Eskom

2026 ANNUAL FINANCIAL STATEMENTS

Contents

The annual financial statements were prepared under the supervision of the chief financial officer, Mr 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 on 30 August 2026.

The audited financial statements of the group and company as at and for the year ended 31 March 2026 are available for inspection at the company's registered office and were published on 31 August 2026. The full suite of the group's externally published reports, including the financial statements and integrated report, are available at www.eskom.co.za.

Directors' report

for the year ended 31 March 2026

The directors are pleased to present their report for the year ended 31 March 2026.

The information in this report covers the group performance of Eskom and its major operating subsidiaries, unless otherwise stated. It provides a high-level summary of the pertinent issues that characterised the year under review, including material developments after year end. Further detail is contained in the primary financial statements with notes, the integrated report (including the accompanying suite of reports) and the sustainability report.

1. 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.

2. Operational and financial performance

Operationally, network and generation plant performance showed significant improvements due to targeted maintenance initiatives and improved planning. Improvements in system stability and operational performance further contributed to improved financial performance.

A high-level summary of the performance includes:
- Energy availability factor (EAF) improved to 65.16% (2025: 60.60%), although it did not meet the shareholder's target of 70%.
- Total system minutes lost for events <1 minute decreased to 3.10 minutes (2025: 4.37 minutes) with two (2025: four) major interruption incidents recorded during the year.
- Stable network performance at distribution with system average interruption duration index of 35.09 (2025: 34.91).

Performance against the shareholder compact was positive overall, with Eskom achieving 71% (2025: 62%) of the shareholder compact key performance indicators (KPIs) for the year. This signals a significant improvement from the prior year. Underperformance was noted in a few areas such as emissions performance and the delivery of new transmission line infrastructure. Corrective action and recovery initiatives continue to be a key focus area. Further information is disclosed in the performance against shareholder compact section on page 4.

The group achieved earnings before interest, tax, depreciation and amortisation (EBITDA) of R108.6 billion (2025: R98.0 billion restated) mainly because of increased revenue due to the 12.74% tariff increase granted by the National Energy Regulator of South Africa (NERSA) and savings on primary energy costs resulting from improved operational performance. Profit before tax and net profit after tax also improved to R39.4 billion (2025: R21.9 billion restated) and R30.3 billion (2025: R14.0 billion restated) respectively, mainly attributable to lower net finance costs as well as lower net fair value and foreign exchange gains/losses related to financial instruments.

Refer to the performance overview and financial overview sections in the integrated report for more information.

3. Going concern

The group's liquidity position improved significantly compared to the prior year mainly due to support received through the debt relief arrangement with government with a decline in debt servicing obligations, improved operating cash flows and tariff increases granted by NERSA.

Despite the improvement, the events, conditions and assumptions described in note 3.2 include inherent material uncertainties that may cast significant doubt on the ability of the group and company to continue as a going concern. The Eskom Board (Board) has a reasonable expectation that these risks will be satisfactorily addressed with the initiatives and mitigation strategies discussed in note 3.2 and 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.

4. Strategic, regulatory and financial reporting matters

4.1 Unbundling progress

The President established the Eskom Restructuring Task Team (ERTT) to oversee the restructuring process to reform the electricity sector. The ERTT prepared a Phase 1 report focussing on high-level recommendations for establishing an independent transmission system operator including the proposed transfer of transmission assets. The President's endorsement of the report was announced on 31 July 2026.

The report emphasised that implementation should occur in a manner that addresses lender requirements, avoids defaults, protects shareholder rights and interests and ensures that Eskom is not placed in a worse financial position as the transition progresses.

The ERTT identified proposed interim measures to strengthen the independence of NTCSA and ring-fence the different licensed activities of NTCSA. These measures include ensuring that there are no common directors on the Eskom and NTCSA boards, appointment by the NTCSA board of the NTCSA chief executive officer and senior management, financial and operational autonomy, unwinding of the upstream guarantee issued by NTCSA to lenders, information barriers for commercially sensitive information and arms-length intercompany and legal arrangements. Steps will also be taken towards unbundling tariffs, clarifying payment allocations in the restructured market and developing measures to protect participants from non-payment.

The proposed transfer of assets will require careful consideration of potential accounting (control in terms of consolidation) and tax implications (degrouping within six years after the assets were transferred from Eskom to NTCSA may trigger deemed disposal and capital gains tax) as well as lenders protection under section 7 of the Eskom Conversion Act, 13 of 2001, including the extent to which funding support and other rights will apply to the proposed industry structure which may influence lenders' willingness to continue to provide funding to the Eskom group. These considerations are important to support a stable and orderly transition as the reform process progresses.

It is important that the implementation process appropriately addresses lender requirements, financing arrangements and contractual obligations. Addressing municipal arrear debt and the development of an appropriate legislative and regulatory framework are key aspects in developing a sustainable implementation pathway for a fully independent transmission system operator.

The Board supports the establishment of an independent transmission system operator that will own the transmission assets at the appropriate point in the future. The Board has a fiduciary responsibility to ensure that Eskom remains financially sustainable and supports a pragmatic approach of implementing electricity sector reforms as a carefully sequenced process with clear milestones. The focus remains on maintaining operational sustainability, ensuring that the gains in energy security achieved to date are not reversed and protecting the critical capacity required to support economic growth.

Phase II of the process will focus on developing a detailed transactional structure and implementation plan with timeframes and addressing municipal arrear debt, lender requirements, financing arrangements and contractual obligations. The terms of reference requires developing solutions that support the long-term financial sustainability of both Eskom and the independent transmission system operator.

Eskom continues to engage with affected stakeholders as the reform programme progresses.

4.2 Municipal arrear debt

Total gross municipal arrear debt escalated significantly by R17.0 billion (17.9%) to R111.6 billion (2025: R94.6 billion) at year end and continues to increase negatively affecting the financial sustainability of the group. The municipal debt management strategy is being intensified through payment arrangements, distribution agency agreements, credit control action and implementation of the Promotion of Administrative Justice Act, 3 of 2000 (PAJA) process to terminate or limit supply to defaulting municipalities. Refer to note 5.1.1.

4.3 Electricity sales

Sales volumes decreased to 178.0TWh (2025: 189.7TWh) during the year mainly due to smelter curtailments, unplanned shutdowns and shaft closures in the mining sector, solar installations across many sectors and weaker-than-expected demand recovery. The ferroalloy and iron and steel segments, in particular, are experiencing sustained pressure from global commodity markets, rising input costs and structural competitive challenges.

Eskom is implementing a range of initiatives to address the decline in sales and support the growth of electricity demand. One of the initiatives includes an amended negotiated pricing agreement framework, including an interim concessionary pricing framework of 62c/kWh approved by NERSA for the Samancor Chrome and Glencore-Merafe Chrome ferrochrome smelters on 29 May 2026 effective from 1 June 2026 for five and three years respectively. The arrangement will not increase tariffs for Eskom's broader customer base, require additional borrowings or require further government support. In addition, Eskom is expanding revenue streams through initiatives such as wheeling while preparing for potential growth in electricity demand from the data centre sector.

4.4 NERSA tariff and Regulatory Clearing Account decisions

NERSA approved an average standard tariff increase of 12.74% for 2026 under the multi-year price determination (MYPD) 6 and additional allowable revenue of R54.7 billion, following a court review application by Eskom. The additional revenue will be recovered with R12 billion in 2027, R23 billion in 2028 and R19.7 billion beyond the MYPD 6 period resulting in tariff increases of 8.76% and 8.83% for 2027 and 2028 respectively.

NERSA also concluded on Regulatory Clearing Account (RCA) cases relating to 2015 to 2021 on 5 May 2025 resulting in a settlement of R40.2 billion which was endorsed through a court order on 9 May 2025. Progress on open RCA applications relating to prior years continues to be monitored.

5. Board and executive committee members

5.1 Changes to the Board

The term of the Eskom Board appointed in October 2022 concluded on 30 November 2025 following an extension by the shareholder from 30 September 2025. Members whose term ended include Ms FBB Abdul Gany, Ms APZ Mafuleka, Mr B Ntshalintshali, Ms T Ramano, Mr L Mkhabela and Dr C Von Eck.

Mr LL Goqwana, Mr CR le Roux, Dr TL Mthombeni and Dr CB Vilakazi were re-appointed for a further three years on 1 December 2025. Mr D Marokane and Mr C Cassim continued as executive directors.

The new members appointed effective from 1 December 2025 are Dr AJ Barendse, Dr EK Chiloane, Ms SN Govind, Dr DC Matshoga, Mr TP Nchocho, Prof JV Peach and Ms BS Tshabalala. Ms TP Zondi-Mthembu was subsequently appointed effective from 5 December 2025.

5.2 Changes to Exco

Mr ML Bala served as group executive: distribution and a member of the executive committee (Exco) until 31 July 2025.

Ms A Mlambo was appointed as acting group executive: distribution from 1 August 2025 until 31 May 2026.

Mr J Munshi was appointed as group executive: distribution effective from 1 June 2026.

Mr SJ Mthembu was appointed as group executive: legal, compliance and regulation effective from 1 June 2026.

6. Governance and assurance

6.1 Debt officer

The funding and liquidity activities of the group are managed by a centralised treasury function overseen by the group treasurer and Eskom's debt officer, Mr K Masike, who was appointed general manager on 1 December 2025 after acting in the position from August 2024.

6.2 External auditors

Deloitte & Touche was appointed as external auditors from 2022 with Mr AJ Dennis as the lead engagement partner for the 2022 to 2026 financial years.

6.3 Reportable irregularities

The action plans to address reportable irregularities raised in previous years remained a focus area. Four reportable irregularities reported from 2022 to 2025 were closed because of improvements in the related control environments including:

- Failure to fulfil certain duties relating to investigations.
- Disciplinary procedures and consequence management not done timeously.
- Incomplete or inaccurate financial records as required by the Public Finance Management Act, 1 of 1999 (PFMA) and Companies Act.
- Submission of incomplete and inaccurate draft financial statements for audit.

It is acknowledged that some reportable irregularities 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 53.

7. Events after the reporting date

Events after the reporting date are discussed in note 48.

8. Approval

The group annual financial statements for the year ended 31 March 2026 were prepared under the supervision of the group chief financial officer, Mr C Cassim CA(SA), and approved by the Board on its behalf by:

M Nyati	**DL Marokane**	**C Cassim**
Chairman	Group chief executive	Group chief financial officer
30 August 2026	30 August 2026	30 August 2026

Performance against shareholder compact

The shareholder compact is agreed annually between the Board and the Department of Electricity and Energy. It includes key performance targets aligned to the shareholder's strategic intent statement and Eskom's corporate plan, for which performance is monitored during the year.

Performance against the shareholder compact was subject to audit by the external auditors with the related audit opinion detailed on page 20.

Performance results

The table below sets out the group's performance measured against the shareholder compact. 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 2026		Actual 2026	Actual 2025
Achieve universal access, availability, affordability and quality						
Lost-time injury rate (employee)		rate	0.30	🟢	0.18	0.23
Energy availability factor (EAF)	(a)	%	70.00	🔴	65.16	60.60
Relative particulate emissions	(b)	kg/MWh sent out	0.35	🔴	0.98	0.64
Specific water consumption		ℓ/kWh sent out	1.37	🟢	1.34	1.40
Total system minutes lost for events <1 minute		minutes	3.53	🟢	3.10	4.37
System average interruption duration index (SAIDI)[1]		hours	37.50	🟢	35.09	34.91
System average interruption frequency index (SAIFI)[1,2]		events	14.50	🟢	11.72	11.68
Total electrification connections[2]		number	41 340	🟢	67 578	83 031
Off-grid electrification connections[2]		number	1 225	🟢	2 119	n/a
Distribution total energy losses		%	11.33	🟢	10.54	10.42
Payment levels (excluding municipalities and metros)[1,2]		%	99.55	🟢	100.19	99.75
Capital payment levels (municipalities)[1,2]		%	87.20	🟢	89.74	88.88
Customer delight[1,2]		index	3.60	🟢	3.77	n/a
EBITDA[3]		R million	90 020	🟢	108 648	98 012
Cash interest cover		ratio	2.88	🟢	3.80	2.76
Debt service cover	(c)	ratio	1.69	🔴	1.55	1.11
Assessment of whistle-blower reports completed within 30 calendar days of being registered[1]		%	80.00	🟢	95.45	93.40
Investigations that commenced within 60 calendar days of the preliminary assessment report being completed	(d)	%	80.00	🔴	11.61	12.24
Cases where recommendations emanating from forensic investigations have been fully implemented	(e)	%	80.00	🔴	50.82	42.68
Attain sovereign and regional energy security						
Transmission lines installed	(f)	km	423.0	🔴	270.8	292.6
Transmission transformer capacity installed and commissioned		MVA	3 750	🟢	4 000	2 620
Progress against the Eskom legal separation process[1,2,4]		milestones achieved	100% achievement of quarterly targets	🟢	100% of quarterly targets achieved	n/a
Drive industrialisation and lead innovation						
Smart meters installed and commissioned[2]	(g)	number	800 000	🔴	610 223	321 496
Local content (Eskom-wide)[1,5]		%	80.00	🟢	83.93	93.79
Digitalisation of the procurement process[2]	(h)	%	60	🔴	45	20
Establishment of the Komati copper recycling plant[2]	(i)	%	Construction 100% complete	🔴	52.5	n/a
Qualitatively transform energy demographics, and elevate the role of women and youth						
New learner enrolment		number	290	🟢	1 293	952
Preferential procurement		% of total measurable procurement spend (TMPS)	80.00	🟢	94.58	93.21
B-BBEE score level[5]		number	4	🟢	3	3
CSI committee spend		R million	146.10	🟢	153.25	146.20
Assert local, continental and global energy leadership						
Generation capacity recovered[1,2]		MW	800	🟢	868	n/a
New generation capacity added (renewables)[2]	(j)	MW	95	🔴	–	n/a
Research and development[1,2]		%	90.00	🟢	92.51	n/a
International sales (excluding negotiated pricing agreements)[2]		GWh	1 984	🟢	5 486	6 513

1. Refer to key aspects to be considered for relevant KPI.
2. New measure included in the 2026 shareholder compact. The performance for 2025 has been included for comparative purposes and has not been audited. The prior year actual is reported as not applicable where no comparative is available.
3. The comparative figure was restated. Refer to note 49 for further information.
4. The quarterly targets are completion of the group's operating model design in the third quarter and submission of NTCSA's market operator licence to NERSA in the fourth quarter.
5. Measure consists of Eskom company only.

Key aspects to be considered for relevant KPI

- SAIDI and SAIFI

  The reported performance for SAIDI and SAIFI are based on three-year historical averages of actuals up to 31 March 2025 and therefore does not represent to be an actual performance result. The data limitations and resultant use of averages for both KPIs were due to system constraints experienced during distribution's transition to a new operational tracking system during August 2025. The reported result may therefore not be representative of the achievement against the approved target (based on actual values) which was not updated with the change in the measurement basis. The shareholder was made aware of the approach and, after year end, confirmed in writing their acceptance of Eskom's reporting basis until the data limitations have been resolved. Since April 2026, reporting based on actual values resumed and consequently, the figure to be reported at 31 March 2027 will be based entirely on actual values, as indicated in the measure specification document.

- Customer delight

  The customer delight index is a new composite customer satisfaction measure based on a weighted average of 10 sub-KPIs. The measure covers customer surveys from key customers, customer surveys from selected small power users whose customer cases were resolved after interaction with the Customer Contact Centre, the performance of customer care channels, bill accuracy of small power users and the execution of distribution planned outages.

  The external auditors reported a material finding in relation to the indicator. Sufficient and appropriate evidence could not be obtained to indices to the value of 2.04 due to limitations in verifying survey results from:

  1. Key customers
  2. Selected small power users whose customer cases were resolved after interaction with the Customer Contact Centre
  3. Customer queries created via customer walk-ins at the contact centre hubs related to the First Contact Resolution, Work Items Completed within KPI and One Contact Resolution.

  The external auditor was unable to determine whether any adjustment would be required to the Customer Delight reported value of 3.77, resulting from the matters described above along with any other matters that may have arisen on indices not subjected to further testing due to the scope limitation identified. Management initiated targeted remedial actions, including enhancements to survey design and respondent validation, formalisation of the Customer Delight calculation methodology and improved record keeping of customer interaction at the Customer Contact Centre.

- Payment levels (excluding municipalities and metros) and Capital payment levels (municipalities)

  Payment levels are measured as payments received against amounts billed, expressed as a percentage. Capital payment levels exclude interest.

- Assessment of whistle-blower reports completed within 30 calendar days of being registered

  The KPI was measured on cases recorded within the case management system managed by the Group Investigations and Security department. The prior year actual was measured on assessments completed within 21 working days of being registered based on the 2025 shareholder compact.

- Progress against the Eskom legal separation process

  Legal separation in the 2026 shareholder compact was based on 100% achievement of the quarterly targets, which included completion of the operating model design in the third quarter and submission of the NTCSA market operator licence to NERSA in the fourth quarter. Legal separation in the 2025 shareholder compact was based on corporatisation of distribution and was achieved based on the signing of the merger agreement for National Electricity Distribution Company of South Africa SOC Ltd (NEDCSA).

- Local content (Eskom-wide)

  Local content is based on procurement of locally produced goods and services as a percentage of the total value of contracts awarded for all procurement at Eskom company level (Eskom-wide). Local content was based only on procurement from designated sectors and 100% natural content in the prior year. The prior year actual was restated based on the Eskom-wide measure.

- Generation capacity recovered

  The KPI measures the capacity recovered from units in extended outage that were successfully resynchronised to the grid, specifically for unit 4 of Medupi power station and unit 12 of Ankerlig power station in line with the shareholder compact KPI measure specification document. Capacity is regarded as recovered once a generating unit has been successfully resynchronised to the national grid. The inclusion of these units reflects the restoration of dispatchable generation capacity and operating reserves to the power system, thereby supporting improved system reliability, operational sustainability and reduced risk of load reduction measures being implemented. The units could not be synchronised to the national grid for an extended period of more than 12 months at the start of 2026.

- Research and development

  The research and development KPI was redefined in the 2026 shareholder compact to be a composite measure, equally weighted based on the percentage spend of allocated research and development funding as well as the delivery of flagship research projects against the baseline schedule. In the prior year the KPI measured only the percentage spend of allocated research and development funding.

Reasons for targets not achieved

Ref	Key performance indicator and unit	Target 2026	Actual 2026	Reason
(a)	EAF, %	**70.00**	**65.16**	The shareholder target was not achieved despite the notable recovery in EAF performance during the year. Performance was negatively affected by high levels of unplanned losses (unplanned capability loss factor (UCLF)) of 22.88% for the year due to partial load losses at several power stations including Kendal, Matimba, Majuba, Duvha and Tutuka. These losses resulted from draught plant, milling, turbine, feed-water and gas-cleaning equipment challenges. Planned maintenance (planned capability loss factor (PCLF)) remained high at 11.56% due to concerted efforts to prioritise reliability-focused outages under the refocused Generation Reliability and Sustainability Plan. Plant reliability and sustainability is being improved through targeted initiatives to reduce unit trips, enhance outage planning and execution, execute key strategic projects and support interventions focused on people, plant and process.
(b)	Relative particulate emissions, kg/MWh sent out	**0.35**	**0.98**	The year end target was not met due to very poor emissions performance in the first quarter of the year, particularly at Kendal, Matimba and Kriel power stations, due to ash plant challenges, dust-handling plant malfunctions as well as underperforming sulphur trioxide plant and electrostatic precipitators that limit particulate emissions. Emissions performance improved during the remainder of the year as a result of sustained focus on plant operation and maintenance. Improved generation performance enabled outages and maintenance to address plant challenges which previously led to high emissions. Affected units were able to be operated at lower loads or placed into cold reserve. Interventions to address ash- and dust-handling challenges also contributed to improved outcomes at underperforming stations.
(c)	Debt service cover, ratio	**1.69**	**1.55**	The ratio improved compared to the prior year mainly due to increased cash from operations and a reduction in debt service costs (both interest and capital repayments). The reported ratio includes the impact of USD denominated funding from China Development Bank that was repaid and subsequently converted to CNY in August 2025. Excluding the impact of the conversion the reported ratio would have been 2.29.
(d)	Investigations that commenced within 60 calendar days of the preliminary assessment report being completed, %	**80.00**	**11.61**	Investigations that commenced within 60 calendar days of the preliminary assessment report being completed are measured on cases where preliminary assessments recommend a full forensic investigation. Performance was negatively affected by the backlog of forensic cases dating back to 2020. Investigations had not yet commenced on most cases referred for a full forensic investigation during the year. The focus remains on clearing the backlog by addressing forensic capacity constraints, including appointing external service providers and establishing a new forensic panel. High-priority cases will be expedited through Eskom's newly established Raptor Fusion Centre which focus on addressing high-impact cases of organised crime, infrastructure sabotage and economic offences within strict turnaround times.
(e)	Cases where recommendations emanating from forensic investigations have been fully implemented, %	**80.00**	**50.82**	Cases where recommendations emanating from forensic investigations have been fully implemented are measured on the percentage of disciplinary referrals that have been tabled with the presiding officer of the disciplinary hearing within 90 calendar days. The focus on addressing and finalising disciplinary recommendations relating to matters from prior years and high-priority matters limited capacity to deal timeously with recommendations on more recent cases. The establishment of a dedicated project management office has been approved to accelerate the resolution of disciplinary cases and sanctions arising from internal and external forensic investigations.
(f)	Transmission lines installed, km	**423.0**	**270.8**	Performance was negatively affected by procurement delays which resulted in later-than-planned contract awards on key projects. The most significant shortfall occurred on the Ariadne–Eros 400kV line, where contractor financial constraints and underperformance severely restricted progress with only 29km achieved against a target of 165km. Corrective actions are being implemented, including addressing contractor financial constraints through revised payment terms, strengthening construction teams through improved supervision and work sequencing as well as using multiple contractors on lines. An incubation programme is planned to increase the number of local suppliers, while international suppliers will be prequalified to further broaden the supplier base.
(g)	Smart meters installed and commissioned, number	**800 000**	**610 223**	Operational disruptions, primarily driven by violent community incidents in certain operating units, prevented planned installations and resulted in the diversion of resources to alternative areas. Community stoppages prevented the installation of approximately 150 000 smart meters during the year. Flooding in Mpumalanga and KwaZulu-Natal further constrained execution due to site inaccessibility. Engagement with the Department of Electricity and Energy is underway to strengthen community participation initiatives and support improved execution.

Ref	Key performance indicator and unit	Target 2026	Actual 2026	Reason
(h)	Digitalisation of the procurement process, %	60	45	The shareholder compact for 2024 and 2025 measured the blockchain adoption rate, with Eskom achieving 20% progress by 2025. The blockchain adoption rate KPI was amended in the 2026 shareholder compact to measure the rate of digitalising Eskom's procurement management processes. The KPI has a cumulative multi-year target which required 40% completion of the programme by 2025 and 60% by 2026, followed by 70% completion in 2027 and 100% in 2028. The prior year actual reflects the blockchain adoption rate as required in the 2025 shareholder compact. The relevant processes associated with the amended KPI was not fully operationalised for the reporting period as it was affected by governance and definition changes coupled with delays in finalising the revised KPI design and implementation approach. The following key deliverables have been completed based on the revised implementation approach: • Conduct research to the adoption of blockchain and analysis of the use case recommendations from Eskom. • Establishment of governance and other support structures including change management practices. • Approval of programme funding for a digital procurement platform as well as procurement scope, strategy and related documentation. • Issuing of the request for proposal to the market. • Successful go-live of the first two phases (including commodities with an online presence and a proof of value for suppliers with publicly available prices) of the three phases of artificial intelligence commodity market pricing. The target of 60% for 2026 was not met, with tender evaluation, approval and contract award as well as onboarding of the implementation partner not having been completed. Remedial actions have been implemented including finalisation of the KPI definition, alignment with the broader digital strategy and execution of an agreed implementation plan. An expedited delivery plan is being implemented to acquire a solution and implementation partner in 2027, with the aim of concluding the programme in 2028.
(i)	Establishment of the Komati copper recycling plant, %	Construction 100% complete	52.5	The establishment of the Komati copper recycling plant KPI is measured based on several project milestones, including approval of the business case in the first quarter (contributing 25% relating to four activities), conclusion of procurement in the second quarter (contributing 30% relating to six activities) and construction at 50% complete in the third quarter (contributing 30% relating to site establishment) and 100% completion in the fourth quarter (contributing 15% relating to plant delivery). Initial project delays arose due to a ministerial directive requiring an independent assessment of the suitability of Komati power station for alternative combustion technology. Further delays were experienced due to the late appointment of an owner's engineer which was necessary to validate project scope and confirm recoverable copper volumes. The project progressed through key development phases despite the delay. Progress of 52.5% was achieved against the overall project milestones for the year including completion of a business case, securing investment approval and identification of a technically capable supplier through a competitive procurement process. Uncertainty regarding copper availability from Komati units resulted in a pause in implementation to avoid premature commercial commitments. Construction had not commenced by year end and the business case is being revised to consider alternate copper sources and feedstock options to strengthen the long-term viability of the project.
(j)	New generation capacity added (renewables), MW	95	–	Performance of the battery energy storage systems project was negatively affected by contractor underperformance and contractual challenges resulting in no new renewable capacity being installed in 2026. Commissioning of 94.5MW storage capacity was targeted by year end at Skaapvlei (80MW), Paleisheuwel (9.5MW) and Graafwater (5MW) sites under phase 1 of the battery energy storage systems project. The contractor for these projects failed to complete the project within the deadline due to internal challenges experienced by the contractor, resulting in claims against the contractor and the cessation of all site activities from December 2025. Recovery efforts have not been successful despite remedial interventions. Several strategic interventions are underway to ensure that work resumes. Contingency options are being assessed in parallel, including contract termination and appointing replacement contractors.

Report of the audit committee

The audit committee (the committee) presents its report in terms of the requirements of the 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 2026. The requirements of the King V™ Report on Corporate Governance for South Africa (effective from 1 January 2026) were considered where relevant.

1. Mandate and terms of reference

The committee, as defined in its mandate, fulfils statutory duties and assists the Board in its corporate governance duties by overseeing financial management, reporting and disclosure, internal control as well as the internal and external audit functions.

The 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.

The committee members were appointed in December 2025 after the tenure of the reconstituted Board commenced on 1 December 2025. The committee in its present composition therefore held two of the eleven committee meetings convened during the financial year. In discharging its responsibilities in respect of the period from 1 April 2025 to 30 November 2025, the committee did not only rely on its own direct observation. It satisfied itself instead by reviewing the minutes, papers and resolutions of the predecessor committee by considering the formal handover report prepared for the reconstituted Board and through induction sessions with management and assurance providers on the significant matters that had arisen and related resolution and/or actions underway. The committee is satisfied that these procedures provide a reasonable basis for the conclusions expressed in this report in respect of the full financial year.

Information about the mandate, membership composition and attendance of meetings of the committee is set out in the governance and remuneration report which forms part of the suite of reports accompanying the 2026 integrated report.

2. Execution of functions

The committee activities aim to support and promote the safeguarding of Eskom's information assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with all legal requirements and accounting standards.

The committee oversees the combined assurance model activities to support effective internal control processes which aim to provide reasonable assurance that the group's financial and non-financial objectives are achieved and the group's suite of externally published reports (as detailed in the integrated report) are accurate and in accordance with the applicable frameworks and standards.

The committee considered information, insights and explanations provided by management, management's experts, the internal audit and forensic departments as well as 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.

2.1 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:

- Effectiveness of the systems of internal control.
- Improvements in the operational and financial reporting control environments.
- Internal financial control and business risk management relating to financial reporting including:
  - Fraud and information technology (IT) risks relating to financial reporting and if they were satisfactorily addressed.
  - Progress on investigations, control breaches and security incidents from prior years and matters within the scope of the committee including fraud, misconduct or conflict of interest of employees.
- Compliance with legal and regulatory provisions including:
  - Monitoring and reviewing legal matters with material impact on the group.
  - Reportable irregularities raised by the external auditors, with managements' actions to address challenges and prevent reoccurrence.
  - Compliance with relevant laws and regulations.
- Appropriateness of the combined assurance to address significant risks facing the group.

2.1.1 Effectiveness of internal controls

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 effectiveness. The committee noted the effort by management through the audit recovery programme to implement control enhancements to remedy identified control weaknesses and improve the operational effectiveness of the controls despite the material control deficiencies that still require sustainable remediation in key operational and financial areas.

Ongoing oversight and enhancement continued in the information technology and operational technology control environments. Notable improvements in the online vending system (OVS) environment include the migration of OVS infrastructure to a more secure environment, supported by real-time detection and monitoring. Cyber security risk mitigation measures include enhancements to the cyber security infrastructure, strengthened leadership and the ongoing development of a group wide cyber security strategy. The use of legacy systems remains an area of concern. The committee noted that additional controls have been implemented to ensure that risks are managed and that a detailed replacement plan for legacy systems are underway.

Consequence management remains a significant area for improvement to address the identified instances of crime, fraud and corruption and drive an ethical and effective controls culture. The committee noted the actions taken to strengthen forensic investigations, related legal processes as well as other internal and external investigations into allegations of crime, fraud and corruption. This was supported by internal structural changes, a deliberate drive to increase resources and improved quality and timeous delivery by external service providers. The committee recognises that Eskom is still dependent on law enforcement agencies and the justice system to timeously execute on arrests and convictions, but where management has control, the committee, supported by the Board, has increased focus and attention on the execution of the interventions to address the backlog of investigations and consequence management matters.

The committee concluded that the system and process of risk management and mitigating actions to address the internal controls deficiencies related to financial reporting, including the risk of crime, fraud and corruption, are generally adequate for identifying, managing and reporting risks. The ongoing strengthening of the related internal controls remains a focus area.

The committee concluded that compensating measures are in place 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.

2.1.2 Compliance with legal and regulatory requirements

The committee noted the improvement in compliance particularly relating to PFMA requirements supported by ongoing enhancements in reporting structures, systems, controls, resources, policies and procedures.

The committee noted that improvements in controls and focused action has resulted in a reduction in qualification areas with only the audit qualification regarding the PFMA records that were not complete in line with legislative requirements relating to irregular expenditure continuing in 2026, mainly due to a backlog in finalising matters under assessment and determination. Only R28 million of the total R4.9 billion irregular expenditure incurred during the year related to new matters, while the remainder resulted from existing multi-year contracts that will continue to attract irregular expenditure until condoned or removed.

The committee acknowledged that four reportable irregularities were closed during the year and that certain reportable irregularities would reoccur and remain open until all related aspects have been concluded as it takes time to resolve because of the inherent nature thereof, such as environmental regulatory compliance. Refer to note 53.

The committee also acknowledged Eskom's overall assessment of the implementation of the King IV™ principles and practices which reflects a governance environment that improved but remains in transition. Initiatives are underway to address focus areas where some of the principles have not been fully or effectively applied.

The committee acknowledged that significant shortcomings, in particular internal control deficiencies, were identified by the external auditors and the Auditor-General of South Africa (AGSA). The committee noted that although progress has been made through the audit recovery programme to strengthen controls and reduce audit findings, that it remains a key focus area for improvement.

2.1.3 Combined assurance

The committee is satisfied that Eskom's combined assurance framework is appropriately designed and that its coverage of the group's significant risks is adequate. However, the committee is not yet satisfied that the framework operates effectively in practice. Significant control deficiencies persisted during the year in key financial disciplines described above, and their persistence indicates that first-line monitoring and the timely identification and remediation of control failures are not yet functioning as the framework contemplates. The consequence is a continued reliance on external assurance in areas where internal assurance should be sufficient. The committee has therefore directed that a combined assurance maturity assessment be performed, commencing in the 2027 financial year. The scope of the assessment include the structure, operating model and capacity of the internal audit function as well as the assurance architecture required by the group structure to support the unbundling strategy.

The structure and process of combined assurance, particularly the internal audit function, compliance management and assurance and risk management will be reviewed to establish a sustainable assurance environment. Enhancements are expected to improve the accountability and monitoring of controls including consistent execution, timely identification and remediation of control deficiencies, mitigation of the risk of control circumvention, reducing the recurrence of audit findings and promoting the sustainable effectiveness of business processes and internal controls supported by robust risk management. The committee will monitor the progress of the assessment and effectiveness of the enhancements at each meeting.

2.2 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 including the group chief audit executive.
- Expertise, resources and experience of the internal audit department, including the group chief audit executive.
- Risk-based internal audit plan that has been enhanced going forward to better align with the committee mandate which will include provision of assurance to the committee on the effectiveness of the management initiatives to address the significant control deficiencies emanating from external audit findings.
- Compliance with its mandate including feedback on the outcome of internal audit reviews.
- Status of corrective action taken by management in response to significant internal audit findings.
- Cooperation and coordination by internal audit with external auditors.

The committee is satisfied that the group chief audit executive and internal audit function is independent and operates in compliance with applicable professional standards. The committee noted that the external quality assessment in June 2025 rated the internal audit function as "Generally Conforms" with the International Standards for the Professional Practice of Internal Auditing.

The committee is reviewing the effectiveness of the internal audit function in relation to its support of the committee in the execution of its mandate particularly in the context of the existing control environment. The focus, capacity and capability of the function will form a significant part of the combined assurance maturity assessment.

2.3 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.
- 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.
- 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 2026 financial years.
- Any relevant decision letters, findings and remedial explanations issued by the Independent Regulatory Board for Auditors (IRBA) as well as any summaries and explanations made available by the external auditors to the committee.
- Feedback on the outcome of the external audit, including the qualification and material findings raised in the audit opinion, reportable irregularities, identified accounting, sustainability and auditing concerns as well as recommendations for improvement.
- Feedback from the AGSA resulting from their oversight of the external audit process including review 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 is satisfied with the independence and objectivity of the external auditors based on section 94(8) of the Companies Act and with the quality and effectiveness of the external audit.

2. Execution of functions (continued)

2.4 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.
- Review of the annual financial statements including going-concern assessment, significant matters, related assumptions, key judgements and use of experts.
- 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 significant matters relating to the annual financial statements that were considered and continued to be key focus areas for monitoring and reporting include the following:

Significant matter	Consideration
Going-concern assessment	The committee considered management's going-concern assessment, including the group and company's latest cash flow forecasts, liquidity position, solvency, funding requirements, debt service obligations and stress-tested scenarios for at least 12 months from the date of approval of the annual financial statements. In doing so, the committee considered the material uncertainties and key assumptions disclosed in note 3.2, including tariff adequacy, sales volumes, municipal arrear debt, operational performance, environmental compliance obligations, restructuring of the electricity industry and future funding availability. Based on the information presented, the mitigating actions identified by management and the continued availability of adequate resources and support, the committee concluded that the going-concern basis of accounting remains appropriate for the group and company. The committee therefore recommended to the Board that the annual financial statements be prepared on the going-concern basis. The committee considered the current work being undertaken by the ERTT under the direction of the President of South Africa. The committee took comfort that the Phase I Report of the ERTT recognised the importance of protecting the financial sustainability of Eskom which includes addressing lender requirements, financing arrangements and contractual obligations during implementation as well as concurring that municipal arrear debt is a critical challenge and strategic priority in their proposal to establish a dedicated workstream to develop sustainable solutions to address this challenge.
Consideration of cash generating unit (CGU) and assessment of possible impairment	The committee considered the appropriateness of the CGUs for the group and that the Eskom company (generation and distribution segments), NTCSA (transmission segment) and Eskom Rotek Industries SOC Ltd (ERI) have been identified as a single CGU (referred to as the Eskom CGU) as the segment operations continue to function within a regulated and operationally integrated electricity business, do not generate cash inflows independently and that an active market for the outputs of the individual operations do not exist. The committee considered the inputs, assumptions, key judgements 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. The committee acknowledged that the identification of the Eskom CGU may be impacted in the future by the ongoing structural transformation including the further unbundling of electricity industry participants (independent market operator and legal separation of generation and distribution), establishment of future transmission system and market operation arrangements, increased participation by independent market participants and the development of additional generation and transmission infrastructure outside of the Eskom group. The committee concluded that the structural transformation is based on the principle that all the unbundled entities will be financially sustainable and viable post unbundling. Refer to note 3.3.
Valuation of financial instruments and hedge accounting	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. 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.
Internal control environment	The committee considered the control deficiencies raised by the internal and external auditors. The committee is satisfied that mitigating and compensating measures are in place to ensure that the financial records may be relied upon for the preparation of the financial statements. Refer to section 2.1.1.
Contingent liability arising from illicit creation of prepaid tokens	The committee considered and noted the improvement in the preventative controls, security changes and other systems changes implemented during the current year to address the control deficiency identified in 2024 relating to the creation of illicit tokens. Refer to section 2.1.2.
PFMA reporting	The committee considered the actions and improvements made to address the control deficiencies regarding PFMA compliance and reporting. Refer to section 2.1.2.

