid		(424)	–	(303)	(418)	(1 632)	(2 777)
Balance at end of the year		16 068	17 635	14 240	4 376	666	52 985
<b>Maturity analysis</b>		16 068	17 635	14 240	4 376	666	52 985
Non-current		15 542	17 635	14 075	–	195	47 447
Current		526	–	165	4 376	471	5 538

## Notes to the financial statements continued

### 28. Provisions (continued)

		Power station-related environmental restoration Nuclear plant and spent fuel	Other generating plant	Mine-related closure, pollution control and rehabilitation	Compensation events	Other	Total
	Note	Rm	Rm	Rm	Rm	Rm	Rm
<b>2024</b>							
<b>Group</b>							
Balance at beginning of the year		21 824	15 863	13 113	4 043	1 214	56 057
Recognised in profit or loss		(192)	470	(1 074)	702	4 040	3 946
Raised		421	2 124	156	702	4 057	7 460
Reversed		(284)	(1 198)	(305)	–	(17)	(1 804)
Change in discount rate		(329)	(456)	(925)	–	–	(1 710)
Capitalised to property, plant and equipment	8	(289)	(1 988)	–	(492)	–	(2 769)
Raised		–	18	–	2 412	–	2 430
Reversed		(24)	(1 893)	–	(2 904)	–	(4 821)
Change in discount rate		(265)	(113)	–	–	–	(378)
Capitalised to future fuel supplies	10	–	–	382	–	–	382
Raised		–	–	814	–	–	814
Reversed		–	–	(392)	–	–	(392)
Change in discount rate		–	–	(40)	–	–	(40)
Capitalised to inventories	13	98	–	(185)	–	–	(87)
Raised		98	–	–	–	–	98
Reversed		–	–	(185)	–	–	(185)
Finance cost	41	2 296	1 741	1 351	–	900	6 288
Cash paid		(58)	–	(307)	(729)	(837)	(1 931)
Balance at end of the year		23 679	16 086	13 280	3 524	5 317	61 886
<b>Maturity analysis</b>		23 679	16 086	13 280	3 524	5 317	61 886
Non-current		23 153	16 086	13 055	–	267	52 561
Current		526	–	225	3 524	5 050	9 325
<b>Company</b>							
Balance at beginning of the year		21 824	15 863	13 113	4 043	1 130	55 973
Recognised in profit or loss		(192)	470	(1 074)	702	3 946	3 852
Raised		421	2 124	156	702	3 963	7 366
Reversed		(284)	(1 198)	(305)	–	(17)	(1 804)
Change in discount rate		(329)	(456)	(925)	–	–	(1 710)
Capitalised to property, plant and equipment	8	(289)	(1 988)	–	(492)	–	(2 769)
Raised		–	18	–	2 412	–	2 430
Reversed		(24)	(1 893)	–	(2 904)	–	(4 821)
Change in discount rate		(265)	(113)	–	–	–	(378)
Capitalised to future fuel supplies	10	–	–	382	–	–	382
Raised		–	–	814	–	–	814
Reversed		–	–	(392)	–	–	(392)
Change in discount rate		–	–	(40)	–	–	(40)
Capitalised to inventories	13	98	–	(185)	–	–	(87)
Raised		98	–	–	–	–	98
Reversed		–	–	(185)	–	–	(185)
Finance cost	41	2 296	1 741	1 351	–	901	6 289
Cash paid		(58)	–	(307)	(729)	(779)	(1 873)
Disposal of business		–	–	–	(15)	(14)	(29)
Balance at end of the year		23 679	16 086	13 280	3 509	5 184	61 738
<b>Maturity analysis</b>		23 679	16 086	13 280	3 509	5 184	61 738
Non-current		23 153	16 086	13 055	–	267	52 561
Current		526	–	225	3 509	4 917	9 177

Refer to note 4.5 for relevant critical accounting estimates and assumptions for the power station-related environmental restoration and mine-related closure, pollution control and rehabilitation related provisions and note 45.2 for compensation events.

## 29. Lease liabilities

	Gross payables Rm	2025 Future finance charges Rm	Carrying value Rm	Gross payables Rm	2024 Future finance charges Rm	Carrying value Rm
<b>Group</b>						
Non-current	9 250	(2 652)	6 598	9 794	(3 241)	6 553
Between one and five years	7 374	(2 447)	4 927	8 488	(3 154)	5 334
After five years	1 876	(205)	1 671	1 306	(87)	1 219
Current	2 143	(1 031)	1 112	1 750	(900)	850
	11 393	(3 683)	7 710	11 544	(4 141)	7 403
<b>Company</b>						
Non-current	1 398	(405)	993	359	(107)	252
Between one and five years	792	(286)	506	324	(105)	219
After five years	606	(119)	487	35	(2)	33
Current	260	(142)	118	108	(47)	61
	1 658	(547)	1 111	467	(154)	313

	Note	Group		Company	
		2025 Rm	2024 Rm	2025 Rm	2024 Rm
<b>Movement reconciliation</b>					
Balance at beginning of the year		7 403	8 126	313	8 040
Additions		1 075	8	832	6
Disposals		(11)	(11)	(11)	(7)
Finance costs	41	1 081	1 142	73	1 135
Cash paid		(1 838)	(1 862)	(96)	(1 772)
Capital		(783)	(721)	(49)	(638)
Finance costs		(1 055)	(1 141)	(47)	(1 134)
Disposal of business		—	—	—	(7 089)
Balance at end of the year		7 710	7 403	1 111	313
Refer to note 37 for short-term and low-value lease expenses.					

## 30. Trade and other payables

<b>Financial instruments</b>	51 734	47 912	66 849	39 703
Trade and other payables	34 564	31 555	50 316	23 891
Accruals	9 047	8 926	8 410	8 381
Deposits	8 123	7 431	8 123	7 431
<b>Non-financial instruments</b>	2 577	2 016	2 510	1 959
VAT	1 968	1 437	1 901	1 380
Environmental levy	609	579	609	579
	54 311	49 928	69 359	41 662
<b>Maturity analysis</b>	54 311	49 928	69 359	41 662
Non-current	271	264	248	159
Current	54 040	49 664	69 111	41 503

## 31. Loan from shareholder

Balance at beginning of the year	32 000	—	32 000	—
Amounts advanced	64 000	76 000	64 000	76 000
Converted to equity	(40 000)	(44 000)	(40 000)	(44 000)
Finance costs	132	—	132	—
Balance at end of the year	56 132	32 000	56 132	32 000
<b>Maturity analysis</b>	56 132	32 000	56 132	32 000
Current	56 132	32 000	56 132	32 000

The Minister of Finance approved the conversion to equity of R32 billion on 29 July 2024 and R8 billion on 21 October 2024.

The interest rate on the loan from shareholder was 7.9% at 31 March 2025.



## Notes to the financial statements continued

	Note	Group		Company	
		2025 Rm	2024 Rm	2025 Rm	2024 Rm
<b>32. Revenue</b>					
Redistributors (metropolitan and municipal customers)		133 301	115 460	133 301	115 460
Invoiced to customers		145 299	124 302	145 299	124 302
Amounts not meeting collectability criteria	20	(23 742)	(17 081)	(23 742)	(17 081)
Recognised on a cash received basis	20	11 744	8 239	11 744	8 239
Residential		8 597	7 615	8 597	7 615
Invoiced to customers		8 532	7 671	8 532	7 671
Amounts not meeting collectability criteria	20	(55)	(164)	(55)	(164)
Recognised on a cash received basis	20	120	108	120	108
Industrial		63 509	61 367	63 589	61 367
Mining		52 761	47 923	52 761	47 923
Commercial		24 869	20 900	24 869	20 900
Agricultural		16 291	13 858	16 291	13 858
International		21 611	11 457	390	11 457
Rail		4 333	3 835	4 333	3 835
Public lighting		354	317	354	317
Post-paid electricity sales		325 626	282 732	304 485	282 732
Prepaid electricity sales		13 275	11 329	13 275	11 329
Total electricity sales		338 901	294 061	317 760	294 061
Connections		1 260	1 273	1 100	1 273
Other		734	480	806	480
		340 895	295 814	319 666	295 814
<b>33. Other income</b>					
Insurance proceeds		267	31	657	762
Services income		12	22	—	—
Management fee income		—	—	622	146
Operating lease income		268	277	141	207
Dividend income		72	74	102	889
Net gain on modification of loan receivable <sup>1</sup>		1 719	—	1 719	—
Other		927	891	1 511	1 042
		3 265	1 295	4 752	3 046
<b>34. Primary energy</b>					
Own generation costs		98 011	117 873	98 008	117 873
International electricity purchases		6 554	8 081	14	8 081
Independent power producers		45 642	47 775	—	47 775
Net internal energy costs		—	—	73 709	—
		150 207	173 729	171 731	173 729

Generation costs include the cost of coal (including logistics), uranium, water and liquid fuels that are used in the generation of electricity. Eskom uses a combination of short-, medium- and long-term agreements with suppliers for coal purchases and long-term agreements with the Department of Water and Sanitation to reimburse the department for the cost incurred in supplying water to Eskom.

Net internal energy costs relate to charges from NTCSA to Eskom for network, capacity and external energy purchases. Refer to note 7.

1. The net gain on modification of loan receivable relates to the payment arrangement with the City of Tshwane which resulted in the derecognition of the electricity receivable and recognition of a loan receivable.

	Note	Group		Company	
		2025 Rm	2024 Rm	2025 Rm	2024 Rm
<b>35. Employee benefit expense</b>					
Salaries		29 537	27 083	23 378	24 387
Overtime		3 253	3 029	2 561	2 505
Post-employment medical benefits		414	396	374	395
Pension benefits		2 308	1 952	1 598	1 689
Annual bonus <sup>1</sup>		1 549	1 470	1 231	1 276
Performance bonus <sup>2</sup>		3 731	–	2 921	–
Production bonus <sup>3</sup>		1 212	439	817	322
Leave		1 171	986	932	908
Direct costs of employment		43 175	35 355	33 812	31 482
Direct training and development		180	136	114	117
Temporary and contract staff costs		625	484	303	301
Other staff costs		1 378	1 124	1 084	1 070
Gross employee benefit expense		45 358	37 099	35 313	32 970
Capitalised to property, plant and equipment		(2 198)	(2 003)	(1 893)	(2 003)
		43 160	35 096	33 420	30 967
<b>36. Net impairment and write down of assets</b>					
<b>36.1 Financial assets</b>					
Loans receivable		(25)	234	(5)	416
Finance lease receivables		–	(2)	–	(2)
Trade and other receivables	5	7 313	2 800	7 642	2 695
Treasury investments		7	4	7	4
Insurance investments		45	14	–	–
		7 340	3 050	7 644	3 113
Bad debts recovered – trade and other receivables		(23)	(33)	(23)	(33)
		7 317	3 017	7 621	3 080
<b>36.2 Other assets</b>					
Inventories	13	(94)	(277)	(99)	(279)
Trade and other receivables		393	693	393	693
		299	416	294	414
		7 616	3 433	7 915	3 494
<b>37. Other expenses</b>					
Managerial, technical and other fees		1 181	837	768	812
Lease expense		849	803	196	195
Short term		794	752	159	139
Low value		55	51	37	56
Auditors' remuneration <sup>4</sup>		302	293	273	265
Audit of financial statements		292	286	263	259
Other assurance and related services		9	6	9	6
Regulatory related services		1	1	1	–
Net loss on disposals and write-offs of property, plant and equipment and intangible assets		3 431	275	2 797	203
Repairs and maintenance, transport and other expenses		38 376	39 233	45 467	46 462
		44 139	41 441	49 501	47 937
<b>38. Depreciation and amortisation expense</b>					
Depreciation of property, plant and equipment	8	33 593	34 959	31 010	35 031
Amortisation of intangible assets	9	25	17	23	16
Contract liabilities and deferred income recognised (government grant)	26.2	(1 854)	(1 737)	(1 854)	(1 737)
		31 764	33 239	29 179	33 310

1. The annual bonus represents a thirteenth cheque. Refer to note 27.3.

2. The performance bonus relates to the STI scheme which was reinstated with effect from 1 April 2024.

3. The production bonus is self-funded and rewards employees for improved efficiency, operational productivity and performance in the production environment as well as the reduction in the number of zero prepaid buyers in the distribution environment.

