Eskom

2026 INTEGRATED REPORT

Our value creation journey

A PROUD MEMBER
INTEGRATED REPORTING COMMITTEE OF SOUTH AFRICA
2026/27

PERFORMANCE INDICATORS

Throughout this integrated report, performance against target is indicated as follows:

- Met or exceeded target
- Almost met target (within a 5% threshold)
- Did not meet target
- SC The key performance indicator is included in our annual compact with the shareholder

Welcome to Eskom's FY2026 reporting suite

FIVE REPORTS, ONE STORY

We present a cohesive view of our performance, prospects and stewardship

REPORTING PERIOD
1 April 2025 to 31 March 2026
AVAILABLE AT
www.eskom.co.za/investors/integrated-results

ONE STORY THROUGH FIVE DIFFERENT LENSES

Each report focuses on a distinct dimension of our performance. Together, these five reports give a balanced, credible account of Eskom's performance across strategic, financial, operational, governance and sustainability dimensions

INTEGRATED REPORT

Our strategy and value creation story and outlook

WHO IT'S FOR: The people of South Africa, providers of financial capital and our broader stakeholder base

GUIDED BY: Integrated Reporting Framework, Companies Act, PFMA, King IV; with ISSB standards IFRS S1 and S2 under assessment

MATERIALITY LENS: Double materiality: financial and impact

ASSURANCE: Internal Audit verified the disclosures; Deloitte & Touche provided reasonable assurance on selected KPIs and reviewed consistency across the reporting suite

ANNUAL FINANCIAL STATEMENTS

Our audited financial position, performance and cash flows

WHO IT'S FOR: Shareholder, investors, creditors, regulators, analysts, employees and the public

GUIDED BY: IFRS Accounting Standards, the Companies Act and PFMA

MATERIALITY LENS: Financial materiality: information that could influence users' decisions

ASSURANCE: Audited by Deloitte & Touche on behalf of the Auditor-General of South Africa

SUSTAINABILITY REPORT

Our environmental, social and governance (ESG) impacts

WHO IT'S FOR: Stakeholders with a specific interest in our ESG performance

GUIDED BY: Global Reporting Initiative, United Nations Sustainable Development Goals (SDGs), IFRS S2 and Eskom's internal ESG framework

MATERIALITY LENS: Impact materiality: our most significant effects on the economy, environment and people

ASSURANCE: Internal Audit verified the disclosures; Deloitte & Touche provided reasonable assurance on selected KPIs and reviewed consistency across the reporting suite

GOVERNANCE AND REMUNERATION REPORT [NEW]

How we are governed and how we reward our people

WHO IT'S FOR: Shareholder, providers of financial capital, regulators and employees

GUIDED BY: Companies Act, King IV and PFMA, with pay-gap disclosures aligned to the Companies Amendment Act's requirements

MATERIALITY LENS: Matters material to leadership effectiveness, ethical conduct, fair remuneration and long-term value creation

ASSURANCE: Internal Audit verified the disclosures; Deloitte & Touche reviewed consistency across the reporting suite

PERFORMANCE REPORT [NEW]

A detailed view of operational and financial performance

WHO IT'S FOR: Shareholder, analysts, regulators and operationally focused stakeholders

GUIDED BY: PFMA and National Treasury regulations, the shareholder compact and internal KPI measurement specifications

MATERIALITY LENS: Operational and financial materiality - matters significant to delivering on our mandate

ASSURANCE: Internal Audit verified the disclosures; Deloitte & Touche provided reasonable assurance on selected KPIs and reviewed consistency across the reporting suite

IF YOU ONLY READ ONE THING ...

Start with our integrated report

In one place, it sets out our strategy, the matters most material to Eskom, how we have performed against them and where we are heading. It points you to the rest of the suite when you want to go deeper

WHERE TO FIND WHAT

A quick guide to Eskom's FY2026 reporting suite, organised by the topics that matter most to our stakeholders.

STRATEGY, VALUE CREATION AND OUTLOOK

Integrated report
Our strategy, business model and material matters
Our operating context, risks and opportunities
The C-suite's perspectives
Condensed annual financial statements and commentary

Annual financial statements
Our financial position, performance and cash flows

GOVERNANCE, ETHICS AND LEADERSHIP

Governance and remuneration report
Board composition, committees and effectiveness
Ethics, compliance and combined assurance
King IV application and governance outcomes

REMUNERATION AND BENEFITS

Governance and remuneration report
Remuneration philosophy and policy
Executive and non-executive director remuneration
Pay-gap disclosure under the Companies Amendment Act

SUSTAINABILITY AND ESG

Sustainability report
Environmental performance, including emissions and water
Social impact, community investment and just energy transition
Climate-related disclosures aligned with IFRS S2
Contribution to the UN Sustainable Development Goals

Integrated report
Carbon footprint

ASSURANCE AND REPORTING QUALITY

Integrated report
Board responsibility and signoff
Independent assurance report on selected KPIs

Annual financial statements
Independent auditor's report

OPERATIONAL AND FINANCIAL PERFORMANCE

Performance report
Performance overview
Financial overview
Statistical information

Our reporting suite and approach

GOVERNANCE AND APPROVAL BY THE BOARD

The Board is responsible for ensuring the integrity of Eskom's integrated report and broader reporting suite. In approving the reports, the Board considered whether they provide a balanced, transparent and credible account of Eskom's performance, material matters, risks, opportunities and outlook, and whether they are aligned with the applicable reporting frameworks, regulatory requirements and the principles of integrated reporting.

The approval of the integrated report and reporting suite was based on the recommendation of the Audit Committee, with input from the relevant Board committees on matters within their mandates, including governance, human capital and remuneration, sustainability, performance, risk and assurance. The Board approved the 2026 integrated report and reporting suite on 30 August 2026.

Mteto Nyati
Chairman

Dan Marokane
Group Chief Executive

Calib Cassim
Group Chief Financial Officer

Bajabulile Tshabalala
Lead Independent Director

Dr Andrew Barendse
Independent non-executive

Dr Kgaugelo Chiloane
Independent non-executive

Lwazi Goqwana
Independent non-executive

Sharmila Govind
Independent non-executive

Clive le Roux
Independent non-executive

Dr Dimakatso Matshoga
Independent non-executive

Dr Tsakani Mthombeni
Independent non-executive

Tshokolo (TP) Nchocho
Independent non-executive

Prof. Vuyo Peach
Independent non-executive

Dr Busisiwe Vilakazi
Independent non-executive

Thandeka Zondi-Mthembu
Independent non-executive

OUR REPORTING SUITE

Eskom's reporting suite for the year ended 31 March 2026 aims to provide a balanced, transparent and credible account of our performance, position, outlook and impact. It is designed to help stakeholders understand how we create and preserve value, where value has been eroded and how the Board and management are responding to the material matters affecting the group.

Together, the reports in Eskom's 2026 reporting suite are intended to give stakeholders a clear, connected and accessible view of the group's performance, impact and outlook across multiple dimensions:

The *integrated report* provides an overview of our strategic context, material matters, value creation story, performance outcomes and outlook	The *annual financial statements* provide the audited financial results and related disclosures, as well as the report of the independent external auditors	The *sustainability report* provides deeper insight into Eskom's environmental, social and governance (ESG) impacts, commitments and performance	The *governance and remuneration report* details Eskom's governance practices and ethical culture, Board and committee oversight, assurance and remuneration outcomes (NEW in FY2026)	The *performance report* provides detailed information on people, operational, environmental, community and financial performance (NEW in FY2026)

This layered approach allows the integrated report to remain strategic and concise, while providing additional detail in dedicated reports for stakeholders who require deeper information on governance practices, remuneration outcomes, sustainability impacts, financial position and operational delivery. This supports transparency without obscuring the matters that are most material to Eskom's long-term sustainability, and reflects our commitment to balanced reporting, responsible governance and meaningful accountability to the people of South Africa, our shareholder, providers of financial capital and the broader stakeholder community.

Our reporting is guided by integrated thinking. This means that we consider Eskom's performance across financial, operational, environmental, social and governance dimensions, and explain the trade-offs, dependencies and risks that influence our ability to deliver on our mandate over the short, medium and long term.

Our reporting suite and approach *continued*

REPORTING PERIOD AND BOUNDARY

The suite covers Eskom Holdings SOC Ltd and its major subsidiaries, with financial information presented in South African Rand, our functional and reporting currency. Performance information relates to the financial year from 1 April 2025 to 31 March 2026 (shortened in this report to FY2026), unless otherwise stated. Significant events after year end up to the date on which the Board approved the reports have also been considered.

The integrated report contains a set of condensed financial statements, although it should be read in conjunction with the comprehensive financial statements for a complete overview of financial performance.

In this report, *short term* means within one year after year end, *medium term* within one to five years, and *long term* more than five years. When reporting on KPIs in this report, we have included the short- and medium-term targets. Where applicable, we disclosed the targets agreed in the annual compact with the Department of Electricity and Energy (DEE), indicated where applicable with [SC]. DEE acts as representative of our one direct shareholder, the South African Government, which acts on behalf of the people of South Africa.

MATERIALITY

We apply materiality in a way that reflects the purpose of each report. In the integrated report, we focus on matters that are material to Eskom's ability to create or preserve value, or to limit the erosion of value. This includes both financial materiality and impact materiality, taking account of our strategic objectives, risks and opportunities, stakeholder concerns, Board focus areas and the six capitals.

PREPARATION PROCESS

The reporting process is led by the Group Finance Division under the supervision of the Group Chief Financial Officer, Calib Cassim CA(SA).

It draws on inputs from across the business and is informed by Eskom's Corporate Plan, shareholder compact, quarterly reports to the shareholder submitted in compliance with National Treasury regulations and the conditions of the Eskom Debt Relief Act, 2023 as amended, and audited annual financial statements. Financial figures are sourced from the audited group annual financial statements, which are prepared in accordance with IFRS Accounting Standards. Key performance indicators (KPIs) reported herein are based on internal measurement specifications.

The reports are reviewed by subject matter experts, business unit management, the Executive Committee (Exco), relevant Board committees – most prominently the Audit Committee and the Social, Ethics and Sustainability Committee – and the Board.

Assurance is obtained through a combined assurance approach, which includes management review. Internal Audit performed an audit review of quantitative non-financial data disclosed in the report. Deloitte & Touche, our independent external auditors, provided reasonable assurance on a selection of KPIs disclosed in the reports. All but three of the 39 KPIs scoped for reasonable assurance received an unqualified opinion. Deloitte & Touche also considered whether information in the reporting suite is consistent with the annual financial statements – which is subject to audit in terms of International Standards on Auditing – or other reports in the suite, as appropriate.

IR The full list of KPIs selected for reasonable assurance, with their definitions, is disclosed from page 101. Deloitte's independent assurance report is included from page 105 and includes the basis of conclusion on the qualified KPIs

1

Who we are and what we do

OUR MANDATE, VISION AND PURPOSE

Eskom has a dual commercial and social mandate to drive both economic growth and socio-economic development. This mandate is meant to position Eskom as a reliable and financially sustainable electricity provider, while contributing to South Africa's economy and enabling a responsible transition to a lower-carbon future. The mandate is set out in our memorandum of incorporation (MOI), which is prepared by the Board and accepted by our shareholder.

WHO WE ARE

Eskom Holdings SOC Ltd is South Africa's national electricity utility, supplying power by generating, transmitting and distributing electricity, also purchasing power from independent producers (IPPs) and trading regionally. Our commercial mandate underpins national energy security and supports economic growth, with our country-wide operations touching the daily lives of most South Africans. We are also pursuing a transition to a lower carbon future within a more competitive, unbundled electricity market.

Our social mandate makes us a key contributor to national development, including direct and indirect job creation, workforce transformation, skills development, broad-based black economic empowerment (B-BBEE) and rural electrification. Having connected over six million homes since 1991, we continue to work towards achieving universal access to electricity, unlocking economic opportunity and improving living standards of all South Africans. Our work also supports several United Nations Sustainable Development Goals (SDGs).

SR Our sustainability report, available online at www.eskom.co.za/investors/integrated-results/ explains how we affect the SDGs

Who we are and what we do *continued*

Our vision and purpose flow from this mandate. Four strategic objectives, aligned to the shareholder's five strategic priorities, guide how we deliver on it.

Eskom's mandate	Lower the cost of doing business in South Africa; enabling inclusive economic growth and providing security and stability of electricity supply and provide electricity in an efficient and financially sustainable manner.

Our mandate

Our vision
Sustainable power for a better future

Our purpose
Powering growth sustainably

Shareholder's priorities

Achieving universal access, availability, affordability and quality	Attain sovereign and regional energy security	Drive industrialisation and lead innovation	Qualitatively transform energy demographical; elevate role of women and youth	Assert SA, continental and global energy leadership

Eskom strategic objectives

Pursue financial and operational sustainability
(Fix the current business)

- Recover and **sustain EAF to 70%** in the long term
- Drive interventions to **achieve environmental compliance**
- Implement innovative solutions to reduce **municipal arrear debt and energy losses**
- **Intensify cost optimisation** and enhance revenue
- Address **fraud, corruption and criminality**

Position Eskom as energy sector leader
(Prepare for competitiveness)

- **Unbundle Eskom divisions** in line with the revised unbundling strategy
- Foster a competitive and open electricity market
- **Launch enhanced business models and embed customer-centricity** to stimulate sales and secure market share
- **Advance unbundled and dynamic tariffs** for enhanced market positioning

Modernise our power ecosystem
(Leverage technology)

- **Accelerate TDP execution** including alternative funding models
- **Build a future-ready and resilient distribution network** including smart meters and microgrids rollout
- **Increase flexibility of generation plant**
- **Upskill and reskill workforce** for digital and clean energy future

Drive a just and inclusive energy transition
(Transition responsibly)

- **Accelerate new capacity projects** (i.e., Gas, RE, Nuclear, Pumped Storage)
- **Intensify repowering and repurposing** of stations (e.g., Komati, Hendrina, Arnot)
- **Explore clean coal technologies and solutions**
- **Stimulate electrification** to increase access and drive decarbonisation (DERs, eMobility)

Entrench a high-performance and ethical culture	Enhance Eskom's brand and reputation	Embed digitalisation and AI integration across the value chain

Zero Harm | **Integrity** | **Innovation** | **Sinobuntu** | **Customer satisfaction** | **Excellence**

KEY STAKEHOLDERS	
Business and suppliers	Employees
General public and customers	Investors
Media	Regulators
Parliamentary Committees	Government

SIX CAPITALS	
Financial capital	Manufactured capital
Natural capital	Human capital
Social and relationship capital	Intellectual capital

The reverse is equally true: when we cannot fulfil our mandate, the impact on the economy and on consumers is significant. We have seen in the recent past how an Eskom that is not financially sustainable weighs heavily on the national budget, the sovereign credit rating and borrowing costs, ultimately reducing resources available for other priorities. Encouragingly, our first credit rating upgrade in over a decade, from B to B+ by S&P Global in FY2026, was cited by ratings agencies as a factor in South Africa's own sovereign upgrade by contributing to a stronger economic outlook. Early in FY2027, Fitch also upgraded both the sovereign and Eskom's credit ratings.

Our finance strategy prioritises pursuing an adequate tariff path that balances affordability with our financial sustainability, optimising costs, deleveraging the balance sheet with Government support, and collaborating on an enduring solution to address the arrear municipal debt challenge. Debt relief support alone will not resolve the underlying structural issues – cash from operations must be sufficient to meet debt service obligations and fund the investment needed to sustain and expand infrastructure, with a standalone investment-grade credit rating being targeted in the medium term.

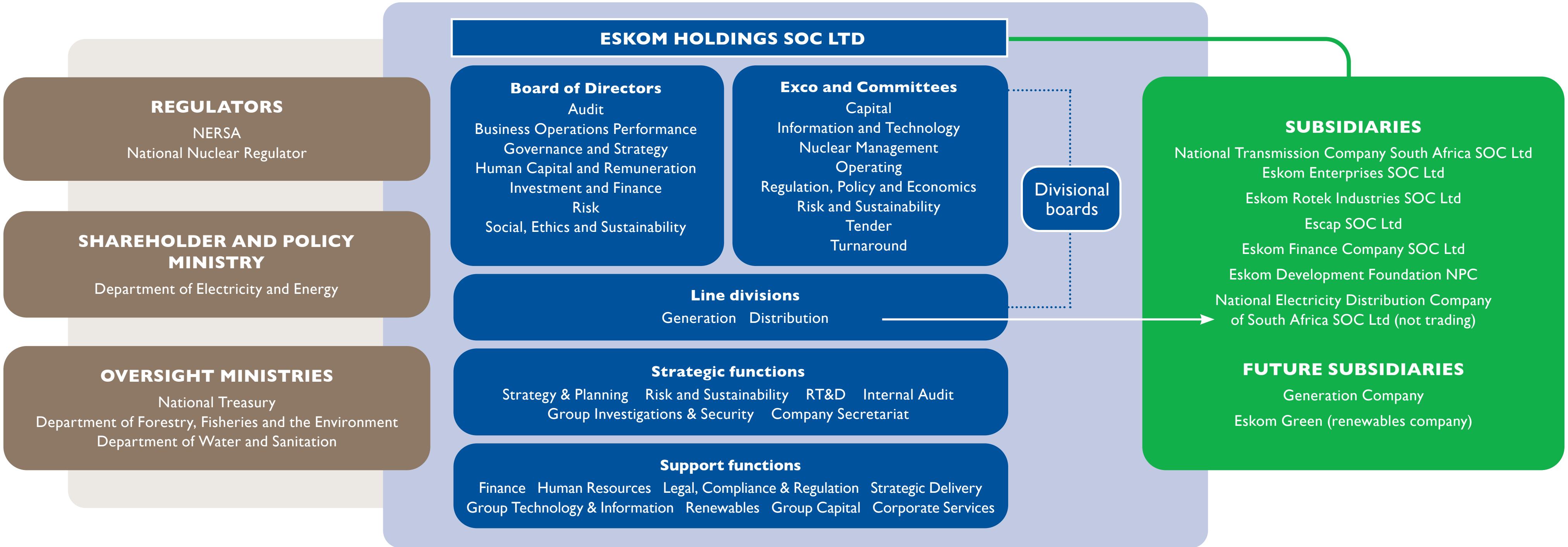
IR Our business model, detailed from page 10, shows how we convert inputs into electricity to meet customer demand, and how we impact the six capitals

In delivering our mandate, we engage a broad set of stakeholders: the Department of Electricity and Energy (DEE) as our shareholder representative, other government departments and regulators, lenders and investors, employees and organised labour, customers, suppliers and civil society. The general public is, indirectly, our ultimate shareholder.