The committee is satisfied that the group chief financial officer has the appropriate expertise and experience required for the role. The committee is satisfied that management is making meaningful progress in strengthening the finance function across the group to address the persistent significant control deficiencies emanating from the audit processes through a structured programme focused on capability, capacity, resilience and digital transformation over the next three years. Dedicated resources, executive-sponsored steering committees and enhanced governance oversight have been established to support both current operational priorities and the finance transition required for Eskom's unbundling journey. Progress is closely monitored through management and Board oversight structures. Significant recruitment and targeted secondments to critical areas were undertaken in the past year to strengthen key capabilities, address capacity constraints, improve succession coverage and reduce key-person dependencies. These initiatives, together with ongoing capability-building efforts, are enhancing the sustainability, resilience and long-term effectiveness of the finance function.

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.

2.5 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 1 (RF) Ltd which have independent audit committees.

Subsidiary assurance committees assist the Eskom audit committee in fulfilling its oversight responsibilities relating to subsidiaries in terms of the Subsidiary Governance Framework that sets out the governance principles and processes for the effective management of wholly owned subsidiaries in the group.

The committee engaged with and reviewed the activities and feedback of the subsidiary assurance committees during the year and was satisfied to recommend the subsidiary annual financial statements for the year ended 31 March 2026 to the relevant subsidiary Boards for approval.

3. Recommendation of the annual financial statements

The committee is satisfied, notwithstanding the aspects considered and recommended for improvements, that nothing 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 2026 and supports the submission of the annual financial statements, 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 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 27 August 2026, recommended the adoption of the annual financial statements by the Board.

TP Zondi-Mthembu
Chair

30 August 2026

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

30 August 2026

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 and company) set out on pages 26 to 126 which comprise the consolidated and separate statements of financial position as at 31 March 2026, the consolidated and separate income statements, consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate 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 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 Eskom Holdings SOC Limited and its subsidiaries as at 31 March 2026, and their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS) and the requirements of the Public Finance Management Act, 1 of 1999 (PFMA) and the Companies Act, 71 of 2008 (Companies Act of South Africa).

Basis for qualified opinion

Irregular expenditure

The public entity did not fully record irregular expenditure in note 52.1 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. In addition, certain contracts where standardised rates were mandated by the public entity, resulted in a non-compliance with supply chain management processes.

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 R4 907 million (2025: R10 874 million restated) and R3 525 million (2025: R9 416 million restated) in note 52.1 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 and company in accordance with the Independent Regulatory Board for Auditors’ *Code of Professional Conduct for Registered Auditors* (IRBA Code), as applicable to audits of financial statement of public interest entities, 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:

Materiality	**Group:** R2 billion **Company:** R1.8 billion
Basis for determining materiality	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. 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.

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 considering 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:

- Four and three components were audits of the component's financial information for group and company respectively.
- Five and two components were audits of one or more classes of transactions, account balances or disclosures for group and company respectively.

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 100% of the group's revenue. In addition, these components account for 83% of the company's total assets and 93% 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-dependent liquidity position across the short and medium term with continued reliance on government support and new debt to fund the significant capital expansion.
- Noting that longer-term liquidity after the debt relief period remains at risk because of financial sustainability challenges, including an inadequate tariff path and structure, reduced sales volumes, high debt service costs, escalating municipal arrear debt, above-inflation cost increases, and the impact of crime, fraud and corruption, including revenue losses from illegal electricity connections and illicit prepaid electricity tokens.
- The impact of overdue electricity receivables, mainly due to growing municipal arrear debt, and the limited success from the municipal debt relief arrangement. This remains a material risk and places significant strain on the going-concern assessment.
- The timing and dependency risks associated with legal separation, market reform and the corporatisation or operationalisation of sector entities, including the establishment of an independent transmission system operator and the deferred corporatisation of the distribution business.
- The delays in completing the Medupi flue-gas desulphurisation plant by June 2027 may result in the early settlement or prepayment of certain related funding arrangements. The group and company is continuing discussions with the relevant lender regarding an extension of the existing waivers.
- Eskom is awaiting National Treasury for the finalisation of the conditions associated with the Debt Relief Act post 31 March 2026.
- Despite continued improved generating plant performance as well as the ongoing positive and incremental impact of the Generation Recovery Plan, Eskom continues to operate a significantly aged generation fleet, and plant performance therefore remains a key risk to manage. Failure to mitigate this risk could negatively impact cash flow through lost revenue and increased costs. The generation capacity of the group remains a critical focus area to ensure that appropriate steps are being taken to manage performance.
- The revenue and resultant cash flow impact of customer and market developments such as negotiated pricing arrangements (NPAs) with certain energy-intensive customers, together with the related approval by the National Energy Regulator of South Africa (NERSA) of a 62c/kWh tariff with expected increase in electricity consumption and certain other customers moving into care and maintenance in March 2026.

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, while these developments introduce uncertainty into the going-concern assessment and cannot currently be reliably modelled due to uncertainty over their timing and implementation, the Eskom Restructuring Task Team (ERTT) Terms of Reference requires Phase II to develop solutions that support the long-term financial sustainability of the entity. Accordingly, the viability of any future structure is expected to be assessed with reference to its ability to achieve financial sustainability. 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 funding mechanisms.
- With the assistance of our business restructuring specialists, applying sensitivities to certain of management's inputs and assumptions, including incorporating capital-growth adjustments for arrear municipal debt and evaluating the utilisation of Treasury Investments to the extent that the funds are not totally ring-fenced.
- 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.
- Evaluating the debt relief assumptions and the impact of this on the financial sustainability of the group.
- Assessing the adequacy of disclosures in the going concern note as to whether they appropriately reflect the key areas of uncertainty identified, including consideration of subsequent events, such as the release of the ERTT Phase I report.
- 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.

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.

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 for 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
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 (IAS 36)*. 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. Improved generation performance, together with increased customer self-generation and growing wheeling activity across Eskom and municipal networks, has contributed to lower grid demand and periods of excess supply. This creates uncertainty regarding future electricity sales volumes, revenue recovery and the utilisation of Eskom's generation fleet, which may affect the achievement of forecast cash flows. The ongoing liberalisation of the electricity market continues to create uncertainty for Eskom. While National Transmission Company South Africa SOC Ltd (NTCSA) has obtained a market operator licence and is progressing towards an expanded role in the evolving market structure, the long-term pricing framework has not yet been finalised. Although tariffs for the current period are determined under the Multi-Year Price Determination (MYPD) methodology, uncertainty remains regarding the future tariff-setting approach and recovery of Regulatory Clearing Account (RCA) balances. The most recent report from the ERTT and the President's endorsement thereof, increases the uncertainty around the viability of the remaining components in the future of Eskom. The key assumptions with the most significant impact on the cash flow forecasts were: • Identification of the CGU(s) in light of ongoing unbundling and market reforms. • Revenue volumes, driven by electricity demand, self-generation, wheeling and generation capacity. • Revenue tariffs, based on approved MYPD determinations, with uncertainty regarding future pricing methodologies and RCA recoveries. • Long-term growth and EBITDA assumptions. • Generation performance, including Energy Availability Factor (EAF), Energy Utilisation Factor (EUF), reliability of the ageing plant, capacity additions and potential reliance on Independent Power Producers (IPPs) and Open Cycle Gas Turbines (OCGTs). • Future carbon tax and environmental compliance costs. 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, we reviewed the value in use model prepared by management, with a particular focus on the assumptions with the most significant impact. This included the forecasted sales price, the forecasted available generation capacity and corresponding market demand, an increase in primary energy costs, 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 cash generating unit within the group and company. • Evaluated the design and implementation of the key controls relating to the preparation and review of the group's cash flow forecasts and corporate plan used in the respective impairment model. • Recalculated the recoverable amount of the CGU. • Assessed the appropriateness of the disclosures and sensitivity analyses presented. • 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 (including the impact of the transmission system operator separation 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 and external wheeling. – Critically evaluated key inputs (including EAF, OCGTs and IPPs) within the production plan forecast period until 2050 and assessed the impact of a recalibration of the EAF delta to moderate the growth trajectory and extend the timeline before plateaus are reached. – Assessed the reasonableness of management's forecasted volumes by corroborating key assumptions against external market data and industry forecasts obtained from third party sources, and by evaluating the forecast load factors used in the preparation of management's forecast. • With assistance from our internal tax specialists, we assessed management's application of carbon tax legislation, assumptions and calculations used in determining the carbon tax liability.

Key audit matters	How the matter was addressed in the audit
Impairment assessment of property, plant and equipment and indefinite useful life intangible assets (continued)	
	Based on the procedures performed, we concurred with management's conclusion that the group and company comprised a single CGU at year-end. We found the discount rate and other key assumptions used in the impairment model to be within acceptable ranges determined with reference to independent market data and our valuation specialists' expectations. We noted that the recoverable amount remains significantly dependent on NERSA approving future tariffs broadly in line with the Regulatory Electricity Pricing Methodology. Given the uncertainty arising from recent tariff determinations and the group's historical recourse to legal processes in response to certain NERSA decisions, this remains a key area of estimation uncertainty. We further noted that the ongoing electricity market reforms, including the ERTT initiatives, introduce uncertainty regarding the future structure of the electricity sector. As the timing, implementation and ultimate outcomes of these reforms remain uncertain, the determination of CGUs may require reassessment and could result in different conclusions in future periods. We concluded that the disclosures relating to the key assumptions, estimation uncertainties, dependencies and sensitivities applied in the impairment assessment are appropriate.

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
Impact of the Eskom's ongoing forensic investigation into the illicit creation of prepaid tokens (Illicit prepaid tokens)	
Eskom recognises prepaid electricity revenue through its Online Vending System (OVS) in accordance with IFRS 15 *Revenue from Contracts with Customers*, with revenue deferred for electricity not yet consumed. Following a forensic investigation, in the prior year, significant control deficiencies were identified within the prepaid IT environment, including unauthorised privileged access used to generate illicit prepaid tokens. Although some weaknesses have been remediated, material control deficiencies remain, preventing Eskom from reliably determining the full extent of illicit tokens created and utilised. This creates an elevated risk regarding the occurrence and completeness of prepaid revenue recognised under IFRS 15. In addition, under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, Eskom may have an obligation to provide electricity against illicit tokens, however, due to unreliable data and system limitations, management is unable to measure the potential liability with sufficient reliability, resulting in a contingent liability disclosure. This was identified as a key audit matter due to its potential impact on prepaid revenue and contingent liabilities, and the significant audit judgement and specialist expertise required to assess the consequences of the control failures and system breach.	Our audit procedures to address the key audit matter were as follows: • Inquired of the relevant management to understand the preventative controls, security changes and other systems changes implemented in the current year. • 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. • 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. • We obtained an updated understanding of Eskom's prepaid IT ecosystem, including the system architecture, key hardware and software components, underlying processes, controls, and interfaces with third party organisations. This included walkthroughs of the end-to-end prepaid environment and relevant data centres to understand the operation of the ecosystem and associated control environment. • With the assistance of our IT and cyber incident response specialists, we evaluated management's continued response to the security breach, including assessing management's conclusions regarding the extent of the impact on the prepaid and broader IT environment. We also assessed management's continued remediation actions implemented and the enhancements made to the IT security control environment in the current year. • We performed exploitation testing of the back-end infrastructure (network, storage, operating systems and hardware security modules) including the review of access logs and system configurations. • In addition, we performed front-end application testing which included evaluating general IT controls, segregation of duties, user access controls, and the effectiveness of related internal control activities. • 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. • Using management's forensic specialist data for the period October 2023 – October 2025 and using the forensic data collected by Eskom from November 2025 – March 2026, we engaged our data analytics specialists to determine the valid tokens, as well as the illicit tokens created. • Our data analytic specialists evaluated the available data from connected smart meters to assess the use of tokens, including illicit tokens. These meters remain but a fraction of the total population of prepaid meters. • Evaluated the accounting policy disclosure of prepaid revenue. • With the assistance of our accounting specialists, we evaluated the impacts arising from the continuous breach on the financial statements and evaluated the significant assumptions used by management to estimate the contingent liability and the disclosures thereof. 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.

Key audit matters	How the matter was addressed in the audit
Material breakdown in financial reporting controls and resultant audit response	
Our audit identified a number of control deficiencies across various entities, divisions, and reporting processes within the group. Although improvements were noted in certain areas during the current year, recurring control failures, processing errors, review exceptions, and deficiencies in financial and performance reporting processes indicate that elements of the group's control environment lack understanding of the applicable reporting and compliance requirements and are not operating consistently at the level expected for an organisation of its size, complexity, and public accountability. Producing accurate and transparent annual financial statements is essential for demonstrating sound financial management disciplines and maintaining stakeholder confidence. The deficiencies identified were not isolated to specific processes but were observed across multiple areas of the organisation and frequently related to weaknesses in the design, execution, review, ownership, and monitoring of controls. A significant number of audit adjustments, review comments, and control exceptions identified during the audit process suggest that preparer and reviewer controls are not consistently effective in preventing, detecting, and correcting errors on a timely basis. In addition, the audit highlighted opportunities to strengthen accountability for control ownership, enhance coordination across the group's assurance functions, improve the effectiveness of root-cause remediation, and further develop technical capability in key governance and financial reporting disciplines. The observations also indicate a need for a stronger control-conscious culture in which controls are embedded within normal business operations and supported by appropriate challenge, oversight, and accountability at all levels of the organisation. Given the group's ongoing strategic transformation and unbundling initiatives, the effectiveness and sustainability of the control environment is of increasing importance to increase transparency and accountability in financial reporting. Weaknesses in the control framework increase the risk of material misstatements, unreliable financial and performance reporting, non-compliance with regulatory requirements, and governance failures. Accordingly, the design, implementation, and operating effectiveness of the group's control environment was considered a matter of audit significance and received significant audit attention.	The persistent nature of the control deficiencies identified across the group required a significant modification of our audit strategy and a substantial increase in audit effort. Given the reduced reliability of the control environment, we placed limited reliance on internal controls and performed extensive substantive audit procedures across significant classes of transactions, account balances and disclosures. We assigned experienced senior audit personnel and engaged internal and external specialists in areas requiring specialised expertise, significant judgement, or heightened fraud risk considerations. We also applied enhanced professional scepticism throughout the audit and used advanced data analytics to identify unusual transactions, trends, and potential indicators of fraud, management override, or irregular conduct. Our audit procedures included: • Reassessing audit risks and exercising enhanced professional scepticism in determining the nature, timing, and extent of audit procedures. • Re-evaluating materiality, scoping decisions, and control risk assessments in light of the control deficiencies identified. • Performing audit procedures closer to year-end and extending audit testing over significant account balances and disclosures. • Critically reassessing key accounting estimates, judgements, and assumptions, including consideration of prior-year estimates and management decisions. • Increasing sample sizes and the extent of detailed substantive testing beyond levels that would ordinarily be required in an effective control environment. • Performing additional corroborative procedures and obtaining evidence from independent sources where possible. • Assessing the adequacy and reliability of audit evidence obtained and performing further procedures where evidence was insufficient or inconsistent. Based on the procedures performed and the evidence obtained, we concluded that sufficient appropriate audit evidence was obtained to support our audit opinion notwithstanding the significant deficiencies identified in the group's control environment.

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
Valuation of complex financial instruments The group and company are a party to certain derivative financial instruments as disclosed in note 4.1 and note 17. 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 underlying instruments 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, determination of appropriate proxies, and forward rate calculation methodology. The global commodity pressures and rising energy cost experienced by customers along with complexities of the contract, has resulted in the customers exercising some of the key clauses in the contract which has a direct impact 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 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 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. • Assessed the appropriateness of the proxies used in the valuation of the embedded derivatives in the absence of traded commodities. • Assessed the appropriateness of the contract life of impacting the unwind of the day-one liability associated to the embedded derivative. • 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. • 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. • Reviewed and assessed the appropriateness of the hedge accounting policies adopted. • 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. – For derivatives used for risk management, evaluated the swap curves, overnight indexed swap curves, ZAR, USD, and EUR foreign exchange basis adjusted curves and the ZAR CPI curves and reperformed the valuation of commodity forwards used to hedge various commodities. With regards to the derivatives used for risk management, we identified a control deficiency impacting the accuracy of the valuation and hedge accounting entries processed resulting in misstatements. The misstatements identified during the audit were corrected, and the related disclosures reflected in the annual financial statements are appropriate. With regards to the embedded derivatives in supply contracts, a significant control deficiency was identified over the appropriateness of the review of the consumption assumptions utilised in the models. In addition, several differences were identified with the most material arising from the inadequate consideration of the forecast electricity consumption impacting the valuation of the embedded derivatives. The impact of these inaccuracies resulted in 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.

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 events after the reporting period.

Restatement of corresponding figures
As disclosed in note 49, to the consolidated and separate financial statements, the corresponding figures for March 2025 were restated due to errors in the prior year.

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.

Material losses: Non-technical energy losses
As disclosed in note 52.3, to the consolidated and separate financial statements, material losses due to non-technical energy losses were incurred in the current and prior year.

Other matter
Departure granted to Eskom on finalising the assessment and determination of irregular, fruitless and wasteful expenditure
In terms of section 79 of the PFMA, National Treasury granted Eskom Holdings SOC Ltd and its subsidiaries a departure from the requirements of paragraphs 4.1 and 4.12 of the PFMA Compliance and Reporting Framework, Instruction No. 4 of 2022/23.

As a result of the departure granted by National Treasury, Note 52 to the Audited financial statements includes only those irregular, fruitless and wasteful expenditure matters for which the loss control function had completed the assessment test within the timelines prescribed by the departure. Consequently, irregular, fruitless and wasteful expenditure matters, identified through the audit process, internal audit and other mechanisms, have not been disclosed in Note 52. These matters would otherwise have been considered for disclosure had the departure not been applicable; however, the assessment and determination processes were still in progress and remained within the permitted 180-day period at the reporting date.

Accordingly, the non-disclosure of the matters within the permitted 180 days period does not constitute a misstatement of the financial statements, as the accounting officer has applied the National Treasury-approved departure in accordance with section 79 of the PFMA.

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 Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Companies Act of South Africa 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.

Auditor's responsibilities 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 24, forms part of our auditor's report.

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

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 the selected key performance areas presented in the annual performance report, being the shareholders compact performance section of the directors' report. The accounting authority is responsible for the preparation of the annual performance report.

We selected the following key performance areas presented in the annual performance report for the year ended 31 March 2026 for auditing. We selected key performance areas that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Key performance area	Page numbers	Purpose
Achieve universal access, availability, affordability and quality	4	Measurement and monitoring of key indicators specific to the operational efficiency within electricity generation including energy availability at a power station level, the mass of particulates emitted from Eskom's coal-fired power stations and the amount of raw water used for power generation.
		Measurement and monitoring of key indicators specific to the operational efficiency within electricity transmission including the measurement of transmission interruptions experienced.
		Measurement and monitoring of key indicators specific to the operational efficiency within electricity distribution including the measurement of distribution energy losses, the average duration and frequency of interruptions experienced by customers as well as customer connectivity expansion from both electrification connections and off-grid electrification connections. The measured Key Performance Indicators (KPI) further extend to measure customer perceptions based on multiple sub-indicators which inform customer satisfaction.
		Measurement and monitoring of key financial sustainability indicators focussed on operational profitability, operating cash flow availability to service net interest on borrowings, interest and capital repayments on borrowings as well as the level of customer cash collection from invoiced electricity supplied.
		Measurement and monitoring of employee work-related fatalities, lost-time incidents and occupational diseases.
		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.
		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.
Attain sovereign and regional energy security	4	Measurement and monitoring of key indicators specific to the milestones to be achieved for the set up and operationalising of the Market Operator, including progress towards its operating model design and the submission of the Market Operator License application to NERSA.
		The measured KPIs further extend to measure transmission infrastructure expansion and strengthening projects.
Drive industrialisation and lead innovation	4	Measurement and monitoring of key indicators focussed on Eskom's contribution to localised production and procurement spend, ongoing execution on the Just Energy Transition strategic implementation plan as well as the development and implementation of "smart technologies" focussed on energy consumption metering as well as the digitalisation of the Eskom procurement management process.
Assert SA continental and global energy leadership	4	Measurement and monitoring of key indicators focussed on the level of investment in operational and strategic research and development aimed at improving or sustaining the operations of the business and introducing new technologies.
		Measurement and monitoring of the initiatives to recover lost generation capacity as well as support the expansion of the current generation capacity with new renewable capacity and storage solutions.

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.
- There is adequate supporting evidence for the achievements reported.

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

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

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

KPA: Achieve universal access, availability, affordability and quality

KPI: Customer Delight

An achievement of 3.77 was reported against a target of 3.6. Included in the Customer Delight reported value of 3.77 are indices to the value of 2.04 relating to "Key Customer Delight Index; Customer Care and customer queries created via customer walk-ins at the contact centre hubs related to First Contact Resolution, Work Items Completed within KPI and One Contact Resolution". Adequate processes had not been established to consistently measure and reliably report on these sub-indices. Consequently, the public entity found it difficult to determine the correct achievements to be reported against the planned targets. Furthermore, we could not determine if the reported achievements were correct as adequate systems were not in place to verify the achievements. Consequently, the reported achievement might be more or less than reported and was not reliable for determining if the targets had been achieved.

KPI: System average interruption duration index (SAIDI)

KPI: System average interruption frequency index (SAIFI)

An achievement for SAIDI of 35.09 and for SAIFI of 11.72 was reported against a target of 37.5 and 14.5, respectively. The reported achievements in the annual performance report are inconsistent with the commitments made in the approved planning documents. These discrepancies highlight misalignment between approved plans and operations, while the incorrect reporting is not reflective of actual achievements. Adequate processes had not been established to consistently measure and reliably report on these indicators. Consequently, the public entity found it difficult to determine the correct achievements to be reported against the planned targets. Furthermore, we could not determine if the reported achievements were correct as adequate systems were not in place to verify the achievements. Consequently, the reported achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Missing indicators

In terms of the core strategic focus area on reliability and energy security, Eskom Distribution is responsible 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, indicators to measure performance on the progress of Eskom Distribution plant maintenance, strengthening and expansion did not form part of the approved planning documents. Consequently, progress towards the achievement of this mandate was not reported on in the annual performance report and undermines transparency and accountability for delivery on this mandate.

Other matters

We draw attention to the matters below.

Achievement of planned targets

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

Material misstatements corrected

We identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of the Achieve universal access, availability, affordability, and quality key performance area, as well as the Drive industrialisation and lead innovation key performance area. Where management did not subsequently correct the misstatements, we did report material findings in this regard, as reported 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 and omissions relating to capital and reserves, financial risk management, accounting classification and fair values, capital management, going concern and impairment disclosures as well as the contingent liabilities, commitments and related party transactions notes. These were subsequently corrected. In addition, the restatement of comparatives was subsequently updated. 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 52.1 of the separate financial statements does not reflect the full extent of the irregular expenditure incurred. 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.

Revenue management

Effective 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 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. A similar non-compliance was reported in the prior year.

Consequence management

We were unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against some officials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA. This was due to investigations into irregular expenditure not being performed. A similar limitation was reported in the prior year.

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

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. 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. A limitation was reported in the prior year.

Disciplinary hearings were not held for confirmed cases of financial misconduct committed by some officials, as required by Treasury Regulation 33.1.1. A limitation was reported in the prior year.

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 2026" which includes the directors' report, the report of the audit committee and statement by the company secretary as required by the Companies Act of South Africa, the document entitled "Eskom Integrated Report" and the document entitled "Governance and Remuneration 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 annual performance report that have been specifically reported on in this auditor's report.

Our opinion on the consolidated and separate financial statements and our reports on the audit of the annual performance report and 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 annual performance report 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 for Qualified opinion 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 and fruitless and wasteful expenditure.

The opening balances of irregular expenditure, fruitless and wasteful expenditure were previously subject to audit qualification, with irregular expenditure qualified due to amounts not being completely and accurately recorded and fruitless and wasteful expenditure being qualified due to it not being fully recorded. In the current year, we continued to identify deficiencies relating to the identification, assessment, investigation, recording and disclosure of irregular expenditure. These matters, when considered together with the current year audit findings and qualifications relating to expenditure and related disclosures, indicate that insufficient progress has been made in addressing the underlying control deficiencies responsible for the recurring findings.

A significant concern remains the prolonged period required to investigate and conclude matters before they are formally assessed for disclosure as irregular expenditure or fruitless and wasteful expenditure. At year-end, matters awaiting determination had an average ageing period of approximately 1.69 years. In the current year, the group and company confirmed irregular expenditure amounting to R36 760 million relating to prior years. This has been restated in the Governance and Remuneration Report. As a result of these delays, instances of irregular expenditure may not be identified, assessed and disclosed within the reporting period in which they arise. Instead, once investigations are finalised, the resulting amounts are often recognised as adjustments to prior-year opening balances. This creates a risk that expenditure disclosures reported in the current year do not fully reflect the extent of non-compliance, irregular expenditure and fruitless and wasteful expenditure incurred during the reporting period.

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.

Notwithstanding the implementation of the audit recovery plan, there are some significant internal control deficiencies that resulted in negative audit outcomes in the prior and current years that were not adequately addressed.

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 and timely reporting of identified non -compliances to loss control function. 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 have not sufficiently implemented the interventions required to enhance compliance to applicable laws and regulation relating to consequence management, which includes management's statutory obligation to timely take disciplinary actions 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 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.

Controls over the preparation and review of financial statements were inadequate, resulting in material misstatements in the submitted financial statements. At a divisional and subsidiary level, internal controls were ineffective, and year-end adjustments and reconciliations were not adequately reviewed, leading to material audit adjustments.

Revenue collection remains a concern as, although management has implemented appropriate controls and measures to collect outstanding revenue, these efforts have not been effective in recovering all amounts due. As a result, material debtor balances remain outstanding. The continued inability to recover all overdue revenue may adversely affect the entity's long-term financial sustainability.

Management did not have adequate controls in place 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 the majority of the tenders awarded were received on or before the closing date and time advertised to the public for the competitive bids received through the tender office process. We reported a similar control deficiency in the prior years.

Management did not exercise adequate oversight over those responsible for ensuring that contracts where standardised rates were mandated have followed the appropriate supply chain management processes.

Management did not establish adequate processes and associated controls to consistently measure and reliably report on the customer delight index, the system average interruption duration index, as well as the system average interruption frequency index. In addition, review controls were ineffective and did not detect inaccuracies and errors in the reported results prior to reporting to the Shareholder.

The omission of key performance indicators from the shareholders compact is primarily due to misalignment between strategic commitments and formal performance reporting, inadequate oversight and fragmented planning processes further contribute to the exclusion of critical initiatives.

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 53.1 to the consolidated and separate financial statements.

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 year under review, numerous investigations were undertaken by regulatory authorities, law enforcement agencies, the Accounting Authority, and independent forensic specialists into allegations of fraud, corruption, maladministration, procurement irregularities, revenue-related misconduct, and other instances of unlawful or improper conduct across various areas of the group's operations.

These matters are significant due to the nature, scale, and complexity of the alleged schemes, many of which involve sophisticated procurement-related fraud mechanisms, allegations of collusion, manipulation of procurement and contract management processes, irregular capital project expenditure, prepaid revenue irregularities, and matters associated with state capture. Investigations conducted to date have identified instances of control circumvention, governance failures, irregular conduct, and weaknesses within certain business processes that may extend beyond individual transactions or isolated incidents.

The breadth and complexity of these matters have resulted in extensive ongoing investigative activities across multiple business units and operating environments. Management has consequently engaged external forensic specialists to assist in identifying, investigating, and quantifying the potential financial and operational impact of these matters. In addition, various Presidential Proclamations have authorised the Special Investigating Unit to investigate allegations of maladministration, unlawful conduct by employees, officials, service providers, as well as the unlawful appropriation, misuse, or expenditure of public funds and assets. These investigations remain ongoing and continue to identify matters requiring further assessment and potential recovery actions.

Given the ongoing nature of the investigations, the inherent uncertainty surrounding their eventual outcomes, and the possibility that additional instances of irregular conduct may be identified as investigations progress, management is currently unable to determine the full financial, legal, regulatory, and reputational impact on the group. Consequently, as at the reporting date, it is not possible to reliably quantify the extent of any potential adjustments, recoveries, impairments, provisions, contingent liabilities, or additional disclosures that may ultimately arise from the resolution of these matters.

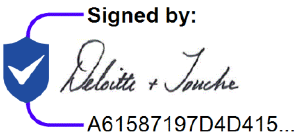
Limited assurance and agreed upon procedures engagements

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

- Agreed upon procedures on the National Treasury pack for the year ended 31 March 2025. The reports were issued to the accounting authority on 24 November 2025.
- Agreed upon procedures reports on the group's generation, transmission and distribution activities regulatory financial report as issued to NERSA. The report relating to generation and distribution activities was issued to the accounting authority on 5 December 2025. The report relating to transmission activities was issued to the accounting authority on 11 December 2025.
- 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 2025. The report was issued to the accounting authority on 28 April 2026.
- 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 15 April 2026.
- 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 11 March 2026.
- 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 2025 to 31 March 2026, and the report was issued to SASRIA on 12 June 2026.
- 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 2026. This report was issued on 31 July 2026.
- Agreed upon procedures reports on the short and long term incentives for the year ended 31 March 2026. The reports were issued to the accounting authority on 18 August 2026.
- Assurance engagement on the sustainability reporting as included in the 2025/26 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 five years.



Deloitte & Touche
Registered Auditor

Per: André J. Dennis
Partner

30 August 2026

5 Magwa Crescent
Waterfall City
Waterfall
2090

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 consolidated and separate 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 and separate 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	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 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) Regulation 25(9a) Regulation 25(10)
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. 4 of 2022/23	Paragraph 4.15
National Treasury Instruction No. 3 of 2020/21	Paragraph 4.2; 5.4
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)

Statements of financial position

at 31 March 2026

	Note	Group 2026 Rm	Group Restated[1] 2025 Rm	Company 2026 Rm	Company Restated[1] 2025 Rm
Assets					
Non-current		**773 424**	744 546	**706 294**	712 966
Property, plant and equipment	8	**702 852**	685 986	**610 229**	602 758
Intangible assets	9	**3 902**	3 570	**914**	890
Future fuel supplies	10	**10 333**	7 639	**10 333**	7 639
Investment in equity-accounted investees	11	**302**	346	**95**	95
Investment in subsidiaries	12	**–**	–	**31 230**	27 057
Inventories	13	**16 278**	15 373	**16 278**	15 373
Deferred tax	14	**21**	7	**–**	–
Loans receivable	15	**10 235**	1 583	**16 190**	31 934
Embedded derivatives	16	**1 246**	3 847	**1 246**	3 847
Derivatives held for risk management	17	**7 700**	13 320	**7 700**	13 320
Finance lease receivables	18	**100**	138	**70**	89
Payments made in advance	19	**4 129**	1 729	**2 033**	1 817
Trade and other receivables	20	**6 436**	4 977	**7 046**	5 509
Investments	21	**9 890**	6 031	**2 930**	2 638
Current		**248 432**	159 474	**250 195**	162 559
Inventories	13	**37 268**	31 084	**36 835**	30 685
Taxation		**33**	177	**–**	–
Loans receivable	15	**1 235**	309	**2 570**	7 467
Embedded derivatives	16	**278**	125	**278**	125
Derivatives held for risk management	17	**2 064**	2 025	**2 158**	2 075
Finance lease receivables	18	**39**	36	**19**	3
Payments made in advance	19	**1 236**	1 109	**1 259**	968
Trade and other receivables	20	**40 886**	41 923	**64 004**	58 479
Investments	21	**40 491**	18 925	**19 178**	–
Cash and cash equivalents	22	**124 902**	63 761	**123 894**	62 757
Assets held-for-sale	23	**–**	7 811	**–**	–
Total assets		**1 021 856**	911 831	**956 489**	875 525
Equity					
Capital and reserves		**360 916**	276 339	**293 784**	225 414
Liabilities					
Non-current		**437 545**	478 759	**414 076**	461 370
Debt securities and borrowings	25	**296 294**	351 226	**296 294**	356 204
Derivatives held for risk management	17	**3 288**	836	**3 288**	836
Deferred tax	14	**11 577**	11 389	**–**	–
Payments received in advance	26	**6 930**	6 529	**4 913**	3 670
Contract liabilities and deferred income	26	**35 463**	34 041	**31 808**	32 985
Employee benefit obligations	27	**22 533**	19 672	**20 820**	18 237
Provisions	28	**55 491**	48 197	**55 827**	48 197
Lease liabilities	29	**5 697**	6 598	**959**	993
Trade and other payables	30	**272**	271	**167**	248
Current		**223 395**	156 127	**248 629**	188 741
Debt securities and borrowings	25	**59 901**	21 429	**72 495**	42 470
Loan from shareholder	31	**80 076**	56 132	**80 076**	56 132
Derivatives held for risk management	17	**1 565**	811	**1 644**	829
Payments received in advance	26	**4 219**	3 636	**3 636**	3 404
Contract liabilities and deferred income	26	**3 919**	3 824	**3 602**	3 775
Employee benefit obligations	27	**9 726**	7 584	**7 820**	6 108
Provisions	28	**5 031**	6 105	**3 516**	5 814
Lease liabilities	29	**1 173**	1 112	**131**	118
Trade and other payables	30	**56 272**	55 020	**75 419**	70 091
Taxation		**1 513**	474	**290**	–
Liabilities held-for-sale	23	**–**	606	**–**	–
Total liabilities		**660 940**	635 492	**662 705**	650 111
Total equity and liabilities		**1 021 856**	911 831	**956 489**	875 525

1. Refer to note 49.

Income statements

for the year ended 31 March 2026

	Note	Group 2026 Rm	Group Restated[1] 2025 Rm	Company 2026 Rm	Company Restated[1] 2025 Rm
Revenue	32	**354 724**	340 895	**335 984**	319 666
Other income	33	**1 283**	3 265	**4 008**	4 752
Primary energy	34	**(151 896)**	(150 207)	**(160 109)**	(171 731)
Employee benefit expense	35	**(48 060)**	(43 160)	**(37 276)**	(33 420)
Impairment of financial assets	36	**(281)**	(7 317)	**157**	(7 621)
Impairment and write down of other assets	36	**(836)**	(299)	**(841)**	(294)
Other expenses	37	**(46 286)**	(45 165)	**(54 841)**	(50 527)
Profit before depreciation and amortisation expense as well as net fair value, foreign exchange gain/(loss) and deferred income amortisation (adjusted EBITDA)		**108 648**	98 012	**87 082**	60 825
Depreciation and amortisation expense	38	**(36 335)**	(31 764)	**(33 453)**	(29 179)
Net fair value, foreign exchange gain/(loss) and deferred income amortisation	39	**(1 126)**	(10 415)	**(1 510)**	(10 483)
Profit before net finance cost and share of profit of equity-accounted investees		**71 187**	55 833	**52 119**	21 163
Net finance cost		**(31 886)**	(34 072)	**(34 989)**	(35 273)
Finance income	40	**8 447**	6 840	**9 219**	8 159
Finance cost	41	**(40 333)**	(40 912)	**(44 208)**	(43 432)
Share of profit of equity-accounted investees after tax	11	**100**	102	**–**	–
Profit/(loss) before tax		**39 401**	21 863	**17 130**	(14 110)
Income tax	42	**(9 056)**	(7 822)	**(3 037)**	(213)
Profit/(loss) for the year[2]		**30 345**	14 041	**14 093**	(14 323)

Statements of comprehensive income/(loss)

for the year ended 31 March 2026

	Note	Group 2026 Rm	Group Restated[1] 2025 Rm	Company 2026 Rm	Company Restated[1] 2025 Rm
Profit/(loss) for the year[2]		**30 345**	14 041	**14 093**	(14 323)
Other comprehensive loss		**(1 768)**	(560)	**(1 723)**	(575)
Items that may be reclassified subsequently to profit or loss		**(552)**	226	**(550)**	226
Cash flow hedges					
Changes in fair value	17	**(962)**	1 781	**(962)**	1 781
Net amount transferred to profit or loss					
Ineffective portion of cash flow hedges	39	**303**	(1 278)	**303**	(1 278)
Net amount transferred to initial carrying amount of hedged items		**(94)**	(193)	**(94)**	(193)
Foreign currency translation differences on foreign operations		**(2)**	–	**–**	–
Income tax thereon	42	**203**	(84)	**203**	(84)
Items that may not be reclassified subsequently to profit or loss		**(1 216)**	(786)	**(1 173)**	(801)
Remeasurement of benefits	27	**(1 666)**	(1 077)	**(1 607)**	(1 098)
Income tax thereon	42	**450**	291	**434**	297
Total comprehensive profit/(loss) for the year[2]		**28 577**	13 481	**12 370**	(14 898)

1. Refer to note 49.
2. 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 2026

	Share capital Rm	Other capital Rm	Cash flow hedge reserve Rm	Unrealised fair value reserve Rm	Foreign currency translation reserve Rm	Accumulated profit/(loss) Rm	Total equity Rm
Group							
Balance at 31 March 2024	241 550	44 000	(868)	(10 313)	53	(51 564)	222 858
Profit for the year[1]	–	–	–	–	–	14 041	14 041
Other comprehensive income/(loss), net of tax	–	–	226	–	–	(786)	(560)
Share capital issued	76 000	(44 000)	–	–	–	–	32 000
Conversion of loan from shareholder	–	8 000	–	–	–	–	8 000
Transfers between reserves	–	–	–	2 627	–	(2 627)	–
Balance at 31 March 2025	**317 550**	**8 000**	**(642)**	**(7 686)**	**53**	**(40 936)**	**276 339**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**30 345**	**30 345**
Other comprehensive loss, net of tax	**–**	**–**	**(550)**	**–**	**(2)**	**(1 216)**	**(1 768)**
Share capital issued	**64 000**	**(8 000)**	**–**	**–**	**–**	**–**	**56 000**
Transfers between reserves	**–**	**–**	**–**	**258**	**–**	**(258)**	**–**
Balance at 31 March 2026	**381 550**	**–**	**(1 192)**	**(7 428)**	**51**	**(12 065)**	**360 916**
Company							
Balance at 31 March 2024	241 550	44 000	(868)	(10 313)	–	(74 057)	200 312
Loss for the year[1]	–	–	–	–	–	(14 323)	(14 323)
Other comprehensive income/(loss), net of tax	–	–	226	–	–	(801)	(575)
Share capital issued	76 000	(44 000)	–	–	–	–	32 000
Conversion of loan from shareholder	–	8 000	–	–	–	–	8 000
Transfers between reserves	–	–	–	2 627	–	(2 627)	–
Balance at 31 March 2025	**317 550**	**8 000**	**(642)**	**(7 686)**	**–**	**(91 808)**	**225 414**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**14 093**	**14 093**
Other comprehensive loss, net of tax	**–**	**–**	**(550)**	**–**	**–**	**(1 173)**	**(1 723)**
Share capital issued	**64 000**	**(8 000)**	**–**	**–**	**–**	**–**	**56 000**
Transfers between reserves	**–**	**–**	**–**	**258**	**–**	**(258)**	**–**
Balance at 31 March 2026	**381 550**	**–**	**(1 192)**	**(7 428)**	**–**	**(79 146)**	**293 784**

Share capital
Refer to note 24 for details regarding share capital.