4. Presented in line with the International Ethics Standards Board for Accountants Code Disclosure Requirements.

## Notes to the financial statements continued

	Note	Group		Company	
		2025 Rm	2024 Rm	2025 Rm	2024 Rm
<b>39. Net fair value and foreign exchange (loss)/gain</b>					
(Loss)/profit on items carried at fair value		(17 525)	15 387	(17 592)	15 404
Insurance investments		252	(21)	–	–
Derivatives held for risk management	17	(11 575)	13 242	(11 390)	13 238
Embedded derivatives	16	(7 829)	1 699	(7 829)	1 699
Deferred income	26	1 627	467	1 627	467
Gain/(loss) on foreign currency translation of items carried at amortised cost		5 832	(12 777)	5 831	(12 770)
Cash and cash equivalents		(63)	13	(63)	13
Trade and other payables		(76)	(33)	(77)	(26)
Debt securities and borrowings		5 971	(12 757)	5 971	(12 757)
Amounts recycled to profit or loss from cash flow hedge reserve		1 278	34	1 278	34
Amortisation of effective portion of terminated cash flow hedges		–	(3)	–	(3)
Ineffective portion of cash flow hedges		1 278	37	1 278	37
		(10 415)	2 644	(10 483)	2 668
<b>40. Finance income</b>					
Treasury investments		224	26	224	26
Insurance investments		1 754	1 535	–	–
Loans receivable		1 126	928	4 266	486
Finance lease receivables		24	28	13	28
Trade and other receivables		1 495	1 232	1 445	1 419
Invoiced to customers		4 015	990	3 965	1 177
Amounts not meeting collectability criteria	20	(2 520)	242	(2 520)	242
Cash and cash equivalents		2 217	1 110	2 211	1 030
		6 840	4 859	8 159	2 989
Cash interest included in finance income comprises:					
Insurance investments		1 387	1 380	–	–
Loans receivable		910	928	3 660	468
Finance lease receivables		24	28	13	28
Trade and other receivables		441	412	395	412
Cash and cash equivalents		2 217	1 110	2 211	1 030
		4 979	3 858	6 279	1 938
<b>41. Finance cost</b>					
Debt securities and borrowings		32 408	37 263	34 342	37 644
Eskom bonds		13 364	14 683	13 811	15 126
Commercial paper		72	87	–	–
Eurobond zero coupon bonds		1 032	917	1 032	917
Foreign bonds		4 281	5 077	4 281	5 077
Development financing institutions		10 858	11 649	10 858	11 649
Export credit facilities		2 158	2 652	2 158	2 652
Other loans		643	2 198	2 202	2 223
Derivatives held for risk management		4 723	3 705	4 723	3 705
Employee benefit obligations	27	2 842	2 420	2 651	2 375
Provisions	28	3 996	6 288	3 996	6 289
Lease liabilities	29	1 081	1 142	73	1 135
Trade and other payables		647	511	625	512
Loan from shareholder		382	–	382	–
Gross finance cost		46 079	51 329	46 792	51 660
Capitalised to property, plant and equipment	8	(6 147)	(8 081)	(4 340)	(8 081)
		39 932	43 248	42 452	43 579
Cash interest included in finance cost comprises:					
Debt securities and borrowings		27 061	30 184	27 381	30 500
Derivatives held for risk management		4 998	3 929	4 998	3 929
Lease liabilities		1 055	1 140	47	1 134
Trade and other payables		26	4	4	4
Loan from shareholder		250	–	250	–
		33 390	35 257	32 680	35 567

## 42. Income tax

	Note	Group		Company	
		2025 Rm	2024 Rm	2025 Rm	2024 Rm
<b>Recognised in profit or loss</b>					
Current tax		6 575	1 204	–	–
Current year		6 575	1 282	–	–
Over provided in prior years		–	(78)	–	–
Deferred tax		1 247	28 342	213	28 585
Raised/(reversal) of temporary differences		1 089	(862)	160	(696)
Raised/(reversal) of temporary differences (Over)/under provided in prior years		1 233 (144)	(1 254) 392	307 (147)	(1 089) 393
Tax losses		(1 152)	(7 442)	(891)	(7 365)
Reversal of temporary differences Under/(over) provided in prior years		(1 296) 144	(7 063) (379)	(1 038) 147	(6 987) (378)
Derecognition of deferred tax asset		1 310	36 646	944	36 646
		7 822	29 546	213	28 585
<b>Reconciliation between standard and effective tax rate:</b>					
<b>R million</b>					
Taxation income/(expense) at standard rate		6 445	(6 877)	(3 268)	(7 695)
Non-taxable income		(420)	(369)	(413)	(590)
Government grants		(363)	(322)	(363)	(322)
Dividend income		(18)	(18)	(28)	(240)
Incentive allowances		(39)	(29)	(22)	(28)
Expenses not deductible for tax purposes		487	211	2 950	209
Non-deductible capital expenditure <sup>1</sup>		447	183	302	181
NTCSA profit taxed in Eskom <sup>2</sup>		–	–	2 608	–
Donations		40	28	40	28
Prior period (under)/over provision		–	(65)	–	15
Derecognition of deferred tax asset <sup>3</sup>		1 310	36 646	944	36 646
Taxation expense per the income statement		7 822	29 546	213	28 585
<b>%</b>					
Taxation income at standard rate		27.00	27.00	27.00	27.00
Non-taxable income		(1.76)	1.44	3.41	2.07
Government grants		(1.52)	1.26	3.00	1.13
Dividend income		(0.08)	0.07	0.23	0.84
Incentive allowances		(0.16)	0.11	0.18	0.10
Expenses not deductible for tax purposes		2.04	(0.83)	(24.37)	(0.73)
Non-deductible capital expenditure <sup>1</sup>		1.87	(0.72)	(2.49)	(0.63)
NTCSA profit taxed in Eskom <sup>2</sup>		–	–	(21.55)	–
Donations		0.17	(0.11)	(0.33)	(0.10)
Adjustments to current tax of prior periods		–	0.26	–	(0.05)
Derecognition of deferred tax asset <sup>3</sup>		5.49	(143.88)	(7.80)	(128.59)
Taxation income/(expense) per the income statement		32.77	(116.01)	(1.76)	(100.30)

1. Non-deductible capital expenditure includes expenditure of a capital nature and not incurred in the production of income.

2. Eskom transferred the assets and liabilities of the transmission division to NTCSCA with the accounting date for the disposal being 31 March 2024, while the legal implementation date of the merger agreement and operationalisation of NTCSCA was 1 July 2024. The taxable income for NTCSCA from 1 April 2024 to 30 June 2024 was therefore included and taxed in Eskom.

3. Deferred tax assets not recognised relate to the movement of the deferred tax on unused tax losses for the financial year. Refer to note 14.

## Notes to the financial statements continued

### 42. Income tax (continued)

	2025			2024		
	Before tax Rm	Tax Rm	Net of tax Rm	Before tax Rm	Tax Rm	Net of tax Rm
<b>Recognised in other comprehensive income</b>						
<b>Group</b>						
Cash flow hedges	310	(84)	226	(730)	197	(533)
Net change in fair value	1 781	(481)	1 300	(493)	133	(360)
Net amount transferred to profit or loss	(1 278)	345	(933)	(34)	9	(25)
Net amount transferred to initial carrying amount of hedged items	(193)	52	(141)	(203)	55	(148)
Foreign currency translation differences	–	–	–	6	–	6
Remeasurement of benefits	(1 077)	291	(786)	625	(169)	456
	(767)	207	(560)	(99)	28	(71)
<b>Company</b>						
Cash flow hedges	310	(84)	226	(730)	197	(533)
Net change in fair value	1 781	(481)	1 300	(493)	133	(360)
Net amount transferred to profit or loss	(1 278)	345	(933)	(34)	9	(25)
Net amount transferred to initial carrying amount of hedged items	(193)	52	(141)	(203)	55	(148)
Remeasurement of benefits	(1 098)	297	(801)	601	(164)	437
	(788)	213	(575)	(129)	33	(96)

### 43. Cash generated from operations

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Profit/(loss) before tax	23 869	(25 469)	(12 104)	(28 499)
Adjustments for:	89 625	79 563	85 357	80 331
Depreciation and amortisation expense	31 764	33 239	29 179	33 310
Depreciation expense – primary energy	11	12	11	12
Impairment and write down of assets (excluding bad debts recovered)	7 639	3 466	7 938	3 527
Net fair value gain/(loss) on financial instruments	10 415	(2 644)	10 483	(2 668)
Net loss on disposals and write-offs of property, plant and equipment	3 431	275	2 797	203
Net gain on modification of loans receivable	(1 719)	–	(1 719)	–
Transfer of assets from non-electricity purchasing customers	(450)	(590)	(450)	(590)
Dividend income	(72)	(74)	(102)	(889)
Increase in employee benefit obligations	9 963	4 386	7 361	3 733
(Increase)/decrease in provisions	(3 777)	3 946	(4 008)	3 852
Decrease in contract liabilities and deferred income	(384)	(282)	(265)	(282)
Payments made in advance recognised in profit or loss	585	326	479	314
Payments received in advance recognised in profit or loss	(771)	(781)	(640)	(781)
Finance income	(6 840)	(4 859)	(8 159)	(2 989)
Finance cost	39 932	43 248	42 452	43 579
Share of profit of equity-accounted investees	(102)	(105)	–	–
	113 494	54 094	73 253	51 832
Changes in working capital:	(20 128)	(13 579)	(12 649)	(11 920)
Increase in payments made in advance	(856)	(811)	(794)	(742)
Increase in inventories	(2 364)	(3 498)	(2 050)	(3 500)
Increase in trade and other receivables	(12 902)	(11 788)	(31 901)	(10 840)
Increase in trade and other payables	2 156	4 481	27 057	4 466
Expenditure incurred on employee benefit obligations	(7 851)	(5 442)	(6 088)	(4 771)
Expenditure incurred on provisions	(2 649)	(1 796)	(2 561)	(1 738)
Increase in payments received in advance	4 338	5 275	3 688	5 205
	93 366	40 515	60 604	39 912

#### 44. Net debt reconciliation

The net debt reconciliation includes the changes arising from financing activities.