IR See "External governance and oversight" on page 7 for the departments with oversight over our operations

Who we are and what we do *continued*

OVERVIEW OF THE GROUP



Eskom Holdings SOC Ltd is the parent company of the group, headquartered in Johannesburg with administrative and technical offices in most major centres. Most of the electricity business still resides in the holding company, which also holds investments in several subsidiaries, some of which provide strategic services to the group and its employees. The holding company remains the primary contributor to group performance.

AFS Note 7 of the consolidated annual financial statements provides segment disclosure of Eskom's generation, transmission, distribution and corporate activities

Our key subsidiaries are:

- *National Transmission Company South Africa SOC Ltd (NTCSA)* – trading since 1 July 2024 and currently functioning as the interim Transmission System Operator (TSO) while the options are being considered to establish an independent TSO outside Eskom
- *Eskom Enterprises SOC Ltd (EE)* – an investment holding company whose main subsidiary, Eskom Rotek Industries SOC Ltd (ERI), provides technical support and plant maintenance to the electricity business
- *Escap SOC Ltd* – a wholly owned insurer that manages and insures business risks across the group
- *Eskom Finance Company SOC Ltd (EFC)* – provides housing and other loans to employees. The sale of the loan book to African Bank has been abandoned as the conditions precedent to the sale agreement concluded in FY2025 were not fulfilled
- *Eskom Development Foundation NPC (Esdef)* – a non-profit company delivering our corporate social investment (CSI) programmes
- *National Distribution Company of South Africa SOC Ltd (NEDCSA)* – set up to house the Distribution business once separated; not yet operational

Each subsidiary has its own board, with the Eskom Board acting as shareholder representative. In response to a request by the Board, the Minister of DEE appointed independent non-executive directors to the boards of EE, ERI, Escap and Esdef during the past year, to diversify the skills mix of those boards by complementing the technical and business expertise provided by employee directors, thereby enhancing oversight of the subsidiaries.

AFS Full details of Eskom's equity-accounted investees and subsidiaries at 31 March 2026 are in notes 11 and 12 of the consolidated annual financial statements

Who we are and what we do *continued*

INTERNAL GOVERNANCE STRUCTURES

Eskom is committed to strong corporate governance across the group and conducts an annual assessment of our application of the principles and practices of the King Code on Corporate Governance. We aim to apply the principles and practices of the King V Report on Corporate Governance™ for South Africa, 2025[1] (King V) from FY2027.

IR Refer to "Governing and leading ethically – Applying the King Code on Corporate Governance" from page 43 for further information

The Board, supported by its committees, is the focal point of governance and accounts to the shareholder on the group's performance. It sets the organisation's strategic direction and safeguards long-term sustainability. The Executive Committee (Exco) manages day-to-day operations and implements Board-approved strategy.

Following approval by Cabinet in October 2025, the Minister of DEE appointed eight new members and four returning members to the Board with effect from 1 December 2025. Six board members stepped down on 30 November 2025 at the conclusion of their three-year term. Bajabulile Tshabalala has assumed the role of Lead Independent Director, taking over from Leslie Mkhabela after the conclusion of his term. Mteto Nyati will continue to serve as Chairman until October 2026 when his three-year term comes to an end.

IR Detail of the composition of the Board and Exco is provided from page 46

Our governance framework rests on a clear division of roles between the shareholder, the Board and management, defined in the MOI and supported by our delegation of authority (DOA) and significance and materiality framework (SMF) which is aligned to the Public Finance Management Act, 1999 (PFMA). These tools set out when matters must be escalated for Board or shareholder approval.

Wholly owned subsidiaries are governed by a subsidiary governance framework, which has been updated to account for the impact of the legal separation process. Under an active performance management approach, Eskom Holdings sets the strategic direction and provides funding support, while subsidiaries operate independently against performance compacts set by Eskom as their shareholder, on which they report regularly to Eskom.

The boards of NTCSA and Escap are chaired by, and consist mostly of, independent non-executive directors. Once the legal separation is complete, the boards of the new subsidiaries – NEDCSA to house the Distribution business, Eskom Green as the vehicle for the renewables business, and GxCo which is intended to house the Generation business – will similarly be majority-independent, and all will have the Eskom Board as shareholder representative.

Divisional boards for Generation and Distribution continue to serve as transitional structures during the legal separation process. They promote accountability within each division and report to Exco. They are operational in nature and do not constitute formal boards of directors under the Companies Act, 2008.

EXTERNAL GOVERNANCE AND OVERSIGHT

Eskom Holdings is wholly owned by the South African Government, with the Department of Electricity and Energy, led by Dr Kgosientsho Ramokgopa, acting as shareholder representative.

Under the PFMA, we submit a five-year Corporate Plan annually to our shareholder and National Treasury. The FY2027 Corporate Plan, approved by the Board in February 2026, covers the five-year period to FY2031. We also conclude an annual shareholder compact setting, which sets targets for key performance indicators (KPIs) aligned with the shareholder's Strategic Intent Statement. Our progress against the shareholder compact is reported to the shareholder and National Treasury quarterly, after being approved by the Board. The report also covers compliance with the debt relief conditions associated with the Eskom Debt Relief Act, 2023 as amended, which determine the conversion to equity of the various tranches of the debt relief support of R230 billion in total to be provided to Eskom by National Treasury.

AFS Performance against the 2026 shareholder compact is detailed in the directors' report in the financial statements

PR In this report, KPIs from the compact that are shown in tables are marked SC and are included in the statistical section contained in the performance report

We are also subject to oversight by National Treasury, the Department of Forestry, Fisheries and the Environment (DFFE), the Department of Water and Sanitation (DWS) and the Department of Planning, Monitoring and Evaluation (DPME), and we report regularly to various parliamentary committees.

The electricity supply industry is regulated by the National Energy Regulator of South Africa (NERSA) under the National Energy Regulator Act, 2004 and the Electricity Regulation Act, 2006, as amended by the Electricity Regulation Amendment Act (ERAA) of 2024. NERSA issues industry licences and sets revenue allowances in line with the Electricity Pricing Policy. Koeberg, our only nuclear facility, is regulated by the National Nuclear Regulator (NNR). Our generation licences set limits on emissions and water use.

We operate under a wide range of laws and regulations covering tariffs, environment, procurement and labour.

ADAPTING TO A CHANGING ELECTRICITY SUPPLY INDUSTRY

The South African electricity supply industry is being fundamentally reshaped. Policy reform, the accelerating shift to cleaner energy, technological change and greater customer choice are opening the market to new participants and new business models. Eskom, until recently one of the few remaining vertically integrated utilities globally, is repositioning itself to compete and lead in this new environment.

Our transformation rests on three linked shifts:

- *Unbundling:* separating our generation, transmission and distribution businesses into focused, accountable subsidiaries
- *Modernising:* strengthening the grid, adding flexibility and rolling out digital tools such as smart meters
- *Diversifying:* expanding the energy mix to include renewables, gas, nuclear and storage alongside a responsibly managed coal fleet

In December 2025, Minister Ramokgopa approved our revised unbundling strategy. It introduced a new holding company (NewCo) with four wholly owned subsidiaries: NTCSA (already operational), NEDCSA (not yet operational), a generation company (GxCo) and Eskom Green (housing the renewables business).

Who we are and what we do *continued*

In line with the Electricity Regulation Amendment Act, an independent state-owned Transmission System Operator (TSO) will be established outside of Eskom to operate the wholesale electricity market. During the State of the Nation Address in February 2026, President Cyril Ramaphosa announced the establishment of the Eskom Restructuring Task Team (ERTT) to accelerate the establishment of the independent state-owned TSO.

IR Refer to "Reflecting on our operating context – Adapting our business model through unbundling" from page 24 for more information on the recommendations of the ERTT

WHAT WE DO

We create value by generating, transmitting, distributing and selling electricity to a wide range of customers. We serve primarily South African customers, along with a few international customers, using energy we generate as well as power purchased from independent power producers (IPPs) and imported from neighbouring countries. Mozambique remains our most significant trading partner for both imports and exports.

PR Customer numbers, sales volumes and revenue by segment are shown in the supplementary information in the performance report

The System Operator, housed in NTCSA, balances supply and demand in real time to keep the system frequency at 50Hz. We are part of the Southern African Power Pool (SAPP), which relies on strong transmission networks across member countries to support regional grid stability.

Eskom owns and operates most of South Africa's base-load and peaking generation capacity. We have 30 power stations with a nominal capacity of 47 378MW, that utilise coal, nuclear fuel, water, wind, diesel and small volumes of solar power. The group also manages a transmission and distribution network of more than 411 000km of power lines.

IPPs, which sell to the group through NTCSA, had installed capacity of just around 8 500MW at year end, mainly wind and solar photovoltaic (PV). Renewable generation is variable and non-dispatchable when no battery storage is attached, which can place strain on our coal fleet: coal units typically idle at around 60% capacity to remain stable.

GENERATE	
Power stations	30
Nominal capacity	47 378MW
Coal-fired stations	39 692MW
Nuclear power	1 880MW
Pumped storage	2 724MW
Hydro	602MW
OCGTs	2 380MW
Renewables – Wind	100MW

When renewable output is high, the System Operator may need to curtail generation by renewable IPPs – at a financial cost – to protect grid frequency. Increasing the flexibility of our fleet and adding storage are therefore central to our modernisation agenda.

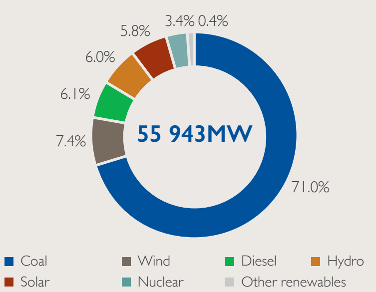
PR Details on our power stations, power lines and substations are available in the performance report

TRANSMIT	
Transmission lines	33 691km
Transformer capacity	161 423MVA

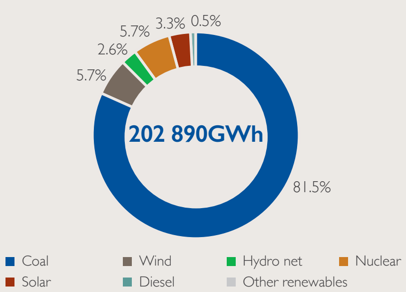
DISTRIBUTE	
Overhead lines	369 068km
Underground cables	8 496km
Transformer capacity	148 241MVA

Under NTCSA's Transmission Development Plan, we aim to connect around 56GW of new generation capacity by 2034, to be delivered mostly by IPPs, with investment focused on the Western Cape, Eastern Cape, Northern Cape and Mpumalanga. To accelerate delivery, five transformer suppliers and 19 overhead transmission line contractors have been appointed to long-term panels. The Government-led Independent Transmission Projects (ITP) programme aims to draw in private sector funders and developers to further expedite delivery.

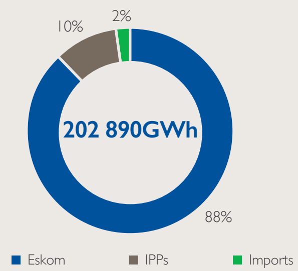
Overall nominal capacity provided by Eskom and IPPs, by source



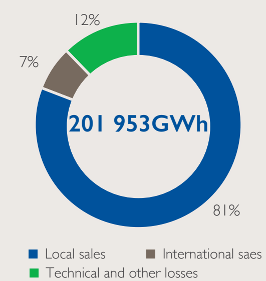
Total energy supplied by Eskom and IPPs, by source (excluding wheeling and net of pumping)



Energy breakdown by supplier



Energy breakdown by destination



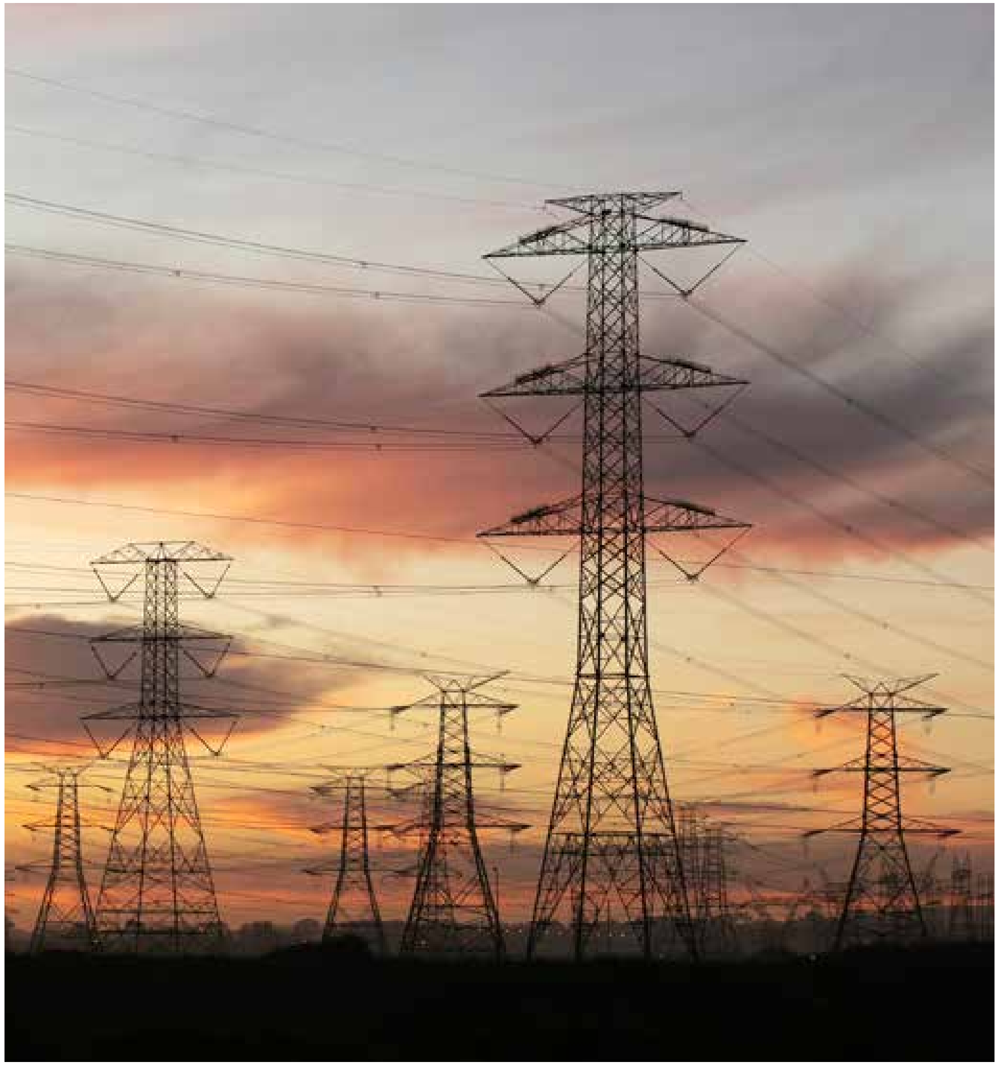
The difference between the total supply and demand is due to own use and timing differences.

Who we are and what we do *continued*

The supply and demand of electricity is shown below.

Source, GWh	2026	2025	2024
Coal-fired stations	**165 431**	179 426	166 606
Nuclear power	**11 618**	8 409	8 172
Pumped storage stations	**4 406**	4 649	4 386
Open-cycle gas turbines (OCGTs)	**811**	2 176	3 634
Hydro stations	**2 416**	710	1 448
Wind	**284**	332	329
Eskom generation	**184 966**	195 702	184 576
Pumping by pumped storage stations	**(5 762)**	(6 064)	(5 710)
Net sent out by Eskom	**179 204**	189 638	178 866
Independent power producers (IPPs)	**19 596**	19 365	20 183
Imports	**4 090**	7 570	9 150
Wheeling[1]	**3 103**	2 028	2 449
Energy available for distribution	**205 993**	218 601	210 648
Technical and other losses[2]	**(23 921)**	(25 339)	(23 502)
Internal use	**(349)**	(349)	(329)
Wheeling[1]	**(3 103)**	(2 028)	(2 449)
Unaccounted[3]	**(588)**	(1 162)	(1 057)
Local and international sales	**178 032**	189 723	183 311
Additional information			
Estimated loadshedding and load curtailment[4]	**36**	354	13 215
Percentage of demand not met[4]	**0.02%**	0.16%	5.92%

1. Wheeling refers to the movement of electricity between international customers through Eskom's network, without the power being available to customers on the South African grid.
2. Technical losses occur during the transmission and distribution of energy. Non-technical losses primarily relate to electricity theft through illegal connections, meter tampering and the use of illegal electricity tokens on prepaid meters. Meter reading and billing errors are also included.
3. The unaccounted value is a balancing figure due to different cut-off dates for recording sales and production volumes.
4. This is an estimate by the System Operator based on forecast versus actual demand at a given time. It does not account for load shifting in response to loadshedding.



How we deliver value

The availability and quality of our six capital inputs empowers us to deliver on our strategic objectives. This enables us to deliver essential electricity services and outcomes that drive long-term value for our stakeholders and enable the growth and sustainability of South Africa.

OUR SIX CAPITALS / OUR INPUTS TO THE CAPITALS

FINANCIAL CAPITAL

Financial capital includes retained earnings, equity from National Treasury and Government-guaranteed debt funding. Lenders earn interest on financial capital.

R1.4 billion Funding raised (2025: R8.7 billion)
R80 billion Government support received (2025: R64 billion)
R20.1 billion Conversion of China Development Bank (CDB) facility from USD to CNY

MANUFACTURED CAPITAL

Manufactured capital consists of power stations as well as transmission and distribution networks, supplemented by IPPs and imports. It is enhanced by commissioning new units, extending power lines, and maintaining existing plant.