Other capital
Other capital comprises of 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.

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.

1. Refer to note 49.

Statements of cash flows

for the year ended 31 March 2026

	Note	Group 2026 Rm	Group 2025 Rm	Company 2026 Rm	Company 2025 Rm
Cash flows from operating activities					
Cash generated from operations	43	**104 413**	93 366	**78 063**	60 604
Net cash from derivatives held for risk management		**(1 177)**	(1 436)	**(959)**	(1 256)
Finance income received		**390**	441	**333**	395
Finance cost paid		**(7)**	(26)	**(6)**	(4)
Income taxes paid		**(7 035)**	(6 400)	**(2 110)**	–
		96 584	85 945	**75 321**	59 739
Cash flows used in investing activities					
Disposals of property, plant and equipment		**647**	292	**577**	304
Disposals of intangible assets		**17**	–	**17**	–
Acquisitions of property, plant and equipment		**(48 034)**	(39 832)	**(39 510)**	(33 637)
Acquisitions of intangible assets		**(384)**	(157)	**(73)**	(97)
Acquisitions of future fuel supplies		**(2 959)**	(3 388)	**(2 959)**	(3 388)
Acquisitions of investments in subsidiaries		**–**	–	**(4 173)**	(4 360)
Acquisitions of treasury investments		**(19 324)**	(1 397)	**(19 324)**	(1 397)
Disposals of insurance investments		**31 124**	26 133	**–**	–
Acquisitions of insurance investments		**(36 671)**	(29 375)	**–**	–
Payments made in advance		**(2 346)**	(18)	**(358)**	(18)
Cash used in provisions		**(122)**	(216)	**(121)**	(216)
Net cash (used in)/from derivatives held for risk management		**(4)**	35	**(4)**	35
Loans receivable repaid		**2 823**	1 759	**25 158**	3 793
Loans receivable advanced		**(762)**	(741)	**–**	(500)
Cash from finance lease receivables		**35**	37	**2**	39
Dividends received		**102**	72	**143**	102
Dividends received – investment in equity-accounted investees	11	**144**	102	**–**	–
Finance income received		**2 884**	2 321	**3 357**	3 673
		(72 830)	(44 373)	**(37 268)**	(35 667)
Cash flows from/(used in) financing activities					
Debt securities and borrowings raised	44	**21 498**	8 683	**21 496**	24 240
Loan from shareholder raised	44	**80 000**	64 000	**80 000**	64 000
Payments made in advance	44	**(87)**	(131)	**(87)**	(131)
Debt securities and borrowings repaid	44	**(36 758)**	(46 424)	**(52 359)**	(46 309)
Net cash from derivatives held for risk management	44	**(667)**	4 555	**(667)**	4 555
Cash used in lease liabilities	44	**(1 010)**	(783)	**(154)**	(49)
Finance income received		**4 556**	2 217	**4 462**	2 211
Finance cost paid		**(29 963)**	(33 364)	**(29 401)**	(32 676)
Taxes paid		**(38)**	(60)	**(38)**	(58)
		37 531	(1 307)	**23 252**	15 783
Net increase in cash and cash equivalents		**61 285**	40 265	**61 305**	39 855
Cash and cash equivalents at beginning of the year		**63 761**	23 585	**62 757**	22 965
Foreign currency translation		**(2)**	–	**–**	–
Effect of movements in exchange rates on cash held		**(168)**	(63)	**(168)**	(63)
Assets and liabilities held-for-sale		**26**	(26)	**–**	–
Cash and cash equivalents at end of the year	22	**124 902**	63 761	**123 894**	62 757

Cash flow allocation

Cash flows that form part of the changes in the line items of the statement 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 statement 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 statement of cash flows.

Notes to the financial statements

for the year ended 31 March 2026

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 2026 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 August 2026.

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 investments (listed shares)

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 standards and interpretations implemented during the year. The nature and effect of new standards and interpretations are discussed in note 51.2.

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.

The group insures certain risks through a wholly owned captive insurer, Escap SOC Ltd. Insurance transactions between group entities are eliminated on consolidation with the exposures to external insurers and reinsurers recognised in the group.

Common control transactions are accounted for at carrying value in the consolidated and separate financial statements.

The acquirer recognises the acquired assets and liabilities at the carrying values reflected in the financial statements of the transferring entity.

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 consideration transferred 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.

The accounting policies of associates and joint ventures have been adjusted where necessary to ensure consistency with the policies adopted by the group. Financial statements of associates or joint ventures prepared as of a different date to that of the group (maximum of three months difference) are adjusted 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 closing (reporting date) 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 the 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 the initial estimate of 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, 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	5 to 40	3 to 5
Plant		
• Generating	3 to 80	15
• Transmitting	5 to 50	n/a
• Distributing	5 to 90	n/a
• Other	10 to 40	18 to 50
Equipment and vehicles	3 to 55	2 to 5

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.

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. 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, Special Investigations Unit (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 virtually certain 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.

Development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses after initial recognition.

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.

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

Assets are grouped into the smallest identifiable group of assets, a cash-generating unit (CGU), that generate cash inflows that are largely independent of the cash inflows from other assets or groups to assess impairment.

An impairment loss is recognised in profit or loss 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.

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 where previously recognised impairment losses have decreased or may no longer exist.

2.7 Capitalisation of borrowing costs

Borrowing costs attributable to the construction of qualifying assets that take a substantial period to get ready for their intended use 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 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 were made in advance to lenders for the commitment and issuing fees incurred in raising debt. Refer to 2.10.2.

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 in advance comprise mainly payments made to suppliers in advance to reserve manufacturing capacity and resources to secure the future delivery of goods and services required for operational and capital activities as well as for support and maintenance services of IT infrastructure. These amounts are recognised in profit or loss or capitalised to property, plant and equipment as the underlying goods and services are received. 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.

2.10 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.

2. Summary of material accounting policies (continued)

2.10 Financial instruments (continued)

2.10.1 Financial assets (excluding derivatives) (continued)

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 statement 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 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			
	12-month expected credit loss	Lifetime expected credit loss		Purchased or originated credit impaired
	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 between the carrying amount of the original financial asset and the fair value of the new financial asset 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 the entity 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.

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. Summary of material accounting policies (continued)

2.10 Financial instruments (continued)

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 statement 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 considered 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.

Coal inventory is classified as current or non-current based on whether it is expected to be used within 12 months after the reporting date. All coal inventory at Medupi and Matimba power stations is classified as non-current because planned production requirements are expected to be met from the minimum contractual offtake under the respective coal supply agreements. The other power stations coal inventory is classified as non-current up to the Eskom Grid Code minimum coal inventory levels (either 10 or 20 days) and inventory exceeding that level is classified as current.

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 and does not give rise to equal taxable and deductible temporary differences
- 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 in advance to the group to construct regular distribution and transmission assets or when customers construct and transfer completed assets to the group to connect to the electricity network.

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

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 and control transfers to the group.

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.

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 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 *Employee Benefits*. 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 of 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 plan 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, Escap 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 50.

2.18 Provisions

Provisions are recognised when the group has a present legal or constructive obligation because 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 reflects 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 of plant is based on engineering and technical estimates and reports from independent experts. Coal, peaking and renewables power station provisions are updated based on independent reviews performed yearly for five power stations on a five year rotational cycle. The nuclear plant provision is updated every second year. 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 provision is independently reviewed annually. 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 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 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, including public liability claims, and guarantees. These provisions are 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 finalisation of an obligation depends on factors outside the control of the group, for example, legal, 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. 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	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. 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).	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. 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. Connections that were completed from 1 April 2018 are recognised as follows: • 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 • connections relating to electricity purchasing customers where there is not a material right are recognised as revenue over the initial contract term • 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
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, cash and cash equivalents 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, guarantee fees payable when financial covenant thresholds are exceeded, loan from shareholder, lease liabilities, interest resulting from derivatives held for risk management and 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:

		Group		Company	
	Note	2026 Rm	Restated 2025 Rm	2026 Rm	Restated 2025 Rm
Share capital	24	381 550	317 550	381 550	317 550
Other capital		–	8 000	–	8 000
Accumulated loss		(12 065)	(40 936)	(79 146)	(91 808)
Net debt	44	313 312	358 652	321 134	379 076
		682 797	643 266	623 538	612 818
Facilities available – debt securities and borrowings[1]		12 325	14 116	12 325	14 116

3.1.1 Share capital

Share capital consists of issued shares amounting to R381 550 million (2025: R317 550 million).

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 with ensuring financial sustainability.

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

	Group		Company	
	2026 %	Restated 2025 %	2026 %	Restated 2025 %
EBITDA margin	30.63	28.75	25.92	19.03
Net profit/(loss) margin	8.55	4.12	4.19	(4.48)

3.1.3 Net debt

	Group		Company	
	2026 Rm	2025 Rm	2026 Rm	2025 Rm
Funding used	134 995	121 944	114 566	112 441
Debt repayment and net finance costs	62 165	77 571	77 298	76 774
Investment funding requirements	72 830	44 373	37 268	35 667
Funding raised	134 995	121 944	114 566	112 441
Cash from operations	96 584	85 945	75 321	59 739
Financing activities	99 696	76 264	100 550	92 557
Unused cash	(61 285)	(40 265)	(61 305)	(39 855)

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.

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:

		Group		Company	
	Unit	2026	Restated 2025	2026	Restated 2025
Net debt: equity	ratio	0.87	1.30	1.09	1.68
Net debt: EBITDA	ratio	2.88	3.66	3.69	6.23
Net debt service cover	ratio	1.55	1.11	0.97	0.78
Free funds from operations: net debt	%	37.98	29.58	30.72	19.10

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

	Rating		Outlook	
	2026	2025	2026	2025
Standard & Poor's				
Foreign currency	B+	B	Stable	Credit watch positive
Local currency	B+	B	Stable	Credit watch positive
Moody's				
Foreign currency	B2	B2	Stable	Positive
Local currency	Baa3	Baa3	Stable	Positive
Fitch ratings				
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 through the continuous monitoring of existing 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. Credit rating agencies recognised the improved operational performance and improved liquidity, supported by the government debt relief, with higher ratings and a more stable outlook.

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, provided 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 (R78 billion in 2024, R66 billion in 2025 and R40 billion in 2026) 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, amended the original debt relief arrangement by replacing the initial planned 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 total amended debt relief in 2026 of R80 billion comprises of the R40 billion liquidity support originally allocated for 2026 and the amended additional R40 billion debt relief support. It also provided 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. The total debt relief support was therefore reduced to R230 billion because of the amendment and the permanent reductions.

Renegotiation of the terms after 31 March 2026 are in the process of being finalised with National Treasury and the Minister of Finance.

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

All loan amounts assessed by the Minister of Finance in terms of the conditions qualified for conversion to equity. There were therefore no unconverted loan amounts that failed to qualify for the conversion of debt to equity due to non-compliance with the conditions which would have become due and payable after the debt relief period (from 1 April 2026) under a separate loan agreement.

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 period ended 31 March 2026, including:
  - Increase in net profit after tax of R30 345 million and the net current assets of R25 037 million.
  - Improvement in financial indicators, in particular EBITDA and EBITDA margin.
  - Increase in the cash and cash equivalents balance to R124 902 million from R63 761 million at 31 March 2025, mainly due to the debt relief support received and improved cash from operations during the year.
- Considered the impact of the cash flow forecast for the 24 months ending 31 March 2028 and the projected net profit before tax for the financial year 2027 estimated at R20 417 million (unaudited – information has not been reviewed or reported on by the external auditors).
- Considered the government debt relief support and related funding, including:
  - R80 billion received from government in March 2026 to address Eskom's debt and interest payments as they fall due, enabling Eskom to better manage its liquidity position. The Minister of Finance approved the conversion of R80 billion to equity on 9 August 2026.
  - The remaining R10 billion of the debt relief arrangement from government is expected in 2029. Renegotiation of the terms and conditions after 31 March 2026 are in the process of being finalised with National Treasury and the Minister of Finance.
  - Interest of R896 million (March 2025: R382 million) was paid in 2026 on the debt relief support received.
  - Operational and relevant capital expenditure is financed through operational cash flows and drawdowns from existing project-related loan agreements.
  - Government guarantees of R329 billion (initially R350 billion) on borrowings issued before 31 March 2023 remain in place until the guaranteed debt is settled.
- Approval was obtained from the Minister of Finance to defer payment of guarantee fees of R980 million for 2025 and R984 million for 2026 to the National Revenue Fund, in terms of the amended Guarantee Framework Agreement, until March 2027.
- Considered the affordability and prioritisation of the capital programme and the ability of the group to access funding through existing project-related facilities and future funding sources where required.
- Considered the current economic and regulatory environment, including improved credit outlooks from some rating agencies and the tariff and revenue impacts of recent regulatory decisions.
- Noted that longer-term liquidity after the debt relief period remains at risk because of financial sustainability challenges, including an inadequate tariff path and structure, reduced sales volumes, high debt service costs, escalating municipal arrear debt, operational inefficiencies, above-inflation cost increases, and the impact of crime, fraud and corruption, including revenue losses from illegal electricity connections and illicit prepaid electricity tokens.
- Considered the impact of customer and market developments on revenue and cash flows, including:
  - Negotiated pricing arrangements with certain energy-intensive customers, including the related NERSA approval for a 62c/kWh tariff with expected increase in electricity consumption.
  - Mozal aluminium smelter moving into care and maintenance in March 2026, with a resulting reduction in expected electricity demand and forecast revenue.
  - NERSA decisions providing for the recovery of R40.2 billion in respect of RCA matters for 2015 to 2021 and R54.7 billion in relation to Eskom's court review application on the MYPD 6 revenue determination for 2026 to 2028. The R54.7 billion will be recovered with R12 billion in 2027, R23 billion in 2028 and R19.7 billion beyond the MYPD 6 period.
- Considered the impact of overdue electricity receivables, mainly due to growing municipal arrear debt, and the limited success of the municipal debt relief arrangement. This remains a material risk and places significant strain on the going-concern assessment. Municipal debt of R3.6 billion was written off during the year and an additional R4.0 billion will be written off in 2027 on instruction by National Treasury as part of the municipal debt relief arrangement. 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 continued improved generating plant performance as well as the ongoing positive and incremental impact of the Generation Recovery Plan, even though certain challenges remain. Eskom continues to operate a significantly aged generation fleet and plant performance therefore remains a key risk to manage. Failure to mitigate this risk could negatively impact cash flow through lost revenue and increased costs. The generation capacity of the group remains a critical focus area to ensure that appropriate steps are being taken to manage performance.
- Considered the impact of volatility in brent crude oil prices arising from the US–Iran military conflict on primary energy costs, including increased coal transport and vehicle fleet costs as well as higher prices for oil-linked fuels.
- Considered the impact of environmental compliance and decommissioning obligations on future funding and cash flows, including:
  - The risk that delays in completion of the flue-gas desulphurisation plant at Medupi by June 2027 could require the settlement or prepayment of certain related funding arrangements before their original maturity dates. Eskom continues to engage with the relevant lender regarding an extension of the existing waiver as discussed under loan covenants in note 5.3.2.
  - Ongoing funds of R3 billion (including interest) set aside for future nuclear decommissioning activities as directed by the National Nuclear Regulator while discussions on a permanent solution continue.
  - An additional R21.3 billion has been earmarked for decommissioning activities and clean energy projects, comprising R4.3 billion for nuclear decommissioning, R7.2 billion for coal decommissioning and R9.8 billion for clean energy initiatives. Ongoing engagement with Department of Electricity and Energy and Department of Forestry, Fisheries and the Environment on emissions-related regulatory decisions and the development of detailed decommissioning and shutdown plans for certain power stations in response to Minimum Emission Standards requirements.
- Acknowledged that the going-concern assessment depends on several critical factors, including an acceptable price increase, the impact of separate licenced electricity revenue determinations, the application of the pricing methodology, continued improvement in plant performance and the collection of overdue amounts from municipalities.
- Considered the timing and dependency risks associated with legal separation, electricity market reform and the corporatisation or operationalisation of sector entities, including the establishment of an independent transmission system operator and the deferred corporatisation of NEDCSA.
- Considered the endorsement by the President of the Phase I Report of the ERTT relating to the establishment of an independent state-owned transmission system operator and the broader electricity market reform programme. The report recognises the importance of protecting the financial sustainability of Eskom and addressing lender requirements, financing arrangements and contractual obligations during implementation. It also identifies municipal debt as a strategic priority and proposes a dedicated workstream to develop sustainable solutions to this challenge. The successful implementation of the reform programme is dependent on continued availability of funding and the ability of Eskom and NTCSA to access funding on acceptable terms. The timing, structure and implementation of the reform process, including decisions affecting the governance, financing and operational framework of NTCSA, the transmission assets and certain transmission-related functions are critical factors towards the end of the going-concern assessment. These include addressing contractual arrangements, lender protections and consent requirements, funding structures and approvals, future borrowing requirements, revenue allocation arrangements, government support mechanisms, the allocation of responsibilities across the electricity value chain, as well as accounting and tax considerations. These matters remain subject to Phase II workstreams, policy development, legislative and regulatory processes, stakeholder engagement and applicable approvals, with the Phase II workstreams expected to develop detailed proposals to support the long-term financial sustainability of Eskom and the independent transmission system operator.
- Recognised that the group continues to face stakeholder and governance risks arising from historical mismanagement and corruption, and that management continues to focus on strengthening controls, processes, ethics and compliance.

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

3.2 Going concern (continued)

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

- Continuous engagement with the shareholder and National Treasury regarding the long-term financial sustainability of the group, including debt relief, tariff design, operational efficiencies, municipal receivables and the implementation of electricity market reforms.
- Ongoing implementation of strategies to recover overdue electricity receivables, which include pursuing distribution agency agreements with defaulting municipalities, and to monitor compliance with the municipal debt relief programme.
- Advancement of market and regulatory reforms under the Electricity Regulation Amendment Act, 38 of 2024, including the market operator licence awarded to NTCSA on 27 November 2025, ongoing development of the market code, rules and trading platform and participation in the ERTT Phase II workstreams.
- Cost and capital programme optimisation to improve liquidity and financial sustainability, while ensuring compliance with conditions attached to debt relief and significant capital projects.
- Transformation of business models across generation and distribution in response to competition and policy reform, with a focus on operational efficiency, new services and improved cost-effectiveness.
- Ongoing management of regulatory matters, including outstanding RCA decisions and applications, where timing and quantum of recovery remain uncertain and directly affect forecast revenue and cash flows.

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, including tariff outcomes, municipal debt collection, sales volumes, generating plant performance, environmental compliance obligations, electricity market reform initiatives and future funding availability, inherently include material uncertainties that may cast significant doubt on the ability of the group and company to continue as a going concern.

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 and carefully considered the progress of the initiatives referred to in this note and the remaining financial support from government through the debt relief arrangement. The Board concluded that there is a reasonable expectation that the group 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 was assessed for impairment because of ongoing liquidity, financial and operational performance challenges, despite some recent improvement. The assessment includes property, plant and equipment as well as assets with indefinite useful lives (rights).

3.3.1 Eskom CGU

The identification of CGUs involves significant judgement. Assets are grouped into the smallest identifiable group of assets, a CGU, that generate cash inflows that are largely independent of the cash inflows from other assets or groups to assess impairment. The following factors were considered, among other, in determining the Eskom CGU:

- extent to which the generation, transmission and distribution operations generate independent cash inflows
- existence of an active market for the outputs of those operations
- impact of the current regulatory environment on pricing and revenue generation
- extent of operational interdependence between the licenced operations
- developments in the South African electricity market and industry restructuring initiatives

Independent cash inflows

The core operations of the group (generation (Eskom), transmission (NTCSA) and distribution (Eskom) segments) together with the activities of ERI (included in all other segments) continue to function as an integrated electricity value chain. Electricity generated by Eskom is transmitted through the transmission network and ultimately distributed and sold to end customers through the distribution network. Some limited capacity in the grid is sold by NTCSA to international customers in southern Africa. These operations are operationally dependent on one another and collectively generate revenue from the sale of electricity to external customers.

NERSA approves the allowed revenue allocation for each licensed activity. It then approves an annual electricity price (tariff) at a group level that translates into a percentage increase and culminates into a single c/kWh exit price for electricity (electricity tariff) charged to the end customer. Revenue within the licensed operations (generation, NTCSA and distribution) is determined through regulated pricing and revenue methodologies (contractual agreements between licensed segments through internal transfer pricing mechanisms determined with reference to NERSA methodology principles and the objectives of the South African Grid Code and Transmission Tariff Code).

Although there are separate licences for the generation, transmission and distribution activities, the licenced operations do not currently generate cash inflows that are largely independent of one another. The cash inflows of transmission and generation remain dependent on electricity ultimately sold to external customers through the integrated electricity business at a single exit price (electricity tariff) as approved by NERSA.

ERI continues to provide specialised maintenance, engineering and support services, primarily to the group's core electricity operations, that remain substantially dependent on, and integrated with, the generation, transmission and distribution operations.

Assessment of an active market

Management assessed whether an active market exists for the outputs of the individual licenced operations.

While significant reforms of the South African electricity sector are underway, including the establishment of an independent, licensed electricity market operator and a competitive wholesale electricity market with market rules and broader market participation frameworks, electricity pricing remains substantially regulated at the reporting date. The development of an operational electricity market remains subject to regulatory approvals, implementation of market codes and rules, market operator arrangements, trading platforms and related governance processes.

The transmission network also continues to represent the primary infrastructure through which electricity is transported within South Africa and substantial alternative transmission infrastructure and market-based trading arrangements have not yet developed. Management therefore concluded that an active market, as contemplated by IAS 36, does not currently exist for the outputs of the individual licenced operations.

Conclusion

Management concluded, based on the assessment of independent cash inflows and the absence of an active market for the outputs of the individual operations, that the generation, transmission, distribution and ERI segments continue to represent a single CGU (the Eskom CGU) at 31 March 2026 (applicable to the Eskom group and company).

This conclusion is consistent with the assessment performed in the prior reporting period. The operations continue to function within a regulated and operationally integrated electricity business and the underlying factors considered in determining the CGU have not changed sufficiently to support the identification of separate CGUs at reporting date.

Future developments and uncertainty

The South African electricity industry continues to undergo structural transformation. Developments underway include the further unbundling of electricity industry participants (independent market operator and legal separation of generation and distribution), establishment of future transmission system and market operation arrangements, increased participation by independent market participants and the development of additional generation and transmission infrastructure outside of the Eskom group.

The ERTT was established by the President to oversee the restructuring process and develop proposals for the establishment of an independent, state-owned transmission system operator. The ERTT Phase I Report (31 July 2026) sets out a high-level proposal for establishing the transmission system operator and supports a phased implementation approach. The report emphasises that implementation should occur in a manner that addresses lender consent and requirements, financing arrangements and contractual obligations, while ensuring that Eskom is not placed in a worse financial position and that shareholder rights and interests are appropriately considered. Phase II of the process will focus on developing a detailed implementation plan and addressing financial sustainability, municipal debt and obligations to lenders.

Management considered these developments as part of the CGU assessment. Although the Phase I Report provides greater clarity regarding the proposed future structure of the electricity sector, the implementation pathway, timing and ultimate outcome of the initiatives remain uncertain at the reporting date and are subject to further stakeholder engagement, lender and regulatory approvals as well as legislative processes.

Changes to the regulatory environment, electricity pricing mechanisms (including the transition from current internal transfer pricing mechanisms to arms length pricing between generation, NTCSA and distribution legal entities), market participation frameworks, ownership and operation of transmission infrastructure and the establishment of a mature electricity market could affect the extent to which licenced operations generate independent cash inflows and whether an active market exists for their outputs.

The CGU determination will continue to be reassessed as facts and circumstances evolve and as the electricity market reforms progress.

3.3.2 Impairment assessment

Modelling approach

The group uses the value in use model as part of its impairment assessment to determine the recoverable amount of the Eskom CGU.

The value in use calculation was 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 (regulated tariff), available generation capacity from existing IPPs and specific generating capacity and discount rates. Estimates are based on past experience, approved forecasts and management's expectations of future changes in the market developments, including the prevailing economic climate, and are subject to significant judgement and uncertainty.

Key assumptions

The cash flow projections used for modelling were based on the Eskom Corporate Plan for 2027 to 2031 adjusted to exclude future new capacity and expansion of assets and to incorporate relevant subsequent developments. These have been taken into account in the price and sales growth assumptions disclosure. The projections after the first five years were extrapolated based on the estimated long-term average growth rates, inflation and available capacity from existing plants. The extrapolation beyond the first five years to 2050 was deemed appropriate as the generating plants have long useful lives.

The generation performance improved in 2026 with a decline in sales that resulted in excess capacity. The use of Open Cycle Gas Turbines (OCGTs) was therefore assumed at a reduced average load factor of 3.0% (2025: 3.0%) for Eskom and IPP owned plant until 2030 with an increase to 3.5% (2025: 5.5%) for Eskom plant and a reduction to 1.5% (2025: 3.0%) for IPP owned plant in 2031. The EAF of the power stations was assumed at 68.0% (2025: 64.8%) in 2027 and improving and stabilising at a 70.0% performance thereafter. Eskom will be impacted by carbon tax in December 2031 in terms of the proposed carbon tax regulations with a substantial increase in cost from 2032.

Key areas of estimation uncertainty include the price path (including negotiated pricing agreements), sales growth (new electricity revenue opportunities), non-payment of electricity receivables (revenue not recognised) and discount rates.

Management concluded that the key assumptions used were reasonable.

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

3.3 Impairment assessment of the Eskom CGU (continued)

3.3.2 Impairment assessment (continued)

Key assumptions (continued)

Price

The price path was based on the NERSA MYPD 6 approved price increase (including adjustment for recovery of a portion of relevant RCA balances and settlement of the MYPD 6 revenue re-determination) for 2027 (8.76%) and 2028 (8.83%) and an average of 5.8% from 2029 until 2050. The price increases used for the Eskom CGU were:

	Year ended 31 March					
	2027 %	2028 %	2029 %	2030 %	2031 %	2032 %
2026						
Price increase	**9**	**9**	**6**	**6**	**6**	**6**

	Year ended 31 March					
	2026 %	2027 %	2028 %	2029 %	2030 %	2031 %
2025						
Price increase	13	9	9	9	9	8

The long-term price path remains a significant source of estimation uncertainty considering future tariff increases (including the outcome of the MYPD 7 process expected to be applicable from 2029), RCA decisions and the ability to liquidate into the future, revenue recovery mechanisms and the extent to which tariffs become cost reflective subject to regulatory approval and future market developments.

Sales growth

The average sales growth rate from 2027 to 2034 was negative 1% with sales from 2034 limited to available production capacity of power stations existing at 31 March 2026, resulting in a negative long-term sales growth rate of approximately 7% (2025: 5%). It was assumed that there will be no new electricity production sources from Eskom or IPPs.

Non-payment of electricity receivables

The non-payment percentage used remained the same over the forecast period with no improvement and no further decline in payment levels on overdue municipality debt based on the latest outlook for municipalities.

Discount rate

A pre-tax nominal discount rate of 15.6% (2025: 15.6%) was used as per the NERSA MYPD 6 determination.

Sensitivity analysis

Price

An increase of 0.5% in price in 2029 will result in an increase of R11.2 billion (2025: R10.8 billion) in the recoverable amount. A reduction of 0.5% in the price in 2029 will result in a decrease of R11.2 billion (2025: R10.8 billion) in the recoverable amount. The recoverable amount of the Eskom CGU may be lower than the carrying amount if the long-term price path after 2028 is limited to inflationary increases.

Sales growth

An increase of 1% in total sales volumes will result in an increase of R13.0 billion (2025: R13.1 billion) in the recoverable amount. A 1% reduction in sales volumes will result in a decrease of R13.5 billion (2025: R13.1 billion) in the recoverable amount.

Non-payment of electricity receivables

A 0.5% decrease in the revenue not recognised will result in an increase of R17.4 billion (2025: R17.3 billion) in the recoverable amount. An increase of 0.5% in the revenue not recognised will result in a decrease of R17.4 billion (2025: R17.3 billion) in the recoverable amount.

Discount rate

A 1% decrease in the discount rate will result in an increase of R48.1 billion (2025: R53.9 billion) in the recoverable amount. A 1% increase in the discount rate will result in a decrease of R43.2 billion (2025: R48.1 billion) in the recoverable amount.

Conclusion

No impairment loss was recognised on the Eskom CGU as the recoverable amount of the Eskom CGU was higher than the carrying amount by R14.6 billion (2025: R57.7 billion). The estimated value in use exceeds the carrying amount with 2.3% (2025: 9.0%). A decrease of 0.7% in price, increase of 0.4% in non-payment of electricity receivables and an increase of 0.3% in discount rate will result in the recoverable amount being equal to the carrying amount.

Eskom continues to face pressure regarding tariffs and the affordability thereof as well as challenges with non-payment of receivables which resulted in lower forecast assumptions compared to the prior year which can reasonably be supported in the value in use model and resultant recoverable amount consideration.

4. Key sources of estimation uncertainty, critical accounting estimates and assumptions

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

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.

Summary of key material uncertainties:

Aspect	Note	Uncertainties	Sensitivities and judgements
Going concern and liquidity	3.2, 5.1, 20, 25, 31	• Municipal debt • Plant performance and reliability • Electricity market reform, including establishment of an independent transmission system operator • Electricity demand assumptions	• Sales volumes • Generation output and energy availability assumptions • Long-term tariff increases • Timing of unbundling activities • Municipal debt collection rates
Impairment assessment – Eskom CGU	3.3	• Price path including NPAs • Long term sales growth • Municipal debt • Electricity market reform and future industry structure	• Price and RCAs determination and liquidation timing • Revenue growth • Revenue not recognised • Discount rate • Current group operating structure
Embedded derivatives	4.1, 16	• Unobservable inputs	• Price curves • Volatility • Consumption estimates • Correlations • Commodity price forecasts and proxy market assumptions
Employee benefit obligations	4.2, 4.3, 4.4, 27	• Actuarial assumptions about demographic and financial variables	• Discount rate • Medical inflation • Longevity • Long-term price inflation • Leave usage
Provisions	4.5, 28	• Long-term cost and timing of expected outflows	• Discount rate • Cost assumptions • Timing of cash flows
Expected credit losses	4.7, 5.1, 20	• Recoverability of municipal and customer receivables	• Probability of default • Recovery rates • Economic overlays
Property, plant and equipment	2.4, 8	• Useful lives • Residual values	• Useful lives • Residual values • Asset utilisation
Deferred tax assets	14	• Availability of future taxable profits and utilisation of assessed losses	• Forecast taxable profits • Timing of reversal of temporary differences • Utilisation of assessed losses • Capital allowance forecasts • Tariff and operating performance assumptions
Contingent liabilities	45	• Illicit prepaid tokens created	• Non-technical losses • Outcome of investigations and legal proceedings

4. Key sources of estimation uncertainty, critical accounting estimates and assumptions (continued)

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 with the following features:

Commodity	Trigger condition	Applicable period
Aluminium	Applicable if both the aluminium price and the foreign exchange rate simultaneously exceed predefined thresholds	August 2021 – July 2031
Ferrochrome	Applicable when the ferrochrome price exceeds predefined thresholds	January 2024 – December 2029
Silicomanganese	Applicable when the silicomanganese price exceeds predefined thresholds	April 2025 – March 2031

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 derivatives are valued independently from the host contracts. A Monte Carlo valuation method was used which simulates random paths for commodity prices (aluminium, ferrochrome and silicomanganese) and the USD/ZAR exchange rate. The simulation paths allow for varying outcomes depending on whether the simulated prices are above or below the threshold levels. The fair value of the embedded derivatives reflects a probability-weighted estimate of the upside benefit to Eskom based on these simulations.

Input and valuation assumptions

The key valuation approaches and methodologies include the following:

- Commodity forecasting and price

Commodity	Valuation approach	Key methodology and assumptions
Aluminium	Price forecasting	Aluminium prices were modelled using the Schwartz one factor model, calibrated to observable futures prices and at-the-money European options on futures contracts traded on the London Metal Exchange.
Aluminium and USD/ZAR	Correlation modelling	The correlation between aluminium prices and the USD/ZAR exchange rate was estimated using log return correlations in outlier scenarios, reflecting global economic shock conditions where commodities tend to appreciate as the global economy deteriorates.
Ferrochrome	Price forecasting (proxy-based)	Ferrochrome prices were modelled using the Schwartz one factor model with a commodity proxy as no exchange traded ferrochrome futures market exists. Nickel was selected as the proxy due to its strong correlation with ferrochrome demand and similar end use in stainless steel production.
Silicomanganese	Price forecasting (proxy-based)	Silicomanganese prices were modelled using the Schwartz one factor model with a commodity proxy as no deep and liquid silicomanganese derivatives market exists. Zinc was selected based on economic relevance and observable market data.

- Volatility assumptions for aluminium, nickel, zinc and USD/ZAR were based on implied volatilities of at-the-money options traded in observable markets.
- Counterparty credit risk was calculated by using the marginal probabilities of default (hazard rate model calibrated to the counterparty's credit default swap spreads), weighted by the present value of expected future exposure at each cash flow date.
- Projected cash flows were simulated and discounted at the appropriate risk-free rates using forward USD/ZAR rates (basis adjusted) and underlying commodity prices (in US dollar) and then valuing the payoff using Monte Carlo methods. The average simulated upside tariffs over the remaining contract term were discounted to the valuation date using the ZAR three-month swap zero curve.
- Consumption estimates and electricity load factor assumptions were aligned to operational expectations, including potential contract modifications, updated customer production outlooks and the exclusion of four smelters that are currently idle and under care and maintenance.
- 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.