	Debt securities and borrowings <sup>1</sup> Rm	Loan from shareholder <sup>2</sup> Rm	Lease liabilities <sup>3</sup> Rm	Derivatives held for risk management <sup>4</sup> Rm	Payments made in advance <sup>5</sup> Rm	Cash and cash equivalents <sup>6</sup> Rm	Net debt Rm
<b>Group</b>							
Balance at 31 March 2023	423 929	–	8 126	(25 014)	(692)	(7 516)	398 833
Net cash (decrease)/increase	(31 032)	76 000	(721)	10 992	(426)	(16 050)	38 763
Net fair value and foreign exchange losses/(gains)	12 757	–	–	(12 057)	–	(13)	687
Foreign currency translation	–	–	–	–	–	(6)	(6)
Other movements	6 546 <sup>7</sup>	(44 000)	(2)	(226)	465	–	(37 217)
Balance at 31 March 2024	<b>412 200</b>	<b>32 000</b>	<b>7 403</b>	<b>(26 305)</b>	<b>(653)</b>	<b>(23 585)</b>	<b>401 060</b>
Net cash (decrease)/increase	<b>(37 741)</b>	<b>64 000</b>	<b>(783)</b>	<b>4 555</b>	<b>(131)</b>	<b>(40 265)</b>	<b>(10 365)</b>
Net fair value and foreign exchange (gains)/losses	<b>(5 971)</b>	<b>–</b>	<b>–</b>	<b>8 201</b>	<b>–</b>	<b>63</b>	<b>2 293</b>
Assets and liabilities held-for-sale	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>26</b>	<b>26</b>
Other movements	<b>4 167<sup>7</sup></b>	<b>(39 868)</b>	<b>1 090</b>	<b>(274)</b>	<b>523</b>	<b>–</b>	<b>(34 362)</b>
Balance at 31 March 2025	<b>372 655</b>	<b>56 132</b>	<b>7 710</b>	<b>(13 823)</b>	<b>(261)</b>	<b>(63 761)</b>	<b>358 652</b>
<b>Company</b>							
Balance at 31 March 2023	428 377	–	8 040	(25 014)	(692)	(5 832)	404 879
Net cash (decrease)/increase	(30 989)	76 000	(638)	10 992	(426)	(17 120)	37 819
Net fair value and foreign exchange (gains)/losses	12 757	–	–	(12 057)	–	(13)	687
Disposal of business	–	–	(7 089)	(27)	(23)	–	(7 139)
Other movements	10 140 <sup>7</sup>	(44 000)	–	(199)	488	–	(33 571)
Balance at 31 March 2024	<b>420 285</b>	<b>32 000</b>	<b>313</b>	<b>(26 305)</b>	<b>(653)</b>	<b>(22 965)</b>	<b>402 675</b>
Net cash (decrease)/increase	<b>(22 069)</b>	<b>64 000</b>	<b>(49)</b>	<b>4 555</b>	<b>(131)</b>	<b>(39 855)</b>	<b>6 451</b>
Net fair value and foreign exchange (gains)/losses	<b>(5 971)</b>	<b>–</b>	<b>–</b>	<b>8 201</b>	<b>–</b>	<b>63</b>	<b>2 293</b>
Other movements	<b>6 429<sup>7</sup></b>	<b>(39 868)</b>	<b>847</b>	<b>(274)</b>	<b>523</b>	<b>–</b>	<b>(32 343)</b>
Balance at 31 March 2025	<b>398 674</b>	<b>56 132</b>	<b>1 111</b>	<b>(13 823)</b>	<b>(261)</b>	<b>(62 757)</b>	<b>379 076</b>

Financing activities exclude cash and cash equivalents.

#### 45. Financial guarantees, contingent liabilities and assets

##### 45.1 Financial guarantees

###### EFC loans to group employees

EFC has granted loans (secured by mortgage bonds on the properties) to qualifying employees of the group. Eskom has issued guarantees to EFC to the extent to which the loan values of employees exceed the current value of the mortgage security.

Eskom's guarantee exposure is governed by the default probability of EFC, which is influenced by the risk of significant fluctuations in interest rates that might cause default on repayments. The risk-adjusted credit exposure of EFC is calculated by applying a rating agency's annual default probabilities.

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Financial guarantee	–	–	191	206
<b>45.2 Contingent liabilities</b>				
<b>Legal claims</b>				
There are legal claims in process against Eskom as a result of disputes with various parties. Based on the evidence available, there is no present obligation relating to these claims. The claims are disclosed as a contingent liability and amounted to	40	6	38	3

###### Compensation events

The final settlement of open compensation claims is generally far below the amount claimed by contractors. The adjudication rulings are mostly in favour of Eskom, resulting in no additional expenditure being incurred. Eskom recognises a provision based on the best estimate of the potential expenditure required to settle open compensation claims.

There are uncertainties relating to the finalisation of open compensation events which are subject to a contractual adjudication process where the outcome could be different to management's assessment of the probability of an outflow of resources and best estimate of the expenditure. The potential financial impact can therefore not be precisely determined due to the ongoing nature of the negotiations and the complexities involved.

1. Refer to note 25.

2. Refer to note 31.

3. Refer to note 29.

4. Refer to note 17 (hedge exposure covering debt securities and borrowings).

5. Refer to note 19 (securing debt raised).

6. Refer to note 22.

7. Mainly constitutes interest accrual.

## Notes to the financial statements continued

### 45. Financial guarantees, contingent liabilities and assets (continued)

#### 45.2 Contingent liabilities (continued)

##### Compensation events (continued)

Eskom is actively engaging with the relevant parties to resolve matters in line with the contractual agreements.

The group continuously monitors the developments related to these contingencies and will recognise the liabilities in the financial statements when it becomes probable that an outflow of resources will be required and the amount can be reasonably estimated.

The estimated potential contingent liabilities at 31 March 2025 arising from compensation events were R4 507 million (2024: R6 683 million) considering the historical outcomes on similar matters.

##### Claims from customers

Some electricity customers occasionally submit claims against Eskom because of billing disputes. These claims are subject to a dispute investigations process of which the outcome is uncertain and the potential financial impact cannot be reliably determined.

##### Non-technical energy losses

The Eskom online vending system environment was compromised in the previous financial year which resulted in the creation of illicit prepaid electricity tokens for Eskom and those municipalities that make use of Eskom's online vending platform.

When an illicit token is loaded into a prepaid meter, the token will be accepted and update the meter with the available credit kilowatt hours. There is a cost associated with delivering electricity against the credit kilowatt hours for customers using illicit tokens. This results in non-technical losses for delivery against illicit tokens used and will also result in future non-technical losses for unused illicit tokens, as no corresponding revenue will be received. Refer to note 51.3 for the current non-technical losses experienced.

The potential obligations emanating from the exposure that illicit tokens can be used in the future cannot be reliably measured because of the high level of uncertainty around the completeness of the number of illicit prepaid electricity tokens created as well as the number of tokens already used and those that remain compatible with Eskom meters after the key revision standard rollover (KRN 1 change to KRN 2).

#### 45.3 Contingent assets

There are certain negotiation processes underway by the SIU for the recovery of payments by Eskom arising from state capture. Further details are not currently available as Eskom is reliant on the process as controlled by the SIU. The outcome of these processes will be assessed once the details are made available to Eskom.

### 46. Commitments

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
<b>46.1 Capital expenditure</b>				
Contracted capital expenditure	35 784	28 999	28 646	23 712
Within one year	22 350	17 417	21 441	16 949
One to five years	12 945	11 275	6 716	6 763
After five years	489	307	489	—
Capital expenditure excludes finance costs capitalised and foreign currency fluctuations.				
The capital expenditure will be financed through drawdowns from existing project-related loan agreements and internally generated funds.				
The capital programme will be reviewed and reprioritised by management in line with the funds available.				
<b>46.2 Leases</b>				
<b>As lessee</b>				
The future minimum lease payments payable under non-cancellable leases are:				
Within one year	684	646	33	31
Short-term leases	636	614	1	1
Low-value leases	47	32	31	30
Right-of-use leases not yet commenced	1	—	1	—
One to five years	39	5	39	5
Low-value leases	35	5	35	5
Right-of-use leases not yet commenced	4	—	4	—
Total	723	651	72	36
Short-term leases	636	614	1	1
Low-value leases	82	37	66	35
Right-of-use leases not yet commenced	5	—	5	—
The lease payments payable under non-cancellable leases are of a similar nature to the right-of-use, short-term and low-value leases recognised in the statement of financial position and income statement.				
<b>As lessor</b>				
The future minimum lease payments receivable under non-cancellable operating leases are:				
Within one year	175	247	17	175
One to five years	134	153	8	90
After five years	41	88	9	79
	—	6	—	6

The lease payments receivable under non-cancellable leases are of a similar nature to the right-of-use, short-term and low-value leases recognised in the statement of financial position and income statement.



## 47. Related-party transactions and balances

Eskom (and its subsidiaries) are classified as schedule 2 public entities in terms of the PFMA. Eskom is part of the national sphere of government and its related parties in that sphere include national departments (including the shareholder), constitutional institutions and public entities (schedule 1, 2 and 3). A list of related parties is provided by National Treasury on its website [www.treasury.gov.za](http://www.treasury.gov.za).

Related parties include subsidiaries, associates and joint ventures of the group and post-employment benefit plans for the benefit of employees. It also includes key management personnel of Eskom and close family members of these related parties. Key management personnel for Eskom include the group's board of directors and Exco. The related-party transactions with directors and key management personnel are disclosed in note 49 and government guarantees issued to Eskom in note 5.3.2.

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
<b>Transactions</b>				
Sales of goods and services	17 344	15 353	240 016	16 539
National departments	1 949	1 654	1 949	1 654
Public entities	10 030	8 764	9 936	8 736
Subsidiaries, associates and joint ventures	5 365	4 935	228 131	6 149
Government grant funding received for electrification				
National departments	1 910	3 059	1 910	3 059
Purchases of goods and services	6 661	28 186	320 690	42 592
Constitutional institutions	–	12	–	12
National departments	2 081	1 807	2 081	1 807
Public entities <sup>1</sup>	1 081	23 579	(199)	22 344
Subsidiaries, associates and joint ventures	110	127	316 129	16 031
Eskom Pension and Provident Fund	3 389	2 661	2 679	2 398
Bad debts expense	2	4	2	4
National departments	–	1	–	1
Public entities	2	1	2	1
Subsidiaries, associates and joint ventures	–	2	–	2
Net fair value and foreign exchange loss				
Subsidiaries, associates and joint ventures	–	–	185	(4)
Finance income	76	126	4 121	612
National departments	12	11	12	11
Public entities	64	115	59	115
Subsidiaries, associates and joint ventures	–	–	4 050	486
Finance cost <sup>2</sup>	8 360	9 144	10 366	9 612
National departments	398	18	398	18
Public entities	7 791	8 895	7 791	8 895
Subsidiaries, associates and joint ventures	–	–	2 006	468
Eskom Pension and Provident Fund	171	231	171	231
Dividend income				
Subsidiaries, associates and joint ventures	–	–	102	888
Lease income	8	12	5	16
National departments	–	1	–	1
Public entities	8	11	2	11
Subsidiaries, associates and joint ventures	–	–	3	4
Lease expenses	3	8	2	12
Public entities	3	8	–	8
Subsidiaries, associates and joint ventures	–	–	2	4
Environmental levy				
Public entities	7 273	6 817	7 270	6 817

1. The current year amount was reduced by R14.2 billion relating to SARS fuel levy rebates.

2. Bonds are bearer instruments and it is therefore unknown if the initial counterparty still holds the bonds. Transactions in the secondary market where Eskom is not the counterparty are therefore excluded.