47 378MW Nominal power station capacity (2025: 46 866MW)
8 565MW IPP capacity (2025: 7 495MW)
411 255km Power lines and cables (2025: 411 181km)

NATURAL CAPITAL

Natural capital includes non-renewable energy sources like coal, water, and nuclear fuel, consumed to generate electricity. Waste is produced, impacting the environment. We aim to transition to renewable energy and mitigate impacts on bird life from transmission networks.

96.5Mt Coal burnt (2025: 106.2Mt)
241 562Mℓ Net raw water used (2025: 268 638Mℓ)

Non-renewable energy sources	Renewable energy sources
165 431GWh Coal (2025: 179 426GWh)	11 019GWh Hydro (2025: 12 999GWh)
11 618GWh Nuclear power (2025: 8 409GWh)	11 624GWh Wind (2025: 10 983GWh)
1 079GWh Eskom and IPP OCGTs (2025: 2 838GWh)	6 781GWh Solar (2025: 6 492GWh)
Nil Other (2025: 425GWh)	1 100GWh Other (2025: 1 065GWh)

HUMAN CAPITAL

Human capital involves employees' competencies, focusing on racial, gender and disability equity. Despite financial constraints, we enhance skills through training, balancing headcount changes with preserving our knowledge base. Loss of competent staff impacts this base.

42 030 Employees at the start of the year (31 March 2025)
R2.2 billion Training spend (2025: R1.5 billion)
1 244 Headcount increase (2025: 1 405 increase)
3 713 Technical and non-technical learners (2025: 2 609)
931 Youth Employment Services learners at year end (2025: 612)

SOCIAL AND RELATIONSHIP CAPITAL

Social and relationship capital involves interactions with stakeholders, supporting economic growth, job creation, B-BBEE and socio-economic development. We acknowledge the negative health impacts of our operations and are working on projects to reduce emissions.

R153.25 million CSI committed spend (2025: R146.2 million)
R226.2 billion B-BBEE attributable procurement spend (2025: R205.4 billion)
R2 billion Electrification spend funded by Government (2025: R2.4 billion)

INTELLECTUAL CAPITAL

Intellectual capital encompasses technology, organisational knowledge, systems, policies and innovation. Our System Operator manages the supply-demand balance, maintaining the frequency at 50Hz, and is crucial for future technological advancements and operational improvements.

R151.5 million Research, testing and development spend (2025: R145.8 million)
Information technology, telecommunications and operational technology
Organisational knowledge, intellectual property, systems, policies and procedures

We aim to align our value creation with a selection of UN SDGs

7 Affordable and clean energy
12 Responsible consumption and production
13 Climate action
3 Good health and well-being
5 Gender equality
6 Clean water and sanitation
8 Decent work and economic growth
9 Industry, innovation and infrastructure
15 Life on land

SR Read more about our impact on the SDGs in the sustainability report

How we deliver value *continued*

Eskom generates, transmits, and distributes electricity to industrial, mining, commercial, agricultural and residential customers, as well as redistributors, including municipalities and metros.

GENERATION

Power stations produce electricity from coal, nuclear and renewable resources, using primary energy inputs such as coal, water, limestone, fuel oil, diesel and nuclear fuel

Coal and gas: We generate electricity from coal and gas, optimising asset performance and utilising Eskom and IPP stations for peaking capacity

Nuclear: We operate Koeberg, Africa's only nuclear power station

Renewables: Renewable energy (hydro, wind and solar) is supplied from Eskom, IPPs and imports

NTCSA

High-voltage electricity is transmitted via the national grid using transformers and transmission lines

These transformers lower the voltage of the electricity

SYSTEM OPERATOR

We maintain the frequency of the power system at 50Hz to balance electricity supply and demand in real time

DISTRIBUTION

Medium- and low-voltage electricity is distributed to customers and redistributors using substations and reticulation lines and cables

OUTPUTS

PRODUCTS

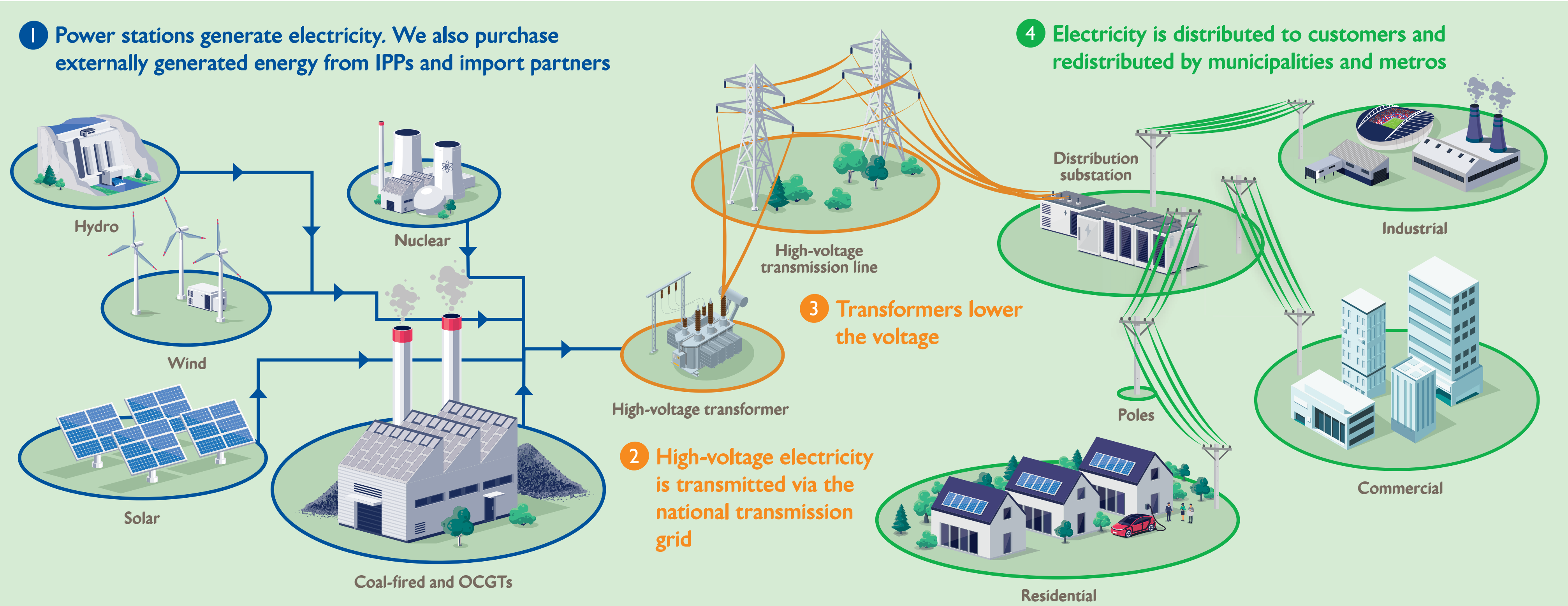
178 032GWh
Electricity sales to distributors, industrial, commercial, international, residential and other customers (2025: 189 723GWh)

WASTE AND BY-PRODUCTS

28Mt
Ash produced (2025: 30.24Mt)

176.32kt
Particulate emissions (2025: 122.94kt)

184Mt
CO_2 emitted (2025: 204.6Mt)



How we deliver value *continued*

OUR CAPITAL OUTCOMES

+ Value created — Value eroded = Value preserved

FINANCIAL CAPITAL

= R46.7 billion Debt and interest repaid, excluding CDB conversion (2025: R79.8 billion)

+ R354.7 billion Revenue (2025: R340.9 billion)

= R7.1 billion Eskom and IPP OCGT spend (2025: R17.7 billion)

+ R108.6 billion EBITDA (2025: R98 billion, restated)

— R111.6 billion Arrear municipal debt (2025: R94.6 billion)

MANUFACTURED CAPITAL

+ 270.8km Transmission lines installed (2025: 292.6km)

+ 4 000MVA Transmission transformer capacity installed (2025: 2 620MVA)

+ 610 223 Smart meters installed and commissioned (2025: 321 496)

+ R45.0 billion Capital expenditure (2025: R41.1 billion)

= 65.16% Energy availability factor (2025: 60.60%)

+ 799MW from the commercial operation of Kusile Unit 6

+ Both units at Koeberg Power Station uprated to 940MW, following steam generator replacements

NATURAL CAPITAL

— 67 Environmental legal contraventions (2025: 65)

— 0.98kg/MWhSO Relative particulate emissions (2025: 0.64kg/MWhSO)

— 1.34ℓ/kWhSO Specific water consumption (2025: 1.40ℓ/kWhSO)

HUMAN CAPITAL

+ 43 274 Employees at year end

— 0.18 Lost-time injury rate (2025: 0.23)

— 7 Employee and contractor fatalities (2025: 3)

+ R50.4 billion Gross employee benefit expense (2025: R45.4 billion)

+ 1 013 Employees enrolled for further studies (2025: 930)

+ 2 268 Appointments through internal hires and promotions (2025: 3 106)

SOCIAL AND RELATIONSHIP CAPITAL

+ 90.5% Key customer delight (2025: 86.8%)

+ 1 510 540 CSI beneficiaries (2025: 1 203 566)

+ R49 billion Total taxes, duties and levies withheld and paid to SARS (2025: R43.5 billion)

+ 67 578 Electrification connections (2025: 83 031), including 2 119 off-grid connections

— 4 days Loadshedding (2025: 13)

INTELLECTUAL CAPITAL

+ Eskom Academy of Learning delivered training programmes covering renewable energy, battery energy storage and smart grid technologies

+ Grootvlei climate-smart horticulture facility commissioned, with training provided to surrounding communities

+ Control environment strengthened through the audit recovery programme

+ Cyber-security posture enhanced, with no Priority 1 cyber-security incidents recorded

+ Raptor Fusion Centre launched to drive intelligence-driven forensic investigations and rapid response security interventions

OUR MATERIAL MATTERS

- M1 Sustaining ethical leadership
- M2 Enhancing financial sustainability and liquidity
- M3 Reversing the decline in sales and diversifying revenue
- M4 Achieving operational excellence
- M5 Improving customer centricity
- M6 Enhancing environmental stewardship
- M7 Building a skilled workforce
- M8 Harnessing digitalisation and AI
- M9 Furthering national developmental goals
- M10 Executing the unbundling
- M11 Creating the Eskom of the future
- M12 Advancing climate action and a just energy transition
- M13 Upholding governance, compliance and ethics
- M14 Fighting criminality and misconduct

IR Refer to the material matters on page 40

Message from the Chairman

"Courage is the most important of all the virtues, because without courage you can't practice any other virtue consistently."

These words by Maya Angelou have stayed with me throughout my time as Chairman. In the life of a board – especially the board of an enterprise that quite literally powers a nation – fiduciary duty is not an abstract legal concept. It is the daily practice of acting in the best interests of the organisation with care, skill and diligence, even when the path is unpopular, politically sensitive or operationally uncomfortable.

As I reflect on the journey since the previous Board first took office in October 2022 at a time of profound national crisis, I am reminded that everything of consequence we have achieved began with the courage to do what Eskom and South Africa required, consistently, even when it was difficult.

When we assumed office, Eskom was grappling with extreme levels of loadshedding, an unreliable coal-fired generation fleet, a transmission grid unable to accommodate new capacity at the pace required, and a balance sheet buckling under unsustainable levels of debt. Employee morale was low, trust in leadership had eroded, and the legacy of state capture lingered.

More than three years on, the organisation I have the privilege to chair is almost unrecognisable. This past year has been a defining one – the year in which Eskom's turnaround moved decisively from recovery and stabilisation towards transformation.

A DEFINING YEAR IN ESKOM'S RECOVERY

The evidence of that shift is tangible. South Africa recorded more than 300 consecutive days without loadshedding by the end of FY2026, reaching a full 365 days on 15 May 2026 – a milestone that would have seemed unimaginable when we began. Generation plant availability improved to 65.16%, and in recent months our generation fleet has reached daily availability levels above 82%, the highest since 2017. Eskom delivered a second successive year of strong profitability and, notably, secured its first credit-rating upgrade in over a decade, which in turn contributed to South Africa's own sovereign upgrade.

WHEN ESKOM SUCCEEDS, SO DOES SOUTH AFRICA.

These are not isolated achievements; they are the product of a deliberate strategy, disciplined execution and, above all, the dedication of tens of thousands of Eskom Guardians who kept the lights on. Yet the Board is mindful that stabilising operations was always going to be the beginning of the journey, not the end. Our task now is to convert hard-won operational recovery into durable financial and structural sustainability, and to reposition Eskom to compete and lead in a transforming electricity supply industry.

Underpinning this progress is a strategy that the Board has refined to reflect Eskom's shift from recovery towards transformation. Anchored in four strategic objectives – pursuing financial and operational sustainability, positioning Eskom as an energy-sector leader, modernising the power ecosystem and driving a just and inclusive energy transition – it charts Eskom's evolution from a vertically integrated monopoly into a resilient, future-ready utility able to compete, collaborate and lead.

The Board's role has been to hold management rigorously to account for execution against this strategy, while ensuring it remains aligned to the shareholder's Strategic Intent Statement and to the long-term interests of the country we serve.

TRANSFORMING ESKOM FOR A COMPETITIVE FUTURE

Repositioning Eskom for a liberalised, decarbonising market has been central to the Board's agenda. In December 2025, the Minister of Electricity and Energy approved a refined end-state and unbundling strategy, introducing a new holding company with four subsidiaries – a generation company, the National Transmission Company South Africa, the National Electricity Distribution Company of South Africa and Eskom Green – alongside an independent Transmission System Operator (TSO). The launch of Eskom Green on 9 June 2026 as a dedicated, utility-scale renewable energy business was a landmark for the group. It gives Eskom a ring-fenced, investable platform to attract private and concessional capital, to compete meaningfully in the renewables market, and to advance a just energy transition focused on repowering and repurposing our coal-station communities rather than leaving them behind.

Throughout, our approach is grounded in three principles: safeguarding financial sustainability, protecting energy security and grid stability, and enabling a transition that is genuinely just and inclusive.

GUIDING INDUSTRY REFORM WITH COURAGE AND CARE

No issue this year has tested the Board's fiduciary resolve more than the reform of the electricity supply industry. The establishment of an independent, state-owned TSO outside Eskom, as required by the Electricity Regulation Amendment Act and reaffirmed by President Ramaphosa, is a defining moment for the electricity supply industry. We welcome the Phase I work of the Presidency's Eskom Restructuring Task Team (ERTT) and fully support the delivery of this policy objective.

But support does not mean silence on the things that matter. The establishment of an independent TSO is a material event for Eskom's lenders, and it must be implemented in a manner that addresses lender requirements, avoids defaults on loans and ensures that Eskom is not placed in a worse financial position, while appropriately considering shareholder rights and interests. The Board shares the President's vision of an independent TSO that will own the transmission assets at the appropriate point in the future. Equally, we hold a clear fiduciary responsibility to ensure that Eskom remains financially sustainable so that energy security can continue to power South Africa's growth. It is precisely for these reasons that we support a pragmatic, carefully sequenced approach with clear stage gates. I am therefore encouraged that Phase II of the reform process focuses squarely on financial sustainability, municipal debt and our obligations to lenders.

Successful reform and a financially sustainable Eskom are not competing objectives – they are complementary, and both are essential to a stable, investment-ready electricity sector.

CONFRONTING THE THREATS TO FINANCIAL SUSTAINABILITY

The single greatest threat to Eskom's financial sustainability, and to the reform of the industry, remains the escalation of municipal arrear debt, which has reached R119.9 billion by June 2026. This is clearly unsustainable.

Municipalities are our largest customer segment, and persistent non-payment directly erodes the revenue, cash flows and liquidity on which the entire electricity supply industry depends, whether unbundled or not. It also constrains the legal separation of our distribution business, as that is premised on a financially sustainable Distribution business. We have pursued every lever within our control – distribution agency agreements, payment arrangements with key metros and enforcing processes at our disposal under the Promotion of Administrative Justice Act. But this is a systemic challenge that Eskom cannot solve alone; it requires decisive, coordinated intervention across all spheres of Government.

Message from the Chairman *continued*

There are encouraging signs. The City of Johannesburg has fully settled its arrear debt in August 2026, as agreed in the payment arrangement; National Treasury has begun temporarily withholding the equitable share from persistently non-compliant municipalities; and the ERTT has proposed a dedicated workstream in Phase II to develop structural solutions. We welcome these steps and will continue to support them with urgency. On tariffs, the resolution of the MYPD 6 determination brought welcome certainty, but we remain acutely conscious of affordability.

We have heard the cries of South Africans that double-digit increases are unaffordable, and we are committed to containing increases to single digits by relentlessly driving efficiencies through our Cost Optimisation and Revenue Enhancement programme. We will continue to support the work by the Department of Electricity and Energy on the review of the Electricity Pricing Policy, which was recently published for public comment.

RESTORING INTEGRITY THROUGH COURAGEOUS GOVERNANCE

Restoring governance and integrity has been a cornerstone of the previous Board's term, and it is where courage has mattered most. Some of our earliest and most difficult decisions – flattening the organisational structure to create direct lines of accountability, restoring employee increases and reintroducing performance incentives after years of constraint, and supporting a multi-year wage agreement to underpin industrial stability – attracted criticism at the time. Yet each was taken in the long-term interest of the enterprise because a sustainable turnaround would have been impossible without the levers that drive accountability and reward excellence. A turnaround embedded in capability, accountability and culture is far more enduring.

Fiduciary duty is not about popularity; it is about doing what the organisation and the country require and doing so consistently.

That same resolve underpins our zero-tolerance stance towards criminality and misconduct. The Board will continue to insist on stronger prevention, earlier detection, faster investigation, effective correction and improved governance oversight. Recent convictions in high-profile matters reflect a decisive shift from reactive response towards proactive, structural prevention. Although most of Eskom's roughly 43 000 employees are honest and dedicated, the minority who are not must be identified and dealt with firmly. We must eradicate unethical behaviour wherever it occurs, while also addressing the control failures that allow it to take root.

Our commitment to King IV and our transition towards King V in the coming year anchors a governance environment that has improved markedly, even as we acknowledge that the journey is not yet complete.