NERSA approved Eskom's request to relax the take-or-pay criteria for ferrochrome contracts on 29 January 2026 that allows for billing based on actual consumption and not minimum contracted values.

NERSA approved a temporary electricity tariff reprieve of 87.74c/kWh, effective from 1 February 2026 to 31 January 2027. The potential impact has been considered in the consumption estimates.

The tariff reprieve of 62c/kWh approved by NERSA on 29 May 2026 was not incorporated in the current forecast consumption estimates. It is expected that consumption will increase and therefore impact the valuation of the embedded derivatives in future reporting periods.

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

2026		Year ended 31 March					
Input	Unit	2026	2027	2028	2029	2030	2031
Aluminium price	USD per ton	3 521	3 170	2 913	2 805	2 769	2 757
Aluminium volatility	Year-on-year (%)	42.65	22.10	18.60	18.60	18.60	18.60
Ferrochrome price	USD per ton	2 181	2 256	2 310	2 374	2 418	n/a
Nickel price	USD per ton	16 916	17 607	18 196	18 740	19 298	n/a
Nickel volatility	Year-on-year (%)	29.21	24.15	22.94	22.94	22.94	n/a
Silicomanganese price	USD per ton	1 308	1 270	1 193	1 135	1 127	1 124
Zinc price	USD per ton	3 220	3 197	3 073	2 964	2 964	2 964
Zinc volatility	Year-on-year (%)	25.73	24.78	24.43	24.43	24.43	24.43
ZAR/USD	ZAR per USD	17.00	17.37	17.82	18.33	18.92	19.52
USD/ZAR volatility	Year-on-year (%)	19.06	13.55	14.14	14.38	14.54	14.70
Rand interest rates	Annual actual/365 days (%)	6.66	7.64	7.46	7.58	7.71	7.86
Dollar interest rates	Annual actual/365 days (%)	3.75	3.75	3.67	3.63	3.64	3.68
South African PPI	Year-on-year (%)	4.60	4.50	4.30	4.20	4.20	4.20
United States PPI	Year-on-year (%)	1.60	1.40	1.40	1.30	1.30	1.30
Electricity usage – aluminium	Electricity usage per maximum capacity (%)	96.42	96.42	96.42	96.42	96.42	96.42
Electricity usage – ferrochrome	Electricity usage per maximum capacity (%)	23.16	23.16	23.16	23.16	23.16	23.16
Electricity usage – silicomanganese	Electricity usage per maximum capacity (%)	80.21	80.21	80.21	80.21	80.21	80.21

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

Sensitivity analysis

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

			Group and company			
			2026		2025	
Input	Unit	Change in assumption	increase Rm	decrease Rm	increase Rm	decrease Rm
Aluminium price	USD per ton	10% relative	204	(205)	450	(339)
Aluminium volatility	Index	1% absolute	3	(3)	22	(24)
Ferrochrome price	USD per ton	10% relative	476	(344)	1 461	(1 173)
Nickel volatility	Index	10% relative	18	(18)	108	(108)
Silicomanganese price	USD per ton	10% relative	84	(65)	–	–
Zinc volatility	Index	10% relative	15	(16)	–	–
ZAR/USD – Aluminium	Rand per USD	10% relative	537	(277)	186	(220)
Rand interest rates	Continuous actual/365 days (%)	100 basis points	(15)	15	(26)	27
Dollar interest rates	Annual actual/365 days (%)	100 basis points	(63)	67	(57)	54
South African PPI	Index	1% absolute	(57)	59	(38)	6
United States PPI	Index	1% absolute	7	(14)	(92)	58

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.

4. Key sources of estimation uncertainty, critical accounting estimates and assumptions (continued)

4.2 Post-employment medical benefits (continued)

Valuation (continued)

Valuation assumptions

The principal actuarial assumptions used were:

		Group		Company	
	Unit	2026	2025	2026	2025
Discount rate	%	10.6	13.0	10.6	13.0
Medical aid inflation	%	6.7	8.7	6.7	8.7
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	16.4	17.2	16.1	16.9

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:

		Group				Company			
		2026		2025		2026		2025	
	Change in assumption	increase Rm	decrease Rm	increase Rm	decrease Rm	increase Rm	decrease Rm	increase Rm	decrease Rm
Effect on aggregate current service cost and finance cost									
Discount rate	1%	(227)	278	(236)	287	(202)	248	(210)	257
Medical aid inflation	1%	559	(445)	533	(429)	506	(403)	483	(389)
Future mortality	1 year	71	(72)	71	(72)	66	(67)	66	(67)
Effect on post-employment medical benefits obligation									
Discount rate	1%	(2 844)	3 542	(2 376)	2 936	(2 590)	3 221	(2 171)	2 677
Medical aid inflation	1%	3 576	(2 905)	2 972	(2 433)	3 250	(2 646)	2 709	(2 222)
Future mortality	1 year	553	(558)	469	(474)	517	(521)	440	(444)

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:

		Group and company	
	Unit	2026	2025
Discount rate	%	10.6	13.0
Long-term price inflation rate	%	4.7	6.7
Future salary inflation	%	6.2	8.2
Future pension increases	%	4.7	6.7
Male longevity	years	13.5	13.5
Female longevity	years	19.7	19.7
Weighted average duration	years	14.7	14.5

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:

		Group and company			
		2026		2025	
	Change in assumption	increase Rm	decrease Rm	increase Rm	decrease Rm
Discount rate	1%	(8 498)	10 252	(7 579)	8 773
Inflation rate	1%	10 655	(9 021)	9 239	(8 063)
Future mortality	1 year	(2 033)	1 984	(1 799)	1 752

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	
	2026 %	2025 %
Discount rate	10.6	13.0
Long-term price inflation rate	4.7	6.7
Salary inflation rate	6.2	8.2
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% (2025: 8%) of the leave is utilised. If the rate at which leave is taken is 16% (2025: 16%), then the liability will increase by R126 million (2025: R112 million) for the group and R101 million (2025: R90 million) for the company. If the rate at which leave is taken is 4% (2025: 4%), then the liability will decrease by R71 million (2025: R64 million) for the group and R57 million (2025: R51 million) for the company.

The carrying amount of the occasional and service leave liability for the group is R1 638 million (2025: R1 447 million) and R1 278 million (2025: R1 125 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			
	2026		2025	
	%	Year	%	Year
Nuclear plant	4.5	2045–2060	5	2045–2060
Coal, pump storage, open cycle gas turbine and renewable stations	4.4–4.5	2027–2099	4.3–5.0	2027–2099
Spent nuclear fuel	4.4–4.5	2027–2100	4.3–5.0	2026–2100
Mine-related closure, pollution control and rehabilitation	4.4–4.5	2027–2159	4.3–5.0	2026–2159

Sensitivity analysis

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

		Group and company			
		2026		2025	
	Change in assumption	increase Rm	decrease Rm	increase Rm	decrease Rm
Nuclear plant	1%	(1 081)	1 733	(1 048)	1 338
Coal, pump storage, open cycle gas turbine and renewable stations	1%	(2 661)	3 328	(2 302)	2 874
Spent nuclear fuel	1%	(2 044)	3 038	(1 690)	2 471
Mine-related closure, pollution control and rehabilitation	1%	(1 647)	2 173	(1 319)	1 724

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.

4. Key sources of estimation uncertainty, 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 determination of expected credit losses involves significant judgement and estimation uncertainty, particularly in relation to the probability of default, loss given default, forward-looking economic assumptions and the application of management overlays.

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 sensitive to the economic environment and representative of the most recent economic conditions.

An additional expected credit loss of R590 million (2025: R1 002 million) was applied to the municipality portfolio to address the possible impact of future debt write-offs arising from the municipal debt relief arrangement. A further expected credit loss overlay of R408 million was applied to a metropolitan municipality due to an increase in credit risk arising from liquidity constraints.

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. Loss given default has been applied using the supervisory prescribed fixed rate of 45% in line with the Basel Framework.

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

	2026								
	Stage 2			Stage 3			Total		
	Gross Rm	Allowance for impairment Rm	Carrying value Rm	Gross Rm	Allowance for impairment Rm	Carrying value Rm	Gross Rm	Allowance for impairment Rm	Carrying value Rm
Trade receivables									
Group									
International									
B- to BB+	2 139	(6)	2 133	232	(189)	43	2 371	(195)	2 176
Local large power users – municipalities	13 997	(528)	13 469	6 845	(3 191)	3 654	20 842	(3 719)	17 123
0–30 days	13 230	(380)	12 850	–	–	–	13 230	(380)	12 850
30–90 days	767	(148)	619	–	–	–	767	(148)	619
More than 90 days or credit impaired	–	–	–	6 845	(3 191)	3 654	6 845	(3 191)	3 654
Local large power users – other	13 571	(61)	13 510	270	(164)	106	13 841	(225)	13 616
0–30 days	13 462	(49)	13 413	–	–	–	13 462	(49)	13 413
30–90 days	109	(12)	97	–	–	–	109	(12)	97
More than 90 days or credit impaired	–	–	–	270	(164)	106	270	(164)	106
Local small power users	3 010	(275)	2 735	1 592	(1 240)	352	4 602	(1 515)	3 087
0–30 days	2 550	(129)	2 421	–	–	–	2 550	(129)	2 421
30–90 days	460	(146)	314	–	–	–	460	(146)	314
More than 90 days or credit impaired	–	–	–	1 592	(1 240)	352	1 592	(1 240)	352
	32 717	(870)	31 847	8 939	(4 784)	4 155	41 656	(5 654)	36 002
Other receivables (B- to BB+)	2 490	(59)	2 431	616	(609)	7	3 106	(668)	2 438
	35 207	(929)	34 278	9 555	(5 393)	4 162	44 762	(6 322)	38 440
Company									
International									
B- to BB+	23	–	23	–	–	–	23	–	23
Local large power users – municipalities	13 997	(528)	13 469	6 845	(3 191)	3 654	20 842	(3 719)	17 123
0–30 days	13 230	(380)	12 850	–	–	–	13 230	(380)	12 850
30–90 days	767	(148)	619	–	–	–	767	(148)	619
More than 90 days or credit impaired	–	–	–	6 845	(3 191)	3 654	6 845	(3 191)	3 654
Local large power users – other	13 571	(61)	13 510	270	(164)	106	13 841	(225)	13 616
0–30 days	13 462	(49)	13 413	–	–	–	13 462	(49)	13 413
30–90 days	109	(12)	97	–	–	–	109	(12)	97
More than 90 days or credit impaired	–	–	–	270	(164)	106	270	(164)	106
Local small power users	3 009	(274)	2 735	1 592	(1 240)	352	4 601	(1 514)	3 087
0–30 days	2 549	(128)	2 421	–	–	–	2 549	(128)	2 421
30–90 days	460	(146)	314	–	–	–	460	(146)	314
More than 90 days or credit impaired	–	–	–	1 592	(1 240)	352	1 592	(1 240)	352
	30 600	(863)	29 737	8 707	(4 595)	4 112	39 307	(5 458)	33 849
Other receivables (B- to BB+)	30 140	(248)	29 892	283	(283)	–	30 423	(531)	29 892
	60 740	(1 111)	59 629	8 990	(4 878)	4 112	69 730	(5 989)	63 741

5. Financial risk management (continued)

5.1 Credit risk (continued)

5.1.1 Trade and other receivables (continued)

Impairment analysis (continued)

	2025								
	Stage 2			Stage 3			Total		
	Gross Rm	Allowance for impairment Rm	Carrying value Rm	Gross Rm	Allowance for impairment Rm	Carrying value Rm	Gross Rm	Allowance for impairment Rm	Carrying value Rm
Trade receivables									
Group									
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
Company									
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

Expected credit loss percentages used

	Group				Company			
	2026		2025		2026		2025	
	Stage 2 %	Stage 3 %	Stage 2 %	Stage 3 %	Stage 2 %	Stage 3 %	Stage 2 %	Stage 3 %
Trade receivables								
International	–	81	1	90	–	–	–	–
B- to BB+	–	81	–	90	–	–	–	–
Below B-	–	–	4	–	–	–	–	–
Local large power users – municipalities	4	47	6	66	4	47	6	66
0–30 days	3	–	4	–	3	–	4	–
30–90 days	19	–	17	–	19	–	17	–
More than 90 days or credit impaired	–	47	–	66	–	47	–	66
Local large power users – other	–	61	–	79	–	61	–	79
30–90 days	11	–	18	–	11	–	18	–
More than 90 days or credit impaired	–	61	–	79	–	61	–	79
Local small power users	9	78	9	78	9	78	9	78
0–30 days	5	–	5	–	5	–	5	–
30–90 days	32	–	29	–	32	–	29	–
More than 90 days or credit impaired	–	78	–	78	–	78	–	78
	3	54	4	70	3	53	4	69
Other receivables	2	99	4	98	1	100	1	100

Age analysis of trade receivables balances

	2026					2025[1]				
	0–3 months %	4–12 months %	>1 year %	>2 years %	>3 years %	0–3 months %	4–12 months %	>1 year %	>2 years %	>3 years %
Group										
International	93	7	–	–	–	87	12	1	–	–
Local large power users – municipalities	88	6	1	–	5	78	15	–	7	–
Local large power users – other	99	1	–	–	–	95	2	1	2	–
Local small power users	65	20	9	3	3	70	17	7	3	3
Company										
International	100	–	–	–	–	100	–	–	–	–
Local large power users – municipalities	88	6	1	–	5	82	11	–	7	–
Local large power users – other	99	1	–	–	–	95	2	1	2	–
Local small power users	65	20	9	3	3	70	17	7	3	3

1. Comparative information has been re-presented to align with the enhanced ageing analysis disclosure by disaggregating the less than one year category.

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	2026 Stage 2 Rm	2026 Stage 3 Rm	2026 Total Rm	2025 Stage 2 Rm	2025 Stage 3 Rm	2025 Total Rm
Group							
Balance at beginning of the year		1 321	7 127	8 448	1 137	6 196	7 333
Raised to the income statement	36	(16)	(102)	(118)	321	6 992	7 313
Reversed on payment of opening balance		(987)	(4 735)	(5 722)	(492)	(1 922)	(2 414)
Remeasurement of opening balances held at year end		(14)	896	882	4	267	271
Raised on new balances		985	3 737	4 722	809	8 647	9 456
Transfer of balances between stage 2 and 3		(228)	228	–	(109)	109	–
Finance income on stage 3 balances		–	574	574	–	541	541
Derecognised		(121)	(2 015)	(2 136)	–	(5 722)	(5 722)
Write-offs		(27)	(419)	(446)	(28)	(989)	(1 017)
Balance at end of the year	20	929	5 393	6 322	1 321	7 127	8 448
Company							
Balance at beginning of the year		1 540	6 364	7 904	1 127	5 325	6 452
Raised to the income statement	36	(52)	145	93	546	7 096	7 642
Reversed on payment of opening balance		(1 250)	(4 665)	(5 915)	(461)	(1 313)	(1 774)
Remeasurement of opening balances held at year end		(8)	917	909	8	267	275
Raised on new balances		1 206	3 893	5 099	999	8 142	9 141
Transfer of balances between stage 2 and 3		(228)	228	–	(109)	109	–
Finance income on stage 3 balances		–	574	574	–	541	541
Derecognised		(121)	(2 015)	(2 136)	–	(5 722)	(5 722)
Write-offs		(28)	(418)	(446)	(24)	(985)	(1 009)
Balance at end of the year	20	1 111	4 878	5 989	1 540	6 364	7 904

Security held for trade receivables (guarantees and deposits)

	Group and company									
	2026					2025				
	Fair value of security held			Security called upon	Rene-gotiated balances	Fair value of security held			Security called upon	Rene-gotiated balances
	Credit-impaired Rm	Not credit-impaired Rm	Total Rm	Rm	Rm	Credit-impaired Rm	Not credit-impaired Rm	Total Rm	Rm	Rm
International	–	7	7	–	–	–	9	9	–	–
Local large power users	472	24 910	25 382	80	1 583	462	21 701	22 163	78	1 718
Municipalities	437	2 014	2 451	2	1 533	418	1 331	1 749	2	1 696
Other	35	22 896	22 931	78	50	44	20 370	20 414	76	22
Local small power users	203	3 255	3 458	138	97	185	3 119	3 304	151	83
	675	28 172	28 847	218	1 680	647	24 829	25 476	229	1 801

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. Security requirements for large power users are adjusted according to the risk level and may be reduced if the large power user has an acceptable credit rating from an approved rating agency.

The group continues to pursue measures aimed at maximising collections from non-paying municipalities. These efforts are however constrained by prolonged litigation processes and court-granted interdicts implemented in the interests of municipal end-consumers.

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, structured as distribution agency 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 interventions that include participation at inter-ministerial task team subcommittees with National Treasury and the Eskom shareholder representative and supporting National Treasury processes such as possibly invoking section 216(2) of the Constitution to suspend municipalities' equitable share where necessary

The group continues to advocate for an active partnering solution under which Eskom supports municipalities through the provision of distribution, reticulation and revenue collection services. Although distribution agency agreements have been concluded with three small to medium sized municipalities and a further nine municipalities obtained council resolutions on 5 May 2026 to proceed with agency agreements, the impact of these arrangements on overall municipal credit risk has remained limited to date.

National Treasury issued instruction letters to Eskom during the year to write-off one-third of the ringfenced debt of 10 municipalities to the value of R0.6 billion under the municipal debt relief programme. An additional R3.0 billion was written off for five municipalities that satisfied the required conditions this year, even though National Treasury approved the write-off in the prior financial year.

National Treasury sent write-off instruction letters to Eskom after the financial year end for 21 municipalities that complied with the cycle conditions for an expected write-off of R4.0 billion in 2027.

Eskom issued breach notices to municipalities that did not comply with the municipal debt relief conditions during the year, with ongoing engagement maintained with the affected municipalities and relevant stakeholders, including National Treasury.

National Treasury issued letters of termination in February 2026 to 13 non-compliant municipalities as a warning. No municipalities have to date been removed from the municipal debt relief programme by National Treasury. Municipalities that are removed from the programme will become liable for their remaining outstanding arrear debt including any subsequent interest and penalties.

The remaining debt under the ring-fenced municipal debt relief was R51.5 billion (2025: R55.1 billion) at 31 March 2026 of which R50.9 billion (2025: R54.0 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 R0.6 billion (2025: R1.1 billion), consisting of arrear debt of R0.5 billion and VAT of R0.1 billion, was fully impaired at 31 March 2026.

The City of Johannesburg, City of Ekurhuleni and King Sabata Dalindyebo municipalities entered into payment arrangements with Eskom during the year to settle arrear debt. These arrangements were assessed as financial asset contract modifications and, as the modifications were considered qualitatively substantial, resulted in the derecognition of the trade receivables and the recognition of loan receivables. Refer to notes 5.1.5 and 15.

Eskom and Transnet settled a disputed debt on 31 March 2026, agreeing to revenue and interest adjustments and arranging payment of the R0.3 billion balance received on 29 April 2026, which reduced the associated expected credit loss.

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

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.

5. Financial risk management (continued)

5.1 Credit risk (continued)

5.1.1 Trade and other receivables (continued)

Additional information (continued)

Other receivables

Other receivables comprise of 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

	2026 Not subject to impairment Rm	2026 Subject to impairment Stage 1 Rm	2026 Total Rm	2025 Not subject to impairment Rm	2025 Subject to impairment Stage 1 Rm	2025 Total Rm
Group						
Derivatives held for risk management	9 764	–	9 764	15 345	–	15 345
BBB- to AAA	3 600	–	3 600	6 644	–	6 644
B- to BB+	6 164	–	6 164	8 701	–	8 701
Cash and cash equivalents	–	124 902	124 902	–	63 761	63 761
BBB- to AAA	–	14 784	14 784	–	8 673	8 673
B- to BB+	–	110 096	110 096	–	55 060	55 060
Unrated	–	22	22	–	28	28
Company						
Derivatives held for risk management	9 858	–	9 858	15 395	–	15 395
BBB- to AAA	3 600	–	3 600	6 644	–	6 644
B- to BB+	6 258	–	6 258	8 751	–	8 751
Cash and cash equivalents	–	123 894	123 894	–	62 757	62 757
BBB- to AAA	–	14 784	14 784	–	8 674	8 674
B- to BB+	–	109 108	109 108	–	54 077	54 077
Unrated	–	2	2	–	6	6

The gross value of cash and cash equivalents approximate its carrying value as the impairments calculated are immaterial.

The Treasury Risk Committee manages treasury exposures and credit risks for the group arising from treasury activities in the financial markets with the objective of maximising investment returns while remaining within approved credit exposure levels. The committee 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 committee is aligned to the Exco credit risk governance standards and supplemented by appropriate policies and procedures which establish the principles, limits and governance requirements for treasury-related risks.

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 in discharging its mandate.

The management of credit risk is governed by the following policies:
- trading in financial instruments is only conducted with approved counterparties after credit limits have been authorised
- financial institutions and/or counterparties with an independent minimum rating of A1 are preferred for investments
- 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
- a minimum credit rating requirement for financial institutions is 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 policy 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	Subject to impairment Stage 1			Total		
	Gross	Gross	Allowance for impairment	Carrying value	Gross	Allowance for impairment	Carrying value
	Rm	Rm	Rm	Rm	Rm	Rm	Rm
2026							
Group							
Treasury investments	–	22 240	(132)	22 108	22 240	(132)	22 108
BBB- to AAA	–	3 003	–	3 003	3 003	–	3 003
B- to BB+	–	19 237	(132)	19 105	19 237	(132)	19 105
Insurance investments	2 483	25 959	(169)	25 790	28 442	(169)	28 273
BBB- to AAA	–	1 248	–	1 248	1 248	–	1 248
B- to BB+	–	24 711	(169)	24 542	24 711	(169)	24 542
Not subject to credit risk	2 483	–	–	–	2 483	–	2 483
	2 483	48 199	(301)	47 898	50 682	(301)	50 381
Company							
Treasury investments							
BBB- to AAA	–	3 003	–	3 003	3 003	–	3 003
B- to BB+	–	19 237	(132)	19 105	19 237	(132)	19 105
	–	22 240	(132)	22 108	22 240	(132)	22 108
2025							
Group							
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
Company							
Treasury investments							
B- to BB+	–	2 649	(11)	2 638	2 649	(11)	2 638

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 and in short-term fixed deposits for future debt and payment obligations.

Investments are placed with approved counterparties within established risk limits and are limited to investment-grade rated banks. Deposit maturities are aligned to projected liquidity requirements, while counterparty credit risk is monitored and managed as discussed in note 5.1.2.

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, fixed deposits, floating rate notes and 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 in fixed deposits and 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. Financial risk management (continued)

5.1 Credit risk (continued)

5.1.4 Finance lease receivables

Impairment analysis

	2026 Gross Rm	2026 Stage 1 Allowance for impairment Rm	2026 Carrying value Rm	2025 Gross Rm	2025 Stage 1 Allowance for impairment Rm	2025 Carrying value Rm
Group						
B- to BB+	140	(1)	139	177	(2)	175
Company						
B- to BB+	90	(1)	89	94	(1)	93

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

	2026 Gross Rm	2026 Allowance for impairment Rm	2026 Carrying value Rm	2025 Gross Rm	2025 Allowance for impairment Rm	2025 Carrying value Rm
Group						
Stage 1						
Home loans						
B- to BB+	6 739	(4)	6 735	–	–	–
Other loans						
B- to BB+	521	(7)	514	28	–	28
	7 260	(11)	7 249	28	–	28
Stage 2						
Home loans						
B- to BB+	66	(1)	65	–	–	–
Other loans						
B- to BB+	2	(1)	1	–	–	–
	68	(2)	66	–	–	–
Stage 3						
Home loans						
Below B-	730	(460)	270	–	–	–
Other loans						
Below B-	8	(8)	–	–	–	–
	738	(468)	270	–	–	–
Purchased or originated credit impaired						
Municipal payment arrangements						
CCC- to CCC+	3 885	–	3 885	1 864	–	1 864
	11 951	(481)	11 470	1 892	–	1 892
Company						
Stage 1						
Loans to subsidiaries						
B- to BB+	14 955	(80)	14 875	37 956	(419)	37 537
Purchased or originated credit impaired						
Municipal payment arrangements						
CCC- to CCC+	3 885	–	3 885	1 864	–	1 864
	18 840	(80)	18 760	39 820	(419)	39 401

Reconciliation of movements in allowance for impairment

	Note	2026 Stage 1 Rm	2026 Stage 2 Rm	2026 Stage 3 Rm	2026 Total Rm	2025 Stage 1 Rm	2025 Stage 2 Rm	2025 Stage 3 Rm	2025 Total Rm
Group									
Balance at beginning of the year		–	–	–	–	17	3	267	287
Raised to the income statement	36	7	–	215	222	(9)	4	(20)	(25)
Reversed on payment of opening balance		–	–	(4)	(4)	–	–	(4)	(4)
Remeasurement of opening balances held at year end		(6)	–	168	162	(14)	(1)	(54)	(69)
Raised on new balances		13	–	51	64	5	5	38	48
Transfer of balances between stages		–	(1)	1	–	(5)	(2)	7	–
Assets and liabilities held-for-sale		3	3	243	249	(3)	(3)	(243)	(249)
Write-offs		1	–	9	10	–	(2)	(11)	(13)
Balance at end of the year	15	11	2	468	481	–	–	–	–
Company									
Balance at beginning of the year		419	–	–	419	422	–	–	422
Raised to the income statement	36	(339)	–	–	(339)	(5)	–	–	(5)
Reversed on payment of opening balance		(182)	–	–	(182)	–	–	–	–
Remeasurement of opening balances held at year end		(162)	–	–	(162)	–	–	–	–
Raised on new balances		5	–	–	5	(5)	–	–	(5)
Write-offs		–	–	–	–	2	–	–	2
Balance at end of the year	15	80	–	–	80	419	–	–	419

Home loans

EFC provides loan facilities mainly for the purchase of immoveable 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.

	Unit	Group 2026	Group 2025
Carrying value of credit-impaired balances	Rm	270	146
Fair value of properties held as security for credit-impaired loans	Rm	290	386
Weighted average loan to value ratio	%	92	88
Average repayment period	years	15	16

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.

Municipal payment arrangements

The municipal payment arrangements consist of interest free loans concluded with metropolitan and local municipalities (City of Tshwane, City of Johannesburg, City of Ekurhuleni and King Sabata Dalindyebo) for the settlement of arrear debt.

These restructured receivables are classified as purchased or originated credit-impaired financial assets as they were credit-impaired at initial recognition. The arrangements were recognised at amortised cost using a credit-adjusted effective interest rate.

There have been no changes in the lifetime expected credit loss since initial recognition.

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 exercised the voluntary prepayment option under the original loan agreement and repaid R21 795 million of the term loan on 31 March 2026 resulting in a loss of R360 million recognised within other expenses.

The ERI loan was refinanced by Eskom during the year and is repayable on 31 October 2027.

The loan to EFC is a revolving facility with no fixed repayment terms.

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

Eskom provided letters of support for financial assistance to ERI and EFC.

5. Financial risk management (continued)

5.1 Credit risk (continued)

5.1.5 Loans receivable (continued)

Assets held-for-sale

	Stage 1 Gross Rm	Stage 1 Allowance for impairment Rm	Stage 1 Carrying value Rm	Stage 2 Gross Rm	Stage 2 Allowance for impairment Rm	Stage 2 Carrying value Rm	Stage 3 Gross Rm	Stage 3 Allowance for impairment Rm	Stage 3 Carrying value Rm	Total Gross Rm	Total Allowance for impairment Rm	Total Carrying value Rm
2025												
Group												
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

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 statement 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 is 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 occur 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 more than R750 000 (2025: R150 000) are hedged (ie economic or cash flow hedges). The hedging approach and associated thresholds are reviewed annually and approved by the Chief Financial Officer. 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
2026							
Group							
Liabilities							
Debt securities and borrowings	(514)	(5 211)	–	(9 465)	–	–	–
Trade and other payables	(15)	(51)	–	–	–	–	(6)
Gross statement of financial position exposure	(529)	(5 262)	–	(9 465)	–	–	(6)
Estimated forecast purchases[1]	(195)	(436)	(21)	–	(1 205)	(7)	(332)
Gross exposure	(724)	(5 698)	(21)	(9 465)	(1 205)	(7)	(338)
Derivatives held for risk management[2]	678	5 705	21	9 465	1 205	3	334
Net exposure	(46)	7	–	–	–	(4)	(4)
Company							
Liabilities							
Debt securities and borrowings	(514)	(5 211)	–	(9 465)	–	–	–
Trade and other payables	(11)	(6)	–	–	–	–	(6)
Gross statement of financial position exposure	(525)	(5 217)	–	(9 465)	–	–	(6)
Estimated forecast purchases[1]	(180)	(320)	(21)	–	(1 194)	(7)	(141)
Gross exposure	(705)	(5 537)	(21)	(9 465)	(1 194)	(7)	(147)
Derivatives held for risk management[2]	658	5 544	21	9 465	1 194	3	143
Net exposure	(47)	7	–	–	–	(4)	(4)
Mid-spot rate for one unit of the currency to the rand	19.58	16.94	22.41	2.46	0.11	1.75	1.79
2025							
Group							
Liabilities							
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[1]	(249)	(442)	(25)	–	(641)	(4)	(170)
Gross exposure	(973)	(7 100)	(25)	(2 792)	(641)	(6)	(187)
Derivatives held for risk management[2]	956	7 091	25	2 792	641	5	185
Net exposure	(17)	(9)	–	–	–	(1)	(2)
Company							
Liabilities							
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[1]	(238)	(345)	(25)	–	(641)	(4)	(151)
Gross exposure	(932)	(6 996)	(25)	(2 792)	(641)	(6)	(155)
Derivatives held for risk management[2]	915	6 987	25	2 792	641	5	153
Net exposure	(17)	(9)	–	–	–	(1)	(2)
Mid-spot rate for one unit of the currency to the rand	19.81	18.31	23.66	2.52	0.12	1.74	1.82

Sensitivity analysis

	Group				Company			
	2026		2025		2026		2025	
	1% increase Rm	1% decrease Rm	1% increase Rm	1% decrease Rm	1% increase Rm	1% decrease Rm	1% increase Rm	1% decrease Rm
Profit/(loss) before tax								
ZAR/EUR exposure	24	(24)	47	(47)	20	(20)	39	(39)
ZAR/USD exposure	110	(110)	132	(132)	84	(84)	114	(114)
ZAR/other currency	18	(18)	6	(6)	15	(15)	6	(6)
Equity								
ZAR/EUR exposure	10	(10)	15	(15)	10	(10)	15	(15)
ZAR/USD exposure	21	(21)	33	(33)	21	(21)	33	(33)
ZAR/other currency	4	(4)	5	(5)	4	(4)	5	(5)

1. Represents future purchases contracted for.
2. Includes notional value and accrued interest.

5. Financial risk management (continued)

5.2 Market risk (continued)

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.

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.

The group had no material exposure to commodities that formed a part of plant, equipment or inventory.

Commodity exposure

		Group and company					
		2026			2025		
	Unit	Estimated forecast purchases	Derivatives held for risk management (notional)	Net exposure	Estimated forecast purchases	Derivatives held for risk management (notional)	Net exposure
Low sulphur gas oil	kilo litres	203 661	(78 000)	125 661	431 680	(103 000)	328 680

The notional volumes of the derivatives held for risk management are as follows:

		Group and company	
	Unit	2026 Net liability	2025 Net liability
Commodity swaps	kilo litres	(69 700)	(72 000)
Zero-cost collar	kilo litres	(8 300)	(21 000)
Call options	kilo litres	–	(10 000)
		(78 000)	(103 000)

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. The possible impact on profit or loss is as follows:

			Group and company			
			2026		2025	
Input	Unit	Change in assumption	increase Rm	decrease Rm	increase Rm	decrease Rm
ZAR/USD	ZAR per USD	10% relative	101	(101)	66	(66)
Low sulphur gas oil price	USD per metric ton	10% relative	102	(102)	66	(66)

5.2.3 Interest rate risk

Interest rate risk is the risk that the group's financial position may be adversely affected because 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 monthly 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			
	2026		2025		2026		2025	
	+100 basis points Rm	-100 basis points Rm	+100 basis points Rm	-100 basis points Rm	+100 basis points Rm	-100 basis points Rm	+100 basis points Rm	-100 basis points Rm
Profit/(loss) before tax								
ZAR interest rates	1 248	(1 276)	1 548	(1 612)	1 322	(1 351)	1 201	(1 242)
EUR interest rates	(66)	67	(77)	79	(65)	66	(74)	76
USD interest rates	(797)	828	(1 525)	1 602	(785)	817	(1 515)	1 591
Other currency interest rates	(19)	19	(86)	88	(17)	17	(86)	88
Equity								
ZAR interest rates	1 966	(2 042)	1 439	(1 501)	1 966	(2 042)	1 439	(1 501)
EUR interest rates	(143)	147	(224)	235	(143)	147	(224)	235
USD interest rates	(1 546)	1 618	(1 712)	1 793	(1 546)	1 618	(1 712)	1 793

Fixed and floating rate debt

	Group and company			
	2026		2025	
	fixed %	floating %	fixed %	floating %
Proportion of fixed versus floating rate debt at 31 March	57	43	54	46

The proportion of fixed versus floating rate debt was impacted by funding from China Development Bank that was converted from floating to fixed rate interest in August 2025. Refer to note 25.

Interest rate benchmark reform

The South African financial markets are transitioning from the Johannesburg Interbank Average Rate (JIBAR) to the South African Rand Overnight Index Average (ZARONIA). The final publication date for JIBAR is 31 December 2026.

The transition will affect the group's financial instruments that are linked to JIBAR, specifically the timing and amount of contractual cash flows, valuations and hedge accounting relationships. The group identified affected contracts and assessed the impact on accounting systems, policies and procedures. Engagement with affected counterparties is ongoing to agree on the appropriate transition terms. The transition will not result in a change to the group's overall risk management strategy.

The financial instruments at 31 March 2026 that will be transitioned to ZARONIA includes debt securities and borrowings of R8.0 billion, insurance investments of R2.9 billion and derivatives held for risk management of R4.9 billion.

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			
	2026		2025	
	Rm	portfolio %	Rm	portfolio %
Banks, financial services and insurance	926	37	729	39
Basic materials and resources	671	27	360	19
Consumer goods and services	487	20	550	29
Other	399	16	230	13
	2 483	100	1 869	100

A 1% increase or decrease in share prices would have increased or decreased profit or loss before tax by R25 million (2025: R19 million).

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

5. Financial risk management (continued)

5.3 Liquidity risk (continued)

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

		Group		Company	
	Unit	2026	Restated 2025	2026	Restated 2025
Weighted average term to maturity of debt securities and borrowings	years	5.32	5.78	5.33	5.78
Working capital	ratio	1.03	1.02	1.13	1.06
Cash interest cover	ratio	3.80	2.76	3.02	1.96
Net debt service cover	ratio	1.55	1.11	0.97	0.78
Liquid assets	Rm	124 902	63 761	123 894	62 757

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 consists 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 were allowed during the period of the debt relief, unless approved by the Minister of Finance. The terms and conditions of the debt relief period after 31 March 2026 are in the process of being finalised with National Treasury and the Minister of Finance. Eskom continues to drawdown only on existing facilities that were in place at 31 March 2023. All figures are quoted in notional amounts.

	Group and company					
	ZAR		EUR		USD	
	2026 m	2025 m	2026 m	2025 m	2026 m	2025 m
Facilities available						
Development financing institutions	2 480	1 118	20	60	558	632
World Bank	–	–	–	–	437	438
African Development Bank	1 080	1 118	20	60	–	2
Clean technology fund – African Development Bank	–	–	–	–	19	21
Clean technology fund – World Bank	–	–	–	–	44	47
New Development Bank	1 400	–	–	–	–	44
Kreditanstalt für Wiederaufbau	–	–	–	–	58	80
Export credit agencies						
Kreditanstalt für Wiederaufbau – Hermes[1]	–	–	–	12	–	–
	2 480	1 118	20	72	558	632
Facilities available (rand equivalent)	2 480	1 118	392	1 426	9 453	11 572
Funds received during the year						
Development financing institutions	38	917	40	–	74	433
World Bank[2]	–	–	–	–	1	1
African Development Bank[3]	38	917	40	–	2	2
Clean technology fund – World Bank[4]	–	–	–	–	3	1
Clean technology fund – African Development Bank[4]	–	–	–	–	2	15
New Development Bank[5]	–	–	–	–	44	16
Kreditanstalt für Wiederaufbau[6]	–	–	–	–	22	11
China Development Bank[7]	–	–	–	–	–	387
	38	917	40	–	74	433
Funds received during the year (rand equivalent)	38	917	783	–	1 254	7 928

The facility of R1 400 million for the battery energy storage system project with the New Development Bank and a related government guarantee was part of the 2023 borrowing programme and finalised during the year.