## Notes to the financial statements continued

### 47. Related-party transactions and balances (continued)

	Group		Company	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
<b>Outstanding balances (due by related parties)</b>				
Receivables and amounts owed by related parties	6 711	2 507	27 875	5 202
National departments	255	212	246	203
Public entities	5 979	1 899	4 034	1 598
Subsidiaries, associates and joint ventures	477	396	23 595	3 401
Payments made in advance				
Eskom subsidiaries	–	–	12	–
Loans receivable				
Subsidiaries, associates and joint ventures <sup>1</sup>	–	–	37 956	39 847
Total due by related parties	6 711	2 507	65 843	45 049
<b>Cash and cash equivalents</b>				
Public entities	16 643	–	16 643	–
<b>Net derivative asset held for risk management</b>				
Subsidiaries, associates and joint ventures	–	–	31	–
<b>Outstanding balances (due to related parties)</b>				
Debt securities and borrowings	125 308	121 892	151 359	130 755
Public entities	123 157	119 744	123 157	119 744
Subsidiaries, associates and joint ventures <sup>2</sup>	–	–	26 051	8 863
Eskom Pension and Provident Fund	2 151	2 148	2 151	2 148
Loan from shareholder				
National departments	56 132	32 000	56 132	32 000
Payables and amounts owed to related parties	4 729	3 450	32 107	6 740
Constitutional institutions	7	9	7	–
National departments	406	323	406	323
Public entities	3 950	2 791	3 870	2 674
Subsidiaries, associates and joint ventures	14	9	27 516	3 463
Eskom Pension and Provident Fund	352	318	308	280
Payments received in advance	1 169	1 760	1 262	1 773
National departments	1 169	1 760	1 169	1 760
Subsidiaries, associates and joint ventures	–	–	93	13
Total due to related parties	187 338	159 102	240 860	171 268
<b>Equity</b>				
Capital and reserves				
National departments	84 000	44 000	84 000	44 000

#### Commitments

Eskom does not have any material commitments with its related parties.

1. The effective interest rate on the loans to subsidiaries was 8.12% (2024: 7.15%).

2. Refer to note 25 for the effective interest rate and maturity date relating to intercompany instruments.

## 48. Events after the reporting date

The following significant events occurred after 31 March 2025:

### Extension of the term of the board

The term of the board has been extended to 30 November 2025.

### Changes in Exco

Mr SM Scheppers served as interim chief executive officer of NTCSA effective from 1 July 2024 until his secondment ended 31 July 2025.

Mr ML Bala group executive distribution was seconded to the role of interim chief executive officer for NTCSA effective from 1 August 2025.

Ms A Mlambo was appointed as acting group executive distribution effective from 1 August 2025.

### Debt relief

The Minister of Finance approved the conversion of R56 billion to equity on 11 June 2025. Shares to the value of R64 billion were issued on 6 August 2025.

### Payment arrangement with City of Johannesburg

Eskom and the City of Johannesburg concluded a structured payment arrangement on 3 June 2025 for the settlement of R3.1 billion overdue debt over a four-year period. Interest will be suppressed for the duration of the payment arrangement subject to settlement of the current amount receivable.

### Municipal debt relief agreement and write-off

National Treasury issued an amendment to the Municipal Finance Management Act, 56 of 2003, Circular No.124 on 13 August 2025 that allows for a municipality to catch up outstanding payments after the close of the write-off cycle. The write-off condition that municipalities need to pay the current account for 12 consecutive months is no longer applicable.

National Treasury instructed Eskom on 24 June 2025, 7 August 2025 and 22 August 2025 to write-off one-third of the overdue ring-fenced debt in terms of the municipal debt relief programme for 10 municipalities to the value of R0.6 billion. Refer to note 5.1.1.

### Negotiated pricing agreements

NERSA approved a six-year negotiated pricing agreement with effect from 1 April 2025 for Transalloys (Pty) Ltd in terms of the interim framework for long-term negotiated pricing policy. The agreement includes an upside sharing clause which meets the criteria for recognition of an embedded derivative in line with IFRS 9.

### Court rulings

#### Kuyasa Mining arbitration award

A final appeal judgement was issued in favour of Eskom on 2 July 2025 after Eskom lodged an appeal against an arbitration award granted on 27 February 2023 in favour of Kuyasa Mining (Pty) Ltd relating to a dispute arising from a coal supply agreement. The ruling set aside the initial arbitration award by dismissing the claim by Kuyasa Mining with costs. The provision of R870 million (including interest and legal fees) that was recognised at 31 March 2025 in respect of the arbitration award was reversed as an adjusting event after the reporting date.

#### Framatome contractual dispute

The High Court issued judgement on 17 July 2025 dismissing the court application by Eskom to set aside the adjudication decisions made between December 2022 and February 2023 against Eskom relating to the disputes with Framatome on the Koeberg steam generator replacement project and confirmed the validity of the adjudication outcome. There is no impact on the annual financial statements at 31 March 2025 because of the adverse ruling as Eskom complied with the adjudication outcome and settled all related payments in full by 31 March 2024. The disputes were subsequently referred for arbitration and were considered in June and July 2025. A decision on the arbitration is expected towards the end of 2026.

### Court review applications by Eskom against NERSA

#### Revenue decision for 2015 to 2021 (MYPD 4) – R40.2 billion

The decision by NERSA on 5 May 2025 for the settlement of the RCA decisions of R40.2 billion for 2015 to 2021 was endorsed through a court order on 9 May 2025. The recovery of the settlement amount will be determined by NERSA through their governance processes.

#### Revenue decision for 2026 to 2028 (MYPD 6) – R54 billion

Eskom submitted a court review application on 30 June 2025 to set aside the decision on the value of the generation regulatory asset base after NERSA published the reasons for the revenue decision in June 2025. NERSA approved a settlement of R54 billion on 8 August 2025 relating to Eskom's court review application which was accepted by Eskom on 11 August 2025 and to be endorsed by a court order. This resulted in additional revenue recovery of R12 billion for 2027 and R23 billion for 2028 which will result in an estimated increase to 8.76% and 8.83% for 2027 and 2028 respectively in the standard tariff. The remaining recovery will be determined by NERSA following their governance processes.

### Plant performance

Medupi power station unit 4 was returned to service on 6 July 2025 contributing 800MW to the national grid after the unit sustained significant damage from the explosion of its generator stator on 8 August 2021.

Kusile unit 6 entered commercial operation on 29 September 2025, contributing an additional 799MW to the national grid.

### Sale of EFC disposal group

The Sale of Business Agreement with African Bank Limited was signed on 2 April 2025 and the Eskom Support and Guarantee Agreement, Interim Services Agreement and Relationship Agreement were signed on 3 July 2025. Refer to note 23.

## Notes to the financial statements continued

### 49. Remuneration of directors and executives

The background to the remuneration of directors and executives and an overview of the main provisions of the remuneration policy is included in the remuneration and benefits section in the integrated report. The details of the board (governing body) and executive management remuneration are included in this note for the period of time served on the board or as members of Exco during the period under review. The details regarding the appointments, resignations and other changes in roles of directors during the year are included in the directors' report on page 12.

#### 49.1 Executive directors and management

The remuneration of the group chief executive and the chief financial officer (executive directors) and Exco members (executive management) are disclosed below. The members of Exco are regarded as Eskom's prescribed officers. The group chief executive has a fixed-term contract. The chief financial officer and executive management have permanent contracts based on Eskom's standard conditions of service, except for one member who was on a fixed-term contract until 30 June 2024 and another who is on a three-year fixed-term contract until 31 October 2027.

The emoluments for the executive directors and management were as follows:

Name	Salary	Short-term bonus	Other payments	Total remuneration earned	Cash value earned, not yet paid	Total cash value of remuneration
	R'000	R'000	R'000	R'000	R'000	R'000
<b>2025</b>						
Executive directors	15 000	1 211	2 601	18 812	–	18 812
DL Marokane	9 000	765	1 963	11 728	–	11 728
C Cassim	6 000	446	638	7 084	–	7 084
Executive management	35 457	7 282	7 775	50 514	(5 989)	44 525
ML Bala	5 800	2 610	121	8 531	(2 179)	6 352
FS Burn <sup>1</sup>	2 293	–	64	2 357	–	2 357
RA Crookes <sup>2</sup>	1 750	–	37	1 787	–	1 787
NY Hadebe <sup>2</sup>	1 708	–	24	1 732	–	1 732
CB Hartley <sup>3</sup>	333	–	4	337	–	337
PB Mngomezulu <sup>2</sup>	1 708	–	32	1 740	–	1 740
RP Mnisi <sup>4</sup>	717	–	29	746	–	746
SJ Mthembu <sup>5</sup>	1 750	–	38	1 788	–	1 788
BJ Nxumalo	5 800	2 584	208	8 592	(2 153)	6 439
EM Pule <sup>6</sup>	1 174	–	6 412	7 586	–	7 586
J Sankar <sup>1</sup>	1 611	–	202	1 813	–	1 813
SM Scheppers	5 800	2 088	296	8 184	(1 657)	6 527
AE Seema <sup>7</sup>	1 367	–	34	1 401	–	1 401
NN Sithole <sup>1</sup>	1 070	–	12	1 082	–	1 082
V Tuku <sup>8</sup>	715	–	185	900	–	900
S Vezi <sup>9</sup>	153	–	44	197	–	197
LM de Villiers <sup>2</sup>	1 708	–	33	1 741	–	1 741
	50 457	8 493	10 376	69 326	(5 989)	63 337
<b>2024</b>						
Executive directors	8 877	–	299	9 176	–	9 176
DL Marokane	750	–	3	753	–	753
C Cassim	5 377	–	209	5 586	–	5 586
JM Buys	2 750	–	87	2 837	–	2 837
Executive management	25 345	–	2 566	27 911	–	27 911
JA Oberholzer	458	–	1 038	1 496	–	1 496
ML Bala	2 831	–	132	2 963	–	2 963
FS Burn	3 765	–	120	3 885	–	3 885
M Govender	775	–	180	955	–	955
D Jackson	238	–	10	248	–	248
W Madonsela	750	–	28	778	–	778
N Minyuku	258	–	107	365	–	365
S Nassiep	435	–	115	550	–	550
BJ Nxumalo	2 831	–	216	3 047	–	3 047
EM Pule	3 523	–	145	3 668	–	3 668
J Sankar	2 641	–	102	2 743	–	2 743
SM Scheppers	2 831	–	192	3 023	–	3 023
NN Sithole	1 148	–	13	1 161	–	1 161
V Tuku	2 861	–	168	3 029	–	3 029
	34 222	–	2 865	37 087	–	37 087

#### Salaries

Salaries consist of a guaranteed package that includes Eskom's medical and pension fund contributions. No fees were paid to executives who serve on the boards of Eskom subsidiaries.

1. Member of Exco until 31 October 2024.
2. Member of Exco from 1 November 2024.
3. Member of Exco from 1 March 2025.
4. Member of Exco from 1 February 2025.
5. Member of Exco from 1 May 2024 until 31 October 2024.
6. Member of Exco until 31 July 2024.
7. Member of Exco from 1 December 2024.
8. Member of Exco until 30 June 2024.
9. Member of Exco until 30 April 2024.

## Other payments

Other payments include accumulated leave paid out, sign-on bonuses, separation payments, long service awards and expenditure related to telephone, security services, operating vehicle, professional subscriptions as well as spouse funeral and dreaded disease cover.