The Board has also intensified its oversight of Eskom's control environment and its combined assurance model. Rebuilding the credibility of our financial reporting is not a compliance exercise; it is fundamental to restoring stakeholder confidence and to the integrity on which access to capital ultimately depends. We have made sustained progress under the audit recovery programme, closing the vast majority of prior year audit findings, and we are resolute that Eskom must move from partial control effectiveness towards genuine control maturity, grounded in disciplined execution, first-line ownership and consistent consequence management. An unqualified audit and the timely publication of results remain firm objectives on this path.

Rebuilding trust is inseparable from restoring performance.

Our social licence to operate rests on the strength of our relationships – with our shareholder and Government, with lenders and investors, with customers and organised labour, and with the communities in which we operate. This year we deepened engagement across all of these, guided by the King principles of inclusivity, materiality, responsiveness and transparency. Multi-stakeholder feedback confirmed growing recognition of our improved stability, even as stakeholders rightly expect more – stronger communication, better coordination and sustained delivery on our commitments.

The Board takes these expectations seriously because trust, once rebuilt, must be continually earned.

RENEWING THE BOARD AND SUSTAINING LEADERSHIP

A board, like the enterprise it governs, must plan for continuity beyond any individual. This year brought meaningful renewal to the Board itself. Following Cabinet approval, eight new members and four returning non-executive directors were appointed with effect from December 2025, combining fresh skills and diversity with institutional knowledge and stability. At the same time, Bajabulile Tshabalala assumed the role of Lead Independent Director, a role the previous Board introduced to align with best practice. I have had the privilege of leading the transition to this reconstituted Board, which is now fully constituted and well positioned to guide Eskom through the next phase of its journey.

The foundations we have laid – in leadership and governance, operational discipline and a clear reform pathway – are designed to endure well beyond the tenure of any single board or chairman. At the end of the day, that is the measure of good stewardship: to leave an institution stronger, more capable and more trusted than one found it.

CONCLUDING REMARKS

I extend my heartfelt gratitude to Minister Kgosientsho Ramokgopa for his steadfast support and visionary leadership, and to our Group Chief Executive, Dan Marokane, and his Executive Committee, whose leadership has driven Eskom's recovery with purpose and determination. To my fellow Board members, past and present, I am deeply grateful for your wisdom, resilience and unwavering dedication through a period that has demanded more of a board than most will ever face.

When I first accepted this role, I did so because the work spoke directly to my purpose – to serve something bigger than myself, in service of the country I love. When your work is meaningful, the peace of mind that comes with that alignment is worth far more than any title or comfort. Eskom's turnaround demonstrates that it is within our power to fix what is broken and to build the country of our dreams, in which future generations are better off than those before them. But to achieve this, we must pay careful attention to the kind of leaders we entrust with our institutions.

Leadership matters.

To every Eskom Guardian who has worked tirelessly to keep the lights on: thank you. The journey is far from over, but I am more confident than ever that, together, we will continue to power South Africa's growth. Let us keep betting on South Africa.

Mteto Nyati
Chairman

Chief Executive's review

When I joined Eskom two and a half years ago, the organisation was in the throes of the most severe energy crisis in our country's history. My early months were consumed almost entirely by crisis management – stabilising a fragile power system, building an appropriate leadership team to tackle the challenges at hand and the future ahead of us, and restoring a measure of confidence among stakeholders who had every reason to doubt us.

Two and a half years on, I am able to speak to you from a vastly different vantage point. The crisis has given way to recovery, recovery has matured into stability, and stability is now enabling us to turn our attention to transformation – to the threats and opportunities that will define Eskom's journey in a rapidly changing electricity industry.

That progression – from crisis to recovery to stabilisation and now to transformation – captures the essence of the year under review. It has been a year of tangible achievement, but also one of honest reckoning with the structural challenges that remain. This review celebrates how far we have come, while being candid about the work still required to secure South Africa's energy future in a liberalised, competitive marketplace.

If my time in this role has taught me anything, it is that the solutions to Eskom's problems lie within Eskom itself – in the expertise, dedication and resilience of our people, and in the discipline to execute relentlessly against a clear plan. The energy crisis tested our collective resolve, but it also revealed our capacity to adapt, recover and transform. Those lessons now inform how we approach the road ahead: with humility about the scale of the task, but with confidence born of what we have already proven we can do.

FROM CRISIS MANAGEMENT TO A STRUCTURAL RECOVERY

The scale of the turnaround is best understood against how deep in crisis we were as an organisation and as a country. The Council for Scientific and Industrial Research estimated that loadshedding cost the economy up to R2.8 trillion in 2023. In the year under review, the country experienced only four days of loadshedding, with none at all in the second half of the year, culminating in 365 consecutive days without loadshedding on 15 May 2026. Behind that headline lies disciplined execution: the refocused Generation Reliability and Sustainability Plan, targeted maintenance investment and the return of critical generation capacity have driven a structural – not merely temporary – improvement in performance.

Generation plant availability improved to 65.16% for the year, from 60.60% previously, and has since climbed higher still – in recent weeks, the generation fleet reached a daily energy availability factor above 82%, the strongest performance since 2017, with unplanned outages at their lowest daily levels in eight years. The final unit at Kusile achieved commercial operation in September 2025, and the return of Medupi Unit 4 in July 2025 and Koeberg Unit 1 in October 2025 restored significant capacity; both Koeberg units secured 20-year life extensions and were uprated, securing dispatchable low-carbon capacity for decades to come. Reliance on expensive open-cycle gas turbines (OCGTs) more than halved, cutting fuel costs by around R10.6 billion and improving both our finances and our environmental footprint.

This is what a positive spiral looks like: better performing operations reduce costs, strengthen cash flows and create the headroom to plan properly, which in turn enables operations to improve even further.

The recovery extends well beyond generation activities. Through the National Transmission Company South Africa (NTCSA), we continued delivering against the Transmission Development Plan (TDP), which will require around 14 500 kilometres of new transmission lines by 2034 to connect new capacity and enable market reform. In Distribution, we continued to modernise the network, expanded the rollout of smart metering and made real progress in eradicating load reduction – the controlled cuts we apply to protect overloaded networks and ensure the safety of people in areas affected by illegal connections and theft. To date, seven provinces are free of load reduction, and more than 1.2 million customers have been relieved of scheduled power cuts; we are on course to eliminate load reduction nationally by March 2027, with Gauteng as the most significant contributor being our key focus area.

These are not abstract metrics; for the families and businesses affected, they are the difference between darkness and dignity.

A FINANCIAL TURNAROUND TAKING ROOT

Our operational recovery has been matched by a financial turnaround. Eskom delivered a second successive year of strong profitability, with a healthier balance sheet, materially improved liquidity and positive credit-rating actions from S&P Global, Fitch and Moody's – including our first credit-rating upgrade in over a decade, which contributed towards South Africa's own sovereign upgrade.

Government's debt relief support has been a critical enabler, freeing up cash from operations to be reinvested in the business rather than being consumed by debt servicing. We have continued to comply with the conditions of the debt relief programme, with all the financial support received to date successfully approved for conversion to equity.

Calib elaborates in the Chief Financial Officer's commentary, but the essential point bears repeating: operations and finances are inseparable. When the generation fleet performs, when the production mix is optimised and when we rely less on diesel, the financial benefit is immediate. The challenge now is to convert recovery into resilience – to sustain these gains under pressure and to reduce our reliance on the fiscus by earning our sustainability through reliable operations, disciplined and efficient cost management, and stronger revenue.

OUR PEOPLE: THE HEART OF THE TURNAROUND

There is no question in my mind that our progress is rooted in the expertise, commitment and resilience of our people. The skills of our employees across engineering, operations and maintenance have been decisive in structurally reducing loadshedding. It is precisely because of their performance that we secured labour stability through a three-year wage agreement which is effective from 1 July 2026, providing certainty at a critical time for the sector.

With the support of the Board and shareholder, we continued the self-funded short-term performance incentive scheme, because I firmly believe that a turnaround of this magnitude must be recognised and rewarded.

Yet I cannot celebrate our people's achievements without acknowledging a profound sadness. During the year, four employees and three contractors lost their lives in the course of their work. Each loss is a tragedy, and any loss of life in Eskom's service is unacceptable. We are strengthening safety leadership, critical-risk controls and contractor management, because every person who works for Eskom must return home safely. Zero Harm is not a slogan; it is a non-negotiable value, which we reinforced in an hour-long organisation-wide safety stand-down on 18 August 2026, necessitated by the unacceptable number of fatalities that we suffered since year end.

Chief Executive's review *continued*

Beyond safety, we continued to invest in our people and our culture. A second consecutive Top Employer certification affirmed the strength of our employee value proposition, while our culture programme – anchored in accountability, operational excellence, financial prudence, customer centricity and our values – is steadily reshaping how we work.

We advanced transformation across most occupational levels, deepened our leadership pipeline and expanded our learner intake. Looking ahead, our focus is on reskilling 15 000 employees by 2031 through initiatives such as our Renewables Academy and Nuclear School, ensuring that our workforce is ready for a competitive, decarbonising industry.

Leadership sits at the heart of this: we can only deliver the best for our customers when we have empowered, capable leaders who lead by example.

TURNING TO THE THREATS AND OPPORTUNITIES AHEAD

With operations now more stable, my focus has deliberately shifted. The urgent question is no longer how we end the crisis, but how we secure Eskom's long-term sustainability against the structural threats we face – and how we seize the opportunities presented by a transforming industry. Several challenges demand our sustained attention.

Municipal debt and financial sustainability

Municipal arrear debt, which has escalated to R119.9 billion by June 2026, remains the single greatest threat to our financial sustainability and the biggest obstacle to the legal separation of our Distribution business.

As Mteto indicates in the Chairman's statement, as Eskom's largest customer segment, persistent non-payment by municipalities directly erodes the revenue, cash flows and liquidity which power the electricity supply industry. We are pursuing distribution agency agreements, enforcing our rights through Promotion of Administrative Justice Act processes and supporting National Treasury's interventions, including the recent temporary withholding of the equitable share from non-compliant municipalities. Encouragingly, the City of Johannesburg has recently settled its arrears in full, and the Eskom Restructuring Task Team (ERTT) has proposed a dedicated workstream to develop structural solutions to this challenge.

But let me be plain: we cannot carry this burden indefinitely without placing Eskom's broader sustainability at risk. The level of non-payment by municipalities is now a sovereign risk. The scale of the challenge demands an intergovernmental solution, and we will continue to press for one with urgency. This is not about clinging onto a monopoly, as we're constantly accused of, it is about advocating for the sustainability of the entire industry.

Reversing the decline in sales

For the first time in more than a decade, sustained improvements in generation, combined with a structural decline in demand, have given rise to surplus capacity of around 2–3GW. Sales volumes declined by 6.2% during FY2026 to 178TWh, driven by weak industrial demand and the effects of embedded self-generation. The closure of the Mozal aluminium smelter when it entered care and maintenance in March 2026 removed a large, stable base-load customer from our planning assumptions, adding to these constraints.

This is a serious signal. We have had to move decisively from passively managing sales erosion to actively growing and diversifying revenue – retaining strategic industrial customers through negotiated pricing agreements, pursuing new demand from data centres, optimising customer wheeling and cross-border sales, and developing electric-vehicle charging and renewable offerings through Eskom Green.

Turning surplus capacity from a risk into an opportunity is now one of our foremost commercial priorities.

Serving our customers and communities

As the market liberalises, customer centricity is at the core of our strategy. Retaining relevance means improving service reliability, resolving complaints faster, communicating openly about outages and tariffs, and meeting customers where they are through digital channels. Customer satisfaction based on internal measurements remained ahead of target during the year, but I am not complacent – reliability for our large industrial customers and the quality of our service remain areas of intense focus. In response to the qualification by the external auditors of one of our customer service measures, we have already made changes to improve the reliability of customer-related performance indicators.

Our developmental mandate also continued to translate into tangible community impact: we connected more than 67 500 households to the grid, reached remote areas through microgrids and distributed energy sources, and launched a flagship solar-powered smart village in Limpopo that serves more than 700 households and is being positioned as a national blueprint for rural electrification.

Through preferential procurement and supplier development initiatives, we broadened inclusive economic participation and retained our level 3 broad-based black economic empowerment status, on a path to level 2 in the next few years.

Tariffs, affordability and cost discipline

We have heard South Africans clearly: double-digit electricity price increases are unaffordable. The resolution of the MYPD 6 determination brought welcome certainty, translating into single-digit increases for the years ahead, and we are committed to keeping increases within single digits by relentlessly pursuing efficiencies. Our Cost Optimisation and Revenue Enhancement programme is central to this, embedding cost discipline as a permanent way of operating.

We are equally committed to protecting vulnerable households, and we continue to engage Government on broadening the reach of free basic electricity, which currently benefits far fewer eligible households than it should. While almost half of our cost increases are not linked to inflation, we are preparing the business for increases in the vicinity of inflation to ensure the financial sustainability of the organisation.

Environmental compliance and a just transition

Operational sustainability requires ongoing investment in environmental compliance, which remains a genuine risk to supply.

We reduced our absolute greenhouse gas emissions during the year and improved our water efficiency, but our relative particulate emissions deteriorated at several older stations; focused recovery plans are already delivering improvement, with emissions performing within target in the latter half of the year. We continue to invest in emission-abatement technology – including flue gas desulphurisation, fabric filter plants and low–nitrogen oxide burners – alongside water-efficiency and ash-beneficiation projects, while engaging Government on the design of carbon-budget regulations to ensure that they are practical, legally sound and financially sustainable.

Our decarbonisation efforts are pragmatic and phased: we will continue to operate our coal fleet responsibly to protect energy security for the country, while accelerating cleaner capacity. Base-load power remains at the very heart of a credible transition – as more renewables come online, we need dispatchable generation to offset their variability and maintain a stable power system, with gas the most economical near-term option alongside storage.

The transition must also be just. Our approach, decoupled from the coal-station shutdown schedule, ensures that repowering and repurposing proceed in parallel with the gradual retirement of our coal assets, so that affected workers and communities are supported rather than left behind. Flagship projects at Komati, Grootvlei, Camden and Hendrina – spanning microgrids, agriculture and skills centres – are creating new economic opportunity in the very communities that have powered this country for a century.

A transition that sacrifices these communities would not be a transition worth having; ours is deliberately designed to be human, not only technological.

Modernising the grid and embracing technology

A competitive, decarbonising industry depends on a modern, flexible and digitally enabled power system. We are accelerating the TDP, continuing to expand and strengthen the distribution network, deploying synchronous condensers to maintain grid stability as renewable penetration rises, and rolling out smart meters at scale under our advanced metering infrastructure strategy. Our own research, testing and development capability continues to explore the technologies – from clean-coal solutions to storage – that will enable Eskom to remain efficient and competitive as the industry evolves.

Chief Executive's review *continued*

Digitalisation and artificial intelligence have moved to the centre of our agenda – from predictive maintenance and fraud detection to smarter grid operations and an enhanced customer experience – underpinned by a strengthened cyber-security posture. We recorded no critical cyber-security incidents during the year; we continue to modernise the legacy systems that remain our greatest area of exposure.

These capabilities are no longer optional; they are the foundation of the modern, market-ready utility that Eskom is becoming, and a key enabler of the flexibility our evolving generation mix demands.

Market reform and the Eskom of the future

The transformation of the electricity supply industry is well underway. As Mteto highlights, we support the establishment of an independent Transmission System Operator (TSO) in a way that also protects Eskom's financial sustainability and our lenders. We are working constructively with the ERTT to determine the most appropriate and orderly implementation approach to achieve these complementary goals.

The competitive wholesale electricity market took important steps forward, with the deferral of the full external launch of the trading platform to the latter half of FY2027 reflecting a disciplined decision to build on a credible foundation rather than a loss of momentum. We continue to advocate for a rules-based transition, with clear market codes, grid-access rules and pricing, because an unregulated market would serve no one; more than that, it would ultimately harm the most vulnerable customers.

Eskom is, at its core, a skills-based engineering organisation, and what drives us is delivering certainty – certainty of supply for our customers, and certainty of rules for the industry. Many of the reforms we are pursuing require policy and regulatory change, which is why we cannot do this alone.

We are deeply grateful for the collaboration with the Minister of Electricity and Energy, NECOM and the whole of Government, whose partnership has been indispensable.

Reform, done well, is not a threat to Eskom; it is the opportunity to secure our long-term relevance.

ESTABLISHING ESKOM GREEN

A defining highlight since my previous review – indeed, one of the most significant milestones of my tenure – was the launch of Eskom Green on 9 June 2026 as a dedicated, wholly owned renewable energy business, with the requisite approvals secured shortly thereafter.

This is a pivotal step in our transformation. For years, Eskom was a spectator in South Africa's renewables market; Eskom Green changes that decisively. It gives us the agility, funding flexibility and partnership-based delivery model that renewable development demands, and – crucially – a ring-fenced platform to attract private and concessional capital while limiting recourse to Eskom's balance sheet. Its initial pipeline of 17 high-priority projects across our existing power-station footprint is expected to make around 6GW of carbon-free electricity available by 2030, with an ambition of up to 32GW by 2040 as part of delivering against the country's Integrated Resource Plan.

By repowering and repurposing our coal-station sites, Eskom Green also anchors a just transition for the communities that have powered this country for generations – ensuring that the shift to cleaner energy creates opportunity rather than hardship. It positions Eskom, at last, as an active and credible leader in South Africa's renewable future.

STRENGTHENING GOVERNANCE AND FIGHTING CRIMINALITY AND MISCONDUCT

None of our progress is sustainable without integrity. We have strengthened governance, internal controls and consequence management, and intensified the fight against criminality and misconduct, including through the launch of the Raptor Fusion Centre in February 2026 and recent convictions in high-profile matters such as the Kusile corruption case. We also continue reducing forensic investigation backlogs by strengthening internal and external forensic resources. We have blacklisted 101 suppliers for wrongdoing through our supplier review process and dismissed 15 employees following the outcomes of forensic investigations.

Consequence management requires more consistent and timely execution – governance, integrity and transparency remain fundamental to everything we are trying to achieve.