1. The undrawn balance of EUR12 million under the existing facility was cancelled as there were no further qualifying expenditures to be incurred.
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 the Kusile power station.

Government guarantees

	Group and company					
	2026			2025		
	Domestic multi-term note programme Rm	General Rm	Total Rm	Domestic multi-term note programme Rm	General Rm	Total Rm
Opening 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)
Facilities used	–	(1 400)	(1 400)	–	–	–
Closing balance	–	791	791	–	2 191	2 191
Guarantee granted	145 768	183 000	328 768	145 768	183 000	328 768
Accumulated amounts used	(145 768)	(182 209)	(327 977)	(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 R13.5 billion (2025: R10.9 billion).

Guarantee fees are payable to the National Revenue Fund if financial covenants ratios are higher than the specified thresholds in terms of the Guarantee Framework Agreement. The guarantee fees are calculated on the accumulated amounts used under the guarantee facility and payable by June after the end of the financial year. Eskom obtained approval from the Minister of Finance to defer payment of the fee payable until March 2027.

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 an event of default. Eskom has to notify the relevant lenders on occurrence of an event without undue delay. 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.

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 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 a loan agreement where a default event could be triggered if a qualified audit opinion is issued due to PFMA non-compliance or raising of a reportable irregularity. This would lead to a potential breach if the necessary 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 waiver was obtained in August 2026 to cover potential events of default arising from the audit qualification and reportable irregularities (including continued reportable irregularities) in the 31 March 2026 annual financial statements. The potential default was therefore successfully remedied. The relevant waiver has been obtained after a similar process of proactive engagement was followed 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 group financial position, operational performance, progress on the legal separation (including unbundling of the transmission system operator) and PFMA compliance were discussed during the quarterly engagements with lenders.

5. Financial risk management (continued)

5.3 Liquidity risk (continued)

5.3.2 Primary sources of funding and unused facilities (continued)

Loan covenants (continued)

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 after the flue-gas duct failure at Kusile power station in October 2022 with emissions above allowed limits. Eskom obtained Department of Forestry, Fisheries and the Environment approval as a mitigation measure to operate temporary stacks and postpone compliance with certain emission standards while installing flue-gas desulphurisation plant equipment. Eskom proactively informed impacted lenders of the mitigation measures to uphold loan agreements obligations. Eskom addressed and implemented the recommendations in the close-out report by the environmental consultant appointed to review the mitigation measures. The lenders were satisfied with the progress achieved to date. Eskom continues proactive engagement with lenders to maintain compliance with environmental covenants requirements.

  Eskom has one loan agreement where an extension on the existing waiver is required from June 2027 for the delay in the installation of flue-gas desulphurisation plant equipment in each of the six units of the Medupi power station. The existing waiver remains valid and there has been no event of default or covenant breach at the time of issuing the financial statements. The lender has indicated that progress on the flue-gas desulphurisation programme will be reviewed as part of their mid-term review.
- 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 and the unbundling of the transmission system operator.

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.

Conclusion

All possible default events and covenant breaches have been successfully remedied or waived before default. 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
2026					
Group					
Financial assets					
Loans receivable	21 020	411	1 740	7 771	11 098
Derivatives held for risk management	12 965	298	864	10 208	1 595
Finance lease receivables	180	14	40	117	9
Trade and other receivables	44 562	42 713	1 119	730	–
Treasury investments	23 628	3 050	16 844	3 734	–
Insurance investments	31 039	7 993	14 616	7 250	1 180
Cash and cash equivalents	124 902	124 902	–	–	–
	258 296	179 381	35 223	29 810	13 882
Financial liabilities					
Debt securities and borrowings	530 751	41 787	34 943	205 373	248 648[1]
Derivatives held for risk management	5 404	916	4 303	1 969	(1 784)
Lease liabilities	9 585	641	1 418	7 050	476
Trade and other payables	52 824	42 235	10 275	308	6
	598 564	85 579	50 939	214 700	247 346
Company					
Financial assets					
Loans receivable	24 137	5 226	3 502	9 813	5 596
Derivatives held for risk management	13 059	373	883	10 208	1 595
Finance lease receivables	118	7	21	81	9
Trade and other receivables	69 582	66 407	1 891	1 284	–
Treasury investments	23 628	3 050	16 844	3 734	–
Cash and cash equivalents	123 894	123 894	–	–	–
	254 418	198 957	23 141	25 120	7 200
Financial liabilities					
Debt securities and borrowings	543 347	54 408	34 918	205 373	248 648[1]
Derivatives held for risk management	5 486	950	4 351	1 969	(1 784)
Lease liabilities	1 549	61	183	829	476
Trade and other payables	71 908	61 534	10 184	190	–
Financial guarantees	361	361	–	–	–
	622 651	117 314	49 636	208 361	247 340
2025					
Group					
Financial assets					
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
Financial liabilities					
Debt securities and borrowings	606 739	7 183	31 260	245 374	322 922[1]
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[2]	52 742	43 965	8 486	289	2
	673 131	52 748	43 831	254 157	322 395
Company					
Financial assets					
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
Financial liabilities					
Debt securities and borrowings	633 211	28 249	31 434	250 606	323 922[1]
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[2]	67 851	59 238	8 353	258	2
Financial guarantees	191	191	–	–	–
	705 186	88 634	42 651	252 776	321 125

1. The maturity profile of undiscounted contractual payments of debt securities and borrowings due after five years for group and company comprise of:
   – between years five and 10: R142 567 million (2025: R137 946 million)
   – beyond 10 years: R106 081 million (2025: R184 976 million)
2. Restated. Refer to note 49.

6. Accounting classification and fair value

6.1 Accounting classification

	Note	2026 Fair value through profit or loss Rm	2026 Amortised cost Rm	2026 Other[1] Rm	2026 Total Rm	2025 Fair value through profit or loss Rm	2025 Amortised cost Rm	2025 Other[1] Rm	2025 Total Rm
Group									
Financial assets									
Loans receivable	15	–	11 470	–	11 470	–	1 892	–	1 892
Home loans		–	7 070	–	7 070	–	–	–	–
Municipal payment arrangements		–	3 885	–	3 885	–	1 864	–	1 864
Other loans		–	515	–	515	–	28	–	28
Embedded derivatives	16	1 524	–	–	1 524	3 972	–	–	3 972
Derivatives held for risk management	17	3 261	–	6 503	9 764	3 785	–	11 560	15 345
Foreign exchange contracts		347	–	69	416	264	–	34	298
Cross-currency swaps		1 435	–	6 434	7 869	2 872	–	11 526	14 398
Commodity forwards		443	–	–	443	3	–	–	3
Commodity options		27	–	–	27	23	–	–	23
Inflation-linked swaps		1 009	–	–	1 009	623	–	–	623
Finance lease receivables	18	–	–	139	139	–	–	174	174
Trade and other receivables	20	–	38 440	–	38 440	–	37 189	–	37 189
Treasury investments	21	–	22 108	–	22 108	–	2 638	–	2 638
Insurance investments	21	2 483	25 790	–	28 273	1 869	20 449	–	22 318
Fixed deposits and negotiable certificates of deposit		–	18 830	–	18 830	–	17 056	–	17 056
Floating rate notes		–	2 884	–	2 884	–	2 886	–	2 886
Inflation-linked bonds		–	1 590	–	1 590	–	507	–	507
Listed shares		2 483	–	–	2 483	1 869	–	–	1 869
Other bonds		–	2 486	–	2 486	–	–	–	–
Cash and cash equivalents	22	–	124 902	–	124 902	–	63 761	–	63 761
Bank balances		–	81 760	–	81 760	–	31 684	–	31 684
Fixed deposits		–	43 142	–	43 142	–	32 077	–	32 077
		7 268	222 710	6 642	236 620	9 626	125 929	11 734	147 289
Financial liabilities									
Debt securities and borrowings	25	–	356 195	–	356 195	–	372 655	–	372 655
Eskom bonds		–	174 895	–	174 895	–	169 992	–	169 992
Commercial paper		–	480	–	480	–	–	–	–
Eurorand zero coupon bonds		–	10 242	–	10 242	–	9 077	–	9 077
Foreign bonds		–	36 789	–	36 789	–	39 419	–	39 419
Development financing institutions		–	117 249	–	117 249	–	133 562	–	133 562
Export credit facilities		–	15 997	–	15 997	–	20 063	–	20 063
Other loans		–	543	–	543	–	542	–	542
Derivatives held for risk management	17	2 787	–	2 066	4 853	1 252	–	395	1 647
Foreign exchange contracts		314	–	98	412	347	–	77	424
Cross-currency swaps		2 398	–	1 968	4 366	802	–	318	1 120
Commodity forwards		55	–	–	55	80	–	–	80
Commodity options		4	–	–	4	6	–	–	6
Credit default swaps		11	–	–	11	17	–	–	17
Inflation-linked swaps		5	–	–	5	–	–	–	–
Lease liabilities	29	–	–	6 870	6 870	–	–	7 710	7 710
Trade and other payables[2]	30	–	52 792	–	52 792	–	52 714	–	52 714
		2 787	408 987	8 936	420 710	1 252	425 369	8 105	434 726

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 R222 849 million (2025: R126 103 million) and the total liabilities measured at amortised cost amounted to R415 857 million (2025: R433 079 million).
2. Restated. Refer to note 49.

	Note	2026 Fair value through profit or loss Rm	2026 Amortised cost Rm	2026 Other[1] Rm	2026 Total Rm	2025 Fair value through profit or loss Rm	2025 Amortised cost Rm	2025 Other assets and liabilities[1] Rm	2025 Total Rm
Company									
Financial assets									
Loans receivable	15	–	18 760	–	18 760	–	39 401	–	39 401
Loans to subsidiaries		–	14 875	–	14 875	–	37 537	–	37 537
Municipal payment arrangements		–	3 885	–	3 885	–	1 864	–	1 864
Embedded derivatives	16	1 524	–	–	1 524	3 972	–	–	3 972
Derivatives held for risk management	17	3 355	–	6 503	9 858	3 835	–	11 560	15 395
Foreign exchange contracts		441	–	69	510	314	–	34	348
Cross-currency swaps		1 435	–	6 434	7 869	2 872	–	11 526	14 398
Commodity forwards		443	–	–	443	3	–	–	3
Commodity options		27	–	–	27	23	–	–	23
Inflation-linked swaps		1 009	–	–	1 009	623	–	–	623
Finance lease receivables	18	–	–	89	89	–	–	92	92
Trade and other receivables	20	–	63 741	–	63 741	–	55 929	–	55 929
Treasury investments	21	–	22 108	–	22 108	–	2 638	–	2 638
Cash and cash equivalents	22	–	123 894	–	123 894	–	62 757	–	62 757
Bank balances		–	80 752	–	80 752	–	30 680	–	30 680
Fixed deposits		–	43 142	–	43 142	–	32 077	–	32 077
		4 879	228 503	6 592	239 974	7 807	160 725	11 652	180 184
Financial liabilities									
Debt securities and borrowings	25	–	368 789	–	368 789	–	398 674	–	398 674
Eskom bonds		–	180 126	–	180 126	–	175 167	–	175 167
Eurorand zero coupon bonds		–	10 242	–	10 242	–	9 077	–	9 077
Foreign bonds		–	36 789	–	36 789	–	39 419	–	39 419
Development financing institutions		–	117 249	–	117 249	–	133 562	–	133 562
Export credit facilities		–	15 997	–	15 997	–	20 063	–	20 063
Other loans		–	8 386	–	8 386	–	21 386	–	21 386
Derivatives held for risk management	17	2 866	–	2 066	4 932	1 270	–	395	1 665
Foreign exchange contracts		393	–	98	491	365	–	77	442
Cross-currency swaps		2 398	–	1 968	4 366	802	–	318	1 120
Commodity forwards		55	–	–	55	80	–	–	80
Commodity options		4	–	–	4	6	–	–	6
Credit default swaps		11	–	–	11	17	–	–	17
Inflation-linked swaps		5	–	–	5	–	–	–	–
Lease liabilities	29	–	–	1 090	1 090	–	–	1 111	1 111
Trade and other payables[2]	30	–	71 885	–	71 885	–	67 829	–	67 829
		2 866	440 674	3 156	446 696	1 270	466 503	1 506	469 279

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 *Leases* measured at amortised cost. The total assets measured at amortised cost amounted to R228 592 million (2025: R160 817 million) and the total liabilities measured at amortised cost amounted to R441 764 million (2025: R467 614 million).
2. Restated. Refer to note 49.

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 level 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
Level 1: Quoted prices (unadjusted) in active markets	
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.
Level 2: Inputs other than quoted prices included within level 1 that are observable	
Loans receivable (excluding municipal payment arrangements and 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.
Level 3: Unobservable inputs	
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 and municipal payment arrangements)	Fair value determined using unobservable inputs. The fair value of EFC home loans, EFC other loans and municipal payment arrangements are based on discounted cash flows using market related discount 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	2026 Level 1 Rm	2026 Level 2 Rm	2026 Level 3 Rm	2025 Level 1 Rm	2025 Level 2 Rm	2025 Level 3 Rm
Group							
Financial assets							
Loans receivable		–	37	11 342	–	29	1 864
Home loans	No	–	–	6 880	–	–	–
Municipal payment arrangements[1]	No	–	–	3 885	–	–	1 864
Other loans	No	–	37	577	–	29	–
Embedded derivatives	Yes	–	–	1 524	–	–	3 972
Derivatives held for risk management		–	9 764	–	–	15 345	–
Foreign exchange contracts	Yes	–	416	–	–	298	–
Cross-currency swaps	Yes	–	7 869	–	–	14 398	–
Commodity forwards	Yes	–	443	–	–	3	–
Commodity options	Yes	–	27	–	–	23	–
Inflation-linked swaps	Yes	–	1 009	–	–	623	–
Treasury investments	No	–	22 243	–	–	2 646	–
Insurance investments		2 483	25 890	–	1 869	20 567	–
Fixed deposits and negotiable certificates of deposit	No	–	18 977	–	–	17 153	–
Floating rate notes	No	–	2 925	–	–	2 901	–
Inflation-linked bonds	No	–	1 623	–	–	513	–
Listed shares	Yes	2 483	–	–	1 869	–	–
Other bonds	No	–	2 365	–	–	–	–
Assets held-for-sale		–	–	–	–	–	7 233
Home loans	No	–	–	–	–	–	6 725
Other loans	No	–	–	–	–	–	508
Financial liabilities							
Debt securities and borrowings		–	351 578	–	–	358 836	–
Eskom bonds	No	–	168 032	–	–	154 673	–
Commercial paper	No	–	480	–	–	–	–
Eurorand zero coupon bonds	No	–	9 930	–	–	7 788	–
Foreign bonds	No	–	38 009	–	–	42 751	–
Development financing institutions	No	–	117 428	–	–	131 570	–
Export credit facilities	No	–	17 143	–	–	21 477	–
Other loans	No	–	556	–	–	577	–
Derivatives held for risk management		–	4 853	–	–	1 647	–
Foreign exchange contracts	Yes	–	412	–	–	424	–
Cross-currency swaps	Yes	–	4 366	–	–	1 120	–
Commodity forwards	Yes	–	55	–	–	80	–
Commodity options	Yes	–	4	–	–	6	–
Credit default swaps	Yes	–	11	–	–	17	–
Inflation-linked swaps	Yes	–	5	–	–	–	–

1. Municipal payment arrangements were restated and represented under level 3 for 2025 instead of level 2 as previously erroneously reported. This correction did not affect the disclosed fair value.

6. Accounting classification and fair value (continued)
6.2 Fair value (continued)
Fair value hierarchy (continued)

	Measured at fair value	2026 Level 1 Rm	2026 Level 2 Rm	2026 Level 3 Rm	2025 Level 1 Rm	2025 Level 2 Rm	2025 Level 3 Rm
Company							
Financial assets							
Loans receivable		–	15 517	3 885	–	37 200	1 864
Loans to subsidiaries[1]	No	–	15 517	–	–	37 200	–
Municipal payment arrangements[2]	No	–	–	3 885	–	–	1 864
Embedded derivatives	Yes	–	–	1 524	–	–	3 972
Derivatives held for risk management		–	9 858	–	–	15 395	–
Foreign exchange contracts	Yes	–	510	–	–	348	–
Cross-currency swaps	Yes	–	7 869	–	–	14 398	–
Commodity forwards	Yes	–	443	–	–	3	–
Commodity options	Yes	–	27	–	–	23	–
Inflation-linked swaps	Yes	–	1 009	–	–	623	–
Treasury investments	No	–	22 243	–	–	2 646	–
Financial liabilities							
Debt securities and borrowings		–	364 174	–	–	384 839	–
Eskom bonds	No	–	173 264	–	–	159 831	–
Eurorand zero coupon bonds	No	–	9 930	–	–	7 788	–
Foreign bonds	No	–	38 009	–	–	42 751	–
Development financing institutions	No	–	117 428	–	–	131 570	–
Export credit facilities	No	–	17 143	–	–	21 477	–
Other loans	No	–	8 400	–	–	21 422	–
Derivatives held for risk management		–	4 932	–	–	1 665	–
Foreign exchange contracts	Yes	–	491	–	–	442	–
Cross-currency swaps	Yes	–	4 366	–	–	1 120	–
Commodity forwards	Yes	–	55	–	–	80	–
Commodity options	Yes	–	4	–	–	6	–
Credit default swaps	Yes	–	11	–	–	17	–
Inflation-linked swaps	Yes	–	5	–	–	–	–

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.
   - ERI would be recovered through refinancing or repayment of the loan by 31 October 2027.
   - NTCSA would be recovered through the underlying cost of servicing the debt incurred to fund NTCSA in the normal course of business.
2. Municipal payment arrangements were restated and represented under level 3 for 2025 instead of level 2 as previously erroneously reported. This correction did not affect the disclosed fair value.

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 who 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 with respect to 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: • procures primary energy • manages capacity and generates electricity for sale to transmission • plans, develops, executes and monitors generation-related capital projects
Transmission (NTCSA)	Consists of transmission network, system operator, market operator and central purchasing agent functions which respectively: • manages, maintains and operates the transmission grid, implement infrastructure plans and provides access to the transmission grid to ensure reliable transmission grid services for transmitting electricity to generators and customers through the transmitter • manage real-time system operations • facilitate electricity market operations • operates the electricity trading system, including purchase of electricity from generation and IPPs, sale of electricity to distribution across six transmission grids as well as the purchase and sale of bulk electricity with international customers
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 *Operating Segments* 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 for 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).

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 Rm	Transmission Rm	Distribution Rm	All other segments Rm	Reallocation and inter-segment transactions Rm	Group Rm
2026						
External revenue	–	18 799	335 965	951	(991)	354 724
Inter-segment revenue/recoveries	248 894	57 027	(305 821)	19 353	(19 453)	–
Total revenue	248 894	75 826	30 144	20 304	(20 444)	354 724
Other income	342	231	970	3 738	(3 998)	1 283
Primary energy	(103 062)	(48 814)	(16)	(4)	–	(151 896)
Employee benefit expense	(18 140)	(5 043)	(15 908)	(8 969)	–	(48 060)
Reversal of impairment/(impairment) of financial assets	54	575	(103)	85	(892)	(281)
(Impairment)/reversal of impairment and write down of other assets	(252)	(1)	(589)	–	6	(836)
Other expenses	(41 961)	(3 034)	(14 270)	(11 185)	24 164	(46 286)
Profit/(loss) before depreciation and amortisation expense as well as net fair value, foreign exchange (loss)/gain and deferred income amortisation (EBITDA)	85 875	19 740	228	3 969	(1 164)	108 648
Depreciation and amortisation expense	(28 570)	(2 780)	(4 666)	(478)	159	(36 335)
Net fair value, foreign exchange (loss)/gain and deferred income amortisation	(1 357)	(170)	106	295	–	(1 126)
Profit/(loss) before net finance (cost)/income and share of profit of equity-accounted investees	55 948	16 790	(4 332)	3 786	(1 005)	71 187
Net finance (cost)/income	(32 598)	812	(2 515)	2 133	282	(31 886)
Finance income	16	2 897	665	10 656	(5 787)	8 447
Finance cost	(32 614)	(2 085)	(3 180)	(8 523)	6 069	(40 333)
Share of profit of equity-accounted investees after tax	–	–	–	100	–	100
Profit/(loss) before tax	23 350	17 602	(6 847)	6 019	(723)	39 401
Income tax	–	(4 398)	–	(4 507)	(151)	(9 056)
Profit/(loss) for the year	23 350	13 204	(6 847)	1 512	(874)	30 345
Other information						
Segment assets	598 885	140 219	150 511	259 500	(127 561)	1 021 554
Investment in equity-accounted investees	–	–	–	302	–	302
Total assets	598 885	140 219	150 511	259 802	(127 561)	1 021 856
Total liabilities	94 201	79 625	97 550	496 774[1]	(107 210)	660 940
Additions and transfers to property, plant and equipment and intangible assets	30 393	8 197	8 787	915	(189)	48 103

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
2025						
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[1]	(38 295)	(1 421)	(13 302)	(12 193)	20 046	(45 165)
Profit/(loss) before depreciation and amortisation expense as well as net fair value, foreign exchange gain/(loss) and deferred income amortisation	54 811	36 897	5 811	580	(87)	98 012
Depreciation and amortisation expense	(24 564)	(2 629)	(4 421)	(377)	227	(31 764)
Net fair value, foreign exchange gain/(loss) and deferred income amortisation	(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	(4 786)	(913)	137	55 833
Net finance (cost)/income	(32 839)	(1 121)	(1 581)	1 315	154	(34 072)
Finance income	122	1 706	1 553	8 760	(5 301)	6 840
Finance cost[1]	(32 961)	(2 827)	(3 134)	(7 445)	5 455	(40 912)
Share of profit of equity-accounted investees after tax	–	–	–	102	–	102
(Loss)/profit before tax	(5 537)	32 972	(6 367)	504	291	21 863
Income tax	–	(5 761)	–	(1 363)	(698)	(7 822)
(Loss)/profit for the year[1]	(5 537)	27 211	(6 367)	(859)	(407)	14 041
Other information						
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[1]	90 195	94 617	89 135	495 248[2]	(133 703)	635 492
Additions and transfers to property, plant and equipment and intangible assets	27 156	6 357	6 908	1 107	(114)	41 414

	Group			
	Revenue		Non-current assets	
	2026	2025	**2026**	2025
Geographical information	**Rm**	Rm	**Rm**	Rm
South Africa	**335 519**	319 285	**721 518**	699 270
Foreign countries	**19 205**	21 610	**–**	–
	354 724	340 895	**721 518**	699 270

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, inventories and financial instruments.

1. Restated. Refer to note 49.
2. Represents the external debt and borrowings that are accounted for in the treasury segment.

8. Property, plant and equipment

	Note	Land, buildings and facilities Rm	Plant Generating Rm	Plant Transmitting Rm	Plant Distributing Rm	Spares and other Rm	Equipment and vehicles Rm	Assets under construction Rm	Total Rm
2026									
Group									
Carrying value at beginning 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)
Additions and transfers		278	2 697	1 070	223	2 816	1 787	38 848	47 719
Transfers of assets from customers		–	–	2 556	1 524	–	–	–	4 080
Commissioning of assets constructed		196	72 807	4 607	5 844	50	284	(83 788)	–
Basis adjustment – cash flow hedge reserve		–	–	–	–	–	–	(94)	(94)
Finance cost capitalised	41	–	–	–	–	–	–	4 555	4 555
Provisions capitalised	28	–	1 795	–	–	–	–	(958)	837
Disposals and write-offs		(128)	(542)	(32)	(602)	(42)	(73)	(576)	(1 995)
Depreciation		(118)	(28 747)	(1 904)	(6 230)	(85)	(1 152)	–	(38 236)
Carrying value at end of the year		9 018	454 001	55 989	81 712	22 044	6 922	73 166	702 852
Cost		12 281	694 742	87 562	165 263	23 961	21 126	73 166	1 078 101
Accumulated depreciation and impairment losses		(3 263)	(240 741)	(31 573)	(83 551)	(1 917)	(14 204)	–	(375 249)
Company									
Carrying value at beginning 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)
Additions and transfers		229	2 697	–	224	2 376	1 281	32 858	39 665
Transfers of assets from customers		–	–	–	1 524	–	–	–	1 524
Commissioning of assets constructed		197	72 977	–	5 851	2	284	(79 311)	–
Basis adjustment – cash flow hedge reserve		–	–	–	–	–	–	(94)	(94)
Finance cost capitalised	41	–	–	–	–	–	–	2 729	2 729
Provisions capitalised	28	–	1 795	–	–	–	–	(945)	850
Disposals and write-offs		(123)	(542)	–	(602)	(30)	(61)	(488)	(1 846)
Depreciation		(79)	(28 319)	–	(6 247)	(24)	(688)	–	(35 357)
Carrying value at end of the year		7 000	453 687	–	81 910	18 510	4 759	44 363	610 229
Cost		9 823	689 565	–	165 651	19 494	15 041	44 363	943 937
Accumulated depreciation and impairment losses		(2 823)	(235 878)	–	(83 741)	(984)	(10 282)	–	(333 708)

	Note	Land, buildings and facilities Rm	Plant Generating Rm	Transmitting Rm	Distributing Rm	Spares and other Rm	Equipment and vehicles Rm	Work under construction Rm	Total Rm
2025									
Group									
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)
Company									
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)

The ongoing internal and external investigations, including those conducted by the Special Investigating Unit (SIU), into allegations of contract-related corruption are continuing. There is a possibility of future write-offs as investigations are in progress. Once the investigations have advanced to a stage where the outcome can be determined with reasonable certainty, the related accounting impact will be assessed and recognised accordingly. Refer to note 2.4.

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:

		Group		Company	
	Note	2026 Rm	2025 Rm	2026 Rm	2025 Rm
Depreciation and amortisation expense	38	38 226	33 593	35 347	31 010
Primary energy		10	11	10	11
		38 236	33 604	35 357	31 021

Average rates of finance cost capitalised to qualifying assets:

	Group and company	
	2026 %	2025 %
General borrowings	9.85	10.05
Specific borrowings	9.49	8.36

Property, plant and equipment includes the following right-of-use asset balances:

	Land, buildings and facilities Rm	Plant: Generating Rm	Plant: Spares and other Rm	Equipment and vehicles Rm	Total Rm
2026					
Group					
Carrying value at beginning 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)
Additions and transfers	173	–	–	2	175
Disposals and write-offs	–	–	–	(5)	(5)
Depreciation	(40)	(668)	(10)	(100)	(818)
Carrying value at end of the year	180	3 921	40	21	4 162
Cost	253	10 601	506	160	11 520
Accumulated depreciation and impairment losses	(73)	(6 680)	(466)	(139)	(7 358)
Company					
Carrying value at beginning of the year	8	826	50	–	884
Cost	49	832	505	–	1 386
Accumulated depreciation and impairment losses	(41)	(6)	(455)	–	(502)
Additions and transfers	133	–	–	–	133
Depreciation	(19)	(16)	(10)	–	(45)
Carrying value at end of the year	122	810	40	–	972
Cost	151	832	506	–	1 489
Accumulated depreciation and impairment losses	(29)	(22)	(466)	–	(517)
2025					
Group					
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	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)
Company					
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	–	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)

9. Intangible assets

	Note	2026 Rights Rm	2026 Computer software Rm	2026 Total Rm	2025 Rights Rm	2025 Computer software Rm	2025 Total Rm
Group							
Carrying value at beginning 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)
Additions and transfers		299	85	384	65	92	157
Write-offs		(16)	(1)	(17)	–	–	–
Amortisation	38	–	(35)	(35)	–	(25)	(25)
Carrying value at end of the year		3 698	204	3 902	3 415	155	3 570
Cost		3 912	411	4 323	3 631	587	4 218
Accumulated amortisation and impairment losses		(214)	(207)	(421)	(216)	(432)	(648)
Company							
Carrying value at beginning 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)
Additions and transfers		6	67	73	16	81	97
Write-offs		(16)	(1)	(17)	–	–	–
Amortisation	38	–	(32)	(32)	–	(23)	(23)
Carrying value at end of the year		738	176	914	748	142	890
Cost		811	306	1 117	823	254	1 077
Accumulated amortisation and impairment losses		(73)	(130)	(203)	(75)	(112)	(187)

10. Future fuel supplies

	Note	Group and company 2026 Coal Rm	2026 Nuclear Rm	2026 Total Rm	2025 Coal Rm	2025 Nuclear Rm	2025 Total Rm
Carrying value at beginning of the year		7 637	2	7 639	5 764	1 018	6 782
Additions		1 653	1 306	2 959	1 784	1 604	3 388
Provisions capitalised/(reversed)	28	358	–	358	(234)	–	(234)
Basis adjustment – cash flow hedge reserve		–	–	–	–	(119)	(119)
Transfer (to)/from inventories	13	(623)	–	(623)	323	(2 501)	(2 178)
Carrying value at end of the year		9 025	1 308	10 333	7 637	2	7 639

11. Investment in equity-accounted investees

	Group 2026 Rm	Group 2025 Rm	Company 2026 Rm	Company 2025 Rm
Balance at beginning of the year	346	346	95	95
Share of profit after tax	100	102	–	–
Dividends received	(144)	(102)	–	–
Balance at end of the year	302	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:

Name	Main business	Country of incorporation	Interest held %	Group 2026 Share of profit/(loss) after tax for the year Rm	Group 2025 Share of profit after tax for the year Rm	Company 2026 Investment at cost Rm	Company 2025 Investment at cost Rm
Directly held							
Motraco – Mozambique Transmission Company SARL	Electricity transmission	Mozambique	33	107	101	95	95
Indirectly held							
Trans Africa Projects (Pty) Ltd	Engineering services	South Africa	50	(7)	1		
				100	102		

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.

12. Investment in subsidiaries

Name	Main business	2026 Interest held %	2025 Interest held %
Directly held			
Escap SOC Ltd	Insurance	100	100
Eskom Development Foundation NPC	Corporate social responsibility	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	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
Indirectly held			
Eskom Rotek Industries SOC Ltd	Construction and abnormal load transportation	100	100
Eskom Uganda Ltd[1]	Operations management – not trading	100	100
Golang Coal SOC Ltd	Coal exports	67	67
Nqaba Finance 1 (RF) Ltd	Residential backed mortgage securities	100	100
Pebble Bed Modular Reactor SOC Ltd[2]	Reactor-driven generation project – not trading	100	100
South Dunes Coal Terminal Company SOC Ltd	Coal exports	69	69

	2026 Investment at cost Rm	2025 Investment at cost Rm
Escap SOC Ltd	380	380
Eskom Development Foundation NPC	–	–
Eskom Enterprises SOC Ltd	–[3]	–[3]
Eskom Finance Company SOC Ltd	–[3]	–[3]
National Electricity Distribution Company of South Africa SOC Ltd	–[3]	–[3]
National Transmission Company South Africa SOC Ltd[4]	30 504	26 331
	30 884	26 711
Other	346	346
	31 230	27 057

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	2026 Coal and liquid fuel Rm	2026 Nuclear fuel Rm	2026 Maintenance spares and consumables Rm	2026 Total Rm	2025 Coal and liquid fuel Rm	2025 Nuclear fuel Rm	2025 Maintenance spares and consumables Rm	2025 Total Rm
Group									
Carrying value at beginning of the year		22 472	4 588	19 397	46 457	21 493	2 594	17 503	41 590
Changes in working capital		5 776	(835)	1 744	6 685	1 057	(582)	1 800	2 275
Transfer from future fuel supplies	10	623	–	–	623	(323)	2 501	–	2 178
Provisions (reversed)/capitalised	28	(4)	84	–	80	245	75	–	320
Reversal of write down/(write down)	36	4	–	(303)	(299)	–	–	94	94
		28 871	3 837	20 838	53 546	22 472	4 588	19 397	46 457
Maturity analysis		28 871	3 837	20 838	53 546	22 472	4 588	19 397	46 457
Non-current		16 278	–	–	16 278	15 373	–	–	15 373
Current		12 593	3 837	20 838	37 268	7 099	4 588	19 397	31 084
Company									
Carrying value at beginning of the year		22 472	4 588	18 998	46 058	21 493	2 594	17 182	41 269
Changes in working capital		5 776	(835)	1 715	6 656	1 057	(582)	1 717	2 192
Transfer from future fuel supplies	10	623	–	–	623	(323)	2 501	–	2 178
Provisions (reversed)/capitalised	28	(4)	84	–	80	245	75	–	320
Reversal of write down/(write down)	36	4	–	(308)	(304)	–	–	99	99
		28 871	3 837	20 405	53 113	22 472	4 588	18 998	46 058
Maturity analysis		28 871	3 837	20 405	53 113	22 472	4 588	18 998	46 058
Non-current		16 278	–	–	16 278	15 373	–	–	15 373
Current		12 593	3 837	20 405	36 835	7 099	4 588	18 998	30 685

Nuclear fuel of R2 881 million (2025: R3 784 million) will be recovered more than 12 months after the reporting date.

1. Eskom Uganda Ltd is in the process of unwinding after the service concession arrangement in Uganda ended on 31 March 2023.
2. Eskom is seeking to dispose PBMR and its subsidiaries to the South African Nuclear Energy Corporation SOC Ltd subject to governance and regulatory approvals.
3. Nominal.
4. The investment increased by R4.2 billion (2025: 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 (liabilities)/assets		Assets	
		2026 Rm	Restated 2025 Rm	2026 Rm	Restated 2025 Rm
Reconciliation of movements in balances					
Balance at beginning of the year		(11 382)	(10 331)	–	–
Recognised in profit or loss					
Raised temporary differences	42	(2 449)	605	(2 252)	1 273
Recognised in other comprehensive income					
Raised temporary differences	42	653	207	637	213
Assets and liabilities held-for-sale	23	11	(11)	–	–
Non-recognition of deferred tax asset	42	1 611	(1 852)	1 615	(1 486)
Balance at end of the year		(11 556)	(11 382)	–	–
Comprising		(11 556)	(11 382)	–	–
Property, plant and equipment		(127 279)	(121 747)	(112 498)	(108 601)
Revenue not recognised		21 856	16 385	21 856	16 385
Tax losses		79 804	89 428	79 386	89 018
Derecognition of deferred tax asset		(36 887)	(38 498)	(36 517)	(38 132)
Trade and other receivables		18 516	15 960	18 516	16 211
Payments made in advance		(153)	(235)	(153)	(235)
Loans receivable		1 539	1 391	1 539	1 391
Insurance investments		(136)	(63)	–	–
Derivatives held for risk management		439	236	439	236
Embedded derivatives		1 039	1 049	1 039	1 049
Provisions		15 577	13 199	15 008	13 002
Employee benefit obligations		8 598	7 275	7 733	6 572
Payments received in advance		5 531	4 238	3 652	3 104

The total net (liabilities)/assets for the group consists of assets of R21 million (2025: R7 million) and liabilities of R11 577 million (2025: R11 389 million).

The group has R295 570 million (2025: R331 215 million) and the company has R294 022 million (2025: R329 696 million) of unused tax losses available for offset against future taxable income. The tax losses do not expire.

Eskom became profitable in 2026 and is projected to stay profitable as per the approved 2027 to 2031 corporate plan. This outlook is based on the following factors:

- recovery in sales volumes supported by improved generation availability
- approved tariff determinations broadly aligned to inflation and supported by regulatory adjustments
- no material changes to Eskom's underlying cost structure, with profitability improvements driven by operational efficiencies rather than structural cost reductions
- cost discipline and an improved production mix reduce total costs relative to prior plans, notwithstanding continued primary energy cost inflation

If an entity has a history of recent tax losses, it recognises a deferred tax asset from unused losses or credits in terms of IAS 12 *Income Taxes* only if there are enough taxable temporary differences or convincing evidence of sufficient future taxable profit to use those losses or credits.

The following factors and possible uncertainties have been considered in the assessment of sufficient future taxable income over the foreseeable future (2027 to 2031) of Eskom:

- electricity price (tariff) path which 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
- deterioration in global market conditions in the ferrochrome industry and the impact on major ferrochrome producers in South Africa
- sustaining the current level of generation plant performance and implementation of action plans to address other operational challenges
- decline in sales volumes and the potential impact of customers moving to alternative energy sources which could adversely affect future profitability of the group and company
- sales volumes linked to smelters are expected to be retained through special pricing mechanisms
- 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 determined that although the company returned to profitability and paid income tax in 2026, the recent history of losses remains significant objective evidence that future taxable profits may not be available. Considering the uncertainty inherent in the projected taxable profits and the key assumptions underpinning those projections, management concluded that there is insufficient convincing evidence to support the recognition of a deferred tax asset in respect of the assessed losses.