## Bonuses

### Short-term bonus

The short-term incentive scheme was reinstated from 1 April 2024. Employees received a portion of the incentive payout in December 2024 after key performance targets were achieved for the first six months of the financial year. The balance was determined and paid after year end based on achievement of qualifiers and other key performance targets with the exception of the group chief executive officer and chief financial officer that is dependant on ministerial approval. The bonus provision disclosed in note 27 includes an estimated bonus payout for the executive directors and managers disclosed in this note.

### Long-term bonus

#### Long-term incentive scheme

The long-term performance incentive scheme rewards the Exco members in cash for meeting organisational objectives measured over a three-year period.

Performance awards with a vesting period of three years from the date of grant were awarded to Exco members at the beginning of a financial year. The vesting of the performance awards are dependent on the scheme participant remaining employed by Eskom throughout the vesting period. The award lapses if employment ceases during the vesting period (other than for permitted reasons).

The performance awards are linked to gatekeeper conditions and key performance indicators that are aligned with the Eskom Corporate Plan and shareholder compact and include both financial and non-financial targets. Awards only vest if the key performance indicator targets are met. Potential vesting percentages range from 0% to 100%. Each measure has a threshold and a stretch target with an expected (on target) vesting of 50%. The final vesting percentage is reduced with the corresponding weight of the vesting conditions should one or more of the conditions not be met.

The vesting conditions are based on key performance indicators that include the following:

- loadshedding
- EBITDA
- debt relief conditions
- Just Energy Transition
- audit findings on internal controls
- unbundling

The value of each performance award is deemed to be R1 at grant date and a money market rate is used to determine the value at reporting date.

The award payment is recommended by the Human Capital and Remuneration Committee to the board for approval at the end of the vesting period. The board retains discretion to adjust the vesting percentages even if targets are met.

The vesting values of the outstanding performance awards at 31 March 2025 and 31 March 2024 respectively were as follows:

Name	Awarded on 1 April 2024 (Grant 14)			Awarded on 1 April 2023 (Grant 13)		
	Outstanding performance awards vesting on 31 March 2027 Number	Performance awards vesting on 31 March 2027 at a rate of 50% Number	Performance awards payable on 31 August 2027 at R1.27 per award R'000	Outstanding performance awards vesting on 31 March 2026 Number	Performance awards vesting on 31 August 2026 at a rate of 50% Number	Performance awards payable on 31 August 2026 at R1.31 per award R'000
DL Marokane	18 000 000	9 000 000	11 430	–	–	–
C Cassim	6 000 000	3 000 000	3 810	6 000 000	3 000 000	3 930
ML Bala	3 397 170	1 698 585	2 157	3 397 170	1 698 585	2 225
BJ Nxumalo	3 397 170	1 698 585	2 157	3 397 170	1 698 585	2 225
SM Scheppers	3 397 170	1 698 585	2 157	3 397 170	1 698 585	2 225
	34 191 510	17 095 755	21 711	16 191 510	8 095 755	10 605

Reconciliation of performance awards movements of long-term incentive plan

	2025 Number	2024 Number
Outstanding at beginning of the year	16 191 510	–
Granted during the year	34 191 510	16 191 510
Forfeited during the year <sup>1</sup>	–	–
Outstanding at end of the year	50 383 020	16 191 510
Carrying amount of liability (R'000)	28 089	8 793

## Housing loans

Housing loans to Exco members were as follows:

	2025 R'000	2024 R'000
C Cassim	2 663	2 792
ML Bala	2 266	2 358
DL Marokane	7 868	–
J Sankar	–	3 204
NN Sithole	–	101
	12 797	8 455

Home loan balances are disclosed when an individual is in the role of an executive director or management at financial year end. The interest rate on the loans from EFC at 31 March 2025 was 9.25% (2024: 10%). The loans are repayable over a maximum period of 30 years. The terms and conditions applicable to ex-employees are applied on resignation.

1. Performance awards (3 522 660 awards) were awarded to EM Pule on 1 April 2023 and forfeited on 31 July 2024 when she retired from Eskom.

## 49. Directors' and executives' remuneration (continued)

### 49.2 Non-executive directors

Non-executive directors were previously paid a fixed monthly fee and were reimbursed for out-of-pocket expenses incurred in fulfilling their duties. This was revised in 2024 and approved by the shareholder representative where the non-executives now receive compensation through a fixed monthly retainer fee and a per-meeting attendance fee that is capped based on the meeting calendar approved by the shareholder. Payments are made on a quarterly basis. The fees for the year were as follows:

	2025 R'000	2024 R'000
M Nyati	2 724	1 358
PM Makwana	–	933
RDB Crompton	–	676
FBB Abdul Gany	2 352	1 081
LL Goqwana	1 775	754
CR le Roux	2 237	1 061
APZ Mafuleka	1 832	820
L Mkhabela	1 832	823
TL Mthombeni	1 832	849
B Ntshalintshali	1 775	873
T Ramano	2 006	1 018
CB Vilakazi	1 832	881
C Von Eck	2 199	1 058
	<b>22 396</b>	<b>12 185</b>
The following board members serve as directors on the board of subsidiary companies. Fees for the year for the attendance of meetings were as follows:		
Escap SOC Ltd <sup>1</sup>		
APZ Mafuleka <sup>2</sup>	188	–
L Mkhabela <sup>3</sup>	130	–
	<b>318</b>	<b>–</b>
National Transmission Company South Africa SOC Ltd <sup>4</sup>		
CB Vilakazi	1 104	–
T Ramano	1 073	–
	<b>2 177</b>	<b>–</b>

1. Fees paid directly to board member.

2. Appointed 8 October 2024.

3. Appointed 5 September 2024.

4. Fees paid by Eskom.

## 50. New standards and interpretations

### 50.1 Standards, interpretations and amendments to published standards that are not yet effective

The following new standards, interpretations and amendments to existing standards have been published that are applicable for future accounting periods that have not been adopted early by the group. These standards and interpretations will be applied in the first year that they are applicable to the group which is the financial period beginning on or after the effective date.

Topic	Summary of requirements	Impact
Lack of exchangeability – amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i> (1 January 2025)	<p>The amendments specify how to assess whether a currency is exchangeable and how to determine the exchange rate when it is not. The amendments clarify:</p> <ul style="list-style-type: none"> <li>• when a currency is exchangeable into another currency</li> <li>• how a company estimates a spot rate when a currency lacks exchangeability</li> <li>• the disclosure requirements for users to understand the impact of the currency not being exchangeable</li> </ul> <p>These amendments have to be applied prospectively.</p>	No impact on the group as all foreign currency transactions are exchangeable.
Classification and measurement of financial instruments – amendments to IFRS 9 and IFRS 7 (1 January 2026)	<p>The amendments specify:</p> <ul style="list-style-type: none"> <li>• when a financial liability settled through an electronic payment system can be deemed to be discharged before the settlement date</li> <li>• how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs</li> <li>• new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs</li> </ul> <p>These amendments have to be applied prospectively.</p>	No impact on the group as financial liabilities are derecognised on settlement date and there are no equity instruments designated at fair value through other comprehensive income or financial assets with contingent features.
Contracts referencing nature-dependent electricity – amendments to IFRS 9 and IFRS 7 (1 January 2026)	<p>The amendments provide guidance on:</p> <ul style="list-style-type: none"> <li>• the own-use exemption for purchasers of electricity under such power purchase agreements</li> <li>• hedge accounting requirements for companies that hedge their purchases or sales of electricity using power purchase agreements</li> <li>• new disclosure requirements relating to contracts for nature-dependent electricity with specified characteristics</li> </ul> <p>These amendments have to be applied prospectively.</p>	No impact on the group as existing power purchase agreements are for own use and not designated for hedge accounting.
Annual improvements volume II – amendments to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> , IFRS 7, IFRS 9, IFRS 10 <i>Consolidated Financial Statements</i> and IAS 7 <i>Statement of Cash Flows</i> (1 January 2026)	<p>The amendments include the following:</p> <ul style="list-style-type: none"> <li>• IFRS 1: clarifies hedge accounting wording inconsistencies with IFRS 9</li> <li>• IFRS 7: aligns the terminology and concepts with IFRS 13 <i>Fair Value Measurement</i> and updates the implementation guidance to simplify aspects of the requirements that are not illustrated</li> <li>• IFRS 9: updates cross-references for derecognition of lease liabilities and aligns terminology with IFRS 15</li> <li>• IFRS 10: clarifies inconsistencies relating to judgement when determining whether a party is acting as a de facto agent</li> <li>• IAS 7: replaces 'cost method' with 'at cost' for consistency with IFRS Accounting Standards</li> </ul> <p>These amendments have to be applied retrospectively.</p>	The amendments are not expected to have a material impact on the group and will be adopted as required if applicable.
IFRS 18 <i>Presentation and Disclosure in Financial Statements</i> (1 January 2027)	<p>IFRS 18 will replace IAS 1 while carrying forward many of the requirements in IAS 1 and introduces new requirements relating to:</p> <ul style="list-style-type: none"> <li>• presentation of specified categories and defined subtotals in the statement of profit or loss</li> <li>• disclosures on management-defined performance measures in the notes to the financial statements</li> <li>• improved aggregation and disaggregation</li> </ul> <p>Some of the requirements in IAS 1 moved to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> and IFRS 7.</p>	The group is assessing the impact of these presentation requirements and will be adopted as required.
Sale or contribution of assets between an investor and its associate or joint venture – amendments to IFRS 10 and IAS 28 <i>Investments in Associates and Joint Ventures</i> (optional adoption, effective date deferred indefinitely)	<p>The amendments address the conflict between the guidance on consolidation and equity accounting when a parent loses control of a subsidiary in a transaction with an associate or joint venture. The amendments require that the full gain be recognised when the assets transferred meet the definition of a business under IFRS 3.</p>	No impact as the group is currently not disposing of any investments in associates or joint ventures.



## 50. New standards and interpretations (continued)

### 50.2 Standards, interpretations and amendments to published standards that are effective and applicable to the group

Topic	Summary of requirements	Impact
Supplier finance arrangements – amendments to IAS 7 and IFRS 7 (1 January 2024)	<p>The amendments introduce additional disclosure requirements for companies that enter into supplier finance arrangements.</p> <p>The amendment to IAS 7 describes the characteristics of a supplier finance arrangement and requires entities to provide qualitative and quantitative information about its supplier finance arrangements.</p> <p>The amendment to IFRS 7 added supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.</p> <p>These amendments have to be applied retrospectively.</p>	No impact as there are currently no supplier finance arrangements.
Lease liability in a sale and leaseback – amendment to IFRS 16 (1 January 2024)	<p>The amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale and leaseback transaction by specifying that a seller-lessee measures the lease liability arising from a sale and leaseback transaction in such a way that it does not recognise any amount of the gain or loss that relates to the retained right-of-use asset.</p> <p>These amendments have to be applied retrospectively.</p>	No impact as there are currently no sale and leaseback transactions.
Classification of liabilities as current or non-current and non-current liabilities with covenants – amendments to IAS 1 <i>Presentation of Financial Statements</i> (1 January 2024)	<p>The amendments clarify the requirements of determining if a liability is current or non-current including:</p> <ul style="list-style-type: none"> <li>• what is meant by a right to defer settlement</li> <li>• that a right to defer must exist at the end of the reporting period</li> <li>• that classification is unaffected by the likelihood that an entity will exercise its deferral right</li> <li>• that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification</li> </ul> <p>These amendments have to be applied retrospectively.</p>	<p>No material impact as the group could defer settlement at the reporting date. The classification of liabilities remained unchanged.</p> <p>Refer to note 5.3.2 for details regarding loan covenants.</p>

## 51. Information required by the Public Finance Management Act

Section 55(2)(b)(i) of the PFMA requires that the particulars of any irregular expenditure, any fruitless and wasteful expenditure as well as material losses due to criminal conduct be disclosed in the annual financial statements and annual report (integrated report). The National Treasury Instruction 4 of 2022/23 on the PFMA Compliance and Reporting Framework was applied in this regard when compiling the disclosure in the annual financial statements and integrated report. The instruction applies to all departments, trading entities, constitutional institutions and public entities listed in Schedules 2 and 3 to the PFMA.