The audit recovery programme, designed for a three-year period and currently halfway through, continues to strengthen our control environment as we work towards an unqualified audit and the timely publication of our annual results. Calib elaborates on this in his report.

Eskom's recovery cannot be measured only in megawatts, revenue or profit, it must also be measured in trust. We rebuild trust when we strengthen controls, act transparently, deal decisively with wrongdoing and show that public resources are being managed responsibly.

REBUILDING TRUST WITH OUR STAKEHOLDERS

Eskom's reputation, damaged by years of poor performance, is being restored through transparent communication, proactive engagement and the delivery of tangible results. Media sentiment has remained predominantly positive over the past year, supported by the sustained absence of loadshedding, visible operational recovery and reported progress against criminality and misconduct.

We recognise that stakeholder trust is both a privilege and a responsibility. This year, our engagement priorities shifted – from the immediate concern of keeping the lights on towards the harder questions of affordability, financial sustainability and reform delivery. We are listening, and we are responding, because our social licence to operate depends on it.

Restoring trust is a privilege and a responsibility, and we remain committed to transparent communication and visible action.

CREATING A FUTURE-READY ESKOM

Improved performance must become structural in support of the transformation, not only of Eskom, but also of the electricity supply industry. We cannot afford to treat the easing of loadshedding as the end of the journey. The real test is whether Eskom can sustain plant performance, strengthen transmission and distribution networks, continue improving customer service and, ultimately, deliver consistent, reliable and cost-effective electricity in accordance with our mandate.

I want to thank our stakeholders – Government, our shareholder, regulators, lenders, customers, communities and organised labour – for walking this road with us to this point, as Eskom stands at the threshold of a new era.

We have demonstrated that, even in the face of adversity, we can adapt, innovate and deliver. The delivery of our strategy shows that Eskom is sustainable and investable. But we are keenly aware that the country depends on us to deliver with a sense of urgency, and we cannot let our collective focus slip. We will keep recovering generation performance, strengthening governance and combatting criminality and misconduct, while future-proofing the organisation for energy security, affordability, growth and long-term sustainability – for South Africa and the wider region.

I am grateful to the Board, both past and present, and to our Chairman, Mteto Nyati, for their steadfast guidance; to Minister Ramokgopa, NECOM and the whole of Government for their partnership; and, above all, to every Eskom Guardian whose dedication has powered our turnaround.

The journey ahead will demand continued focus, agility and support from all our stakeholders. Our strategy is ambitious but grounded in reality, and as we have shown this past year, it is achievable. When we work together, we will continue to power South Africa's growth and, in so doing, create a legacy of reliability, sustainability and excellence.

Because if it is to be, it is up to us!

Dan Marokane
Group Chief Executive

Chief Financial Officer's commentary

Our ambition is clear: to achieve standalone investment-grade status without reliance on Government guarantees or financial support, creating enduring value for our shareholder, for our customers and for South Africa.

CONVERTING RECOVERY INTO FINANCIAL RESILIENCE

When I look back on FY2026, I do so with a measure of pride, but also with a clear sense of the work that still lies ahead.

This was an important year in Eskom's financial recovery. The results show that improved operational performance is translating into stronger financial outcomes and a more credible path towards financial sustainability – that is genuinely encouraging. But I have learned, over more than two decades in this organisation, that Eskom's recovery cannot be sustained through Government support alone. It must be earned – through reliable operations, improved revenue collection, disciplined cost management and stronger cash generation.

The group delivered a profit before tax of R39.4 billion (2025: R21.9 billion, restated) – our second successive year of strong profitability – underpinned by a firmer EBITDA margin of 30.63% (2025: 28.75%, restated). A 12.74% standard tariff increase supported revenue growth, while an improved operating environment enabled real efficiencies and decisive cost discipline. As Dan sets out in the Chief Executive's review, these are meaningful results – but they are best understood as evidence of momentum in our shift from recovery to stability on the road towards resilience, not as the end of the turnaround.

The financial results for the year are set out under "Condensed annual financial statements" from page 87.

Eskom is financially stronger than it was. However, it is not yet structurally sustainable.

The most important lesson of the past two years is that operational and financial performance are two sides of the same coin. When the generation fleet performs, when the production mix is optimised and when we lean far less heavily on expensive open-cycle gas turbines (OCGTs), the financial benefit is immediate. Better operations reduce costs, strengthen cash flows and create the headroom to plan properly – which, in turn, drives further operational improvement.

This is the positive spiral we must protect.

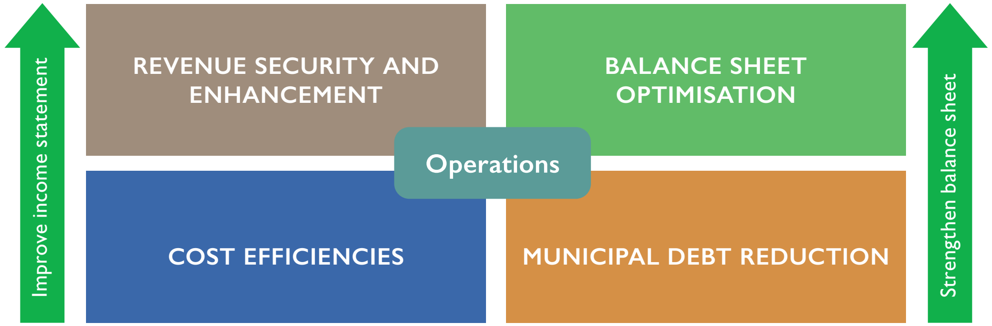
At the same time, the year highlighted the structural constraints that will define the next chapter of Eskom's financial journey: sales volumes are under pressure; the future tariff path remains uncertain; our debt servicing obligations remain significant; municipal arrear debt continues to escalate; and the control environment and PFMA compliance need further strengthening.

None of these will yield to a single intervention. Each demands disciplined execution, sustained over years rather than months.

DELIVERING ON OUR FINANCIAL STRATEGY

Our financial strategy rests on four interdependent priorities: securing and enhancing revenue, driving structural cost efficiencies, optimising the balance sheet and funding, and resolving municipal arrear debt. Success is dependent on all four pillars being executed simultaneously. Operations sit at the centre of all four, because a financially sustainable Eskom must also be an operationally reliable one.

The objective may be straightforward but demanding to deliver: improve the quality of earnings, strengthen operating cash flows and liquidity, and build a capital structure that can support long-term investment without leaning further on the sovereign balance sheet.



Securing and enhancing revenue

Revenue remains a central focus. On the back of the approved tariff increase revenue grew during the year, but sales volumes declined by 6.2% to 178TWh – a serious signal in the context of a longer-term decline of roughly 2% per year. Demand from energy-intensive industrial smelter customers weakened materially under economic pressure, while embedded self-generation continues to reshape how and when our customers draw power. The Mozal aluminium smelter entering care and maintenance in March 2026 removed a large, stable base-load customer from our planning assumptions, sharpening the urgency of the task.

We recognise that tariff increases alone cannot secure Eskom's future.

We must retain strategic customers, recover load where it makes commercial sense, develop new sources of demand and grow revenue streams that are not dependent on the regulated tariff. Targeted interventions for energy-intensive customers, flexible load activation initiatives, emerging data centre opportunities, regional electricity trade, customer wheeling optimisation and Eskom Green offerings are all part of this strategy – because each helps us use available capacity more productively, to recover our costs and, over time, ease pressure on the tariff.

South Africa's revised Electricity Pricing Policy (EPP) may prove to be one of the most consequential policy developments in recent years for the electricity sector. We will actively participate in the Department of Electricity and Energy's consultation process on its revised EPP and Electricity Sector Market Transformation Position Paper, which were published in August 2026, as the outcome will have profound implications for the long-term revenue model of the electricity supply industry, affecting the financial sustainability of the sector as a whole.

The ultimate goal is to deliver consistent, reliable and cost-effective electricity for South Africa.

Chief Financial Officer's commentary *continued*

Preparing for MYPD 7 – to determine Eskom's allowable revenue from FY2029 – within the context of the revised EPP will be one of the most important finance priorities in the year ahead. NERSA's revenue determination must be robust, evidence-based and aligned to Eskom's future operating model, our unbundling and the evolving market framework. It must also support a tariff path that is more predictable and cost-reflective, while recognising the very real affordability constraints facing households, businesses and industry.

The MYPD 6 determination and the reviews that followed demonstrated just how much regulatory certainty matters – not only for Eskom, but for customers, investors and the entire electricity supply industry.

Moving towards transparent and unbundled tariffs is necessary for unbundling, for market reform and for better investment decisions. It is foundational to the future structure of the industry – far more than just a pricing matter.

Driving structural cost efficiencies

Cost discipline is the second part of the equation.

Containing our cost base and diversifying revenue are both essential to limiting upward pressure on electricity prices and supporting a more affordable, predictable tariff path. The Cost Optimisation and Revenue Enhancement (CORE) programme continued to build a more disciplined approach to cost savings and revenue, reinforced by operational gains. During FY2026, the CORE programme delivered R22.4 billion in savings and revenue contributions, exceeding its R21 billion stretch target. CORE is now identifying further opportunities to support a sustainable EBITDA margin of around 30% over the next five years.

Our firm intention is that we institutionalise cost discipline as a permanent way of operating, embedding these efficiencies in how Eskom plans, procures, operates and measures performance.

Optimising the balance sheet and funding

Government's debt relief support has been a critical enabler of Eskom's improved financial position over the past few years.

The R80 billion received in March 2026 strengthened liquidity and helped us meet significant debt obligations. It was recognised as a shareholder loan at year end and approved for conversion to equity by the Minister of Finance in August 2026, further strengthening the group's capital structure.

Eskom's debt balance, excluding shareholder loans, reduced by 4.4% to R356.2 billion by year end; it is on track to reach a more sustainable level of around R300 billion over the next five years.

The debt relief package gave Eskom time to recover, and we have used that breathing room wisely – to stabilise operations and finances. As the debt relief programme draws to a close, the next chapter will be defined by sustaining the recent gains in operational performance, generating stronger operating cash flows, allocating capital carefully and raising cost-effective funding on a standalone basis without Government guarantees.

We are engaging National Treasury on the post-debt relief period to support effective financial planning and Eskom's eventual return to the capital markets.

Cash and cash equivalents rose to R124.9 billion at year end. This must not be interpreted as surplus cash: a significant portion was earmarked for the settlement of the ES26 bond shortly after year end and other debt servicing obligations, as well as for decommissioning activities and clean energy projects.

More pertinent is that FY2026 was the second consecutive year in which operating cash flows were sufficient to fully fund our capital expenditure programme. Sustaining this position is critical – stable liquidity gives Eskom the ability to plan, invest and execute with far greater confidence.

We must keep investing in the infrastructure needed to sustain operational performance and support the future electricity market, while remaining disciplined about affordability, execution capacity and funding. Our annual capital expenditure programme is set to grow from R45 billion in FY2026 to over R70 billion from FY2029, with total capital investment targeted at an upper limit of R343 billion over the next five years.

Every rand invested must support system reliability, future revenue, network resilience, environmental compliance, renewable energy development or long-term strategic growth opportunities.

Our FY2027 Corporate Plan provides for a funding programme of around R88 billion over the next five years, including drawdowns from existing facilities and planned new debt from FY2028, subject to affordability and market conditions. The initial R25 billion tranche of new debt targeted for FY2028 is being pursued through active engagement with lenders. We are also developing an ESG funding framework to support green and sustainability-linked financing; we are exploring alternative funding structures and private sector partnerships that can mobilise capital without placing undue strain on the balance sheet.

This is a delicate balance. Eskom must return to the capital markets to fund critical infrastructure, but it must do so at a pace and cost the balance sheet can support. The objective is to secure appropriately structured funding for investments that strengthen system resilience, generate sustainable value and support our long-term financial sustainability.

The improvement in our operational and financial position has been recognised by credit rating agencies. S&P upgraded Eskom's foreign and local currency ratings to B+ with a stable outlook; Fitch upgraded our local currency rating to B+ with a stable outlook; and Moody's affirmed our ratings at B2 with a stable outlook. These actions reflect the stronger operational performance and a stabilising financial position, based on the support provided through Government's debt relief package.

Encouragingly, the improvement in Eskom's performance was cited by rating agencies as a contributing factor to South Africa's sovereign credit rating upgrade – a reminder that when Eskom strengthens, so does the country.

This return of confidence – alongside the carefully sequenced reforms that Dan describes in the Chief Executive's review – is central to our eventual return to the capital markets. But our ratings remain below investment grade. The next phase must demonstrate that Eskom can sustain performance, reduce credit risk and progressively strengthen its financial independence without relying indefinitely on the sovereign balance sheet.

The most immediate threat to that objective remains the escalating municipal arrear debt.

Resolving municipal arrear debt

Escalating municipal arrear debt threatens to undo our hard-won progress and, if not resolved, to nullify the benefits of Government's debt relief package. Municipal arrear debt increased by 17.9% to R111.6 billion at year end, escalating further to R119.9 billion by June 2026.

This is clearly unsustainable. We cannot be a bank to municipalities.

Municipalities are our single largest customer segment, and persistent non-payment directly erodes the revenue, cash flows and liquidity on which the whole electricity supply industry depends. We have pursued every lever within our control – payment arrangements, enforcement of our legal rights and processes under the Promotion of Administrative Justice Act to limit or terminate supply – while supporting municipalities through National Treasury's municipal debt relief programme and distribution agency agreements (DAAs).

Chief Financial Officer's commentary *continued*

The DAA model matters because it addresses the root causes of non-payment: improving revenue management, reducing energy losses and strengthening municipal electricity service delivery. But, as Mteto emphasises in the Chairman's statement, this is a systemic challenge that Eskom cannot resolve alone. It requires stronger municipal accountability, continued support from National Treasury and coordinated action across Government. In an important step, National Treasury invoked section 216(2) of the Constitution in July 2026 to temporarily withhold quarterly equitable share transfers from 69 non-compliant municipalities to strengthen payment discipline.

The cost of inaction extends well beyond revenue and cash flow: unresolved municipal arrear debt undermines Eskom's financial sustainability and directly constrains the legal separation of the Distribution business, placing the broader reform of the industry at risk. In July 2026, President Ramaphosa endorsed the Phase I report of the Eskom Restructuring Task Team, chaired by the Director-General of National Treasury, which identified municipal arrear debt as a threat to Eskom and to the broader electricity sector.

We will continue to support Government's consolidated action plan to address municipal non-payment through stronger credit-control enforcement, the rollout of DAAs and smart meters, together with stricter licence enforcement and much-needed municipal reform.

Strengthening finance, controls and audit outcomes

Looking inward, our finance function itself must evolve – to support faster insight, better decisions, stronger governance and more disciplined execution. Work is underway to strengthen our finance operating model, invest in new finance skills, advance digital transformation and finalise our integrated financial strategy. Together, these will improve agility, capability, efficiency, long-term planning and financial governance across the group.

The quality of Eskom's financial recovery also depends on the quality of its controls, compliance and reporting.

The independent auditors issued a qualified opinion relating to the completeness of irregular expenditure reported in line with the PFMA. While I remain disappointed that the long-standing qualification has not yet been resolved, I am encouraged by the progress made during the year, with the qualification no longer extending to the accuracy of irregular expenditure reported or to losses due to criminal conduct. The remaining qualification will continue to receive the focused attention it deserves through the audit recovery programme.

Except for this qualification, the financial statements are considered to be fairly presented in terms of IFRS Accounting Standards.

The audit recovery programme is strengthening audit readiness, documentation, control execution and PFMA compliance. This is not a finance-only endeavour. Sound financial reporting depends on disciplined processes across the whole of Eskom – every area that originates transactions, approves procurement, manages contracts, maintains records or implements controls contributes to reporting integrity.

Improving our audit outcomes is therefore about strengthening how Eskom operates every day, not merely how it prepares for the audit at the end of the year.

IR Refer to "Reinforcing controls and assurance" from page 58 for further detail on our audit recovery efforts

The FY2026 audit required particular focus on asset impairment and going concern. These assessments were stress-tested against tariff uncertainties, industrial customer pressure, municipal arrear debt challenges and the broader operating environment, requiring management and the Board to weigh not only current performance but also the long-term sales outlook, tariff assumptions, expected future cash flows, capital requirements and Eskom's role in a changing market.

We remain confident that emerging demand opportunities and broader economic development initiatives support the recoverable value of our assets.

The going concern assessment considered potential future obligations and downside scenarios, including a prudent scenario relating to the World Bank-funded Medupi flue gas desulphurisation project, which is scheduled for completion after the deadline contemplated in the loan arrangements. We continue to engage constructively with the World Bank, which has indicated that it will undertake a mission review by the third quarter of FY2027 to assess progress, mitigation measures and potential next steps.

Even under a worst-case scenario, assuming early repayment of the relevant facility, the going concern position remained supportable.

FINAL THOUGHTS

As I prepare to step down as CFO in October 2026, I do so with deep gratitude. I have served Eskom for 24 years, including a year as acting GCE during one of the most demanding periods in this organisation's history. Eskom has been central to my professional life, and it has been a profound privilege to serve an institution that matters so deeply to South Africa and to its future. I extend my heartfelt thanks to my finance team for their commitment and support during my tenure, as well as to the Board, Exco and all Eskom employees for their unwavering dedication which continues to sustain this organisation.

The shareholder has approved the Board's preferred candidate for Group Chief Financial Officer, with contract negotiations underway. My responsibility now is to support a smooth handover and to ensure that the finance function remains steady, disciplined and firmly focused on the work ahead.

Financial sustainability is not achieved in a single year; it demands continuity, resilience and consistent execution over time.

I am proud of what we have achieved – Eskom has made tremendous strides in its recovery – but the next phase will demand just as much focus, because it asks us to convert recovery into transformation. We must prepare a credible MYPD 7 application, support tariff reform, grow sales, strengthen PFMA compliance and audit outcomes, resolve municipal arrear debt at a structural level, fund critical infrastructure, manage debt maturities with care and rebuild Eskom's standalone investment case.

These results show that Eskom can improve. The challenge now is to prove that Eskom can sustain that improvement under pressure.