The deferred tax asset relating to the unused tax losses should only be recognised to the extent of available taxable temporary differences at 31 March 2026. Accordingly, the group has not recognised the deferred tax asset of R36 887 million arising from unused tax losses of R136 619 million and the company has not recognised the deferred tax asset of R36 517 million arising from unused tax losses of R135 248 million at 31 March 2026.

SARS issued revised assessments relating to Eskom's income tax treatment of take-or-pay expenditure incurred during the 2020 to 2022 years of assessment. Management concluded, after considering the relevant facts, applicable legislation and external advice obtained, that its tax treatment remains supportable. The revised assessments primarily affect the quantum of assessed tax losses available for future utilisation. The matter remains unresolved and is subject to dispute resolution processes provided for under the Tax Administration Act, 28 of 2011. Management will continue to reassess the position as the matter progresses through the objection and appeal process.

15. Loans receivable

	2026 Gross Rm	2026 Allowance for impairment Rm	2026 Carrying value Rm	2025 Gross Rm	2025 Allowance for impairment Rm	2025 Carrying value Rm
Group						
Home loans	7 535	(465)	7 070	–	–	–
Municipal payment arrangements	3 885	–	3 885	1 864	–	1 864
Other	531	(16)	515	28	–	28
	11 951	(481)	11 470	1 892	–	1 892
Maturity analysis	11 951	(481)	11 470	1 892	–	1 892
Non-current	10 707	(472)	10 235	1 583	–	1 583
Current	1 244	(9)	1 235	309	–	309
Company						
Loans to subsidiaries	14 955	(80)	14 875	37 956	(419)	37 537
NTCSA term loan	8 880	(70)	8 810	31 929	(409)	31 520
EFC revolving credit facility	5 485	(5)	5 480	5 488	(3)	5 485
ERI term loan	590	(5)	585	539	(7)	532
Municipal payment arrangements	3 885	–	3 885	1 864	–	1 864
	18 840	(80)	18 760	39 820	(419)	39 401
Maturity analysis	18 840	(80)	18 760	39 820	(419)	39 401
Non-current	16 259	(69)	16 190	32 328	(394)	31 934
Current	2 581	(11)	2 570	7 492	(25)	7 467

The loan to EFC has been classified as non-current as it is not expected that the loan would be settled within 12 months from the reporting date as the intention and practice has been to extend the loan facility to a future date upon maturity. Interest rates are linked to prevailing market rates. Refer to note 5.1.5 for details regarding the loans.

16. Embedded derivatives

	Note	Group and company 2026 Asset Rm	Group and company 2025 Asset Rm
Balance at beginning of the year		3 972	11 801
Day-one fair value recognised in deferred income	26	507	–
Net fair value loss	39	(2 955)	(7 829)
Balance at end of the year		1 524	3 972
Maturity analysis		1 524	3 972
Non-current		1 246	3 847
Current		278	125

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
2026								
Group								
Net (liability)/asset at beginning of the year		(126)	13 278	(77)	17	(17)	623	13 698
Net fair value (loss)/gain		(2 599)	(8 795)	374	–	6	(18)	(11 032)
Recognised in profit or loss	39	(2 268)	(8 164)	374	–	6	(18)	(10 070)
Recognised in other comprehensive income		(331)	(631)	–	–	–	–	(962)
Finance cost accrued		–	(2)	–	–	–	399	397
Cash paid/(received)		2 729	(978)	91	6	–	–	1 848
Net asset/(liability) at end of the year		4	3 503	388	23	(11)	1 004	4 911
Hedge exposure covered		4	3 503	388	23	(11)	1 004	4 911
Debt securities and borrowings		187	3 503	–	–	(11)	1 004	4 683
Other		(183)	–	388	23	–	–	228
Assets								
Economic hedging		347	1 435	443	27	–	1 009	3 261
Cash flow hedging		69	6 434	–	–	–	–	6 503
		416	7 869	443	27	–	1 009	9 764
Maturity analysis		416	7 869	443	27	–	1 009	9 764
Non-current		–	6 711	6	–	–	983	7 700
Current		416	1 158	437	27	–	26	2 064
Liabilities								
Economic hedging		314	2 398	55	4	11	5	2 787
Cash flow hedging		98	1 968	–	–	–	–	2 066
		412	4 366	55	4	11	5	4 853
Maturity analysis		412	4 366	55	4	11	5	4 853
Non-current		–	3 277	–	–	11	–	3 288
Current		412	1 089	55	4	–	5	1 565

Notional amount per currency	m	m	m	m	m	m	m
EUR	266	410	–	–	–	–	676
USD	736	4 942	–	–	–	–	5 678
GBP	21	–	–	–	–	–	21
CNY	–	9 446	–	–	–	–	9 446
JPY	1 205	–	–	–	–	–	1 205
SEK	334	–	–	–	–	–	334
ZAR	–	–	–	–	191	3 777	3 968

Notional amount per commodity	Unit							
Group and company								
Low sulphur gas oil	kilo litres	–	–	69 700	8 300	–	–	78 000

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
2026								
Company								
Net (liability)/asset at beginning of the year		(94)	13 278	(77)	17	(17)	623	13 730
Net fair value (loss)/gain		(2 398)	(8 795)	374	–	6	(18)	(10 831)
Recognised in profit or loss	39	(2 067)	(8 164)	374	–	6	(18)	(9 869)
Recognised in other comprehensive income		(331)	(631)	–	–	–	–	(962)
Finance cost accrued		–	(2)	–	–	–	399	397
Cash paid/(received)		2 511	(978)	91	6	–	–	1 630
Net asset/(liability) at end of the year		19	3 503	388	23	(11)	1 004	4 926
Hedge exposure covered		19	3 503	388	23	(11)	1 004	4 926
Debt securities and borrowings		187	3 503	–	–	(11)	1 004	4 683
Other		(168)	–	388	23	–	–	243
Assets								
Economic hedging		441	1 435	443	27	–	1 009	3 355
Cash flow hedging		69	6 434	–	–	–	–	6 503
		510	7 869	443	27	–	1 009	9 858
Maturity analysis		510	7 869	443	27	–	1 009	9 858
Non-current		–	6 711	6	–	–	983	7 700
Current		510	1 158	437	27	–	26	2 158
Liabilities								
Economic hedging		393	2 398	55	4	11	5	2 866
Cash flow hedging		98	1 968	–	–	–	–	2 066
		491	4 366	55	4	11	5	4 932
Maturity analysis		491	4 366	55	4	11	5	4 932
Non-current		–	3 277	–	–	11	–	3 288
Current		491	1 089	55	4	–	5	1 644

Notional amount per currency	m	m	m	m	m	m	m
EUR	246	410	–	–	–	–	656
USD	576	4 942	–	–	–	–	5 518
GBP	21	–	–	–	–	–	21
CNY	–	9 446	–	–	–	–	9 446
JPY	1 194	–	–	–	–	–	1 194
SEK	143	–	–	–	–	–	143
ZAR	–	–	–	–	191	3 777	3 968

	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
2025								
Group								
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
Hedge exposure covered		(126)	13 278	(77)	17	(17)	623	13 698
Debt securities and borrowings		(61)	13 278	–	–	(17)	623	13 823
Other		(65)	–	(77)	17	–	–	(125)
Assets								
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
Maturity analysis		298	14 398	3	23	–	623	15 345
Non-current		2	12 834	–	–	–	484	13 320
Current		296	1 564	3	23	–	139	2 025
Liabilities								
Economic hedging		347	802	80	6	17	–	1 252
Cash flow hedging		77	318	–	–	–	–	395
		424	1 120	80	6	17	–	1 647
Maturity analysis		424	1 120	80	6	17	–	1 647
Non-current		–	819	–	–	17	–	836
Current		424	301	80	6	–	–	811

Notional amount per currency		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

Notional amount per commodity	Unit							
Group and company								
Low sulphur gas oil	kilo litres	–	–	72 000	31 000	–	–	103 000

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
2025								
Company								
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
Hedge exposure covered		(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)
Assets								
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
Maturity analysis		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
Liabilities								
Economic hedging		365	802	80	6	17	-	1 270
Cash flow hedging		77	318	-	-	-	-	395
		442	1 120	80	6	17	-	1 665
Maturity analysis		442	1 120	80	6	17	-	1 665
Non-current		-	819	-	-	17	-	836
Current		442	301	80	6	-	-	829

Notional amount per currency	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

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 Rm	Un-discounted cash flows Rm	0–3 months Rm	4–12 months Rm	1–5 years Rm	>5 years Rm
The periods in which the cash flows of derivatives designated as cash flow hedges are expected to occur are:						
2026						
Foreign exchange contracts						
Assets	69	73	23	50	-	-
Liabilities	(98)	(99)	(92)	(7)	-	-
Cross-currency swaps						
Assets	6 434	9 227	32	70	7 820	1 305
Liabilities	(1 968)	(1 938)	(211)	(2 902)	(174)	1 349
	4 437	7 263	(248)	(2 789)	7 646	2 654
2025						
Foreign exchange contracts						
Assets	34	37	8	29	-	-
Liabilities	(77)	(74)	(59)	(15)	-	-
Cross-currency swaps						
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
The periods in which the cash flows associated with derivatives are expected to impact profit or loss are:						
2026						
Foreign exchange contracts						
Assets	69	5 659	49	159	419	5 032
Liabilities	(98)	(99)	(92)	(7)	-	-
Cross-currency swaps						
Assets	6 434	9 227	32	70	7 820	1 305
Liabilities	(1 968)	(1 938)	(211)	(2 902)	(174)	1 349
	4 437	12 849	(222)	(2 680)	8 065	7 686
2025						
Foreign exchange contracts						
Assets	34	5 559	29	114	442	4 974
Liabilities	(77)	(74)	(59)	(15)	-	-
Cross-currency swaps						
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

Ineffective cash flow hedges

The change in the fair value of the hedging instrument of R6 116 million (2025: R5 310 million) and for the hedged item (represented by a hypothetical derivative) of R6 492 million (2025: R6 520 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. A loss of R303 million (2025: gain of R1 278 million) was recognised in profit or loss as ineffective during the year. 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 Rm	Inflation-linked swaps Rm	Total Rm
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)
Day-one gain recognised	668	-	668
Amortised to profit or loss	61	26	87
Loss at 31 March 2026	(316)	(47)	(363)

18. Finance lease receivables

	2026 Gross receivables Rm	2026 Unearned finance income Rm	2026 Allowance for impairment Rm	2026 Carrying value Rm	2025 Gross receivables Rm	2025 Unearned finance income Rm	2025 Allowance for impairment Rm	2025 Carrying value Rm
Group								
Non-current	126	(25)	(1)	100	179	(39)	(2)	138
Between one and five years	117	(23)	(1)	93	153	(35)	(2)	116
After five years	9	(2)	–	7	26	(4)	–	22
Current	54	(15)	–	39	55	(19)	–	36
	180	(40)	(1)	139	234	(58)	(2)	174
Company								
Non-current	90	(19)	(1)	70	117	(27)	(1)	89
Between one and five years	81	(17)	(1)	63	94	(24)	(1)	69
After five years	9	(2)	–	7	23	(3)	–	20
Current	28	(9)	–	19	14	(11)	–	3
	118	(28)	(1)	89	131	(38)	(1)	92

19. Payments made in advance

	2026 Securing debt raised Rm	2026 Environ-mental rehabili-tation trust fund Rm	2026 Other Rm	2026 Total Rm	2025 Securing debt raised Rm	2025 Environ-mental rehabili-tation trust fund Rm	2025 Other Rm	2025 Total Rm
Group								
Balance at beginning of the year	261	1 454	1 123	2 838	653	1 316	1 237	3 206
Payments made	87	–	3 031	3 118	131	–	874	1 005
Recognised in profit or loss	–	189	(691)	(502)	–	138	(723)	(585)
Transfers	(104)	–	15	(89)	(523)	–	(265)	(788)
Balance at end of the year	244	1 643	3 478	5 365	261	1 454	1 123	2 838
Maturity analysis	244	1 643	3 478	5 365	261	1 454	1 123	2 838
Non-current	155	1 643	2 331	4 129	100	1 454	175	1 729
Current	89	–	1 147	1 236	161	–	948	1 109
Company								
Balance at beginning of the year	261	1 454	1 070	2 785	653	1 316	1 122	3 091
Payments made	87	–	999	1 086	131	–	812	943
Recognised in profit or loss	–	189	(606)	(417)	–	138	(617)	(479)
Transfers	(104)	–	(58)	(162)	(523)	–	(247)	(770)
Balance at end of the year	244	1 643	1 405	3 292	261	1 454	1 070	2 785
Maturity analysis	244	1 643	1 405	3 292	261	1 454	1 070	2 785
Non-current	155	1 643	235	2 033	100	1 454	263	1 817
Current	89	–	1 170	1 259	161	–	807	968

Other payments in advance mainly comprise payments made to build, maintain or purchase electricity infrastructure, strategic capital spares, critical maintenance production equipment, information technology infrastructure and other services.

20. Trade and other receivables

	2026				2025			
	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
Group								
Financial instruments								
Trade receivables								
International	2 371	–	(195)	2 176	3 165	–	(530)	2 635
Local large power users	126 315	(91 632)	(3 944)	30 739	109 565	(74 459)	(5 977)	29 129
Municipalities	112 474	(91 632)	(3 719)	17 123	95 771	(74 459)	(5 387)	15 925
Other	13 841	–	(225)	13 616	13 794	–	(590)	13 204
Local small power users	5 367	(765)	(1 515)	3 087	5 518	(1 055)	(1 345)	3 118
	134 053	(92 397)	(5 654)	36 002	118 248	(75 514)	(7 852)	34 882
Other receivables	3 106	–	(668)	2 438	2 903	–	(596)	2 307
	137 159	(92 397)	(6 322)	38 440	121 151	(75 514)	(8 448)	37 189
Non-financial instruments	8 882			8 882	9 711			9 711
VAT	1 573			1 573	1 652			1 652
Diesel rebate	6			6	2 239			2 239
VAT on cash basis receivables	7 303			7 303	5 820			5 820
	146 041	(92 397)	(6 322)	47 322	130 862	(75 514)	(8 448)	46 900
Maturity analysis	146 041	(92 397)	(6 322)	47 322	130 862	(75 514)	(8 448)	46 900
Non-current	6 498	–	(62)	6 436	5 033	–	(56)	4 977
Current	139 543	(92 397)	(6 260)	40 886	125 829	(75 514)	(8 392)	41 923
Company								
Financial instruments								
Trade receivables								
International	23	–	–	23	13	–	–	13
Local large power users	126 315	(91 632)	(3 944)	30 739	109 565	(74 459)	(5 977)	29 129
Municipalities	112 474	(91 632)	(3 719)	17 123	95 771	(74 459)	(5 387)	15 925
Other	13 841	–	(225)	13 616	13 794	–	(590)	13 204
Local small power users	5 366	(765)	(1 514)	3 087	5 518	(1 055)	(1 345)	3 118
	131 704	(92 397)	(5 458)	33 849	115 096	(75 514)	(7 322)	32 260
Other receivables[1]	30 423	–	(531)	29 892	24 251	–	(582)	23 669
	162 127	(92 397)	(5 989)	63 741	139 347	(75 514)	(7 904)	55 929
Non-financial instruments	7 309			7 309	8 059			8 059
Diesel rebate	6			6	2 239			2 239
VAT on cash basis receivables	7 303			7 303	5 820			5 820
	169 436	(92 397)	(5 989)	71 050	147 406	(75 514)	(7 904)	63 988
Maturity analysis	169 436	(92 397)	(5 989)	71 050	147 406	(75 514)	(7 904)	63 988
Non-current	7 053	–	(7)	7 046	5 522	–	(13)	5 509
Current	162 383	(92 397)	(5 982)	64 004	141 884	(75 514)	(7 891)	58 479

		Group and company	
	Note	2026 Rm	2025 Rm
Reconciliation of movements in amounts not meeting collectability criteria			
Balance at beginning of the year		75 514	61 543
Revenue not meeting collectability criteria	32	30 112	23 797
Finance income not meeting collectability criteria	40	4 420	2 520
Cash basis revenue recognised	32	(14 269)	(11 864)
Write-offs		(3 380)	(482)
Balance at end of the year		92 397	75 514

Refer to note 5.1.1 for a reconciliation of the movements in allowance for impairment.

21. Investments

Portfolio	Managed by	Purpose
Treasury	Treasury division	The purpose is to maintain ring-fenced funds over the remaining life of the Koeberg power station for nuclear decommissioning activities in accordance with the National Nuclear Regulator Act, 47 of 1999, and short-term fixed deposits for future debt and payment obligations.
Insurance	Escap	To maintain adequate ring-fenced capital reserves to meet the statutory solvency requirements of the Insurance Act, 18 of 2017.

		2026 Gross Rm	2026 Allowance for impairment Rm	2026 Carrying value Rm	2025 Gross Rm	2025 Allowance for impairment Rm	2025 Carrying value Rm
21.1	**Treasury investments**						
	Group and company						
	Fixed deposits	22 240	(132)	22 108	2 649	(11)	2 638
	Maturity analysis	22 240	(132)	22 108	2 649	(11)	2 638
	Non-current	2 938	(8)	2 930	2 649	(11)	2 638
	Current	19 302	(124)	19 178	–	–	–
21.2	**Insurance investments**						
	Group						
	Fixed deposits and negotiable certificates of deposit	18 985	(155)	18 830	17 124	(68)	17 056
	Floating rate notes	2 891	(7)	2 884	2 896	(10)	2 886
	Inflation-linked bonds	1 593	(3)	1 590	508	(1)	507
	Listed shares	2 483	–	2 483	1 869	–	1 869
	Other bonds	2 490	(4)	2 486	–	–	–
		28 442	(169)	28 273	22 397	(79)	22 318
	Maturity analysis	28 442	(169)	28 273	22 397	(79)	22 318
	Non-current	6 974	(14)	6 960	3 404	(11)	3 393
	Current	21 468	(155)	21 313	18 993	(68)	18 925
	Group						
	Total investments	50 682	(301)	50 381	25 046	(90)	24 956
	Maturity analysis	50 682	(301)	50 381	25 046	(90)	24 956
	Non-current	9 912	(22)	9 890	6 053	(22)	6 031
	Current	40 770	(279)	40 491	18 993	(68)	18 925

22. Cash and cash equivalents

	Group 2026 Rm	Group 2025 Rm	Company 2026 Rm	Company 2025 Rm
Bank balances	81 760	31 684	80 752	30 680
Fixed deposits	43 142	32 077	43 142	32 077
	124 902	63 761	123 894	62 757

23. Assets and liabilities held-for-sale

EFC was classified as held-for-sale in the prior financial year following the proposed disposal of the EFC loan book and interest in Nqaba (disposal group) to African Bank Limited.

The disposal agreements were conditional upon the fulfilment of certain conditions precedent, with the deadline for compliance extended to 31 March 2026. Since certain conditions were not met by the deadline, the agreements have lapsed and the disposal will not proceed.

The EFC disposal group therefore no longer met the criteria for classification as held-for-sale in terms of IFRS 5 at 31 March 2026 and was therefore included in the group results where applicable.

	Eskom Finance Company Rm
2025	
Group	
Summarised statements of financial position	
Assets	
Loans receivable	7 761
Trade and other receivables	11
Deferred tax	11
Taxation	2
Cash and cash equivalents	26
	7 811
Liabilities	
Debt securities and borrowings	606

24. Share capital

	Group and company	
	2026 Shares	2025 Shares
Authorised ordinary shares		
Balance at beginning of the year	**500 000 000 000**	300 000 000 000
Additional ordinary shares authorised	**–**	200 000 000 000
Balance at end of the year	**500 000 000 000**	500 000 000 000
Issued		
Balance at beginning of the year	**317 550 276 001**	241 550 276 001
Share capital issued	**64 000 000 000**	76 000 000 000
Balance at end of the year	**381 550 276 001**	317 550 276 001
Unissued	**118 449 723 999**	182 449 723 999

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 R64 billion were issued on 6 August 2025 consisting of R8 billion and R56 billion approved for conversion by the Minister of Finance on 21 October 2024 and 11 June 2025, respectively.

25. Debt securities and borrowings

	Group 2026 Rm	Group 2025 Rm	Company 2026 Rm	Company 2025 Rm
Eskom bonds	174 895	169 992	180 126	175 167
Commercial paper	480	–	–	–
Eurorand zero coupon bonds	10 242	9 077	10 242	9 077
Foreign bonds	36 789	39 419	36 789	39 419
Development financing institutions	117 249	133 562	117 249	133 562
Export credit facilities	15 997	20 063	15 997	20 063
Other loans	543	542	8 386	21 386
	356 195	372 655	368 789	398 674
Maturity analysis	356 195	372 655	368 789	398 674
Non-current	296 294	351 226	296 294	356 204
Current	59 901	21 429	72 495	42 470

	Currency	Security number	Interest rate 2026 %	Interest rate 2025 %	Nominal 2026 m	Nominal 2025 m	Maturity date	Group Carrying value 2026 Rm	Group Carrying value 2025 Rm	Company Carrying value 2026 Rm	Company Carrying value 2025 Rm
Eskom bonds								174 895	169 992	180 126	175 167
	ZAR	ES26[1, 2]	9.26	9.26	37 987	37 987	Apr 26	34 237	33 794	39 468	38 969
	ZAR	EL28[1]	2.55	2.55	6 278	6 278	May 28	12 341	11 877	12 341	11 877
	ZAR	EL29[1]	1.90	1.90	5 370	5 370	Nov 29	10 056	9 646	10 056	9 646
	ZAR	EL30[1]	2.30	2.30	5 136	5 136	Jul 30	9 139	8 777	9 139	8 777
	ZAR	EL31[1]	2.10	2.10	5 699	5 699	Jun 31	9 595	9 194	9 595	9 194
	ZAR	ECN32	2.95	2.95	5 000	5 000	Mar 32	8 141	7 858	8 141	7 858
	ZAR	ES33[1]	9.21	9.21	34 542	34 542	Sep 33	31 547	31 271	31 547	31 271
	ZAR	EL36[1]	2.25	2.25	5 594	5 594	Jan 36	8 821	8 455	8 821	8 455
	ZAR	EL37[1]	2.25	2.25	23 725	23 725	Jan 37	31 878	30 051	31 878	30 051
	ZAR	ES42[1]	10.39	10.39	21 437	21 437	Apr 42	19 140	19 069	19 140	19 069
Commercial paper								480	–	–	–
	ZAR	n/a	8.94	–	150	–	May 52[3]	151	–	–	–
	ZAR	n/a	9.45	–	24	–	May 54[3]	24	–	–	–
	ZAR	n/a	9.53	–	302	–	May 55[3]	305	–	–	–
Eurorand zero coupon bonds[4]								10 242	9 077	10 242	9 077
	ZAR	n/a	13.33	13.33	8 000	8 000	Aug 27	6 730	5 938	6 730	5 938
	ZAR	n/a	11.89	11.89	7 500	7 500	Dec 32	3 512	3 139	3 512	3 139
Foreign bonds								36 789	39 419	36 789	39 419
	USD	n/a[1]	5.42	5.42	500	500	Jul 27	8 396	8 965	8 396	8 965
	USD	n/a	8.47	8.47	500	500	Aug 28	8 563	9 251	8 563	9 251
	USD	n/a[1]	6.37	6.37	1 000	1 000	Aug 28	17 077	18 451	17 077	18 451
	ZAR	n/a[1]	14.15	14.15	2 753	2 753	Mar 31	2 753	2 752	2 753	2 752
Balances carried forward to the next page								222 406	218 488	227 157	223 663

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	
								Carrying value		Carrying value	
			2026 %	2025 %	2026 m	2025 m		2026 Rm	2025 Rm	2026 Rm	2025 Rm
Balances carried forward from the previous page								222 406	218 488	227 157	223 663
Development financing institutions[1]								117 249	133 562	117 249	133 562
	ZAR	n/a[2]	8.32	8.91	333	467	Aug 28	338	473	338	473
	USD	n/a[2]	5.72	6.52	48	68	Aug 28	827	1 252	827	1 252
	EUR	n/a[2]	2.48	3.96	261	283	Aug 29	5 117	5 637	5 117	5 637
	ZAR	n/a[2]	7.56	8.65	2 499	3 214	Aug 29	2 528	3 257	2 528	3 257
	ZAR	n/a[2]	10.10	10.10	1 377	1 771	Sep 29	1 375	1 767	1 375	1 767
	CNY	n/a[2,3]	3.50	3.50	9 446	2 786	Sep 30	23 244	7 045	23 244	7 045
	USD	n/a[2]	3.47	3.47	34	13	Sep 30	566	225	566	225
	ZAR	n/a	10.47	10.47	12 000	12 000	Jan 31	12 158	12 155	12 158	12 155
	EUR	n/a[2]	3.63	3.97	224	269	Feb 31	3 827	4 730	3 827	4 730
	USD	n/a[2]	5.17	5.96	3	4	Aug 31	57	73	57	73
	USD	n/a[2,3]	6.64	7.35	1 718	3 066	Sep 33	28 671	55 168	28 671	55 168
	USD	n/a[2]	7.47	8.27	6	6	Feb 36	89	106	89	106
	ZAR	n/a[2]	10.97	11.56	2 940	3 234	Feb 36	2 935	3 232	2 935	3 232
	ZAR	n/a[2]	9.14	9.14	22 000	23 765	May 38	22 836	24 670	22 836	24 670
	USD	n/a[2]	5.37	6.16	21	21	Aug 38	357	384	357	384
	ZAR	n/a[2]	7.70	9.05	1 610	1 698	Nov 38	1 632	1 704	1 632	1 704
	USD	n/a[2]	5.35	6.03	119	128	Mar 39	2 002	2 331	2 002	2 331
	USD	n/a[2]	3.10	6.47	6	2	Jun 42	104	37	104	37
	ZAR	n/a[2]	10.60	10.58	3 339	3 586	Nov 43	3 423	3 676	3 423	3 676
	USD	n/a[2]	0.25	0.25	227	232	May 51	3 854	4 255	3 854	4 255
	USD	n/a[2]	0.25	0.25	77	76	Feb 62	1 309	1 385	1 309	1 385
Export credit facilities								15 997	20 063	15 997	20 063
	EUR	n/a	5.14	5.14	9	49	Jan 27	178	953	178	953
	EUR	n/a	3.64	4.08	18	54	Jul 27	338	1 051	338	1 051
	ZAR	n/a	8.80	9.85	151	358	Jul 27	141	335	141	335
	USD	n/a[2]	9.43	10.11	750	750	Mar 29	12 605	13 598	12 605	13 598
	USD	n/a	2.32	2.32	181	248	Mar 31	2 735	4 126	2 735	4 126
Other loans and bonds[4]								543	542	8 386	21 386
	ZAR	n/a	12.67	13.56	500	500	Feb 27	509	510	509	510
	ZAR	n/a[5]	6.76	7.53	7 877	20 876	On demand	–	–	7 877	20 876
	ZAR	n/a[5]	–	–	34	32	On demand	34	32	–	–
								356 195	372 655	368 789	398 674

1. Latest in a range of maturity dates is indicated for these instruments.
2. Government guaranteed.
3. A portion of the USD loan was repaid and subsequently converted to CNY in August 2025 which resulted in a new maturity date.
4. Comprises of loans with various banking institutions.
5. Includes, *inter alia*, current accounts with subsidiaries that have no repayment terms.

26. Payments received in advance and contract liabilities and deferred income

	Note	Customer connections Rm	Government grant Rm	Other Rm	Total Rm
26.1 Payments received in advance					
2026					
Group					
Balance at beginning of the year		8 185	1 173	807	10 165
Payments received		2 218	1 977	438	4 633
Transfers to contract liabilities and deferred income	26.2	(632)	(1 944)	–	(2 576)
Income recognised		(533)	(135)	(405)	(1 073)
Balance at end of the year		9 238	1 071	840	11 149
Maturity analysis		9 238	1 071	840	11 149
Non-current		6 820	–	110	6 930
Current		2 418	1 071	730	4 219
Company					
Balance at beginning of the year		5 188	1 173	713	7 074
Payments received		2 415	1 977	117	4 509
Transfers to contract liabilities and deferred income	26.2	(211)	(1 944)	–	(2 155)
Income recognised		(511)	(135)	(233)	(879)
Balance at end of the year		6 881	1 071	597	8 549
Maturity analysis		6 881	1 071	597	8 549
Non-current		4 807	–	106	4 913
Current		2 074	1 071	491	3 636
2025					
Group					
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
Maturity analysis		8 185	1 173	807	10 165
Non-current		6 524	–	5	6 529
Current		1 661	1 173	802	3 636
Company					
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
Maturity analysis		5 188	1 173	713	7 074
Non-current		3 586	–	84	3 670
Current		1 602	1 173	629	3 404

	Note	Customer connections Rm	Government grant Rm	Embedded derivatives Rm	Total Rm
26.2 Contract liabilities and deferred income					
2026					
Group					
Balance at beginning of the year		5 378	24 629	7 858	37 865
Transfers of property, plant and equipment from customers		3 782	–	–	3 782
Transfers from payments received in advance	26.1	632	1 944	–	2 576
Day-one fair value gain	16	–	–	507	507
Income recognised	38	(431)	(1 926)	–	(2 357)
Amortisation of day-one fair value[1]	39	–	–	(2 991)	(2 991)
Balance at end of the year		9 361	24 647	5 374	39 382
Maturity analysis		9 361	24 647	5 374	39 382
Non-current		8 760	22 699	4 004	35 463
Current		601	1 948	1 370	3 919
Company					
Balance at beginning of the year		4 273	24 629	7 858	36 760
Transfers of property, plant and equipment from customers		1 226	–	–	1 226
Transfers from payments received in advance	26.1	211	1 944	–	2 155
Day-one fair value gain	16	–	–	507	507
Income recognised	38	(321)	(1 926)	–	(2 247)
Amortisation of day-one fair value[1]	39	–	–	(2 991)	(2 991)
Balance at end of the year		5 389	24 647	5 374	35 410
Maturity analysis		5 389	24 647	5 374	35 410
Non-current		5 105	22 699	4 004	31 808
Current		284	1 948	1 370	3 602
2025					
Group					
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
Maturity analysis		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
Company					
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
Maturity analysis		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

1. Amortisation of day-one fair value includes accelerated amortisation of R1 308 million arising from a reassessment of the expected remaining contract life.

27. Employee benefit obligations

	Note	Post-employment medical benefits Rm	Pension benefits Rm	Bonus Rm	Leave Rm	Total Rm
2026						
Group						
Balance at beginning of the year		20 696	–	3 917	2 643	27 256
Recognised in profit or loss						
Employee benefit expense – raised		495	2 783	6 974	1 205	11 457
Finance cost	41	2 688	115	–	–	2 803
Recognised in other comprehensive income						
Remeasurement of benefits		788	878	–	–	1 666
Cash paid		(1 032)	(3 776)	(5 181)	(934)	(10 923)
Balance at end of the year		23 635	–	5 710	2 914	32 259
Maturity analysis		23 635	–	5 710	2 914	32 259
Non-current		22 530	–	3	–	22 533
Current		1 105	–	5 707	2 914	9 726
Company						
Balance at beginning of the year		19 232	–	3 056	2 057	24 345
Recognised in profit or loss						
Employee benefit expense – raised		442	1 994	5 193	966	8 595
Finance cost	41	2 493	115	–	–	2 608
Recognised in other comprehensive income						
Remeasurement of benefits		729	878	–	–	1 607
Cash paid		(1 006)	(2 987)	(3 768)	(754)	(8 515)
Balance at end of the year		21 890	–	4 481	2 269	28 640
Maturity analysis		21 890	–	4 481	2 269	28 640
Non-current		20 820	–	–	–	20 820
Current		1 070	–	4 481	2 269	7 820
2025						
Group						
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
Maturity analysis		20 696	–	3 917	2 643	27 256
Non-current		19 672	–	–	–	19 672
Current		1 024	–	3 917	2 643	7 584
Company						
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
Maturity analysis		19 232	–	3 056	2 057	24 345
Non-current		18 237	–	–	–	18 237
Current		995	–	3 056	2 057	6 108

Refer to note 4 for relevant critical accounting estimates and assumptions.

27.1 Post-employment medical benefits

	Group		Company	
	2026 Rm	2025 Rm	2026 Rm	2025 Rm
Actuarial (loss)/gain				
Financial assumptions	(1 099)	(166)	(1 005)	(154)
Experience adjustments	311	78	276	45
	(788)	(88)	(729)	(109)
Expected maturity analysis of undiscounted benefits				
Non-current	245 267	438 116	221 126	393 947
Between one and two years	1 166	1 098	1 127	1 065
Between two and five years	3 936	3 899	3 783	3 760
After five years	240 165	433 119	216 216	389 122
Current	1 105	1 024	1 070	995
	246 372	439 140	222 196	394 942

The group expects to pay R1 105 million and the company R1 070 million in contributions to this plan in 2027.

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							
	2026				2025			
	Fund assets Rm	Asset ceiling adjustment Rm	Fund obligations Rm	Net (liability)/ asset Rm	Fund assets Rm	Asset ceiling adjustment Rm	Fund obligations Rm	Net (liability)/ asset Rm
Asset/(liability) at beginning of the year	217 656	(89 614)	(128 042)	–	197 510	(80 361)	(117 149)	–
Recognised in profit or loss								
Employee benefit expense	–	–	(2 783)	(2 783)	–	–	(2 308)	(2 308)
Finance income/(cost)	28 069	(11 648)	(16 536)	(115)	29 357	(12 054)	(17 395)	(92)
Recognised in other comprehensive income								
Remeasurement of benefits	12 141	(13 518)	499	(878)	(5 619)	2 801	1 829	(989)
Return on plan assets in excess of finance cost	12 141	–	–	12 141	(5 619)	–	–	(5 619)
Adjustment to asset ceiling	–	(13 518)	–	(13 518)	–	2 801	–	2 801
Actuarial gain	–	–	499	499	–	–	1 829	1 829
Payments received by the fund	5 752	–	(1 976)	3 776	5 066	–	(1 677)	3 389
Employer funded	3 776	–	–	3 776	3 389	–	–	3 389
Member funded	1 976	–	(1 976)	–	1 677	–	(1 677)	–
Payments made by the fund	(9 223)	–	9 223	–	(8 658)	–	8 658	–
Benefit and pension payments	(8 404)	–	8 404	–	(7 816)	–	7 816	–
Fund management costs	(480)	–	480	–	(435)	–	435	–
Net transfers (from)/to the fund	(339)	–	339	–	(407)	–	407	–
Asset/(liability) at end of the year	254 395	(114 780)	(139 615)	–	217 656	(89 614)	(128 042)	–

27. Employee benefit obligations (continued)

27.2 Pension benefits (continued)

Fund assets composition

	Group and company					
	2026			2025		
	Domestic Rm	International Rm	Total Rm	Domestic Rm	International Rm	Total Rm
Equities	98 334	59 560	157 894	87 019	59 900	146 919
Bonds	44 522	12 551	57 073	40 282	1 942	42 224
Issued by Eskom	2 194	–	2 194	2 151	–	2 151
Other	42 328	12 551	54 879	38 131	1 942	40 073
Property	16 889	–	16 889	12 117	–	12 117
Cash	7 529	1 682	9 211	1 322	4 125	5 447
Hedge funds	2 310	–	2 310	38	–	38
Collective investment schemes	–	10 596	10 596	–	10 911	10 911
Other	422	–	422	–	–	–
	170 006	84 389	254 395	140 778	76 878	217 656

	Group and company	
	2026 Rm	2025 Rm
Actuarial gain		
Financial assumptions	(2 291)	(2 275)
Experience adjustments	2 790	4 104
	499	1 829
Expected maturity analysis of undiscounted benefits		
Non-current	903 712	1 578 754
Between one and two years	8 896	8 549
Between two and five years	28 565	28 704
After five years	866 251	1 541 501
Current	8 391	7 987
	912 103	1 586 741

The group expects to pay R3 535 million and the company R2 743 million in contributions to this plan in 2027.

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 provision for annual, performance and production bonuses.