The instruction requires that detailed information be reported in the integrated report and only expenditure relating to the current and comparative financial years be reported in the annual financial statements. The instruction note further requires reporting inclusive of VAT. However, National Treasury has granted Eskom a departure from this requirement in terms of section 79 of the PFMA. Eskom has historically reported all amounts excluding VAT and has continued to do so for the 2025 financial year therefore, all amounts disclosed in this note exclude VAT.

In addition to the annual disclosure provided in the financial statements and integrated report, the group reports quarterly to National Treasury on current and historical irregular expenditure and fruitless and wasteful expenditure that has not been fully addressed as required.

### 51.1 Irregular expenditure

Irregular expenditure is defined as expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation. The scope includes transgressions of any laws and regulations regardless of whether or not the expenditure was justified from a business perspective, value was received, the breaches were deliberate or accidental or the breaches happened unknowingly or in good faith. Irregular expenditure is incurred when the related transaction is recognised in terms of IFRS Accounting Standards. The irregular expenditure is eliminated from the cumulative balance disclosed in the integrated report through a process of condonation by the relevant authority, removal, recovery or write-off.

	Note	2025 Current year Rm	Previously reported Rm	2024 Prior year error Rm	Restated Rm
<b>Group</b>					
<b>PFMA</b>		<b>711</b>	1 159	354	1 513
Use of sole source	(a)	1	12	(10)	2
Tender processes not adhered to and insufficient delegation of authority	(b)	708	1 130	364	1 494
Modifications exceeding allowed amounts	(c)	2	17	–	17
<b>PPPFA</b>		<b>190</b>	239	218	457
Tax non-compliance	(d)	183	239	200	439
Designated sectors	(e)	7	–	18	18
<b>CIDB regulations</b>					
Contracts awarded without following CIDB requirements	(f)	–	15	–	15
<b>Various commercial requirements</b>					
Breach of more than one legislative requirement	(g)	561	3 272	295	3 567
<b>Other</b>		<b>75</b>	53	21	74
		<b>1 537</b>	4 738	888	5 626
<b>Company</b>					
<b>PFMA</b>		<b>583</b>	764	312	1 076
Use of sole source	(a)	1	–	2	2
Tender processes not adhered to and insufficient delegation of authority	(b)	580	747	310	1 057
Modifications exceeding allowed amounts	(c)	2	17	–	17
<b>PPPFA</b>		<b>190</b>	116	248	364
Tax non-compliance	(d)	183	116	230	346
Designated sectors	(e)	7	–	18	18
<b>CIDB regulations</b>					
Contracts awarded without following CIDB requirements	(f)	–	2	–	2
<b>Various commercial requirements</b>					
Breach of more than one legislative requirement	(g)	425	3 267	269	3 536
<b>Other</b>		<b>75</b>	–	21	21
		<b>1 273</b>	4 149	850	4 999

#### (a) Use of sole source

Expenditure was incurred on awards which did not meet the National Treasury requirements for limited bidding where awards were incorrectly allocated to predetermined suppliers.

Sole source requests are scrutinised to confirm compliance with criteria before approval through the relevant governance processes. The requirement to obtain National Treasury approval for these transactions has since been repealed through the PFMA Supply Chain Management National Treasury Instruction No. 3 of 2021/22, effective 1 April 2022.

There was a recategorisation from the use of sole source category to the breach of more than one legislative requirement category, for continuing expenditure of R12 million incurred in the 2024 financial year on non-compliant contracts that were incorrectly categorised in prior years by ERI.

## 51. Information required by the Public Finance Management Act (continued)

### 51.1 Irregular expenditure (continued)

#### (b) Tender processes not adhered to and insufficient delegation of authority

Irregular expenditure was incurred where incorrect tender processes were followed in a manner that was not deemed fair, equitable, transparent, competitive and cost-effective and/or the transactions were executed without appropriate approvals.

#### (c) Modifications exceeding allowed amounts

National Treasury required that their approval be obtained for any modification made during 1 May 2016 to 1 April 2022 to an original contract where the value of the modification was more than 20% or R20 million for construction-related goods, works or services and 15% or R15 million for all other goods or services. The group did not initially comply with this requirement, predominantly due to a misinterpretation of Instruction Note 3 of 2016/17. The requirement to obtain National Treasury approval for these transactions has since been repealed through the PFMA Supply Chain Management National Treasury Instruction No. 3. Expansions and variations of contracts are reported to National Treasury on a monthly basis.

#### (d) Tax non-compliance

The Preferential Procurement Policy Framework Act, 5 of 2000 (PPPPFA) regulations stipulate that suppliers must be compliant with SARS regulations. Internal processes require that the tax status of all successful tenderers is confirmed to be compliant prior to concluding a contract. This continues to be a focus area.

#### (e) Designated sectors

Where local production and content is of critical importance in the award of tenders in designated sectors, such tenders must be advertised with a specific tendering condition that only locally produced goods, services or works or locally manufactured goods that meet the stipulated minimum threshold for local production and content will be considered. Contracts were awarded to suppliers despite having declared a local content threshold that was below the required stipulated threshold as per the Department of Trade and Industry list of designated materials. Internal processes make it mandatory for commercial practitioners to indicate whether the transaction has designated elements or not.

#### (f) Contracts awarded without following CIDB requirements

The group did not always comply with the Construction Industry Development Board (CIDB) regulations regarding the advertising of tenders, grading of contractors and publishing of awards.

#### (g) Breach of more than one legislative requirement

Transgression of more than one legislative requirement was identified in certain instances. Continuous improvements are made to processes to address breaches.

There was a recategorisation from the use of sole source category to the breach of more than one legislative requirement category, for continuing expenditure of R12 million incurred in 2024 on non-compliant contracts that were incorrectly categorised in prior years by ERI.

### 51.2 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure made in vain that could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is reported in the annual financial statements when it is confirmed.

	2025 Current year Rm	Previously reported Rm	2024 Prior year error Rm	Restated Rm
<b>Group</b>				
Procurement and contract management	–	–	2	2
Interest and penalties	8	–	–	–
Other	12	1	10	11
	<b>20</b>	<b>1</b>	<b>12</b>	<b>13</b>
<b>Company</b>				
Procurement and contract management	–	–	2	2
Other	12	1	8	9
	<b>12</b>	<b>1</b>	<b>10</b>	<b>11</b>

The group experienced 37 (2024: 46 restated) and the company 23 (2024: 18 restated) incidents of fruitless and wasteful expenditure during the year.

### 51.3 Criminal conduct

Material losses caused by criminal conduct and any disciplinary, civil or criminal action taken in respect of such losses are reported in terms of the significance and materiality framework as agreed upon with the shareholder representative. Incidents that exceeded the materiality threshold individually or as a type of closely related items are disclosed.

		Group		Company	
	Note	2025	2024	2025	2024
Losses incurred (Rm)					
Estimated non-technical energy losses	(a)	7 068	6 441	7 068	6 441
Theft of conductors, cabling and network-related equipment	(b)	77	120	64	120
Malicious damage to property	(b)	77	67	75	67
Fraud and corruption	(c)	4	64	4	64
Common theft	(b)	—	26	—	14
		7 226	6 718	7 211	6 706
Losses recovered (Rm)					
Estimated non-technical energy losses	(a)	324	229	324	229
Theft of conductors, cabling and network-related equipment	(b)	5	3	2	3
Malicious damage to property	(b)	2	13	2	13
Fraud and corruption	(c)	2	1	2	1
Common theft	(b)	—	2	—	2
		333	248	330	248
Number of criminal incidents where direct financial losses were incurred					
Theft of conductors, cabling and network-related equipment	(b)	1 585	2 380	1 425	2 379
Malicious damage to property	(b)	261	238	177	238
Fraud and corruption	(c)	4	2	4	2
Common theft	(b)	—	274	—	246
		1 850	2 894	1 606	2 865
Number of arrests					
Estimated non-technical energy losses	(d)	7	12	7	12
Theft of conductors, cabling and network-related equipment	(d)	73	126	66	126
Malicious damage to property	(d)	16	10	14	10
Fraud and corruption	(d)	—	2	—	2
Common theft	(d)	—	31	—	31
		96	181	87	181

#### (a) Estimated non-technical energy losses

Non-technical energy losses relate to losses due to electricity theft through illegal connections, tampering and bypassing of electricity meters as well as the purchase of electricity tokens from unregistered or illegal vendors. The management of non-technical losses focuses on ensuring that all energy supplied is accounted including initiatives to minimise non-technical energy losses.

Non-technical energy losses are determined by applying a scientific approach to measure total energy losses as the difference between energy produced and energy sold. Technical energy losses are derived based on known factors of the electrical grid such as conductor resistance, transformer and equipment losses. The residual of losses is attributed to non-technical losses and occur over a 24-hour period and is therefore seen to be baseload (coal-fired) orientated as the power stations are designed to respond to consumption patterns. The measurement of losses is therefore based on the variable cost of coal-fired stations that include coal and water usage as well as environmental levy costs. Other coal production costs are excluded as they are not directly related to energy sent out. The production cost of peaking plant, including OCGTs, are excluded as they are normally only operated during periods of peak demand.

The reported losses represent the estimated cost of non-technical energy lost.

Total energy losses were as follows:

	2025		2024	
	%	GWh	%	GWh
Technical	2.86	5 644	2.71	5 242
Non-technical	7.55	14 881	7.21	13 924

Eskom invoiced R407 million (2024: R307 million) of revenue relating to non-technical energy losses during the year, of which R324 million (2024: R229 million) has been received.

The risk that non-technical energy losses could increase in the future because of the investigations that uncovered the bulk generation of illegal prepaid tokens on Eskom's online vending system in 2024 reduced as improvements were implemented in the online vending environment during the year. Refer to note 45.2.

51. Information required by the Public Finance Management Act (continued)

51.3 Criminal conduct (continued)

(b) Theft of network-related equipment, malicious damage to property and common theft

Theft of network-related equipment includes theft of cable (including airdac cable), batteries, tower members and transformers.

Unlawful and intentional damage to property belonging to another is reported as malicious damage to property. Vandalism is the action involving deliberate destruction of or damage to public or private property. Damage towards any property without permission of the owner is reported as vandalism.

Common theft consists of the unlawful appropriation of moveable property belonging to another with intent to deprive the owner permanently of the property. Property includes laptops, tools, cell phones, equipment, air-conditioners and all other items not included in the Eskom list of essential infrastructure or security crime categories. The losses incurred in this category were below the materiality threshold in 2025.