That is how we reduce our reliance on the fiscus. That is how we rebuild investor confidence. That is how we create the financial capacity to invest in the infrastructure South Africa needs. And that is how Eskom becomes a stronger, more resilient and more accountable organisation for the future.

Calib Cassim
Group Chief Financial Officer

3

Reflecting on our operating context

The past year marked a defining period for Eskom, as we moved from stabilisation towards transformation. Globally, the energy sector continued its transition along the four D's – decarbonisation, digitalisation, decentralisation and democratisation – even as geopolitical volatility tested global fuel supply and prices. The military conflict between the United States and Iran early in 2026 disrupted key oil and gas transport routes before easing and then resuming, a reminder of how easily external shocks can affect global supply chains. At the same time, the accelerating electrification of economies and the rapid growth of artificial intelligence (AI) and data centres are reshaping electricity demand worldwide, creating fresh opportunities for utilities willing to adapt.

Domestically, the continuity of South Africa's Government of National Unity (GNU) sustained a stable policy environment and a shared focus on energy security, reform and economic recovery. South Africa is now navigating two distinct but deeply interconnected transitions: the liberalisation of the electricity supply industry from a vertically integrated single-buyer model towards an unbundled, multi-market structure, as well as the green transition from a fossil-fuel-dominated, centralised generation base towards a lower-carbon, more decentralised energy mix. These parallel journeys shape Eskom's strategic context and demand a coherent, dual response that safeguards security of supply, protects affordability and unlocks a competitive future for the organisation.

Against this backdrop, Eskom entrenched its operational recovery: generating plant availability improved to 65.16% for FY2026 (2025: 60.60%) and the country reached 365 consecutive days without loadshedding in May 2026. The Board-approved Corporate Plan for FY2027, submitted to the shareholder and National Treasury in February 2026, captured this shift from short-term recovery to long-term transformation. It is anchored in four strategic objectives – pursuing financial and operational sustainability, positioning Eskom as an energy-sector leader, modernising the power ecosystem and driving a just and inclusive energy transition.

Despite this progress, we continue to face structural challenges. Tariffs, although improved through the resolution of MYPD 6 (the sixth multi-year price determination by NERSA), remain below the level required to fully fund the business; electricity sales are under pressure from wide-scale embedded generation and hardship experienced by industrial customers; and municipal arrear debt has continued to escalate. We are responding through a range of initiatives – among them the launch of a dedicated renewable energy subsidiary, Eskom Green; tailored pricing to retain large industrial demand; a disciplined Cost Optimisation and Revenue Enhancement (CORE) programme; and the continued restructuring of the industry coupled with market reform.

The evolution of the industry is a priority focus for the Board – it is critical that the evolution is carried out in a manner that is not detrimental to Eskom's future sustainability or that of the South African electricity value chain. The most significant recent development is the work of the Presidency's Eskom Restructuring Task Team (ERTT), which is shaping the establishment of an independent Transmission System Operator (TSO) and a focused programme of work on financial sustainability, municipal debt and our obligations to lenders.

Reflecting on our operating context *continued*

GLOBAL AND REGIONAL CONSIDERATIONS

THE FOUR D'S

The global energy landscape continues to be shaped by the four D's, which are redefining how utilities operate, invest and engage with customers. These forces are increasingly influenced by a more volatile and complex geopolitical environment, which affects both the pace of the transition and the security of the supply chains on which it depends.

D1	D2	D3	D4
Decarbonisation	**Digitalisation**	**Decentralisation**	**Democratisation**
Cleaner mix; country-specific transition pathways	AI, data centres and smart grids reshape demand	Distributed, near-consumption generation grows	Prosumers, IPPs and customer choice expand

Decarbonisation remains the dominant force reshaping the sector. The shift towards carbon-efficient energy sources is advancing, supported by technological innovation, the declining cost of renewables and increasingly stringent environmental regulation. Successive climate conferences – COP28, COP29 and, most recently, COP30 – have reaffirmed the goals of the Paris Agreement and kept the 1.5°C target in view, while emphasising climate finance, grid investment and energy storage. In practice, however, progress remains behind stated commitments, and the pace and shape of the transition are diverging across countries. The outcomes of South Africa's 2025 G20 Presidency reinforced this reality: there was no consensus on a common energy-transition pathway, with members instead advocating approaches suited to their own national circumstances, development priorities and energy endowments.

Geopolitical shifts have added to the uncertainty. The withdrawal of the United States from key climate commitments has disrupted global climate-finance flows, although continued support from the European Union and development partners has helped to offset this. The European Union's €4.7 billion green energy investment package to South Africa continues to provide meaningful support, but the balance of climate finance is shifting toward blended and private capital, requiring utilities such as Eskom to rethink how just-transition investment is mobilised.

Notwithstanding these headwinds, low-emission sources are forecast to account for around 47% of global electricity generation by 2027, with solar photovoltaic (PV) and wind making up roughly two-thirds of new generation projects planned to 2030. For Eskom, this global direction is mirrored domestically in the Integrated Resource Plan 2025 (IRP), against which we are aligning our long-term generation outlook while pursuing a transition pathway suited to South Africa's context.

Digitalisation is accelerating: technologies such as AI and predictive analytics are enabling smarter grid management, operational efficiencies and improved forecasting, with the global digital-transformation market expected to grow at close to 25% annually to 2030. The most striking demand-side development is the rapid expansion of data centres driven by cloud adoption and AI workloads; global data-centre electricity demand is expected to more than double by 2030. This represents both a challenge for system planning and a genuine new-market revenue opportunity for Eskom, which is developing a pipeline of data-centre connections. These same technologies also heighten cyber-security and data-privacy risks, which we continue to manage as a strategic priority.

Decentralisation is reshaping generation, network planning and customer behaviour. Energy systems are becoming more distributed, with localised generation – such as rooftop solar and microgrids – gaining ground as customers seek energy independence and resilience. In South Africa, installed behind-the-meter solar PV capacity is now estimated at around 9.1GW, a structural shift that both reduces demand on our network and requires us to modernise the grid for bidirectional flows. Decentralisation is also expanding generation beyond traditional hubs such as Mpumalanga to the Eastern Cape, Western Cape and Northern Cape.

Democratisation is empowering communities and consumers to participate in energy generation and choice. The rise of wheeling, corporate power purchase agreements and community-based generation is creating a more competitive and customer-driven marketplace. For Eskom, this requires diversifying revenue streams, developing dynamic pricing and expanding our products and services – including renewable energy, wheeling and self-generation solutions – to retain and grow our customer base in a liberalising market. Tariff restructuring will also be required to ensure all role players pay their fair share of system costs.

A MORE VOLATILE GEOPOLITICAL BACKDROP

Global energy security was tested sharply during the year. The conflict between the United States and Iran, which began in late February 2026, disrupted key maritime routes, with volumes through the Strait of Hormuz – a critical passage for global oil and liquefied natural gas – collapsing by more than 95% and driving extreme volatility in Brent crude prices. For a power system that relies on liquid fuels to start up units after outages and to power open-cycle gas turbines (OCGTs) during periods of system constraints, this reinforced Eskom's exposure to fuel-price and logistics risk. A subsequent preliminary understanding between the parties eased immediate concerns, but implementation remains at risk given a resumption in hostilities. In response, we have maintained prudent fuel-stock levels, reviewed our diesel hedging, and diversified the sourcing of critical spares and long-lead equipment away from Gulf routes. Related pressures on critical minerals – including copper, manganese and lithium – also carry cost and delivery risk for our grid-expansion, storage and renewable programmes.

AFRICAN ENERGY OUTLOOK

Africa's energy landscape is undergoing a profound transformation, driven by the twin imperatives of expanding access to electricity and transitioning to cleaner sources. The continent is emerging as a future renewables powerhouse: renewable generation reached an estimated 221TWh, or around 24% of total generation, in 2024, and is forecast to grow to some 301TWh, or 28%, by 2027. Interest in nuclear energy is also rising, with generating capacity on the continent expected to increase by close to 60% by 2030 compared to 2022 levels and expected to expand tenfold by 2050. Gas remains an important transitional fuel supported by regional partnerships such as that with Sasol.

Africa nonetheless remains the region with the lowest electricity consumption per person, and demand is projected to more than double by 2050 on the back of population growth, urbanisation and economic development. Realising this potential will require large-scale investment in generation and grid infrastructure, stronger regional trade mechanisms and enabling regulatory frameworks.

For Eskom, these developments present both opportunity and responsibility. Our position as one of the continent's largest utilities, responsible for approximately 20% of the electricity generated in Africa, allows us to participate meaningfully in shaping the continental energy landscape while benefiting from the growth in regional interconnection and trade. As a leading participant in the Southern African Power Pool (SAPP), we are strengthening cross-border trade – reflected in strong international sales during the year – and are developing a regional transmission interconnectors masterplan to position South Africa as a regional energy hub, while managing the payment and hydrology risks inherent in cross-border supply. Given the challenges with local demand and surplus generation capacity, the international market presents a significant opportunity to improve Eskom's financial prospects while supporting economic growth for the region.

Reflecting on our operating context *continued*

THE SOUTH AFRICAN PERSPECTIVE

COUNTRY-SPECIFIC PATHWAYS AND SOUTH AFRICA'S G20 PRESIDENCY

A defining insight from South Africa's 2025 G20 Presidency – reinforced in engagements across G20 members – is that the energy transition must be shaped by country-specific context. G20 economies are following distinctly different pathways: China, Spain, Australia, the United States and India are prioritising rapid renewables deployment with varying reliance on coal extension, gas exploration and clean-coal technologies; France, Russia, the United Arab Emirates and South Africa are anchoring their transitions in nuclear base-load alongside accelerating renewables; and countries such as Brazil are leveraging existing hydro dominance to enable high renewable shares.

For South Africa, this affirms an approach that combines accelerated renewables deployment with dispatchable nuclear, gas, hydro and storage capacity to safeguard security of supply and grid stability. It also reinforces that decisions on technology mix, pace of coal-fired station shutdowns and transition financing must reflect our unique socio-economic context – marked by unemployment above 32%, a Gini coefficient of 0.63 and more than 40% of the population living below the upper poverty line – rather than being imported wholesale from advanced economies with materially different starting points.

South Africa's energy landscape continues to be defined by the challenge of balancing the energy trilemma – ensuring energy security, affordability and environmental sustainability – within a constrained economy. While the country has made real progress in stabilising supply and advancing reform, structural constraints and socio-economic pressures persist.

THE ENERGY TRILEMMA

On security of supply, the sustained implementation of our generation recovery efforts delivered a marked improvement in plant performance – with the energy availability factor (EAF) rising to 65.16% for FY2026 (2025: 60.60%) – and the return of significant capacity from extended outages at Medupi, Kusile and Koeberg, with both units at Koeberg securing a 20-year life extension.

The country reached 365 consecutive days without loadshedding on 15 May 2026. Improved plant availability, together with lower demand, has created an estimated surplus of around 2–3GW in the year ahead – a risk to revenue and asset utilisation that requires careful management, but also an opportunity to activate new demand. Sustained investment in generation and network infrastructure remains essential to entrench this recovery.

On affordability, tariffs remain a critical concern given rising unemployment, poverty and pressure on the cost of doing business. Following the High Court's decision in December 2025 to decline the R54 billion MYPD 6 settlement between Eskom and NERSA as an order of court, and the subsequent public consultation, NERSA subsequently approved an additional R54.7 billion in allowable revenue, to be recovered through the tariff over several years. This translates into standard increases of 8.76% for FY2027 and 8.83% for FY2028 – outcomes materially lower than in prior years. While welcoming the improved certainty, we remain acutely conscious of affordability and have introduced tailored pricing arrangements to retain large industrial customers such as ferrochrome smelters which otherwise faced closure due to economic hardship, which would leave Eskom with underutilised assets and facing penalties on take-or-pay coal supply agreements. A subsequent application by AfriForum to review the R54.7 billion determination was struck off the roll in July 2026 after NERSA issued its reasons; there was no retrospective effect on tariffs already in place.

On sustainability, South Africa remains committed to reducing greenhouse gas emissions to between 350 to 420MtCO_2e by 2030, in line with a net-zero target by 2050. The electricity sector, which contributes more than 40% of national emissions, is central to achieving these targets. The Climate Change Act, 2024 introduced mandatory carbon budgets and progressive emissions targets, and we are engaging Government on the draft carbon budget regulations to ensure that their design is practical, legally sound and financially sustainable for Eskom while supporting the national ambition.

SOUTH AFRICA'S POLITICAL AND ECONOMIC LANDSCAPE

The continuity of the GNU has sustained a more stable policy environment, with energy security and reform remaining central to Government's agenda. Nevertheless, the coalition nature of the GNU continues to require proactive and transparent engagement across a broader range of political actors and stakeholders. We have responded by deepening our engagement with our shareholder, the Department of Electricity and Energy (DEE), as well as National Treasury, NERSA and Parliament, and by ensuring that our strategic direction is aligned with the shareholder's updated Strategic Intent Statement. With municipal elections coming up in November 2026 and national elections in 2029, sustained policy continuity and cross-departmental coordination will be critical to the successful execution of the country's energy reform agenda.

Economic conditions, while still constrained by modest growth and an unemployment rate of around 32%, are showing signs of gradual improvement, supported by more positive sentiment from ratings agencies. During the year Eskom received a credit-rating upgrade from S&P Global – from B to B+, our first upgrade in over a decade – together with a rating upgrade from Fitch and an affirmation from Moody's, all with stable outlooks. These actions reflect improved operating performance and a stabilising financial position and, notably, coincided with South Africa's first sovereign credit-rating upgrade in nearly two decades. Government's continued support remains important to this trajectory: Eskom received R80 billion in March 2026 under the amended debt relief package, taking total support received to R220 billion, with a significant portion being applied to settling debt maturing early in April 2026 as part of a disciplined deleveraging strategy.

Reflecting on our operating context *continued*

THE TWO PARALLEL TRANSITIONS

The transformation of the electricity supply industry advanced meaningfully during the year, driven by the implementation of the Electricity Regulation Amendment Act, 2024 (ERAA), the publication of the Integrated Resource Plan (IRP 2025), the operationalisation of the Market Operator and the accelerating penetration of distributed and utility-scale renewable generation.

LIBERALISATION OF THE INDUSTRY

The South African electricity supply industry is undergoing fundamental change, moving from a vertically integrated, single-buyer model towards a competitive, market-based system. This transformation is driven by structural reform, policy innovation and the need to ensure long-term energy security and sustainability. We are both participating in and enabling this transition, which is reshaping the roles of generators, network operators, traders and consumers.

In his State of the Nation Address on 13 February 2026, President Cyril Ramaphosa reaffirmed Government's commitment to the Energy Action Plan and, importantly for Eskom, to establishing an independent TSO – marking a decisive shift from design to execution. The National Energy Crisis Committee (NECOM) continues to coordinate implementation of Government's Energy Action Plan, while the ERAA has moved decisively from legislation into execution.

In support of these objectives, Eskom has made considerable progress on Government's Roadmap to restructure the industry and the objectives of the ERAA. Key achievements and contributions include functional separation of Generation, Transmission and Distribution operations in 2021, establishing the National Transmission Company South Africa (NTCSA) as a separate subsidiary of Eskom in 2024, and obtaining NERSA's approval for the grid capacity allocation rules and Electricity Market Advisory Forum. Moreover, reforms have been supported by improvements in generation performance, which have led to a consistent reduction in loadshedding.

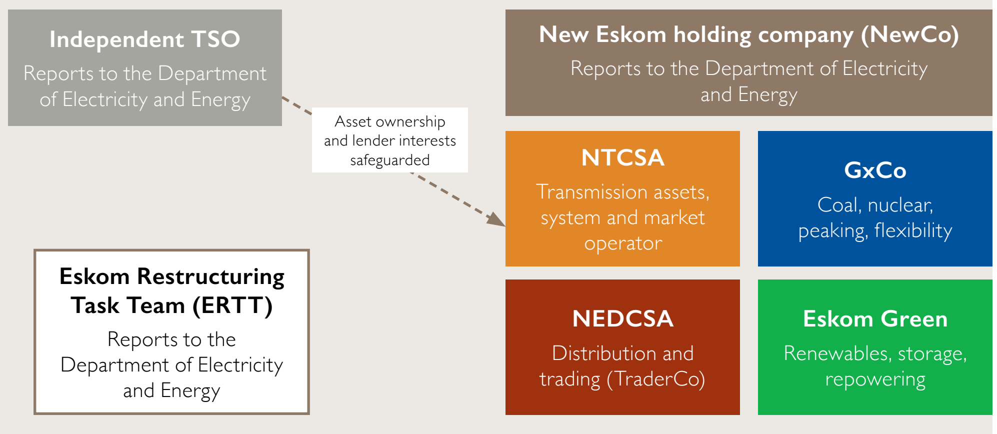
A cornerstone of the reform is the establishment of an independent, state-owned TSO outside Eskom, as required by the ERAA and reaffirmed by the President. The TSO will own the transmission assets at the appropriate point in the future and will report directly to the DEE. Its purpose is to enable equitable access to the grid, strengthen market confidence and attract investment, thereby supporting a reliable, cost-effective and competitive electricity system. Eskom is aligned to the direction set out by the President to strengthen the independence of the TSO based on the ERTT Phase I report, but it is critical that the implementation recommendations around restructuring are legally sound, financially viable and feasible, while mitigating risk to Eskom and the broader electricity sector. We continue to engage with the ERTT and NECOM to determine the most appropriate and orderly implementation approach.

ADAPTING OUR BUSINESS MODEL AND RESPONDING TO MARKET REFORM

As the industry evolves, we must transform our business model to remain competitive and sustainable. Our unbundling remains central to this journey, and in December 2025 the Minister of Electricity and Energy approved a refined end-state and unbundling strategy that sets out the pathway to complete legal separation of the remaining businesses.

The strategy introduces a new Eskom holding company (NewCo) with four subsidiaries – a generation company (GxCo), NTCSA, NEDCSA and Eskom Green – alongside the independent TSO. Throughout, the design is grounded in three principles: safeguarding Eskom's financial sustainability, protecting energy security and grid stability, and enabling a just and inclusive transition.