The annual bonus comprises of 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

	Note	Power station-related environmental restoration: Nuclear plant and spent fuel Rm	Power station-related environmental restoration: Other generating plant Rm	Mine-related closure, pollution control and rehabilitation Rm	Compensation events Rm	Other Rm	Total Rm
2026							
Group							
Balance at beginning of the year		16 068	17 635	14 240	4 392	1 967	54 302
Recognised in profit or loss		381	167	1 012	(853)	3 888	4 595
Raised		223	10	912	–	4 348	5 493
Reversed		(1 230)	(498)	(532)	(853)	(460)	(3 573)
Change in discount rate		1 388	655	632	–	–	2 675
Capitalised to property, plant and equipment	8	607	1 188	–	(958)	–	837
Raised		–	371	–	847	–	1 218
Reversed		–	(278)	–	(1 805)	–	(2 083)
Change in discount rate		607	1 095	–	–	–	1 702
Capitalised to future fuel supplies	10	–	–	358	–	–	358
Raised		–	–	391	–	–	391
Reversed		–	–	(140)	–	–	(140)
Change in discount rate		–	–	107	–	–	107
Capitalised to inventories	13	84	–	(4)	–	–	80
Raised		84	–	81	–	–	165
Reversed		–	–	(85)	–	–	(85)
Finance cost	41	1 400	1 666	1 227	–	1	4 294
Cash paid		(317)	–	(497)	(731)	(2 399)	(3 944)
Balance at end of the year		18 223	20 656	16 336	1 850	3 457	60 522
Maturity analysis		18 223	20 656	16 336	1 850	3 457	60 522
Non-current		17 706	20 656	16 185	15	929	55 491
Current		517	–	151	1 835	2 528	5 031
Company							
Balance at beginning of the year		16 068	17 635	14 240	4 376	1 692	54 011
Recognised in profit or loss		381	167	1 012	(853)	2 871	3 578
Raised		223	10	912	–	3 138	4 283
Reversed		(1 230)	(498)	(532)	(853)	(267)	(3 380)
Change in discount rate		1 388	655	632	–	–	2 675
Capitalised to property, plant and equipment	8	607	1 188	–	(945)	–	850
Raised		–	371	–	860	–	1 231
Reversed		–	(278)	–	(1 805)	–	(2 083)
Change in discount rate		607	1 095	–	–	–	1 702
Capitalised to future fuel supplies	10	–	–	358	–	–	358
Raised		–	–	391	–	–	391
Reversed		–	–	(140)	–	–	(140)
Change in discount rate		–	–	107	–	–	107
Capitalised to inventories	13	84	–	(4)	–	–	80
Raised		84	–	81	–	–	165
Reversed		–	–	(85)	–	–	(85)
Finance cost	41	1 400	1 666	1 227	–	–	4 293
Cash paid		(317)	–	(497)	(731)	(2 282)	(3 827)
Balance at end of the year		18 223	20 656	16 336	1 847	2 281	59 343
Maturity analysis		18 223	20 656	16 336	1 847	2 281	59 343
Non-current		17 706	20 656	16 185	–	1 280	55 827
Current		517	–	151	1 847	1 001	3 516

28. Provisions (continued)

	Note	Power station-related environmental restoration Nuclear plant and spent fuel Rm	Other generating plant Rm	Mine-related closure, pollution control and rehabilitation Rm	Compensation events Rm	Other[1] Rm	Total Rm
2025							
Group							
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	(738)	(2 751)
Raised		364	30	–	197	3 044	3 635
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	1 967	54 302
Maturity analysis		16 068	17 635	14 240	4 392	1 967	54 302
Non-current		15 542	17 635	14 075	–	945	48 197
Current		526	–	165	4 392	1 022	6 105
Company							
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	(968)	(2 982)
Raised		364	30	–	196	2 780	3 370
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	1 692	54 011
Maturity analysis		16 068	17 635	14 240	4 376	1 692	54 011
Non-current		15 542	17 635	14 075	–	945	48 197
Current		526	–	165	4 376	747	5 814

Other consists mainly of provisions raised for take or pay penalties on coal contracts, public liability insurance as well as late system events and curtailment provisions at NTCSA.

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.

1. Restated. Refer note 49.

29. Lease liabilities

	2026 Gross payables Rm	2026 Future finance charges Rm	2026 Carrying value Rm	2025 Gross payables Rm	2025 Future finance charges Rm	2025 Carrying value Rm
Group						
Non-current	7 526	(1 829)	5 697	9 250	(2 652)	6 598
Between one and five years	7 050	(1 753)	5 297	7 374	(2 447)	4 927
After five years	476	(76)	400	1 876	(205)	1 671
Current	2 059	(886)	1 173	2 143	(1 031)	1 112
	9 585	(2 715)	6 870	11 393	(3 683)	7 710
Company						
Non-current	1 305	(346)	959	1 398	(405)	993
Between one and five years	829	(270)	559	792	(286)	506
After five years	476	(76)	400	606	(119)	487
Current	244	(113)	131	260	(142)	118
	1 549	(459)	1 090	1 658	(547)	1 111

	Note	Group 2026 Rm	Group Restated 2025 Rm	Company 2026 Rm	Company Restated 2025 Rm
Movement reconciliation					
Balance at beginning of the year		7 710	7 403	1 111	313
Additions		175	1 075	133	832
Disposals		(5)	(11)	–	(11)
Finance costs	41	1 023	1 081	120	73
Cash paid		(2 033)	(1 838)	(274)	(96)
Capital		(1 010)	(783)	(154)	(49)
Finance costs		(1 023)	(1 055)	(120)	(47)
Balance at end of the year		6 870	7 710	1 090	1 111

Refer to note 37 for short-term and low-value lease expenses.

30. Trade and other payables

	Group 2026 Rm	Group Restated 2025 Rm	Company 2026 Rm	Company Restated 2025 Rm
Financial instruments	52 792	52 714	71 885	67 829
Trade and other payables	34 319	34 564	52 902	50 316
Accruals	9 502	10 027	10 012	9 390
Deposits	8 971	8 123	8 971	8 123
Non-financial instruments	3 752	2 577	3 701	2 510
VAT	3 218	1 968	3 167	1 901
Environmental levy	534	609	534	609
	56 544	55 291	75 586	70 339
Maturity analysis	56 544	55 291	75 586	70 339
Non-current	272	271	167	248
Current	56 272	55 020	75 419	70 091

31. Loan from shareholder

	Group 2026 Rm	Group Restated 2025 Rm	Company 2026 Rm	Company Restated 2025 Rm
Balance at beginning of the year	56 132	32 000	56 132	32 000
Amounts advanced	80 000	64 000	80 000	64 000
Converted to equity	(56 000)	(40 000)	(56 000)	(40 000)
Net finance costs	(56)	132	(56)	132
Balance at end of the year	80 076	56 132	80 076	56 132
Maturity analysis				
Current	80 076	56 132	80 076	56 132

The Minister of Finance approved the conversion of the loan to equity of R56 billion on 11 June 2025 (2025: R40 billion, consisting of R32 billion on 29 July 2024 and R8 billion on 21 October 2024). Refer to note 24 for details of the share capital issued.

The interest rate on the loan from shareholder was 6.9% (2025: 7.9%).

	Note	Group 2026 Rm	Group 2025 Rm	Company 2026 Rm	Company 2025 Rm
32. Revenue					
Redistributors (metropolitan and municipal customers)		145 578	133 301	145 578	133 301
Invoiced to customers		161 422	145 299	161 422	145 299
Amounts not meeting collectability criteria	20	(29 995)	(23 742)	(29 995)	(23 742)
Recognised on a cash received basis	20	14 151	11 744	14 151	11 744
Residential		8 656	8 597	8 656	8 597
Invoiced to customers		8 655	8 532	8 655	8 532
Amounts not meeting collectability criteria	20	(117)	(55)	(117)	(55)
Recognised on a cash received basis	20	118	120	118	120
Industrial		54 730	63 509	54 853	63 589
Mining		60 078	52 761	60 078	52 761
Commercial		26 815	24 869	26 815	24 869
Agricultural		17 399	16 291	17 399	16 291
International		19 205	21 611	478	390
Rail		4 514	4 333	4 514	4 333
Public lighting		377	354	377	354
Post-paid electricity sales		337 352	325 626	318 748	304 485
Prepaid electricity sales		15 727	13 275	15 727	13 275
Total electricity sales		353 079	338 901	334 475	317 760
Connections		1 262	1 260	1 130	1 100
Other		383	734	379	806
		354 724	340 895	335 984	319 666
33. Other income					
Insurance proceeds		150	267	459	657
Services income		62	12	–	–
Management fees and cost recoveries		–	–	1 861	622
Operating lease income		269	268	139	141
Dividend income		102	72	143	102
Net gain on modification of loans receivable[1]		–	1 719	–	1 719
Other		700	927	1 406	1 511
		1 283	3 265	4 008	4 752
34. Primary energy					
Own generation costs		103 073	98 011	103 068	98 008
International electricity purchases		3 669	6 554	14	14
Independent power producers		45 154	45 642	–	–
Net internal energy costs		–	–	57 027	73 709
		151 896	150 207	160 109	171 731

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 a payment arrangement which resulted in the derecognition of the electricity receivable and recognition of a loan receivable.

	Note	Group 2026 Rm	Group Restated 2025 Rm	Company 2026 Rm	Company Restated 2025 Rm
35. Employee benefit expense					
Salaries		32 721	29 537	25 781	23 378
Overtime		3 490	3 253	2 681	2 561
Post-employment medical benefits		495	414	442	374
Pension benefits		2 783	2 308	1 994	1 598
Annual bonus[1]		1 705	1 549	1 354	1 231
Performance bonus[2]		4 342	3 731	3 448	2 921
Production bonus[3]		1 630	1 212	1 137	817
Leave		1 204	1 171	966	932
Direct costs of employment		48 370	43 175	37 803	33 812
Direct training and development		221	180	126	114
Temporary and contract staff costs		637	625	352	303
Other staff costs		1 203	1 378	978	1 084
Gross employee benefit expense		50 431	45 358	39 259	35 313
Capitalised to property, plant and equipment		(2 371)	(2 198)	(1 983)	(1 893)
		48 060	43 160	37 276	33 420
36. Net impairment and write down of assets					
36.1 Financial assets					
Loans receivable		222	(25)	(339)	(5)
Finance lease receivables		(1)	–	–	–
Trade and other receivables	5	(118)	7 313	93	7 642
Treasury investments		121	7	121	7
Insurance investments		89	45	–	–
		313	7 340	(125)	7 644
Bad debts recovered – trade and other receivables		(32)	(23)	(32)	(23)
		281	7 317	(157)	7 621
36.2 Other assets					
Inventories	13	299	(94)	304	(99)
Trade and other receivables		537	393	537	393
		836	299	841	294
		1 117	7 616	684	7 915
37. Other expenses					
Managerial, technical and other fees		904	1 181	826	768
Lease expense		863	849	141	196
Short term		821	794	113	159
Low value		42	55	28	37
Auditors' remuneration[4]		397	302	359	273
Audit of financial statements		387	292	349	263
Other assurance and related services		9	9	9	9
Regulatory related services		1	1	1	1
Net loss on disposals and write-offs of property, plant and equipment and intangible assets		1 344	3 431	1 270	2 797
Net loss on modification of loans receivable[5]		1 019	–	1 379	–
Repairs and maintenance, transport and other expenses		41 759	39 402	50 866	46 493
		46 286	45 165	54 841	50 527
38. Depreciation and amortisation expense					
Depreciation of property, plant and equipment	8	38 226	33 593	35 347	31 010
Amortisation of intangible assets	9	35	25	32	23
Contract liabilities and deferred income recognised (government grant)	26.2	(1 926)	(1 854)	(1 926)	(1 854)
		36 335	31 764	33 453	29 179

1. The annual bonus represents a thirteenth cheque. Refer to note 27.3.
2. The performance bonus relates to the STI scheme.
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.
5. The net loss on modification of loans receivable relates to payment arrangements with three municipalities that resulted in the derecognition of electricity receivables and recognition of loans receivable as well as early settlement of the intercompany term loan by NTCSA.

	Note	Group 2026 Rm	Group Restated 2025 Rm	Company 2026 Rm	Company Restated 2025 Rm
39. Net fair value, foreign exchange gain/(loss) and deferred income amortisation					
Loss on items carried at fair value		(9 470)	(17 525)	(9 833)	(17 592)
Insurance investments		564	252	–	–
Derivatives held for risk management	17	(10 070)	(11 575)	(9 869)	(11 390)
Embedded derivatives	16	(2 955)	(7 829)	(2 955)	(7 829)
Deferred income	26	2 991	1 627	2 991	1 627
Gain on foreign currency translation of items carried at amortised cost		8 647	5 832	8 626	5 831
Cash and cash equivalents		(168)	(63)	(168)	(63)
Trade and other payables		50	(76)	29	(77)
Debt securities and borrowings		8 765	5 971	8 765	5 971
Amounts recycled to profit or loss from cash flow hedge reserve					
Ineffective portion of cash flow hedges		(303)	1 278	(303)	1 278
		(1 126)	(10 415)	(1 510)	(10 483)
40. Finance income					
Treasury investments		267	224	267	224
Insurance investments		1 967	1 754	–	–
Loans receivable		2 075	1 126	5 029	4 266
Finance lease receivables		19	24	11	13
Trade and other receivables[1]		(437)	1 495	(550)	1 445
Invoiced to customers		3 983	4 015	3 870	3 965
Amounts not meeting collectability criteria	20	(4 420)	(2 520)	(4 420)	(2 520)
Cash and cash equivalents		4 556	2 217	4 462	2 211
		8 447	6 840	9 219	8 159
Cash interest included in finance income comprises:					
Insurance investments		2 034	1 387	–	–
Loans receivable		831	910	3 706	3 660
Finance lease receivables		19	24	11	13
Trade and other receivables		390	441	333	395
Cash and cash equivalents		4 556	2 217	4 462	2 211
		7 830	4 979	8 512	6 279
41. Finance cost					
Debt securities and borrowings		30 241	33 388	33 366	35 322
Eskom bonds		14 153	13 364	14 605	13 811
Commercial paper		53	72	–	–
Eurorand zero coupon bonds		1 165	1 032	1 165	1 032
Foreign bonds		2 707	4 281	2 707	4 281
Development financing institutions		9 427	10 858	9 427	10 858
Export credit facilities		1 665	2 158	1 665	2 158
Other loans and guarantee fees		1 071	1 623	3 797	3 182
Derivatives held for risk management		5 433	4 723	5 433	4 723
Employee benefit obligations	27	2 803	2 842	2 608	2 651
Provisions	28	4 294	3 996	4 293	3 996
Lease liabilities	29	1 023	1 081	120	73
Trade and other payables		198	647	221	625
Loan from shareholder		896	382	896	382
Gross finance cost		44 888	47 059	46 937	47 772
Capitalised to property, plant and equipment	8	(4 555)	(6 147)	(2 729)	(4 340)
		40 333	40 912	44 208	43 432
Cash interest included in finance cost comprises:					
Debt securities and borrowings		22 158	27 061	22 498	27 381
Derivatives held for risk management		5 830	4 998	5 830	4 998
Lease liabilities		1 023	1 055	120	47
Trade and other payables		7	26	7	4
Loan from shareholder		952	250	952	250
		29 970	33 390	29 407	32 680

1. Interest income on trade and other receivables include reversal of interest following the conclusion of settlement and payment arrangements.

42. Income tax

	Group		Company	
	2026 Rm	Restated 2025 Rm	2026 Rm	Restated 2025 Rm
Recognised in profit or loss				
Current tax	8 218	6 575	2 400	–
Current year	8 211	6 575	2 400	–
Over provided in prior years	7	–	–	–
Deferred tax	838	1 247	637	213
(Reversal)/raised of temporary differences	(7 175)	547	(7 380)	(382)
(Reversal)/raised of temporary differences	(7 178)	691	(7 380)	(235)
Under/(over) provided in prior years	3	(144)	–	(147)
Tax losses	9 624	(1 152)	9 632	(891)
Raised/(reversal) of temporary differences	9 624	(1 296)	9 632	(1 038)
Under provided in prior years	–	144	–	147
(Recognition)/derecognition of deferred tax asset	(1 611)	1 852	(1 615)	1 486
	9 056	7 822	3 037	213
Reconciliation between standard and effective tax rate:				
R million				
Taxation income/(expense) at standard rate	10 638	5 903	4 625	(3 810)
Non-taxable income	(515)	(420)	(552)	(413)
Government grants	(379)	(363)	(379)	(363)
Dividend income	(7)	(18)	(39)	(28)
Incentive allowances[1]	(129)	(39)	(134)	(22)
Expenses not deductible for tax purposes	534	487	579	2 950
Non-deductible capital expenditure[2]	525	447	570	302
NTCSA profit taxed in Eskom[3]	–	–	–	2 608
Donations	9	40	9	40
Prior period under provision	10	–	–	–
(Recognition)/derecognition of deferred tax asset[4]	(1 611)	1 852	(1 615)	1 486
Taxation expense per the income statement	9 056	7 822	3 037	213
%				
Taxation income at standard rate	27.00	27.00	27.00	27.00
Non-taxable income	(1.31)	(1.92)	(3.22)	2.93
Government grants	(0.96)	(1.67)	(2.21)	2.56
Dividend income	(0.02)	(0.08)	(0.23)	0.20
Incentive allowances[1]	(0.33)	(0.17)	(0.78)	0.17
Expenses not deductible for tax purposes	1.36	2.23	3.38	(20.91)
Non-deductible capital expenditure[2]	1.34	2.05	3.33	(2.15)
NTCSA profit taxed in Eskom[3]	–	–	–	(18.48)
Donations	0.02	0.18	0.05	(0.28)
Adjustments to current tax of prior periods	0.03	–	–	–
(Recognition)/derecognition of deferred tax asset[4]	(4.10)	8.47	(9.43)	(10.53)
Taxation income/(expense) per the income statement	22.98	35.78	17.73	(1.51)

1. Non-taxable income arising from incentive allowances resulted in a permanent difference between accounting profit and taxable income.
2. Non-deductible capital expenditure includes expenditure of a capital nature and not incurred in the production of income.
3. Eskom transferred the assets and liabilities of the transmission division to NTCSA with the accounting date for the disposal being 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.
4. 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.

42. Income tax (continued)

	2026 Before tax Rm	2026 Tax Rm	2026 Net of tax Rm	2025 Before tax Rm	2025 Tax Rm	2025 Net of tax Rm
Recognised in other comprehensive income						
Group						
Cash flow hedges	(753)	203	(550)	310	(84)	226
Net change in fair value	(962)	260	(702)	1 781	(481)	1 300
Net amount transferred to profit or loss	303	(82)	221	(1 278)	345	(933)
Net amount transferred to initial carrying amount of hedged items	(94)	25	(69)	(193)	52	(141)
Foreign currency translation differences	(2)	–	(2)	–	–	–
Remeasurement of benefits	(1 666)	450	(1 216)	(1 077)	291	(786)
	(2 421)	653	(1 768)	(767)	207	(560)
Company						
Cash flow hedges	(753)	203	(550)	310	(84)	226
Net change in fair value	(962)	260	(702)	1 781	(481)	1 300
Net amount transferred to profit or loss	303	(82)	221	(1 278)	345	(933)
Net amount transferred to initial carrying amount of hedged items	(94)	25	(69)	(193)	52	(141)
Remeasurement of benefits	(1 607)	434	(1 173)	(1 098)	297	(801)
	(2 360)	637	(1 723)	(788)	213	(575)

43. Cash generated from operations

	Group 2026 Rm	Group Restated 2025 Rm	Company 2026 Rm	Company Restated 2025 Rm
Profit/(loss) before tax	39 401	21 863	17 130	(14 110)
Adjustments for:	87 419	91 631	84 276	87 363
Depreciation and amortisation expense	36 335	31 764	33 453	29 179
Depreciation expense – primary energy	10	11	10	11
Impairment and write down of assets (excluding bad debts recovered)	1 149	7 639	716	7 938
Net fair value gain on financial instruments	1 126	10 415	1 510	10 483
Net loss on disposals and write-offs of property, plant and equipment	1 344	3 431	1 270	2 797
Net loss/(gain) on modification of loans receivable	1 019	(1 719)	1 379	(1 719)
Transfer of assets from non-electricity purchasing customers	(298)	(450)	(298)	(450)
Dividend income	(102)	(72)	(143)	(102)
Increase in employee benefit obligations	11 457	9 963	8 595	7 361
Increase/(decrease) in provisions	4 595	(2 751)	3 578	(2 982)
Decrease in contract liabilities and deferred income	(431)	(384)	(321)	(265)
Payments made in advance recognised in profit or loss	502	585	417	479
Payments received in advance recognised in profit or loss	(1 073)	(771)	(879)	(640)
Finance income	(8 447)	(6 840)	(9 219)	(8 159)
Finance cost	40 333	40 912	44 208	43 432
Share of profit of equity-accounted investees	(100)	(102)	–	–
	126 820	113 494	101 406	73 253
Changes in working capital:	(22 407)	(20 128)	(23 343)	(12 649)
Increase in payments made in advance	(685)	(856)	(641)	(794)
Increase in inventories	(6 209)	(2 364)	(6 620)	(2 050)
Increase in trade and other receivables	(5 620)	(12 902)	(12 449)	(31 901)
Increase in trade and other payables	219	2 156	4 079	27 057
Expenditure incurred on employee benefit obligations	(10 923)	(7 851)	(8 515)	(6 088)
Expenditure incurred on provisions	(3 822)	(2 649)	(3 706)	(2 561)
Increase in payments received in advance	4 633	4 338	4 509	3 688
	104 413	93 366	78 063	60 604

44. Net debt reconciliation

The net debt reconciliation includes the changes arising from financing activities.

	Debt securities and borrowings[1] Rm	Loan from shareholder[2] Rm	Lease liabilities[3] Rm	Derivatives held for risk management[4] Rm	Payments made in advance[5] Rm	Cash and cash equivalents[6] Rm	Net debt Rm
Group							
Balance at 31 March 2024	412 200	32 000	7 403	(26 305)	(653)	(23 585)	401 060
Net cash (decrease)/increase	(37 741)	64 000	(783)	4 555	(131)	(40 265)	(10 365)
Net fair value and foreign exchange (gains)/losses	(5 971)	–	–	8 201	–	63	2 293
Assets and liabilities held-for-sale	–	–	–	–	–	26	26
Other movements	4 167[7]	(39 868)	1 090	(274)	523	–	(34 362)
Balance at 31 March 2025	**372 655**	**56 132**	**7 710**	**(13 823)**	**(261)**	**(63 761)**	**358 652**
Net cash (decrease)/increase	**(15 260)**	**80 000**	**(1 010)**	**(667)**	**(87)**	**(61 285)**	**1 691**
Net fair value and foreign exchange (gains)/losses	**(8 765)**	**–**	**–**	**10 205**	**–**	**168**	**1 608**
Foreign currency translation	**–**	**–**	**–**	**–**	**–**	**2**	**2**
Assets and liabilities held-for-sale	**–**	**–**	**–**	**–**	**–**	**(26)**	**(26)**
Other movements	**7 565[7]**	**(56 056)**	**170**	**(398)**	**104**	**–**	**(48 615)**
Balance at 31 March 2026	**356 195**	**80 076**	**6 870**	**(4 683)**	**(244)**	**(124 902)**	**313 312**
Company							
Balance at 31 March 2024	420 285	32 000	313	(26 305)	(653)	(22 965)	402 675
Net cash (decrease)/increase	(22 069)	64 000	(49)	4 555	(131)	(39 855)	6 451
Net fair value and foreign exchange (gains)/losses	(5 971)	–	–	8 201	–	63	2 293
Other movements	6 429[7]	(39 868)	847	(274)	523	–	(32 343)
Balance at 31 March 2025	**398 674**	**56 132**	**1 111**	**(13 823)**	**(261)**	**(62 757)**	**379 076**
Net cash (decrease)/increase	**(30 863)**	**80 000**	**(154)**	**(667)**	**(87)**	**(61 305)**	**(13 076)**
Net fair value and foreign exchange (gains)/losses	**(8 765)**	**–**	**–**	**10 205**	**–**	**168**	**1 608**
Other movements	**9 743[7]**	**(56 056)**	**133**	**(398)**	**104**	**–**	**(46 474)**
Balance at 31 March 2026	**368 789**	**80 076**	**1 090**	**(4 683)**	**(244)**	**(123 894)**	**321 134**

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 home loans, secured by mortgage bonds on the properties, to qualifying employees of the group. Eskom has issued guarantees to EFC for losses incurred on loans exceeding 80% of the property value at the date of origination.

Eskom's guarantee exposure is governed by the probability of default of the underlying loan portfolio, which is influenced by factors such as the employment status of the borrower and arrears on repayments. The risk-adjusted credit exposure is calculated by applying default probabilities determined in accordance with the expected credit loss methodology. Refer to note 4.7.

	Group		Company	
	2026 Rm	2025 Rm	**2026 Rm**	2025 Rm
Financial guarantee	**–**	–	**361**	191
45.2 Contingent liabilities				
Legal claims				
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	**91**	40	**74**	38

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.

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 2026 arising from compensation events were R3 283 million (2025: R4 507 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 2024 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 52.3 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.

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	
	2026 Rm	2025 Rm	2026 Rm	2025 Rm
46.1 Capital expenditure				
Contracted capital expenditure	42 274	35 784	21 956	28 646
Within one year	24 829	22 350	16 534	21 441
One to five years	17 422	12 945	5 399	6 716
After five years	23	489	23	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.

46.2 Leases

As lessee

	Group 2026 Rm	Group 2025 Rm	Company 2026 Rm	Company 2025 Rm
The future minimum lease payments payable under non-cancellable leases are:				
Within one year	78	684	48	33
Short-term leases	15	636	15	1
Low-value leases	60	47	30	31
Right-of-use leases not yet commenced	3	1	3	1
One to five years	41	39	10	39
Low-value leases	40	35	9	35
Right-of-use leases not yet commenced	1	4	1	4
Total	119	723	58	72
Short-term leases	15	636	15	1
Low-value leases	100	82	39	66
Right-of-use leases not yet commenced	4	5	4	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.

As lessor

	Group 2026 Rm	Group 2025 Rm	Company 2026 Rm	Company 2025 Rm
The future minimum lease payments receivable under non-cancellable operating leases are:	166	175	52	17
Within one year	135	134	21	8
One to five years	31	41	31	9
The future minimum lease payments receivable under non-cancellable finance leases not yet recognised in the statement of financial position are:	5	-	5	-
Within one year	1	-	1	-
One to five years	4	-	4	-

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 and government-related entities under IAS 24 *Related Party Disclosures*. 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.

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 50 and government guarantees issued to Eskom in note 5.3.2.

	Group		Company	
	2026 Rm	Restated 2025 Rm	2026 Rm	Restated 2025 Rm
Transactions				
Sales of goods and services	18 361	17 344	279 982	240 016
National departments	1 961	1 949	1 961	1 949
Public entities	10 922	10 030	10 828	9 936
Subsidiaries, associates and joint ventures	5 478	5 365	267 193	228 131
Government grant funding received for electrification				
National departments	1 978	1 910	1 978	1 910
Purchases of goods and services	10 226	6 661	347 985	320 690
National departments	1 902	2 081	1 902	2 081
Public entities	4 502	1 081	2 845	(199)
Subsidiaries, associates and joint ventures	46	110	340 251	316 129
Eskom Pension and Provident Fund	3 776	3 389	2 987	2 679
Bad debts expense				
Public entities	–	2	–	2
Net fair value and foreign exchange loss				
Subsidiaries, associates and joint ventures	–	–	200	185
Finance income	1 331	76	5 114	4 121
National departments	13	12	13	12
Public entities	1 318	64	1 316	59
Subsidiaries, associates and joint ventures	–	–	3 785	4 050
Finance cost[1]	10 478	9 340	13 656	11 346
National departments	1 893	1 378	1 893	1 378
Public entities	8 389	7 791	8 389	7 791
Subsidiaries, associates and joint ventures	–	–	3 178	2 006
Eskom Pension and Provident Fund	196	171	196	171
Dividend income				
Subsidiaries, associates and joint ventures	–	–	144	102
Lease income	14	8	6	5
National departments	3	–	–	–
Public entities	10	8	2	2
Subsidiaries, associates and joint ventures	1	–	4	3
Lease expenses	1	3	3	2
Public entities	1	3	1	–
Subsidiaries, associates and joint ventures	–	–	2	2
Environmental levy				
Public entities	6 826	7 273	6 821	7 270

1. 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.

47. Related-party transactions and balances (continued)

	Group 2026 Rm	Group Restated 2025 Rm	Company 2026 Rm	Company Restated 2025 Rm
Outstanding balances (due by related parties)				
Receivables and amounts owed by related parties	3 667	6 711	30 543	27 875
National departments	259	255	247	246
Public entities	3 240	5 979	1 365	4 034
Subsidiaries, associates and joint ventures	168	477	28 931	23 595
Payments made in advance				
Eskom subsidiaries	–	–	56	12
Loans receivable				
Subsidiaries, associates and joint ventures[1]	–	–	14 955	37 956
Total due by related parties	3 667	6 711	45 554	65 843
Cash and cash equivalents				
Public entities	32 993	16 643	32 993	16 643
Net derivative asset held for risk management				
Subsidiaries, associates and joint ventures	–	–	14	31
Outstanding balances (due to related parties)				
Debt securities and borrowings	112 910	125 308	126 018	151 359
National departments	84	–	84	–
Public entities	110 632	123 157	110 632	123 157
Subsidiaries, associates and joint ventures[2]	–	–	13 108	26 051
Eskom Pension and Provident Fund	2 194	2 151	2 194	2 151
Loan from shareholder				
National departments	80 076	56 132	80 076	56 132
Payables and amounts owed to related parties	8 114	5 709	38 335	33 087
Constitutional institutions	10	7	–	7
National departments	2 274	1 386	2 274	1 386
Public entities	5 447	3 950	4 164	3 870
Subsidiaries, associates and joint ventures	–	14	31 562	27 516
Eskom Pension and Provident Fund	383	352	335	308
Payments received in advance	1 068	1 169	1 128	1 262
National departments	1 068	1 169	1 068	1 169
Subsidiaries, associates and joint ventures	–	–	60	93
Total due to related parties	202 168	188 318	245 557	241 840
Equity				
Capital and reserves				
National departments	56 000	84 000	56 000	84 000

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% (2025: 8.12%).
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 2026:

Changes in Exco

Mr J Munshi was appointed group executive: distribution effective from 1 June 2026.

Mr SJ Mthembu was appointed group executive: legal, compliance and regulation effective from 1 June 2026.

Interim concessionary pricing framework for ferrochrome smelters

NERSA approved an amended negotiated pricing agreement framework, including an interim concessionary pricing framework of 62c/kWh for the Samancor Chrome and Glencore-Merafe Chrome ferrochrome smelters on 29 May 2026. The agreements with the smelters are effective from 1 June 2026 for five and three years respectively. The impact of the new agreements are in the process of being determined and will likely result in a change in the fair value of the embedded derivative.

Pricing agreement with manganese metal company

NERSA announced the approval of a two-year negotiated pricing agreement between Eskom and Manganese Metal Company (Pty) Ltd on 19 August 2026 for the period 1 August 2026 to July 2028 following an application by Eskom on 28 May 2026. The approval includes a special base tariff escalated annually on 1 April by the PPI plus one percent for the duration of the agreement. NERSA is expected to publish its reasons for decisions in due course.

Debt relief

The Minister of Finance approved the conversion to equity of the R80 billion loan from shareholder for debt relief support from government on 9 August 2026.

Municipal debt relief programme write-off

National Treasury instructed Eskom on 4 May, 5 May and 30 June 2026 to write-off one-third of the overdue ring-fenced debt in terms of the municipal debt relief programme for 21 municipalities totalling R4.0 billion. Refer to note 5.1.1.

Payment arrangement with City of Johannesburg

The City of Johannesburg metropolitan municipality breached the conditions of its payment arrangement with Eskom on 13 April 2026, resulting in all outstanding debt becoming immediately due and payable. Eskom issued a notice of its intention to reduce, interrupt or terminate electricity supply to certain of the City of Johannesburg and City Power bulk supply points on 19 May 2026 after failure to settle its arrear debt. The arrear debt and current account balance outstanding at 31 March 2026 were settled after financial year end with all arrear debt settled in full by 21 August 2026. Eskom therefore withdrew the consultation process prescribed by the Promotion of Administrative Justice Act in relation to proposed supply interruption measures.

Sale of EFC disposal group

Eskom announced on 5 May 2026 that the planned sale of the EFC disposal group to African Bank Limited would not proceed as the relevant agreements expired on 31 March 2026. Refer to note 23.

Matla power station long-term coal supply agreement

A long-term coal supply agreement was entered into with Exxaro Resources Limited for the continued supply of coal to the Matla power station, aligning the contract period with the operational lifespan of the power station. The agreement is effective from 1 April 2026 until 30 November 2043 and allows for possible extension or reduction by mutual consent.

Lethabo power station solar project

Eskom commenced construction of a 75MW solar power plant at Lethabo power station in May 2026. The project forms part of Eskom's renewable energy programme with an estimated capital cost of R1.2 billion.

Construction projects settlement agreement

Eskom entered into a settlement agreement with a contractor on 25 June 2026 concerning all outstanding claims, disputes, deductions, variations and defect-related matters linked to the construction projects. All existing claims and disputes have been fully and conclusively settled with no further payments required from either party regarding these matters.

The settlement was assessed as a non-adjusting event as the underlying circumstances occurred after the reporting date. Liabilities totalling R3.0 billion were recognised and an additional R3.0 billion were disclosed as contingent liabilities for unresolved contractor claims at 31 March 2026. The financial effect of the settlement will be accounted for in the 2027 reporting period.

Gas-to-power programme

Eskom and Zululand Energy Terminal signed an agreement on 5 June 2026 which established a framework for a long-term strategic partnership for the Eskom Richards Bay 3 000MW gas-to-power project.

Maturity and settlement of Eskom ES26 bond

The ES26 bond, with an outstanding nominal balance of R38 billion, reached maturity and was fully settled on 2 April 2026. The related guarantee facility used under the Guarantee Framework Agreement was cancelled upon settlement of the bond.

Guarantee fees payable

The Minister of Finance approved the deferral of guarantee fees payable to the National Revenue Fund on 28 April 2026. Guarantee fees of R980 million and R984 million for 2025 and 2026 respectively are payable in March 2027. Refer to note 5.3.2.

Credit ratings

Moody's affirmed Eskom's B2 rating on long-term foreign currency debt and Ba2 rating on government guaranteed notes on 29 May 2026 with a stable outlook.

Fitch upgraded Eskom's B rating on local currency debt (including long-term issuer default and senior unsecured debt ratings) to a B+ on 12 June 2026 with a stable outlook.

Eskom Green

Eskom Green was launched on 9 June 2026 and is expected to offer a range of renewable electricity solutions. Eskom received approval on 16 July 2026 in terms of section 54(2) of the PFMA, read with the applicable conditions of the Eskom Debt Relief Act, to proceed with the establishment of Eskom Green as a wholly owned subsidiary.

48. Events after the reporting date (continued)

Progress on unbundling process

The endorsement by the President of the Phase I Report prepared by the ERTT, which focuses on the development of a high-level proposal for the establishment of the independent, state-owned transmission system operator, was announced on 31 July 2026. Eskom is unable to assess the full expected impact of the ERTT process on the financial statements due to uncertainties. Refer to note 3.2 and 3.3.

Electricity market transformation

The Department of Electricity and Energy published the Electricity Market Transformation Position Paper for public comment on 21 August 2026. The position paper forms part of Government's ongoing electricity sector reform programme and seeks to consolidate various initiatives aimed at establishing a competitive wholesale electricity market and facilitating greater market participation.

The Revised Electricity Pricing Policy 2026 was gazetted on 28 August 2026 for public comment. The revised policy aims to improve affordability, transparency and predictability in tariff setting.

Eskom is assessing the potential implications of these publications and will continue to participate in the related consultation processes.