Actions to combat losses through criminal conduct are managed in collaboration with other affected state-owned companies, industry role players, the National Prosecuting Authority and SAPS, including:

- realigning of security contracts (scope and resources) and optimisation of deployment
- improving of the Eskom asset disposal process and strategies
- focusing on asset management and protection - researching and implementation of innovative solutions, ie unique marking and tracking capabilities
- implementing policy and legislative changes to address scrap and market regulation
- introducing integrated, intelligent and smart security technologies and systems to reduce dependence on the human factor such as use of drones, intelligent cameras and alarm systems
- implementing focused strategies and projects on revenue losses - metering, vending, tampering, disruptive operations, etc.
- minimising breaches that allow easy access to sites and assets by improving housekeeping, appropriate storing of material and equipment with well-functioning delay and deterring solutions to prevent or minimise impact
- deploying robust security systems that can detect and prevent crime and provide evidence that can be used for disciplinary or criminal processes
- ensuring consistent and continuous screening and vetting of contractors and staff to prevent and minimise insider threat involvement and collusion
- making arrests and working with relevant role players to build strong cases and dockets leading to convictions

(c) Fraud and corruption

Eskom concluded 4 (2024: 21 restated) investigations into fraud during the year where losses due to criminal conduct were incurred. The number of incidents for 2024 was restated from 26 to 21 due to the correction of an error in the previous financial year. The internal control measures in the affected areas have been reviewed and enhancements recommended to the accountable line managers for implementation. This includes controls, disciplinary, criminal and civil proceedings against those involved.

(d) Number of arrests

The number of arrests reported for 2024 has been restated due to a change in the methodology of calculating the supporting information for material losses due to criminal conduct. The numbers included in the prior year included matters where there were no direct losses incurred.

	Group and company		
	Disclosed	Adjustment	Restated
Estimated non-technical energy losses	22	(10)	12
Theft of conductors, cabling and network-related equipment	130	(4)	126
Malicious damage to property	12	(2)	10
Fraud and corruption	7	(5)	2
Common theft	35	(4)	31
	206	(25)	181

## 52. Reportable irregularities and matters under investigation

### 52.1 Reportable irregularities

The external auditors raised certain reportable irregularities in terms of section 45 of the Auditing Profession Act, 26 of 2005. Progress was made in clearing these reportable irregularities.

The table below reflects the status of the reportable irregularities at 31 March 2025. The discussion focused on items that were open at the previous year end and new items identified in the current year.

Description	Response	Status
<p>I. Eskom failed to effect corrective actions for identified non-compliance to NEMA, National Water Act, 36 of 1998 (NWA) and National Environmental Management: Air Quality Act, 39 of 2004 (NEM: AQA) at multiple power stations, specifically the following:</p> <ul style="list-style-type: none"> <li>• section 30 and 31L of NEMA</li> <li>• section 19, 20, 21, 22, 53, 118, 120 and 121 of NWA</li> <li>• section 51(1)(e) of NEM: AQA</li> </ul> <p>Notices have been levied by the authorities for some of these non-compliances, resulting in a risk of sanctions from the authorities as well as referral to the National Prosecuting Authority for criminal investigation.</p> <p>These breaches lead the auditors to believe the non-compliance with NEMA, NWA and NEM:AQA represents material breaches of the fiduciary duties of the directors of the company.</p> <p>Reported: 2021–2025</p>	<ul style="list-style-type: none"> <li>• The continued implementation of the emission reduction strategy has led to a significant improvement in the condition and reliability of the coal-fired power stations.</li> <li>• An integrated approach, consisting of improved governance, performance management, skills development and detailed operational plans, has been instituted to address risks and root causes of incidents leading to environmental non-compliance.</li> <li>• Incidents of non-compliance are reported to the authorities and investigations are undertaken to ensure that appropriate corrective and preventative measures are put in place. The risks relating to the non-compliances are appropriately reported and tracked at the relevant management and committee levels. Progress of all open actions is tracked per power station and reported internally and to the relevant authorities.</li> <li>• No criminal charges have been received following the referral for criminal investigation at Tutuka power station. The matters raised in the compliance notice (water use licence audit findings) are being addressed and progress has been made with addressing the root causes of non-compliance. A key action includes the amendment of the water use licence which was submitted to the Department of Water and Sanitation in September 2023. Continuous engagements are taking place with the Department of Water and Sanitation around the delays to finalise the amendments to the water use licence.</li> <li>• The implementation of actions in response to the generation division strategic water implementation plan, which aims to address the root causes that resulted in unlawful water overflows, continues. Progress is reported at the relevant management and committee levels.</li> <li>• The criminal case against Eskom in respect of the atmospheric emission licence non-compliance at Kendal power station between April 2015 and April 2019 was heard in court on 20 to 22 November 2024. The case was dismissed on 6 January 2025 as the state failed to provide sufficient evidence that the power station operated above its licenced stack emission limits during deemed normal operating conditions. The remission reduction plan for Kendal power station which focusses on improving dust handling plant performance was revised during November 2024. Implementation is tracked through the generation recovery system.</li> <li>• The implementation of an air quality plan continues that include key objectives to: <ul style="list-style-type: none"> <li>– Minimise the impact of Eskom's emissions on human health and the natural environment.</li> <li>– Maintain Eskom's licence to operate by ensuring compliance with air quality legislation, including power station atmospheric emission licences and minimum emission standards.</li> <li>– Minimise financial and legal liabilities associated with emissions and non-compliance to legislation.</li> <li>– Support Eskom's Just Energy Transition with regards to a transition from the existing dependence on fossil fuels towards a mix of energy sources for electricity generation.</li> </ul> </li> </ul>	Open, pending implementation of action items

## 52. Reportable irregularities and matters under investigation (continued)

### 52.1 Reportable irregularities (continued)

Description	Response	Status
<p>2. Certain duties relating to investigations have not been fulfilled including:</p> <ul style="list-style-type: none"> <li>• Contravention with the requirements of National Treasury regulation section 33.1.2 as there were delays within the investigative functions of the organisation in initiating and finalising forensic investigations and allegations of misconduct of individuals in key roles.</li> <li>• Management did not meet its fiduciary duty requirements as delays in investigations will impact Eskom's ability to mitigate any possible future exposures to financial losses and effective consequence management.</li> <li>• The accounting authority was, as a result, not in a position to confirm that all relevant matters are reported in terms of section 34(1) of the Prevention and Combating of Corrupt Activities Act, 12 of 2004 (PRECCA).</li> </ul>	<ul style="list-style-type: none"> <li>• All investigations which reveal suspicions of fraud and corruption are referred to the Directorate for Priority Crime Investigation PRECCA office. The PRECCA reference number has been included in the forensic investigation reports.</li> <li>• The group investigation and security division was established in October 2024 to enhance and centralise the forensic investigation function.</li> <li>• The forensic staff headcount is being increased to address the delay in initiating and finalising investigations and enable a quicker response to identified incidents of fraud, corruption and financial irregularities.</li> <li>• Increased use of the forensic panel to assist with addressing the backlog in forensic cases.</li> <li>• Establishment of a rapid response team and appointment of a service provider to assist with speedy resolution of priority forensic investigations.</li> <li>• The project management office has committed to assist forensic with report reviews.</li> <li>• A key performance indicator has been implemented which makes it a requirement for investigations to commence within 60 calendar days of completion of preliminary assessments. This measure is effective from 1 April 2025.</li> <li>• The current case management system is being replaced to enhance efficiency.</li> <li>• Processes and relationships with law enforcement agencies have been strengthened.</li> </ul>	Open, pending finalisation of forensic backlog and disciplinary inquiries
Reported: 2022–2025		
<p>3. Certain financial records were not complete or accurately maintained in line with legislative requirements of the PFMA and Companies Act, including:</p> <ul style="list-style-type: none"> <li>• An effective system of internal controls was not implemented to ensure that registers used for disclosure in the annual financial statements were accurate and complete with full and proper supporting records.</li> <li>• Certain information could not be provided by management to the auditors which resulted in scope limitations.</li> <li>• Multiple non-compliances of PFMA (section 51 and 55) and the Companies Act (section 28 and 29).</li> <li>• The inaccurate and incomplete financial record keeping is a material breach of the fiduciary duties of management.</li> </ul>	<ul style="list-style-type: none"> <li>• Management acknowledged that there are internal control deficiencies in the PFMA reporting process and continue to take steps as a key focus area to strengthen governance, improve processes and procedures, enhance compliance with relevant regulations and foster a culture of accountability and transparency within the organisation.</li> <li>• All procurement documentation has been centrally loaded to review completeness. Progress, limitations and solutions were monitored on a weekly basis and progress reports provided to Exco, audit committee and board.</li> <li>• Ongoing oversight by Exco through the Eskom audit recovery programme to track and escalate PFMA reporting and disclosure deficiencies with quarterly PFMA reporting to National Treasury.</li> <li>• The current year procurement transactions were reviewed for completeness and compliance gaps that required intervention. A self-declaration process was implemented (where information was not available) to ensure staff accountability. Policies are being updated to embed the self-declaration process and enforce monthly completeness reporting.</li> <li>• The irregular expenditure register was enhanced by including identified potential irregular expenditure through initial assessments. This resulted in additional instances of possible irregular expenditure, both relating to current and prior periods.</li> <li>• Irregular expenditure opening balances will be assessed in detail to close out matters and submit for condonation.</li> <li>• A framework for all tenders above R300 million has been developed and approved to assist with proactive assurance reviews.</li> <li>• The irregular expenditure process has been documented in a position paper that highlights the complexities relating to the nature and extent of the work to be carried out by the business.</li> </ul>	Open, pending addressing of PFMA reporting challenges
Reported: 2022–2025		