The reformed electricity supply industry – target end state



NTCSA has traded as a wholly owned subsidiary of Eskom since July 2024, and the implementation due diligence for the NTCSA and TSO structure has been completed. The next phase focuses on operationalising the TSO before its legal incorporation and separation, when it will report to DEE. The functional separation of the distribution business is underway, together with the establishment of a trading capability, ahead of the commercialisation of NEDCSA. The legal separation of Distribution, however, cannot proceed until a sustainable solution to municipal arrear debt is achieved, as this is necessary for the business to satisfy the required liquidity and solvency tests to obtain lender consent for the separation. The establishment of NewCo and the legal separation of the Generation business are both dependent on enabling legislation, on which we continue to engage the shareholder.

The establishment of an independent TSO is a material event for Eskom's lenders and must be implemented in a manner that protects the organisation's financial sustainability. It is against this background that Eskom welcomes the Phase I work of the Presidency's ERTT and supports the delivery of Government policy to establish an independent, state-owned TSO. Importantly, the ERTT's Phase I report emphasises that the TSO should be established in a way that addresses lender requirements, avoids defaults and ensures that Eskom is not placed in a worse financial position, while appropriately considering shareholder rights and interests. These considerations are essential to maintaining Eskom's financial sustainability and to supporting a stable and orderly transition.

Reflecting on our operating context *continued*

As our Chairman Mteto Nyati has noted, the Board shares the President's vision of an independent TSO that will own the transmission assets at the appropriate point in the future, while retaining a clear fiduciary responsibility to ensure that Eskom remains financially sustainable so that energy security can continue to power South Africa's growth. For this reason, we support a pragmatic, carefully sequenced approach with clear stage gates. Phase II of the reform process focuses on financial sustainability, municipal debt and our obligations to lenders, with a dedicated workstream to develop solutions to municipal arrear debt, which has reached R119.9 billion by June 2026 and remains critical to our long-term financial sustainability and our ability to meet existing obligations.

Successful reform and a financially sustainable Eskom are complementary objectives, and the implementation pathway for a fully independent TSO will require careful engagement with lenders as it is developed.

The competitive wholesale electricity market took decisive steps forward during the year. NERSA awarded the market operator licence to NTCSA in November 2025, and NTCSA's Market Operator submitted the draft market code to NERSA in February 2026 following two rounds of stakeholder consultation, with a final regulatory determination anticipated during FY2027. The launch of the South African Wholesale Electricity Market (SAWEM) was deferred from 1 April 2026 as originally envisaged to the latter part of FY2027 to ensure that all regulatory, operational and market-design elements – the market code, vesting contracts, wholesale tariff and unbundled retail tariffs – are in place and aligned to international best practice. We regard this as a disciplined sequencing decision rather than a loss of momentum: the day-ahead energy market, reserves market and balancing mechanism were implemented for internal participation by Generation, Distribution and NTCSA's Central Purchasing Agency from 1 April 2026, providing a controlled environment for testing and refinement ahead of the full market launch.

Eskom continues to advocate for a rules-based transition that provides for legacy-cost recovery, hedging arrangements, pricing transparency, non-bypassable charges, a retail market code and a retailer-of-last-resort framework. These rules are essential to avoid distorted price signals, settlement disputes and undue financial exposure as the market opens.

EXPANDING AND MODERNISING THE GRID

A competitive market and higher levels of renewable energy both depend on a stronger transmission network. The 2024 Transmission Development Plan (TDP) highlighted the need for around 14 500km of new transmission lines by 2034, requiring the build rate to accelerate from an average of about 300km a year to close to 1 450km a year. NTCSA is responding through innovative solutions – including "first ready, first served" grid-allocation rules, curtailment frameworks to unlock capacity and the accreditation of international suppliers – and has established long-term panels comprising 19 transmission-line contractors and five transformer suppliers, for up to 101 large transformers. Private-sector participation is being introduced through the Independent Transmission Projects (ITP) programme, with a first phase of around 1 164km progressing to market and a regional transmission interconnectors masterplan under development.

Execution against the TDP continues to unlock capacity in constrained areas. Delivery pressures persist, with 270.8km of transmission lines installed against a target of 423km for the year; management interventions are focused on strengthening procurement, contractor performance and project execution discipline.

THE GREEN TRANSITION

The gazetting of the IRP 2025 in November 2025 was a significant milestone, providing much-needed certainty for the industry's planning landscape. The plan sets out a dual-horizon approach – addressing capacity constraints to 2030 and building a resilient, lower-carbon sector to 2050 – and signals more than 114GW of new capacity by 2042. Of the 32GW of new capacity that the IRP envisages by 2030, around 22GW comprises wind and solar PV, complemented by 6GW of gas and 4GW of storage. This improved predictability enables us to accelerate our own capacity development across renewables, gas, nuclear and storage.

Over the longer term, the IRP 2025 envisages more than 114GW of new capacity by 2042, anchored in a diversified mix designed to balance the energy trilemma:

- Approximately 80GW of variable renewables by 2042, comprising 43GW wind, 28GW solar PV and 9GW rooftop PV
- Approximately 10GW of storage by 2042 to support the variability of renewables
- Approximately 18.3GW of gas-to-power to anchor energy security and support industrialisation
- Approximately 5.2GW of nuclear by 2039, with the potential to expand to 10GW subject to a supporting Nuclear Industrialisation Plan
- Sustained generation plant availability of at least 60%, rising to 70% by 2030, reflecting the continued centrality of the coal fleet during the transition
- A clean-coal demonstration pilot by 2030 to enable the continued use of coal with lower emissions

The IRP 2025 embeds the expansion of rooftop PV and larger-scale private sector projects to support decentralisation and electrification, and it recognises the importance of delivering key repowering, reskilling and local economic development initiatives to ensure that the energy transition is just. We have aligned our long-term planning outlook with the IRP 2025 and are calibrating our clean energy pipeline, gas strategy, nuclear ambitions and grid expansion plans accordingly.

These developments are reinforced by an evolving legislative landscape, including the Climate Change Act, 2024 which introduced mandatory carbon budgets; the Public Procurement Act, 2024 which promotes localisation and transformation; and the Expropriation Act, 2024 which enables accelerated servitude acquisition for transmission infrastructure. Together, these signal a decisive shift towards a liberalised, investment-friendly and sustainable electricity sector, in which Eskom's ability to adapt will determine its continued relevance.

ESTABLISHING ESKOM GREEN

A defining milestone of our response to the green transition was the launch of Eskom Green on 9 June 2026 as a dedicated, utility-scale renewable energy business. The required approvals under section 54(2) of the Public Finance Management Act, 1999 (PFMA) were secured in July 2026, enabling implementation of Eskom Green as a wholly owned subsidiary. The company will be structured to provide the agility, funding flexibility and partnership-based delivery model needed for renewable development. Crucially, it offers a ring-fenced platform to attract private and concessional capital through project-financed special-purpose vehicles – improving bankability, limiting recourse to Eskom Holdings' balance sheet and reducing reliance on Government support.

Eskom Green's initial pipeline comprises 17 high-priority projects across our existing coal-fired power-station footprint, leveraging established infrastructure to support faster deployment and grid resilience. These projects are expected to make around 6GW of carbon-free electricity available by FY2030 – including at least 2GW of renewable energy and pumped-storage projects advancing from FY2027 – with an ambition of up to 32GW of cost-competitive renewable energy and storage by FY2040.

Reflecting on our operating context *continued*

Eskom Green's foundation phase focuses on large industrial customers in sectors such as mining and manufacturing, offering renewable solutions through bilateral power purchase agreements, with pricing structured transparently so that customers can distinguish clearly between the cost of energy and the cost of using the network. By repowering and repurposing coal-station sites, Eskom Green also supports our just energy transition and the communities in which we operate.

MANAGING THE EMERGENCE OF STRUCTURAL OVERCAPACITY

The combination of sustained improvements in generation performance and the structural decline in sales volumes has, for the first time in more than a decade, given rise to estimated surplus capacity of between 2–3GW over the next year. While this represents a marked reversal of the constrained system margins of recent years, it also introduces new risks to revenue and asset utilisation. Eskom's sales volumes have declined by around 2% annually over the past decade, driven by depressed economic conditions, embedded self-generation, energy efficiency gains, wheeling and reduced demand from energy-intensive industries. In FY2026, local sales dropped by around 10.5TWh, largely because of curtailments by smelter customers, the closure of the Mozal aluminium smelter in March 2026 and slower-than-anticipated demand recovery.

We are responding decisively. Distribution is executing a diversified sales-retention and demand-activation plan, including negotiated pricing agreements to support ferroalloy and other smelter customers, structural growth into data centres, electric vehicle charging, wheeling optimisation, renewable power purchase agreements and flexible load activation (including a Bitcoin mining pilot). These initiatives are targeted to stabilise sales at around 178TWh over the medium term, with the potential to grow beyond that as new products, services and customer segments come on stream.

DRIVING IMPROVED PERFORMANCE

During the year we entered a phase of stabilisation and progress, marked by operational improvement and strategic reform across the value chain. In Generation, the refocused Generation Reliability and Sustainability Plan improved plant performance through better maintenance and the return of capacity from key stations, although performance remains below the shareholder's expectations and must still be entrenched. NTCSA continued infrastructure delivery under the TDP, while Distribution continued to modernise its network, expand smart metering and make progress in eradicating load reduction, targeting elimination by March 2027.

Financially, Eskom delivered a materially stronger result, with FY2026 EBITDA of R108.6 billion and profit before tax of R39.4 billion, underpinned by improved generating plant availability, cost discipline and lower reliance on OCGTs. Liquidity strengthened considerably, with cash and cash equivalents of R124.9 billion at 31 March 2026, while the Cost Optimisation and Revenue Enhancement (CORE) programme delivered R22.4 billion in savings and revenue contributions, exceeding its target. Nonetheless, declining sales and escalating municipal arrear debt continue to constrain revenue and remain central risks to our financial sustainability.

We responded through a comprehensive review of our strategy, culminating in the Board-approved FY2027 Corporate Plan, and by advancing the establishment of a wholly owned renewable energy company, Eskom Green and the refined end-state for our unbundling programme. Our sustainability agenda focused on strengthening environmental compliance and advancing the just energy transition, with Eskom Green marking a pivotal step towards our net-zero commitment.

We further strengthened governance and the fight against criminality and misconduct, including through the launch of the Raptor Fusion Centre, and secured labour stability through a three-year wage agreement effective from 1 July 2026. On leadership, an orderly succession for the Group Chief Financial Officer is underway ahead of Calib Cassim's retirement at the end of October 2026, with the shareholder having approved the Board's preferred candidate; contract negotiations are underway and an announcement will be made in due course.

The central challenge for the period ahead is to convert our hard-won operational recovery into durable financial and structural recovery. We have the core interventions in place, but the matters with the greatest bearing on long-term sustainability – resolving municipal arrear debt, advancing tariff and pricing reform, securing timely legislative enablement for unbundling, establishing a credible market-transition framework and ensuring proportionate climate regulation – are systemic and require coordinated support.

Delivering on these, while positioning the reform of the industry with the care its significance demands, will determine whether the gains achieved to date translate into a stronger, more competitive Eskom and a more stable electricity sector for South Africa.

Evolving our strategy

The previous section set out the external environment shaping Eskom. Here we explain how we are responding – our strategic direction, our four strategic objectives and how we will measure success.

STRATEGIC CONTEXT

Our strategic direction is shaped by the convergence of global energy trends, national policy and industry reform, domestic energy-security imperatives and our own transformation journey. As set out in our operating context, South Africa is navigating two distinct but deeply interconnected transitions: the liberalisation of the electricity supply industry (ESI) from a vertically integrated single-buyer model towards an unbundled, multi-market structure; and the green transition from a fossil-fuel-dominated, centralised generation base towards a lower-carbon, more decentralised energy mix. Together, these demand a coherent, dual response that safeguards security of supply, protects affordability and unlocks a competitive future for the organisation.

The past year presented a complex but pivotal moment in that journey. We made measurable progress in stabilising operations, strengthening our financial position and rebuilding stakeholder confidence – reflected in a return to sustained plant availability, our first credit rating upgrade in over a decade and materially stronger financial results. Yet significant structural challenges endure, including tariffs that remain below cost-reflective levels, declining sales volumes, escalating municipal arrear debt and the imperative to decarbonise in line with national and global commitments. Our strategy is deliberately designed to confront these realities while positioning Eskom to compete, collaborate and lead in the reformed industry.

Our commitment to sustainability is underpinned by an environmental, social and governance (ESG) framework that is integrated into our Corporate Plan, operational priorities and performance metrics. This supports our dual mandate of powering economic growth and delivering on our developmental role. ESG matters are addressed throughout our reporting suite, particularly in the sections dealing with governance, our interaction with the environment, our people and the communities we serve.

REPOSITIONING OUR STRATEGY

In response to this dynamic environment, we undertook a comprehensive review of our strategy, culminating in the Board-approved FY2027 Corporate Plan, submitted to the shareholder and National Treasury in February 2026. The review reaffirmed our strategic direction but sharpened our execution – consolidating operational recovery, intensifying the drive for financial sustainability and accelerating the shift towards a competitive, low-carbon, customer-centric future. It marks Eskom's transition from short-term stabilisation towards long-term transformation.

At its heart, the strategy repositions Eskom from a traditional, vertically integrated monopoly into a resilient, future-ready utility able to confront these challenges, unlock new opportunities and secure its long-term relevance by competing, collaborating and leading as a central participant in a restructured industry.

This ambition is expressed through four strategic objectives, supported by a set of strategic enablers and anchored in the shareholder's Strategic Intent Statement, as illustrated below.

Our vision
A resilient, future-ready utility that competes, collaborates and leads in a transformed electricity supply industry

1 Pursue financial and operational sustainability *(Fix the current business)*
- Generation reliability and security of supply
- Municipal debt and revenue recovery
- Cost discipline and an investment-grade profile

2 Position Eskom as an energy-sector leader *(Prepare for competitiveness)*
- Complete unbundling and legal separation
- Competitive Generation and Distribution models
- New products, tariffs and markets

3 Modernise the power ecosystem *(Leverage technology)*
- Expand and strengthen the grid
- Smart metering and digitalisation
- A flexible, future-ready fleet

4 Drive a just and inclusive energy transition *(Transition responsibly)*
- A diversified, balanced clean energy mix
- A just transition for workers and communities
- Re-industrialisation and localisation

Strategic enablers
Governance and leadership • People, culture and capabilities • Digital transformation and technology
Stakeholder engagement • Strategic delivery

Aligned to the shareholder's strategic intent statement and Eskom's mandate

ALIGNMENT WITH THE SHAREHOLDER'S STRATEGIC PRIORITIES

Our strategy is fully aligned with the priorities set out in the shareholder's updated Strategic Intent Statement, namely:

- Achieving universal access, together with the availability, affordability and quality of electricity
- Attaining sovereign and regional energy security
- Asserting South Africa's leadership in the continental and global energy landscape
- Driving industrialisation and leading sectoral innovation
- Transforming energy demographics by elevating the role of women and youth

These priorities are embedded in our shareholder compact and guide the execution of the initiatives that give effect to our strategic objectives.

OUR STRATEGIC OBJECTIVES

Our strategy is designed to deliver measurable outcomes over the medium term – improved energy availability, expanded clean-energy capacity, reduced emissions and enhanced customer service – underpinned by strong governance, effective stakeholder engagement and ethical leadership. Building on the direction set in the prior year, we refined our four strategic objectives to reflect Eskom's shift from recovery towards transformation.

The underlying intent is unchanged, but the emphasis is sharper, and each objective now speaks more directly to the competitive, modernising industry we are entering:

Pursue financial and operational sustainability: stabilise operations, restore financial sustainability and embed a high-performance, ethical culture

Position Eskom as an energy-sector leader: complete the legal separation, transform our business model and ready the organisation for a competitive market

Modernise the power ecosystem: expand, digitise and strengthen the grid to support decentralised resources and modern technologies

Drive a just and inclusive energy transition: balance energy security, affordability and sustainability while ensuring no one is left behind

Evolving our strategy *continued*

These objectives are interdependent: they address immediate operational challenges, prepare Eskom for structural reform and, ultimately, position the organisation for long-term sustainability in a transformed industry. Each objective is being operationalised through the strategic repositioning of our core businesses – Generation, NTCSA and Distribution – which will in time operate as distinct entities within a new Eskom holding company, alongside the independent Transmission System Operator (TSO).

New Eskom holding company (NewCo)

Independent TSO
state-owned, outside Eskom

GxCo
Stabilise, diversify and decarbonise the fleet

NTCSA
Expand the grid and enable the competitive market

NEDCSA
Customer-centric, digitally enabled and financially sustainable

Eskom Green
Scale competitive, utility-scale renewables

Each business unit executes a tailored strategy within NewCo, alongside the Independent Transmission System Operator

PURSUE FINANCIAL AND OPERATIONAL SUSTAINABILITY ➔ FIX THE CURRENT BUSINESS

Our immediate priority remains to stabilise operations and restore financial sustainability, laying a durable foundation for long-term viability. This objective is anchored in disciplined execution of the Generation Reliability and Sustainability Plan, sustained cost optimisation and revenue enhancement, and the entrenchment of a high-performance, ethical culture across the organisation.

Despite the tangible progress over the past year (discussed at the conclusion of the previous section), systemic risks nonetheless persist. Municipal arrear debt has continued to escalate, reaching around R119 billion by June 2026, while inadequate tariffs, declining sales volumes and the residual impact of criminality and misconduct continue to weigh on financial sustainability. We are addressing these through the measures set out below, and through strengthened governance and consequence management, including the capabilities of the Raptor Fusion Centre.