49. Restatement of comparatives

No provision was recognised for public liability claims against Eskom. The obligation remains with Eskom even though Eskom is insured for the liability. In addition, no accrual was recognised for guarantee fees payable to the National Revenue Fund under the Guarantee Framework Agreement where certain ratios exceeded the specific thresholds in 2025 (refer to note 5.3.2). The 2025 statement of financial position and income statement have been restated to correct these errors as follows:

	Group			Company		
	Previously reported Rm	Adjustments Rm	Restated Rm	Previously reported Rm	Adjustments Rm	Restated Rm
Statements of financial position at 31 March 2025						
Equity						
Capital and reserves	278 345	(2 006)	276 339	227 420	(2 006)	225 414
Liabilities						
Non-current						
Provisions	47 447	750	48 197	47 447	750	48 197
Current						
Provisions	5 829	276	6 105	5 538	276	5 814
Trade and other payables	54 040	980	55 020	69 111	980	70 091
Income statements for the year ended 31 March 2025						
Other expenses	(44 139)	(1 026)	(45 165)	(49 501)	(1 026)	(50 527)
Profit before net finance cost and share of profit of equity-accounted investees	56 859	(1 026)	55 833	22 189	(1 026)	21 163
Net finance cost	(33 092)	(980)	(34 072)	(34 293)	(980)	(35 273)
Finance income	6 840	–	6 840	8 159	–	8 159
Finance cost	(39 932)	(980)	(40 912)	(42 452)	(980)	(43 432)
Share of profit of equity-accounted investees after tax	102	–	102	–	–	–
Profit/(loss) before tax	23 869	(2 006)	21 863	(12 104)	(2 006)	(14 110)
Income tax	(7 822)	–	(7 822)	(213)	–	(213)
Profit/(loss) for the year	16 047	(2 006)	14 041	(12 317)	(2 006)	(14 323)

The impacted notes to the annual financial statements have been updated where relevant because of the restatements. The restatements also resulted in various restatements in the capital management, financial risk management, accounting classification, segment reporting, deferred tax and related parties disclosures. The restatement had no impact on the statement of cash flows outside of the note disclosure relating to cash generated from operations with no overall impact on cash generated from operating activities.

50. Remuneration of directors and executives

Eskom's remuneration policies for non-executive directors and executives are implemented in line with Government's guidelines for the remuneration and incentives of executives, prescribed officers and non-executive directors of state-owned companies. Refer to the remuneration section of the integrated report for an overview of the main provisions of Eskom's remuneration policies for non-executive directors and executives.

Executive remuneration includes short-term and long-term incentive schemes which are aligned to Eskom's environmental, social and governance framework. Short-term bonuses and long-term performance awards are linked to the achievement of individual and organisational performance objectives, subject to defined gatekeepers, which include environmental, social and governance-related metrics and targets outlined in the corporate plan and shareholder compact. 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.

50.1 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 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 R'000	Short-term bonus R'000	Other payments R'000	Long-term bonus R'000	Total remuneration earned R'000	Cash value earned, not yet paid R'000	Prior year cash value earned paid R'000	Total cash value of remuneration R'000
2026								
Executive directors	15 902	4 504	5 292	–	25 698	–	–	25 698
DL Marokane[1]	9 542	2 499	142	–	12 183	–	–	12 183
C Cassim[1,2,3,4]	6 360	2 005	5 150	–	13 515	–	–	13 515
Executive management	40 698	15 942	1 544	1 246	59 430	(16 487)	5 989	48 932
ML Bala[2,5]	1 910	352	51	–	2 313	–	2 179	4 492
RA Crookes	4 452	1 589	83	–	6 124	(1 589)	–	4 535
NY Hadebe	4 346	1 956	120	–	6 422	(1 956)	–	4 466
CB Hartley	4 240	1 376	112	–	5 728	(1 376)	–	4 352
A Mlambo[6]	2 006	–	176	–	2 182	–	–	2 182
PB Mngomezulu	4 346	1 956	214	–	6 516	(1 956)	–	4 560
RP Mnisi	4 558	1 760	143	–	6 461	(1 760)	–	4 701
BJ Nxumalo[2]	6 148	3 116	428	1 246	10 938	(4 013)	2 153	9 078
SM Scheppers[7]	–	–	–	–	–	–	1 657	1 657
AE Seema	4 346	1 956	136	–	6 438	(1 956)	–	4 482
LM de Villiers	4 346	1 881	81	–	6 308	(1 881)	–	4 427
	56 600	20 446	6 836	1 246	85 128	(16 487)	5 989	74 630
2025								
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	2 293	–	64	–	2 357	–	–	2 357
RA Crookes	1 750	–	37	–	1 787	–	–	1 787
NY Hadebe	1 708	–	24	–	1 732	–	–	1 732
CB Hartley	333	–	4	–	337	–	–	337
PB Mngomezulu	1 708	–	32	–	1 740	–	–	1 740
RP Mnisi	717	–	29	–	746	–	–	746
SJ Mthembu	1 750	–	38	–	1 788	–	–	1 788
BJ Nxumalo	5 800	2 584	208	–	8 592	(2 153)	–	6 439
EM Pule	1 174	–	6 412	–	7 586	–	–	7 586
J Sankar	1 611	–	202	–	1 813	–	–	1 813
SM Scheppers	5 800	2 088	296	–	8 184	(1 657)	–	6 527
AE Seema	1 367	–	34	–	1 401	–	–	1 401
NN Sithole	1 070	–	12	–	1 082	–	–	1 082
V Tuku	715	–	185	–	900	–	–	900
S Vezi	153	–	44	–	197	–	–	197
LM de Villiers	1 708	–	33	–	1 741	–	–	1 741
	50 457	8 493	10 376	–	69 326	(5 989)	–	63 337

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.

Other payments

Other payments include accumulated leave paid out, separation payments, long service awards and expenditure relating to telephones, security allowances, operating vehicles, professional subscriptions, spouse funeral and dreaded disease cover as well as *ad hoc* payments to the pension fund.

Bonuses

Short-term bonus

Executives in the employment of Eskom for six months or longer during a particular financial year qualify for a short-term bonus. The short-term bonus is payable after the conclusion of the year end external audit and approval of performance results. The group chief executive officer and chief financial officer payouts are dependent 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.

1. The short-term bonuses for the group chief executive officer and chief financial officer are subject to ministerial approval. Approval for the 2025 bonus was obtained in September 2025. Approval for the 2026 bonus is outstanding.
2. Short-term bonus includes employer pension contributions relating to prior year bonuses paid.
3. Other payments include R4.8 million paid to the EPPF to augment the retirement benefit for pensionable service lost during fixed-term employment (2018 to 2023) resulting in approximately three years and two months of pensionable service being added in accordance with the fund rules.
4. The chief financial officer long-term bonus for 2026 is subject to ministerial approval.
5. Member of Exco until 30 September 2025. Seconded to NTCSA as chief executive officer from 1 August 2025 and subsequently appointed as chief executive officer of NTCSA from 1 October 2025.
6. Member of Exco from 1 August 2025.
7. Retired from Eskom in December 2025.

50. Remuneration of directors and executives (continued)

50.1 Executive directors and management (continued)

Bonuses (continued)

Long-term bonus

Long-term incentive scheme

The long-term incentive scheme rewards eligible Exco members in cash for the achievement of organisational objectives measured over a three-year period.

Performance awards with a vesting period of three years from the date of grant are awarded to eligible Exco members at the beginning of a financial year. Vesting of the performance awards are conditional 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 circumstances permitted under the scheme rules).

The performance awards are linked to financial and non-financial key performance indicators that are aligned with Eskom's corporate plan and Shareholder Compact. Each performance measure has a defined threshold, target and stretch performance levels. Awards only vest only to the extent that the applicable performance and vesting conditions are achieved. Potential vesting percentages range from 0% to 100% with the final vesting percentage capped in accordance with the limits implemented by the Minister of Electricity and Energy.

The performance measures included the following:
- loadshedding
- EBITDA
- debt relief conditions
- Just Energy Transition
- audit findings relating to internal controls
- unbundling

The Human Capital and Remuneration Committee reviews the performance outcome at the end of the three-year performance and vesting period and recommends the vesting outcome and related payment to the Board for approval. The Board retains discretion to adjust the vesting outcome, notwithstanding the level of performance achieved.

Each notional performance award has a deemed value of R1 at the grant date. The value of the award is adjusted over the vesting period using an applicable money market-related rate.

Actual performance against each measure is assessed at the end of the performance period against the predetermined threshold, target and stretch levels. The outcome for each measure is then applied to its approved weighting. The weighted outcomes are aggregated to determine the final performance-based vesting percentage, subject to the applicable scheme conditions and any discretion adjustment applied by the Board.

Performance awards vested

The performance awards for Grant 13 that was granted on 1 April 2023 vested on 31 March 2026. The performance outcome resulted in a vesting of 66.67% which was then capped in line with the limits determined by the Minister of Electricity and Energy.

Performance awards vested on 31 March 2026:

	Long-term bonus payable R'000
C Cassim[1]	–
ML Bala[2]	1 246
BJ Nxumalo	1 246
	2 492

Performance award vesting

The vesting values of the outstanding performance awards at 31 March 2026 and 31 March 2025 respectively were as follows:

Name	Awarded on 1 April 2025 (Grant 15)			Awarded on 1 April 2024 (Grant 14)		
	Outstanding performance awards vesting on 31 March 2028 Number	Performance awards vesting on 31 March 2028 at a rate of 30% Number	Performance awards payable on 31 August 2028 at R1.27 per award R'000	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
DL Marokane[3]	18 000 000	9 000 000	11 430	18 000 000	9 000 000	11 430
C Cassim	6 000 000	1 800 000	2 286	6 000 000	3 000 000	3 810
ML Bala[4]	–	–	–	3 397 170	1 698 585	2 157
RA Crookes	4 452 000	1 335 600	1 696	–	–	–
NY Hadebe	4 346 040	1 303 812	1 656	–	–	–
CB Hartley	4 240 050	1 272 015	1 615	–	–	–
PB Mgomenzulu	4 346 040	1 303 812	1 656	–	–	–
RP Mnisi	4 558 050	1 367 415	1 737	–	–	–
BJ Nxumalo	6 148 050	1 844 415	2 342	3 397 170	1 698 585	2 157
SM Scheppers	–	–	–	3 397 170	1 698 585	2 157
AE Seema	4 346 040	1 303 812	1 656	–	–	–
	56 436 270	20 530 881	26 074	34 191 510	17 095 755	21 711

Reconciliation of performance awards movements of long-term incentive plan

	2026 Number	2025 Number
Outstanding at beginning of the year	50 383 020	16 191 510
Granted during the year to Exco members	56 436 270	34 191 510
Granted during the year to others	9 858 090	–
Forfeited during the year[5]	(6 794 340)	–
Vested during the year	(12 794 340)	–
Outstanding at end of the year[6]	97 088 700	50 383 020
Carrying amount of liability (R'000)[6]	45 435	28 089

1. The chief financial officer long-term incentive award for 2026 is subject to ministerial approval.
2. Member of Exco when the long-term incentive awards were granted and during the vesting period.
3. Achievement of target performance results in a 50% vesting outcome for the group chief executive officer for Grant 15.
4. Member of Exco until 30 September 2025. Seconded to NTCSA as chief executive officer from 1 August 2025 and subsequently appointed as chief executive officer of NTCSA from 1 October 2025.
5. Performance awards awarded to Mr SM Scheppers for Grant 13 and Grant 14 were forfeited on 31 December 2025 when he retired from Eskom.
6. Relates to performance awards for the group which includes Exco members as well as Mr ML Bala and Mr SJ Mthembu.

Housing and other loans

Housing and other loans to Exco members were as follows:

	2026 R'000	2025 R'000
C Cassim	2 514	2 663
ML Bala	–	2 266
DL Marokane	7 432	7 868
A Mlambo	1 754	–
AE Seema	248	–
	11 948	12 797

Housing and other 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 housing loans from EFC at 31 March 2026 was 8.5% (2025: 9.25%). The loans are repayable over a maximum period of 30 years and the terms and conditions applicable to ex-employees are applied on resignation. The interest rate on the loan to Mr AE Seema from EFC was 17% with a maturity date of 31 December 2032.

50.2 Non-executive directors

Non-executive directors receive compensation in the form of a fixed monthly retainer fee and per-meeting attendance fees, capped in accordance with the shareholder-approved annual meeting calendar. Meeting attendance fees are paid on a quarterly basis. The fees applicable for the year were as follows:

	2026 R'000	2025 R'000
M Nyati	2 811	2 724
FBB Abdul Gany[1]	1 857	2 352
AJ Barendse[2]	611	–
EK Chiloane[2]	495	–
LL Goqwana	1 948	1 775
SN Govind[2]	640	–
APZ Mafuleka[1]	1 395	1 832
DC Matshoga[2]	553	–
L Mkhabela[1]	1 568	1 832
TL Mthombeni	2 496	1 832
TP Nchocho[2]	640	–
B Ntshalintshali[1]	1 481	1 775
JV Peach[2]	495	–
T Ramano[1]	1 453	2 006
CR le Roux	2 496	2 237
BS Tshabalala[2]	582	–
CB Vilakazi	2 237	1 832
C Von Eck[1]	1 655	2 199
TP Zondi-Mthembu[3]	669	–
	26 082	22 396
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[4]		
APZ Mafuleka	1 230	188
L Mkhabela	1 091	130
	2 321	318
National Transmission Company South Africa SOC Ltd[5]		
LL Goqwana[6]	–	–
T Ramano[1]	531	1 073
CB Vilakazi	1 096	1 104
	1 627	2 177

1. Term ended on 30 November 2025.
2. Appointed from 1 December 2025.
3. Appointed from 5 December 2025.
4. Fees paid directly to Board member.
5. Fees paid by Eskom and subsequently recovered from NTCSA.
6. Appointed on 29 January 2026 with effective participation on the NTCSA board commencing on 1 April 2026.

51. New standards and interpretations

51.1 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
Classification and measurement of financial instruments – amendments to IFRS 9 and IFRS 7 (1 January 2026)	The amendments specify: • when a financial liability settled through an electronic payment system can be deemed to be discharged before the settlement date • 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 • 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 These amendments have to be applied prospectively.	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)	The amendments provide guidance on: • the own-use exemption for purchasers of electricity under such power purchase agreements • hedge accounting requirements for companies that hedge their purchases or sales of electricity using power purchase agreements • new disclosure requirements relating to contracts for nature-dependent electricity with specified characteristics These amendments have to be applied prospectively.	No impact on the group's recognition or measurement as existing power purchase agreements are for own use and not designated for hedge accounting. Disclosure will be updated where applicable.
Annual improvements volume 11 – amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 7, IFRS 9, IFRS 10 *Consolidated Financial Statements* and IAS 7 *Statement of Cash Flows* (1 January 2026)	The amendments include the following: • IFRS 1: clarifies hedge accounting wording inconsistencies with IFRS 9 • IFRS 7: aligns the terminology and concepts with IFRS 13 *Fair Value Measurement* and updates the implementation guidance to simplify aspects of the requirements that are not illustrated • IFRS 9: updates cross-references for derecognition of lease liabilities and aligns terminology with IFRS 15 • IFRS 10: clarifies inconsistencies relating to judgement when determining whether a party is acting as a de facto agent • IAS 7: replaces 'cost method' with 'at cost' for consistency with IFRS Accounting Standards These amendments have to be applied retrospectively.	No impact on the group as the amendments primarily relate to clarification and consistency in terminology.
IFRS 18 *Presentation and Disclosure in Financial Statements* (1 January 2027)	IFRS 18 will replace IAS 1 *Presentation of Financial Statements* while carrying forward many of the requirements in IAS 1 and introduces new requirements relating to: • presentation of specified categories and defined subtotals in the statement of profit or loss • disclosures on management-defined performance measures in the notes to the financial statements • improved aggregation and disaggregation Some of the requirements in IAS 1 moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and IFRS 7.	The group is assessing the impact of the presentation requirements. A focused implementation initiative is planned to start during the 2027 financial year to evaluate the impact of the requirements and implement required changes to enable the group to report in terms of the requirements of the standard.
Fair value option – amendments to IAS 28 *Investments in Associates and Joint Ventures* (IFRS 18 first apply)	The amendments clarify which investments in associates and joint ventures are eligible for the fair value option in IAS 28, including investments held by venture capital organisations, mutual funds, unit trusts or other similar entities whose main business activity is investing in particular types of assets as described in paragraph 49(a) of IFRS 18. These amendments have to be applied retrospectively.	No impact as the group's investments in associates and joint ventures do not qualify for the fair value option in IAS 28.
Translation to a hyperinflationary presentation currency – amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* (1 January 2027)	The amendments specify how to translate financial information when there is a mismatch between hyperinflationary and non-hyperinflationary functional and presentation currencies with additional disclosure requirements for foreign operations affected by the translation approach. These amendments have to be applied retrospectively.	No impact as the group has no hyperinflationary functional or presentation currencies.

Topic	Summary of requirements	Impact
IFRS 20 *Regulatory Assets and Regulatory Liabilities* (1 January 2029)	IFRS 20 specifies how to account for regulatory assets and liabilities and the resulting regulatory income and expense arising from a regulatory agreement. A regulatory asset is an enforceable present right to add an amount when determining a regulated rate to be charged to customers in future periods. A regulatory liability is an enforceable present obligation to deduct an amount when determining a regulated rate to be charged to customers in future periods. A regulatory asset or liability is recognised when a regulatory agreement creates an enforceable present right or obligation and a timing difference exists because part or all of the total allowed compensation for regulated goods or services supplied in one period is included in revenue recognised under IFRS 15 in a different period. Movements in regulatory assets and liabilities give rise to regulatory income and expense. The standard supplements information provided by applying IFRS 15 and supersedes IFRS 14 *Regulatory Deferral Accounts*. IFRS 20 must be applied either retrospectively or using the modified retrospective approach.	The group will review the requirements to determine the extent to which enforceable rights or obligations in terms of its regulatory agreements give rise to regulatory assets and liabilities. A focused initiative will follow to evaluate the impact of the requirements and implement the necessary changes in terms of the standard.
Sale or contribution of assets between an investor and its associate or joint venture – amendments to IFRS 10 and IAS 28 (optional adoption, effective date deferred indefinitely)	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 *Business Combinations*.	No impact as the group is currently not disposing of any investments in associates or joint ventures.

51.2 Standards, interpretations and amendments to published standards that are effective and applicable to the group

Topic	Summary of requirements	Impact
Lack of exchangeability – amendments to IAS 21 (1 January 2025)	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: • when a currency is exchangeable into another currency • how a company estimates a spot rate when a currency lacks exchangeability • the disclosure requirements for users to understand the impact of the currency not being exchangeable These amendments have to be applied retrospectively.	No impact on the group as all foreign currency transactions are exchangeable.
Disclosures about uncertainties in the financial statements – amendments to illustrative examples to IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (Effective immediately)	The amendments provide additional illustrative examples to enhance disclosure about uncertainties in the financial statements and do not introduce new requirements. The examples demonstrate the application of disclosure requirements relating to material judgements, estimation uncertainty, disaggregation of information and credit risk.	The group considered the guidance in the illustrative examples and enhanced disclosure where applicable. Uncertainties, including environmental and climate-related matters, were considered in the preparation of the financial statements. Related disclosures, including judgements, estimates and assumptions applied, were included in the relevant notes where material.

52. 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 note 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 2026 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.

52.1 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 cumulative balance of the irregular expenditure is reduced in terms of the Irregular Expenditure Framework when:

- transactions which encompass value for money are regularised through condonement by National Treasury or
- if not condoned, an application for removal of the transaction was approved by the Accounting Authority and/or
- losses on the transaction have been recovered or written off per Eskom's internal policies

	Note	2026 Current year Rm	2025 Previously reported Rm	Prior year error Rm	Restated Rm
Group					
PFMA		628	711	776	1 487
Use of sole or single source	(a)	–	1	–	1
Incorrect classification as emergency or urgent procurement	(b)	–	–	1	1
Tender processes not adhered to and insufficient delegation of authority	(c)	628	708	775	1 483
Modifications exceeding allowed amounts	(d)	–	2	–	2
PPPFA		3 215	190	1 173	1 363
Incorrect tender process applied	(e)	390	–	251	251
Tax non-compliance	(f)	2 825	183	922	1 105
Designated sectors	(g)	–	7	–	7
CIDB regulations					
Contracts awarded without following CIDB requirements	(h)	13	–	40	40
Various commercial requirements					
Breach of more than one legislative requirement	(i)	972	561	7 324	7 885
Other		79	75	24	99
		4 907	1 537	9 337	10 874
Company					
PFMA		92	583	127	710
Use of sole or single source	(a)	–	1	–	1
Tender processes not adhered to and insufficient delegation of authority	(c)	92	580	127	707
Modifications exceeding allowed amounts	(d)	–	2	–	2
PPPFA		3 215	190	1 173	1 363
Incorrect tender process applied	(e)	390	–	251	251
Tax non-compliance	(f)	2 825	183	922	1 105
Designated sectors	(g)	–	7	–	7
CIDB regulations					
Contracts awarded without following CIDB requirements	(h)	10	–	24	24
Various commercial requirements					
Breach of more than one legislative requirement	(i)	132	425	6 810	7 235
Other		76	75	9	84
		3 525	1 273	8 143	9 416

(a) Use of sole or single source
Irregular expenditure arose from non-compliance with National Treasury limited bidding requirements of sole and/or single source procurement, where the criteria and/or approvals supporting limited bidding were not appropriately met prior to contract award, contrary to procurement prescripts giving effect to fair, equitable, transparent, competitive and cost-effective procurement.

(b) Incorrect classification as emergency or urgent procurement
Irregular expenditure was incurred where procurement processed as emergency and/or urgent but did not meet prescribed requirements, including incorrect classification or insufficient justification prior to award, contrary to applicable National Treasury Supply Chain Management prescripts.

(c) Tender processes not adhered to and insufficient delegation of authority
Irregular expenditure arose where prescribed tender processes and/or delegated approval requirements were not complied with, including instances where evaluation or adjudication criteria were not applied as communicated and/or approvals were not appropriately authorised, contrary to PFMA section 51(1)(a)(iii) and procurement prescripts. This category includes instances of order splitting or threshold circumvention identified through audit procedures and data analytics.

(d) Modifications exceeding allowed amounts
Irregular expenditure was incurred where contract modifications or variations were implemented without meeting applicable approval requirements and/or prescribed thresholds in the relevant National Treasury instructions.

(e) Incorrect tender process applied
Irregular expenditure was incurred where preferential procurement requirements were not applied correctly, including instances where preferential evaluation methodologies (eg preference points or threshold application) were not applied as prescribed by the Preferential Procurement Policy Framework Act, 5 of 2000 (PPPFA) or Preferential Procurement Regulations and related prescripts.

(f) Tax non-compliance
Irregular expenditure was incurred where supplier tax compliance requirements were not satisfied at the point of award approval (ie compliance was not appropriately verified as compliant prior to award), contrary to applicable National Treasury Supply Chain Management instructions.

(g) Designated sectors
Irregular expenditure was incurred where designated sector or local production and content requirements were not complied with, including cases where minimum thresholds were not appropriately specified and/or validated in tender documents, contrary to designated sector and local content prescripts.

(h) Contracts awarded without following CIDB requirements
Irregular expenditure was incurred where procurement awards did not comply with applicable Construction Industry Development Board (CIDB) regulatory requirements that are directly linked to award legality and prescribed eligibility or compliance conditions.

(i) Breach of more than one legislative requirement
Irregular expenditure was recorded where individual transactions involved two or more multiple contraventions of applicable prescripts and were therefore classified as breaches of more than one legislative requirement.

The restatement resulted from irregular expenditure incurred in prior periods where the assessment and determination of the errors were only finalised and adjusted for in the current year. Most of the amounts relates to contracts which were awarded or modified without proper approvals.

52.2 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.

	2026 Current year Rm	2025 Previously reported Rm	Prior year error Rm	Restated Rm
Group				
Interest and penalties	–	8	–	8
Other	–	12	3	15
	–	20	3	23
Company				
Other	–	12	3	15

The group experienced 62 (2025: 57 restated) and the company 24 (2025: 44 restated) incidents of fruitless and wasteful expenditure during the year.

52. Information required by the Public Finance Management Act (continued)

52.3 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	2026	2025	2026	2025
Losses incurred (Rm)					
Estimated non-technical energy losses	(a)	6 599	7 068	6 599	7 068
Theft of conductors, cabling and network-related equipment	(b)	86	77	79	64
Malicious damage to property	(b)	–	77	–	75
Fraud and corruption	(c)	8	4	8	4
Common theft	(b)	28	–	26	–
Armed robbery	(b)	26	–	21	–
		6 747	7 226	6 733	7 211
Losses recovered (Rm)					
Estimated non-technical energy losses[1]	(a)	55	59	55	59
Theft of conductors, cabling and network-related equipment	(b)	1	5	1	2
Malicious damage to property	(b)	–	2	–	2
Fraud and corruption	(c)	–	2	–	2
Common theft	(b)	5	–	5	–
Armed robbery	(b)	1	–	1	–
		62	68	62	65
Number of criminal incidents where direct financial losses were incurred					
Theft of conductors, cabling and network-related equipment	(b)	1 333	1 585	1 200	1 425
Malicious damage to property	(b)	–	261	–	177
Fraud and corruption	(c)	3	4	3	4
Common theft	(b)	192	–	167	–
Armed robbery	(b)	57	–	46	–
		1 585	1 850	1 416	1 606
Number of arrests					
Estimated non-technical energy losses		28	7	28	7
Theft of conductors, cabling and network-related equipment		95	73	90	66
Malicious damage to property		–	16	–	14
Fraud and corruption		3	–	3	–
Common theft		19	–	15	–
Armed robbery		5	–	5	–
		150	96	141	87

(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. These challenges also include illegal connections to transformers which are being investigated and monitored as part of ongoing management and mitigation efforts. The management of non-technical losses focuses on ensuring that all energy supplied is accounted for 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. The technical losses computation within the energy losses model was enhanced during the year. Historical averages and proxy assumptions were updated and refined with actual network modelling data and validated high voltage technical loss case files, resulting in a more representative estimation of technical losses across the network.

Total energy losses were as follows:

	2026		2025	
	%	GWh	%	GWh
Technical	3.52	6 580	2.86	5 644
Non-technical	7.02	13 120	7.55	14 881

Eskom invoiced R11.8 million (2025: R8.4 million) of revenue relating to non-technical energy losses during the year, of which R4.8 million (2025: R5.5 million) has been received. In addition, meter tampering fees amounting to R50.2 million (2025: R53.0 million) were received during the year.

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 remain even though improvements were implemented in the online vending environment during the year. Refer to note 45.2.

1. Estimated non-technical energy losses were restated to only report recoveries of losses due to criminal conduct (R59 million) instead of all losses recovered (R324 million) as previously erroneously reported.

(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. The losses incurred in this category were below the materiality threshold in 2026.

Common theft consists of the unlawful appropriation of moveable property belonging to another with intent to permanently deprive the owner 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 2026.

Armed robbery is an aggravated form of theft that involves the use of lethal weapons to perpetrate violence or the threat of violence (intimidation) against a victim. A threat to inflict grievous bodily harm by the offender or an accomplice on the occasion when the offence is committed, whether before or during or after the commission of the offence. The losses incurred in this category were below the materiality threshold in 2026.

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 South African Police Service, including:

- realigning of security contracts and optimisation of deployment, including scope, resourcing, and deployment models to enhance effectiveness and responsiveness
- improving of the Eskom asset disposal process and strategies
- focusing on asset management and protection including researching and implementation of innovative solutions, ie unique marking and tracking capabilities
- implementing national policy and legislative directives to address scrap and second-hand good market regulation which fuels the demand for illicit goods
- 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
- strengthened law enforcement collaboration, including arrests, case development and investigative support to ensure quality dockets that increase the likelihood of successful prosecutions and convictions
- strengthened internal communication through clear, forward-looking view of security threats, enabling proactive operational and leadership decision

(c) Fraud and corruption

Eskom concluded 3 (2025: 4) investigations into fraud during the year where losses due to criminal conduct were incurred. 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.

53. Reportable irregularities and matters under investigation

53.1 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 2026. The discussion focused on items that were open at the previous year end and new items identified in the current year.

Description	Response	Status
1. 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, including non-compliance relating to: • section 31L of NEMA • sections 19, 20, 21, 22, 53, 118, 120 and 121 of NWA • section 51(1)(e) of NEM: AQA Notices have been issued by the relevant authorities for some of these non-compliances, resulting in a risk of sanctions from the authorities as well as litigation for continued non-compliance. These breaches led 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. Reported: 2021–2026	• The continued implementation of the emission reduction strategy through the Generation Reliability and Optimisation Plan has led to a significant improvement in the condition and reliability of the coal-fired power stations. • An integrated approach including improved governance, performance management, skills development and detailed operational plans has been implemented to address environmental risks and the root causes of non-compliance with environmental legislation. • Incidents of environmental non-compliance are reported to the relevant authorities and investigations are undertaken to ensure that appropriate corrective and preventative measures are put in place. Progress against identified actions is monitored and reported through various governance structures, including the Generation Environmental Compliance Steering Committee, with ongoing tracking at power station, divisional and executive management levels. • Creating awareness of environmental legal accountability, supported through online legal liability training and new SHEQ training to strengthen leadership accountability and support improved compliance. • Progress has been made in addressing water use licence compliance matters, including receipt of an amended water use licence from the Department of Water and Sanitation during March 2026 and implementation of additional monitoring and remediation measures. Certain actions remain in progress, including the revision of toxicity testing requirements. • 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. • Implementation of emission reduction strategies and dust-handling improvements is tracked through the generation recovery system to support ongoing compliance. • The implementation of the air quality plan continues and includes key objectives to: – Minimise the impact of Eskom's emissions on human health and the natural environment. – Maintain Eskom's licence to operate by ensuring compliance with air quality legislation, including power station atmospheric emission licences and minimum emission standards. – Minimise financial and legal liabilities associated with emissions and non-compliance to legislation. – 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.	Open, pending implementation of action items

Description	Response	Status
2. Certain duties relating to investigations have not been fulfilled including: • 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. • 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. • 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). Reported: 2022–2025	• All investigations that reveal suspected fraud and corruption are referred to the Directorate for Priority Crime Investigation PRECCA office. The PRECCA reference numbers are included in the forensic investigation reports. • The group investigation and security division was established to enhance and centralise the forensic investigation function and strengthen oversight, monitoring and reporting of investigations. • The recruitment of resources to address vacancies continues to address the delay in initiating and finalising investigations and enable a quicker response to identified incidents of fraud, corruption, and financial irregularities. • The contract for the current forensic panel was extended while the procurement process for a new forensic panel is being finalised. The establishment of the new forensic panel is at an advanced stage with implementation planned from October 2026. • A special project has been initiated to reduce the backlog of forensic investigations, supported by dedicated external resources. • Priority forensic investigations are referred to the rapid response team for immediate attention, investigation and resolution. • The project management office continues to support the forensic function through the review of forensic reports. • 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 with ongoing monitoring against this indicator. • The current case management system is being replaced to enhance efficiency. • Processes and relationships with law enforcement agencies continue to be strengthened to support effective reporting, law enforcement referrals and the investigation of fraud and corruption.	Closed
3. Certain financial records were not complete or accurately maintained in line with legislative requirements of the PFMA and Companies Act, including: • 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. • Certain information could not be provided by management to the auditors which resulted in scope limitations. • Multiple non-compliances of PFMA (section 51 and 55) and the Companies Act (section 28 and 29). • The inaccurate and incomplete financial record keeping is a material breach of the fiduciary duties of management. Reported: 2022–2025	• Management implemented several corrective actions to strengthen PFMA reporting controls, improve completeness and accuracy of financial records and enhance governance over PFMA related reporting and disclosures. • All procurement documentation was centrally loaded and reviewed for completeness. Progress, limitations and solutions were monitored on a weekly basis and progress reports provided to Exco, the Audit Committee and Board. • Governance oversight was strengthened through the audit recovery programme with periodic reporting to Exco, the Audit Committee and National Treasury. • 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. • The irregular expenditure register was enhanced by including identified potential irregular expenditure through initial assessments resulting in more complete and accurate reporting of irregular expenditure matters. • Detailed analysis of irregular expenditure balances was undertaken to facilitate the closure of matters and the preparation of condonation submissions. • A framework for all tenders above R300 million was developed and approved to support proactive assurance reviews and strengthen procurement governance processes.	Closed

53. Reportable irregularities and matters under investigation (continued)

53.1 Reportable irregularities (continued)

Description	Response	Status
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: • Conducting investigations into instances of irregular and fruitless and wasteful expenditure to determine if disciplinary steps needed to be taken against liable officials. • Taking disciplinary actions against any official(s) who made or permitted irregular and fruitless and wasteful expenditure based on the outcome of investigations. • 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. • Providing supporting documentation to confirm that recommendations of completed disciplinary hearings were implemented. • Initiate all investigations into alleged financial misconduct within 30 days of the incidents being reported. Reported: 2022–2025	• Consequence management remains a key component of the audit recovery programme with a continued focus to address historical non-compliance with PFMA requirements relating to investigations, disciplinary processes and consequence management. Progress against the remediation plan is monitored through established governance structures. • Capacity constraints in the PFMA and loss control function departments were addressed through the appointment of external service providers and a phased recruitment process. • The loss control function department was restructured to improve efficiency, independence of oversight and consistency in the execution of disciplinary and consequence management processes. • A consequence management framework is being finalised to strengthen the governance of consequence management processes, responsibilities and outcomes across the organisation. • Governance and oversight have been strengthened through regular monitoring and reporting including weekly operational monitoring, monthly reporting to Exco and the Audit Committee and quarterly reporting to National Treasury. Financial misconduct and PFMA-related matters continue to be escalated through established governance structures to enable effective oversight and timely intervention. • Various matters where fraud, theft and other related losses have been identified are being investigated by the SIU and forensic investigators. • Revised disciplinary procedures are being implemented with ongoing awareness initiatives and training sessions. • 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. • Evaluation of technological solutions to enable automation and flagging of non-compliance.	Closed
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. Reported: 2022–2025	• Management implemented several corrective actions to strengthen financial reporting controls and improve the quality of financial reporting for the timely submission of annual financial statements. • The finance business partnering matrix were strengthened to support improved financial reporting disciplines and year end reporting processes. • Key performance indicators relating to the quality and timeliness of financial reporting were incorporated into the performance compacts of group executives to strengthen accountability. • The corporate planning and budgeting process was enhanced to facilitate timely completion of year end reporting key deliverables that are dependent on this process such as going concern and impairment assessments. • Periodic independent reviews and internal audit validations were performed on key reporting processes to improve accuracy, completeness and reliability of financial information before external audit review. • Ongoing training programmes were undertaken to strengthen technical financial reporting knowledge of PFMA requirements, IFRS Accounting Standards and emerging reporting expectations. • Progress against the audit recovery plan continues to be monitored through the Exco audit recovery forum which reviews the status of remediation actions monthly.	Closed

53.2 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
EAR rule	Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities
EBITDA	Profit before depreciation and amortisation expense as well as net fair value, foreign exchange gain/(loss) and deferred income amortisation
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
IRBA code	Independent Regulatory Board for Auditors Code of Professional Conduct for Registered 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 24	Related Party Disclosures
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 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 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
IFRS 18	Presentation and Disclosure in Financial Statements
IFRS 20	Regulatory Assets and Regulatory Liabilities

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 1 (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
King V™	Report on Corporate Governance for South Africa (effective from 1 January 2026)
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
PAJA	Promotion of Administrative Justice Act, 2000
PFMA	Public Finance Management Act, 1 of 1999
PPPFA	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
kV	Kilovolts
ℓ	Litre
MVA	Mega volt ampere
MW	Megawatt
MWh	Megawatt hour
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
EAF	Energy Availability Factor
ERRT	Eskom Restructuring Task Team
EUF	Energy Utilisation Factor
Exco	Executive Committee
IPP	Independent Power Producer
IT	Information Technology
JET	Just Energy Transition
KPI	Key Performance Indicator
MYPD	Multi-Year Price Determination
NERSA	National Energy Regulator of South Africa
OCGT	Open Cycle Gas Turbine
OVS	Online Vending System
PCLF	Planned Capacity Loss Factor
RCA	Regulatory Clearing Account
SAIDI	System average interruption duration index
SAIFI	System average interruption frequency index
SAPS	South African Police Service
SARS	South African Revenue Services
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

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

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
PO Box 1091 Johannesburg 2000
Switchboard +27 11 800 8111
Customer call centre 08600 ESKOM or 08600 37566

Debt sponsor

Nedbank Corporate and Investment Banking, a division of Nedbank Limited
JSE alpha code BIESKM

For more information

Investor relations

Lerato Mashinini
InvestorRelations@eskom.co.za

Media enquiries

Daphne Mokwena
MediaDesk@eskom.co.za

Group Chief Financial Officer

Calib Cassim
OfficeoftheCFO@eskom.co.za

Queries or feedback on our reports

IRfeedback@eskom.co.za

Our suite of reports covering our integrated results for 2026 is available at https://www.eskom.co.za/investors/integrated-results/

Notes