Description	Response	Status
<p>4. Investigations into alleged financial misconduct relating to instances of irregular, fruitless and wasteful expenditure and performing the necessary disciplinary procedures and consequence management was not done timeously in line with the PFMA (sections 51(1)(e)(iii), 55(1)(a), 83(1), (2), (3) and (4)) and related treasury regulations (paragraph 31.1). This includes:</p> <ul style="list-style-type: none"> <li>• Conducting investigations into instances of irregular and fruitless and wasteful expenditure to determine if disciplinary steps needed to be taken against liable officials.</li> <li>• Taking disciplinary actions against any official(s) who made or permitted irregular and fruitless and wasteful expenditure based on the outcome of investigations.</li> <li>• Providing supporting documentation to confirm that disciplinary steps were taken against all the officials who made or permitted irregular and fruitless and wasteful expenditure based on the outcome of investigations.</li> <li>• Providing supporting documentation to confirm that recommendations of completed disciplinary hearings were implemented.</li> <li>• Initiate all investigations into alleged financial misconduct within 30 days of the incidents being reported.</li> </ul> <p>Reported: 2022–2025</p>	<ul style="list-style-type: none"> <li>• Consequence management is a key component of the audit recovery programme. A focus area is to strengthen the culture around accountability and implementation of effective policies as well as responding consistently and fairly to incidences of non-compliance regardless of the position or status of an employee within the organisation.</li> <li>• Capacity constraints in the PFMA and loss control function departments are being addressed. Recruitment processes and the appointment of consultants are in progress. The first phase of the recruitment drive has been completed and appointment letters issued with effect from 1 April 2025 with the second phase underway.</li> <li>• The loss control function department was restructured to ensure improved efficiency and use of resources with enhanced independence of reporting for business reliance and management action.</li> <li>• A consequence management tracker was implemented to monitor all incidents with progress reported to Exco and relevant board committees to ensure accountability and compliance.</li> <li>• Various matters where fraud, theft and other related losses have been identified are being investigated by the SIU and forensic investigators.</li> <li>• Revised disciplinary procedures are being implemented with ongoing awareness initiatives and training sessions.</li> <li>• A panel of external case disciplinary chairpersons and case presenters is available to assist with disciplinary procedures. Internal capacity is enhanced through training of employees to serve as case chairpersons and case presenters.</li> <li>• Quarterly reporting is done on the status of PFMA cases to enhance monitoring and escalation. Financial misconduct reports are presented quarterly to Exco with an annual report submitted to the AGSA and National Treasury.</li> <li>• Evaluation of technological solutions to enable automation and flagging of non-compliance.</li> </ul>	Open, pending implementation of improvements
<p>5. Management did not discharge their fiduciary duty as they failed to ensure that the entity's complete and accurate financial statements were submitted to National Treasury and the auditors on 30 May 2025, as required by PFMA section 55. The same matter was identified in prior years which highlights that there are failures within the financial reporting controls which have not been rectified and put in place as required by PFMA section 51.</p> <p>Reported: 2022–2025</p>	<ul style="list-style-type: none"> <li>• It has been challenging in recent years for Eskom to meet the deadline for complete and accurate draft annual financial statements by the end of May due to the size and complexity of the group's operations, as well as the material risks and challenges that Eskom is facing, including the impact of ongoing investigations into the challenge of criminality.</li> <li>• The extent and effort to address the PFMA reporting challenges also impacts on the practicality of meeting the May reporting deadline.</li> <li>• Additional financially skilled resources are required to deal with the complex and stressful challenges of Eskom's current operating environment. The need for identified additional financial resources will be addressed, particularly expert technical and process control monitoring skills, through the Eskom audit recovery programme.</li> <li>• The finance business partnering matrix will be improved and aligned.</li> <li>• Review and discipline around reporting will be strengthened to ensure timeous and complete submissions, including improved month end processes and an enhanced focused hard-close before year end.</li> <li>• Key performance indicators on the quality and timeliness of monthly reporting have been incorporated into the performance compacts of group executives to strengthen accountability.</li> <li>• The corporate planning and budgeting process is being enhanced to ensure earlier approval to enable timely completion of year end reporting key deliverables that are dependent on this process such as going concern and impairment assessments.</li> <li>• Periodic independent reviews and internal audit validations are being conducted on key reporting processes to verify accuracy, completeness and reliability of financial information before external audit review.</li> <li>• Ongoing training programmes are being implemented for finance staff to strengthen their knowledge of PFMA requirements, IFRS Accounting Standards and emerging reporting expectations.</li> </ul>	Open, pending implementation of improvements

## 52. Reportable irregularities and matters under investigation (continued)

### 52.1 Reportable irregularities (continued)

Description	Response	Status
<p>6. Management has not complied with section 17(2) of the Powers, Privileges and Immunities of Parliaments and Provincial Legislatures Act, 4 of 2004 regarding misleading information provided to the Standing Committee on Public Accounts (SCOPA). Management omitted to correct the misrepresentations made.</p> <p>Reported: 2023</p>	<ul style="list-style-type: none"> <li>• The incorrect reporting in past submissions has been investigated. The process was impacted by the short notice and turnaround period of information requests, even though the submitted information was clearly indicated as being based on draft information at the time of submitting.</li> <li>• A register and history of submitted information have been implemented.</li> <li>• Information with supporting evidence is signed off by the relevant divisional and group management before submission.</li> <li>• Information is reviewed for accuracy by internal audit before submission.</li> <li>• Eskom shareholder representative submitted feedback to SCOPA regarding the incorrect reporting.</li> </ul>	Closed
<p>7. Certain prescribed officers of the group have not complied with section 76 (3)(c) of the Companies Act resulting in a material breach in fiduciary duty and a potential material financial loss to the entity. This includes:</p> <ul style="list-style-type: none"> <li>• A standard offer programme contract was concluded without a reconciliation agreement. This resulted in only the supply side of the contract being in effect, with no allowance for the billing of revenue. The contract lacks commercial substance.</li> <li>• The contract was changed to an emergency generation programme contract at less favourable conditions to the group without an addendum to the end user distributor agreement and therefore revenue could still not be recovered.</li> </ul> <p>Reported: 2024</p>	<ul style="list-style-type: none"> <li>• The standard offer programme and emergency generation programme were approved by the board investment and finance committee subject to the fulfilment of certain conditions which transmission management confirmed at the time were concluded. The gap occurred during implementation where due processes were not fulfilled.</li> <li>• A reconciliation agreement has been concluded and recovery of revenue is underway with a substantial amount already recovered.</li> <li>• The necessary consequence management actions were finalised.</li> </ul>	Closed

### 52.2 Matters under investigation

There are currently various internal and external investigations being conducted into alleged fraud and malfeasance by current and former Eskom employees as well as external parties. Eskom is working with relevant authorities regarding these matters.

# Appendix – abbreviations, acronyms and definitions

## Accounting, audit and other financial terms

CAPEX	Capital expenditure
CGU	Cash Generating Unit
DRC	Depreciated Replacement Cost
EAR rule	Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities
EBITDA	Profit before depreciation and amortisation expense and net fair value and foreign exchange (loss)/gain
ECL	Expected Credit Loss
IAS®	International Accounting Standard/(s)
IFRIC®	International Financial Reporting Interpretations Committee
IFRS® Accounting Standards	International Financial Reporting Standards as issued by the International Accounting Standards Board
IRBA	Independent Regulatory Board for Auditors
ISA	International Standards on Auditing
PPI	Producer Price Index
R	Rand
Rm	Rand millions
VAT	Value Added Tax

## Accounting standards and interpretations

IAS 1	Presentation of Financial Statements
IAS 7	Statement of Cash Flows
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 12	Income Taxes
IAS 16	Property, Plant and Equipment
IAS 19	Employee Benefits
IAS 21	The Effects of Changes in Foreign Exchange Rates
IAS 28	Investments in Associates and Joint Ventures
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IAS 39	Financial Instruments: Recognition and Measurement
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IFRIC 18	Transfers of Assets from Customers
IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 3	Business Combinations
IFRS 5	Non-current Assets Held-for-Sale and Discontinued Operations
IFRS 7	Financial Instruments: Disclosures
IFRS 8	Operating Segments
IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 13	Fair Value Measurement
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
IFRS 17	Insurance Contracts
IFRS 18	Presentation and Disclosure in Financial Statements
IFRS practice statement 2	Making Materiality Judgements

## Currencies

CNY	Chinese yuan
EUR	Euro
GBP	Pound sterling (United Kingdom)
JPY	Japanese yen
NOK	Norwegian krone
SEK	Swedish krona
USD	United States dollar
ZAR	South African rand

## Entities

EFC	Eskom Finance Company SOC Ltd
EPPF	Eskom Pension and Provident Fund
Escap	Escap SOC Ltd
Eskom	Eskom Holdings SOC Ltd
Group	Eskom Holdings SOC Ltd and its subsidiaries
Motraco	Mozambique Transmission Company SARL
NEDCSA	National Electricity Distribution Company of South Africa SOC Ltd
NTCSA	National Transmission Company South Africa SOC Ltd
Nqaba	Nqaba Finance I (RF) Ltd
ERI	Eskom Rotek Industries SOC Ltd

## Appendix – abbreviations, acronyms and definitions continued

### Legislation

Companies Act	Companies Act, 71 of 2008
King IV™	Report on Corporate Governance for South Africa
NEMA	National Environmental Management Act, 107 of 1998
NWA	National Water Act, 36 of 1998
NEM: AQA	National Environment Management: Air Quality Act, 39 of 2004
PAA	Public Audit Act, 25 of 2004
PFMA	Public Finance Management Act, 1 of 1999
PPFA	Preferential Procurement Policy Framework Act, 5 of 2000
PRECCA	Prevention and Combating of Corrupt Activities Act, 12 of 2004

### Measures

GWh	Gigawatt hour
kg	Kilogram
km	Kilometre
kWh	Kilowatt hour
kWhSO	Kilowatt hour Sent Out
ℓ	Litre
MVA	Mega volt ampere
MW	Megawatt
MWh	Megawatt hour
MWhSO	Megawatt hour Sent Out
TWh	Terawatt hour

### Other

AGSA	Auditor-General of South Africa
Board	Eskom Board of Directors
B-BBEE	Broad-Based Black Economic Empowerment
CA(SA)	Chartered Accountant of South Africa
CIDB	Construction Industry Development Board
CSI	Corporate Social Investment
DFFE	Department of Forestry, Fisheries and Environment
EAF	Energy Availability Factor
EUF	Energy Utilisation Factor
Exco	Executive Committee
IPP	Independent Power Producer
IT	Information Technology
KPI	Key Performance Indicator
KRN	Key Revision Number
MYPD	Multi-Year Price Determination
NERSA	National Energy Regulator of South Africa
OCGT	Open Cycle Gas Turbine
OVS	Online Vending System
RCA	Regulatory Clearing Account
RIMF	Risk and Integrity Management Framework
SAPS	South African Police Service
SARS	South African Revenue Services
SCOPA	Standing Committee on Public Accounts
SIU	Special Investigations Unit
STI	Short-term Incentive Scheme
TMPS	Total Measured Procurement Spend
UCLF	Unplanned Capacity Loss Factor
Zondo Commission	Judicial Commission of Inquiry into Allegations of State Capture

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## Definitions

Cash interest cover ratio	Net cash flows from operating activities divided by the aggregate of interest paid and received from financing activities
EBITDA	Revenue plus other income minus primary energy, employee benefit expense, impairment of financial assets, impairment of other assets and other expenses
EBITDA margin	EBITDA divided by revenue
Free funds from operations	Net cash flows from operating activities minus cash flows from changes in working capital
Liquid assets	Treasury investments plus cash and cash equivalents
Net debt	Debt securities and borrowings plus lease liabilities plus derivative liabilities held for risk management (used to hedge other items of net debt) minus derivative assets held for risk management (used to hedge other items of net debt) minus payments made in advance (used to secure borrowings raised) minus cash and cash equivalents
Net debt service cover	Net cash flows from operating activities divided by the aggregate of debt repaid and interest paid and received from financing activities
Net profit margin	Net profit divided by revenue
Working capital current assets	Inventories plus payments made in advance (current portion) plus trade and other receivables (current portion) plus taxation asset
Working capital current liabilities	Trade and other payables (current portion) plus payments received in advance (current portion) plus provisions (current portion) plus employee benefit obligations (current portion) plus taxation liability
Working capital ratio	Working capital current assets divided by working capital current liabilities

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Refer to the integrated report for definitions relating to the shareholder compact key performance indicators.

# Company information

## **Eskom Holdings SOC Ltd**

Incorporated in the Republic of South Africa  
Registration number 2002/015527/30

### **Registered office**

Eskom Megawatt Park 2 Maxwell Drive Sunninghill Sandton 2157  
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Customer call centre 08600 ESKOM or 08600 37566

### **Debt sponsor**

Nedbank Corporate and Investment Banking, a division of Nedbank Limited  
JSE alpha code BIESKM

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Our suite of reports covering our integrated results for 2025 is available at <https://www.eskom.co.za/investors/integrated-results/>



## Notes

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