Our immediate initiatives include:

- Sustaining generating plant availability towards the 70% shareholder target over the medium term through the refocused Generation Reliability and Sustainability Plan, by driving reduced unit trips and improved outage execution
- Meeting environmental compliance obligations, including the Minimum Emission Standards, while seeking exemptions where warranted and advancing clean-coal research
- Prioritising customer centricity and revenue recovery by accelerating smart-meter deployment, improving payment levels across all customer categories, reducing electricity theft and progressively eliminating load reduction, targeted for March 2027
- Stabilising and reducing municipal arrear debt by accelerating the rollout of distribution agency agreements to defaulting municipalities and pursuing further solutions with National Treasury
- Sustaining cost optimisation and revenue enhancement under the CORE programme, and improving procurement efficiency
- Achieving an investment-grade credit profile over the medium term
- Strengthening safety practices in pursuit of Zero Harm
- Embedding a high-performance, ethical culture while supporting leadership stability, employee development and reskilling for the evolving energy landscape
- Intensifying leadership accountability, internal controls and consequence management to combat criminality and misconduct

POSITION ESKOM AS AN ENERGY-SECTOR LEADER ➔ PREPARE FOR COMPETITIVENESS

As the industry liberalises, we are positioning Eskom to compete and lead in an increasingly open electricity market. Our unbundling remains central to this transformation. In December 2025, the Minister of Electricity and Energy approved a refined end-state and unbundling strategy, which introduces a new Eskom holding company with four subsidiaries – GxCo, NTCSA, NEDCSA and Eskom Green – alongside the independent, state-owned TSO.

This strategy will be further refined to incorporate the outcomes of the Presidency's Eskom Restructuring Task Team (ERTT), whose work is grounded in safeguarding Eskom's financial sustainability, protecting energy security and grid stability, and enabling a just transition.

IR See also "Reflecting on our operating context – Adapting our business model through unbundling" from page 24 for a fuller account of the unbundling end-state, the independent TSO and the work of the ERTT, including how the reform is being sequenced to protect lenders and financial sustainability

Alongside the structural reform, we are transforming our business model to compete effectively. Generation is evolving from a traditional base-load provider into a diversified energy player, with a growing pipeline of flexible, clean-energy solutions and the establishment of Eskom Green to spearhead investment and innovation in renewables. Distribution, in preparation for NEDCSA, is building a trading capability and customer-centric product set that will support decentralised energy, wheeling and new services such as green-energy attributes and demand-side management. We will apply to NERSA for the restructuring of retail tariffs on cost-reflective principles to enable fair competition and lower the cost to serve, including for the industrial sector.

Our initiatives to prepare for competition include:

- Completing the legal separation of the remaining businesses, subject to enabling legislation and a sustainable resolution of municipal arrear debt to satisfy the liquidity and solvency tests required for lender consent
- Scaling a competitive clean-energy pipeline through Eskom Green, using public-private partnerships, private sector participation and project-financed structures that limit recourse to Eskom's balance sheet
- Advancing cost-reflective, unbundled and dynamic tariffs that improve pricing signals, strengthen market positioning and enhance customer centricity
- Pursuing new revenue streams by developing new products, services and customer segments, including wheeling, renewable power purchase agreements and data-centre connections
- Advocating a rules-based market transition – including the market code, vesting contracts, non-bypassable charges and a retailer-of-last-resort framework – to avoid distorted price signals and undue financial exposure as the market opens

These reforms will enable Eskom to secure a meaningful share of future capacity growth while continuing to fulfil our mandate to provide reliable, affordable and sustainable electricity.

Evolving our strategy *continued*

MODERNISE THE POWER ECOSYSTEM ➔ LEVERAGE TECHNOLOGY

The rapid growth of renewable and distributed generation, together with changing patterns of demand, is fundamentally reshaping how the power system must operate. Modernising the power ecosystem – across infrastructure, operations and capabilities – is therefore essential to connect new generation, support decentralised participation and keep the system reliable as the industry evolves. Accordingly, we are accelerating investment in network infrastructure, digitalisation and smart technologies across the value chain.

The Transmission Development Plan (TDP) is being accelerated to alleviate grid constraints and enable higher levels of renewable integration, complemented by the expansion and strengthening of the distribution network. The transmission grid will be modernised through the deployment of synchronous condensers to maintain stability as renewable penetration rises, while at distribution level our Advanced Metering Infrastructure (AMI) strategy will roll out smart meters at scale, supported by a Smart Meter Operations Centre to manage metering data, monitor performance and speed up fault detection and restoration. In parallel, we are improving the flexibility of the generation fleet to respond to greater variability in supply and demand.

Our modernisation initiatives include:

- Expanding and reinforcing transmission and distribution infrastructure to unlock grid capacity and integrate renewable and distributed energy at scale
- Deploying synchronous condensers and other technologies to maintain system stability and quality of supply
- Rolling out smart meters and enabling bidirectional energy flows as a core component of a future-ready distribution network
- Increasing generation-fleet flexibility to complement variable renewable output
- Reskilling and redeploying our workforce, including through a Renewables Academy and a Nuclear School, with the goal of reskilling 15 000 employees by FY2031

Underpinning these efforts is our digitalisation strategy, which is deploying hybrid multi-cloud, the internet of things, advanced analytics and strengthened cyber security across five priority areas: customer centricity, asset performance optimisation, smarter grid operations, integrated supply chain management and an enhanced employee experience.

Together, these initiatives will not only modernise our infrastructure but also position Eskom to lead in a decentralised, digital and decarbonised energy future.

DRIVE A JUST AND INCLUSIVE ENERGY TRANSITION ➔ TRANSITION RESPONSIBLY

We are committed to supporting South Africa's transition to a low-carbon economy, in line with the country's commitments under the Paris Agreement and the Climate Change Act, 2024, as well as our own ambition of net-zero emissions by 2050. Consistent with the insight from South Africa's 2025 G20 Presidency that transitions must reflect national circumstances, our pathway is deliberately country-responsive – balancing energy security, affordability and decarbonisation, and prioritising the responsible use of coal while enabling a sustainable shift to cleaner energy.

Guided by the Integrated Resource Plan (IRP) 2025, we are pursuing a diversified and balanced transition. Renewable energy and storage are being accelerated to reduce emissions, while gas provides flexible, dispatchable capacity to support grid stability as variable generation increases, complemented by nuclear, hydro and clean-coal technologies. Eskom Green anchors our renewable ambition, with a pipeline expected to make around 6GW of carbon-free electricity available by FY2030, with an aspiration of up to 32GW of cost-competitive renewables and storage by FY2040.

In parallel, our Just Energy Transition strategy – that has been decoupled from the coal-station shutdown schedule – ensures that repowering and repurposing proceeds alongside the gradual retirement of coal assets, so that affected workers and communities are supported rather than left behind.

Our priorities include:

- Accelerating a diversified clean-energy pipeline – renewables, battery and hydro storage, as well as gas and nuclear – to deliver the capacity identified in the IRP 2025 and secure our share of the future market
- Advancing repowering and repurposing projects at Komati, Grootvlei, Camden and Hendrina, including microgrid assembly, agriculture and training centres that reskill workers and support local economic development
- Testing and developing clean-coal technologies to enable the lower-emission use of coal assets during the transition
- Expanding electrification and eMobility, including distributed energy resources and charging infrastructure, to widen access and reduce emissions
- Strengthening industrialisation and localisation, with government and industry partners, to mitigate the socio-economic impacts of the transition and stimulate inclusive growth

This approach directly addresses the key risks of stranded assets, regulatory non-compliance and social disruption, while positioning Eskom as a leader in South Africa's energy transition.

STRATEGIC ENABLERS

Our enabling functions provide the agile, integrated support that the core businesses need to deliver against our strategic objectives. These functions are being repositioned to accelerate execution and build organisational resilience.

GOVERNANCE AND LEADERSHIP

We remain committed to restoring public trust through organisational integrity, strengthened governance and ethical leadership. Building on the establishment of dedicated investigative and security capabilities, the launch of the Raptor Fusion Centre has enhanced our ability to detect, investigate and act on infrastructure crime, fraud and corruption, working in concert with the Ethics Office, Internal Audit and law enforcement partners. Strengthened internal controls, advanced security technologies and rigorous consequence management are central to protecting our assets, reducing financial leakage and reinforcing our social licence to operate.

PEOPLE, CULTURE AND CAPABILITIES

Our transformation ultimately depends on our people. The Eskom People Plan sets out a five-year roadmap built on four priorities: embedding a high-performance, ethical culture; building critical and future-ready skills; shaping a future-fit, productive organisation; and positioning Eskom as an employer of choice. Our culture programme aligns employees around the cornerstones of accountability, people prioritisation, operational excellence, financial prudence, a values-driven culture and customer centricity, reinforced by the ethics strategy.

Key priorities include:

- Leadership development and succession planning to ensure stability and continuity, including an orderly transition of the Group Chief Financial Officer role
- Reskilling and upskilling employees for the Eskom of the future, spanning both digital transformation and the just energy transition
- Strengthening reward and retention strategies to attract and retain critical skills
- Advancing diversity, equity and inclusion, with a focus on elevating the role of women, youth and persons with disabilities in the energy sector

DIGITAL TRANSFORMATION AND TECHNOLOGY

We are elevating digitalisation as a strategic imperative to improve performance, enhance the customer experience and strengthen controls. Our digitalisation strategy targets five transformation areas – customer centricity, asset performance optimisation, smarter grid operations, integrated supply chain management and an enhanced employee experience – enabled by hybrid multi-cloud, the internet of things, advanced analytics and robust cyber security. Priority initiatives include advanced analytics for predictive maintenance and fraud detection, a coal automation system to strengthen quality control in the coal supply chain, and continued investment in cyber security to safeguard our digital and operational infrastructure.

Evolving our strategy *continued*

FINANCE, FUNDING AND STRATEGIC PARTNERSHIPS

To deliver our objectives without placing undue pressure on the balance sheet, we are pursuing alternative funding models, including public-private partnerships, private sector participation and finance mechanisms that blend commercial and concessional capital. These models are critical to accelerating the rollout of clean energy, transmission expansion and digital transformation, and to enabling the just energy transition. Beyond unlocking capital and reducing on-balance-sheet borrowing, they bring technical expertise, innovation and risk-sharing that are essential to our long-term sustainability, while supporting our path to an investment-grade credit profile.

STAKEHOLDER ENGAGEMENT AND STRATEGIC DELIVERY

Our success depends on collaboration. We are deepening engagement with the shareholder, National Treasury, NERSA, Parliament, municipalities, industry partners and communities to enable policy reform, secure investment and build trust through transparent communication. Coordinating execution across the group, the Strategic Delivery Unit governs delivery of our most important initiatives – including the CORE programme, the unbundling programme and the clean energy pipeline – and manages the performance relationship between Eskom Holdings and its subsidiaries, so that strategic intent is translated into disciplined operational delivery.

HOW WE WILL MEASURE SUCCESS

The shareholder's updated Strategic Intent Statement sets out Government's expectations for Eskom over the medium term, which we have embedded in our shareholder compact and FY2027 Corporate Plan. Our principal measures of success are summarised below.

Energy availability
70% EAF over the medium term

Financial strength
Gross debt below R300bn; investment grade

Legal separation
NewCo, GxCo, NEDCSA and TSO

Municipal debt
Arrest and reverse the arrear debt growth

Grid expansion
14 500km of new lines by 2034

Digitalisation
Accelerated smart meter and AMI rollout

Clean energy
6GW by FY2030; up to 32GW by FY2040

Just transition
Net-zero by 2050; reskill 15 000 by FY2031

In broad terms, delivering on our strategy means:

1. Ensuring energy security and system reliability by stabilising generating plant availability at 70% over the medium term and resolving primary energy challenges
2. Achieving compliance with environmental and emissions regulations for stations operating beyond FY2030
3. Expanding and strengthening the transmission and distribution networks to relieve grid constraints and support regional energy integration
4. Accelerating smart-meter and microgrid deployment to modernise the distribution network
5. Restoring financial sustainability – maintaining a sustainable EBITDA margin through revenue enhancement and cost optimisation, reducing gross debt below R300 billion and achieving an investment-grade credit profile
6. Arresting and reversing the growth in municipal arrear debt, and improving payment levels through distribution agency agreements and other mechanisms
7. Completing the legal separation, with the unbundling of the Distribution and Generation businesses and the establishment of the independent TSO
8. Commissioning clean-energy capacity through Eskom Green and strategic partnerships, building towards around 6GW of carbon-free capacity by FY2030
9. Investing in our people through skills development, reskilling and succession planning
10. Supporting economic transformation and localisation through procurement and social investment, and enabling a just energy transition that is socially inclusive and environmentally responsible

MANAGING DEPENDENCIES AND RISKS

Our strategy is ambitious but grounded in the realities of a transforming energy sector. We have made measurable progress in stabilising operations and strengthening our finances, but the path to long-term sustainability will require continued focus, agility and support from key stakeholders. Its successful execution depends on several critical dependencies:

- Regulatory certainty and market reform, including the timely finalisation of the market code, wholesale and unbundled retail tariffs, and the broader rules of the competitive market
- Cost-reflective tariffs that adequately reflect the cost of supplying electricity while balancing affordability with Eskom's financial sustainability
- Timely legislative enablement for the establishment of the new holding company and the legal separation of the Generation and Distribution businesses
- Continued support from National Treasury and the Department of Electricity and Energy, including enforcement of payment discipline in municipalities and a sustainable resolution of municipal arrear debt
- Careful, well-sequenced engagement with lenders on the establishment of the independent TSO, so that reform strengthens rather than undermines Eskom's financial sustainability
- Access to concessional and blended finance to fund clean energy projects, grid expansion and digital transformation
- Implementation of carbon tax
- Effective engagement with organised labour, communities and civil society to ensure a just and inclusive transition
- Development of multi-governmental levers for industrial customers experiencing economic hardship

We will continue to monitor these dependencies and adapt our approach to remain resilient and agile in a rapidly evolving landscape. The complexity of the transition, the scale of investment required and the interdependencies across regulatory, financial and operational dimensions all introduce uncertainty. To navigate this effectively, we have embedded a robust risk management framework that identifies, monitors and mitigates strategic risks across the organisation. In the section that follows, we outline the key risks facing Eskom and the measures in place to manage them.

Mitigating risk and maintaining resilience

Effective risk management and resilience are essential to Eskom's long-term sustainability – all the more so given our vital role in the South African economy, our impact on society and the environment, and the far-reaching transition of the energy sector described in "Reflecting on our operating context". As Eskom moves from recovery and stabilisation towards transformation, the nature of the risks we face is changing – alongside the operational risks of running a large, ageing generating fleet, we must now manage the strategic risks of competing in a liberalising market. This year we strengthened our approach accordingly, including the introduction of a dedicated view of our strategic risks.

We aim to create a more resilient organisation and society by embedding risk-intelligence and resilience into all decision-making, enabling our people to take the right level of the right risks, and supporting the achievement of our strategic objectives.

HOW WE GOVERN AND MANAGE RISK

We manage risk and resilience across the group through an integrated approach aligned to recognised standards. Our Integrated Risk Management Standard conforms to ISO 31000, the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV), Government's Risk and Integrity Management Framework for state-owned companies, the Disaster Management Act, 2002 and the requirements of our annual shareholder compact.

In line with King IV, the Board is responsible for the oversight and governance of risk. It approves the Enterprise Risk and Resilience Management Policy and Plan, together with the group's risk appetite and tolerance levels, which define the level of risk we are willing to assume in pursuit of our strategic objectives. Following the separation of the Audit and Risk Committee in February 2025, a dedicated Risk Committee now oversees the overall risk management system on behalf of the Board, ensuring that material risks and opportunities are identified, evaluated, managed and reported, while other Board committees remain responsible for the risks within their remit.

Management is the first line of defence when it comes to risk management. Day-to-day management of risk and resilience is delegated to Exco, supported by Exco's Risk and Sustainability Committee, which implements the Enterprise Risk and Resilience Management Plan and monitors risk performance and emerging risks quarterly, within the Board-approved appetite and tolerance levels. During the year we refreshed our risk appetite and tolerance statements – sharpening their wording, broadening tolerance coverage and, for the first time, introducing quantitative tolerance levels to improve tracking and measurement. The assessment of our risk landscape and appetite is embedded in our strategy development and execution, as illustrated below.

This integrated cycle ensures that we can formulate and execute our strategy, operate with minimal disruption, respond to and recover from disruptions should they materialise, and proactively pursue emerging opportunities. Our risk landscape is monitored continuously so that risks affecting our strategic objectives are identified early and consistently managed, with appropriate structures and plans in place to treat them.

OUR RISK LANDSCAPE

As part of strategy development and execution, we regularly scan our environment to identify shifts in our operating context and risk landscape. The most significant developments over the past year – and their potential impact on our risks – are summarised below; these were explored more fully in "Reflecting on our operating context".

Developments in our environment	Potential impact on our risks
Geopolitical volatility and fuel security	
The US–Iran conflict disrupted key oil and gas routes and drove fuel-price volatility, while regional fuel-supply constraints persist. This heightens our exposure to diesel and OCGT costs, and to logistics and critical minerals supply for our build programme	Financial and operational sustainability risks may be affected by higher fuel costs and supply-chain disruption; mitigated by prudent fuel stocks, diversified sourcing and hedging
Electricity-market reform and the independent TSO	
The Electricity Regulation Amendment Act, 2024, the establishment of the Market Operator and the work of the Eskom Restructuring Task Team are reshaping the industry and Eskom's structure	Business-model and regulatory risks may increase; mitigated by preparing for competition, careful sequencing of reform while protecting financial sustainability and lender interests
Improved yet fragile financial position	
Credit-rating upgrades from S&P Global and Fitch and continued Government support improved confidence, but municipal arrear debt of around R119 billion by June 2026 and declining sales persist	Financial sustainability risk remains elevated; mitigated by the CORE programme, distribution agency agreements and revenue-diversification initiatives
Climate, environmental and regulatory change	
Extreme-weather events, the Climate Change Act, 2024 carbon-budget regime and emissions obligations continue to intensify	Environmental, climate and compliance risks may be affected; mitigated by emissions-reduction initiatives, the just energy transition and engagement on proportionate regulation

Mitigating risk and maintaining resilience *continued*

BUILDING RESILIENCE: OUR NATIONAL DISASTER PRIORITIES

Our resilience efforts strengthen the organisation's capability to respond to and recover from adverse events and to adapt to disruptive environments. In compliance with the Disaster Management Act, we manage major threats, disruptions and disasters through dedicated resilience command centres. We are formalising an Eskom National Disaster Management Forum to coordinate planning across the group.

We manage eight national disaster priorities – risks that are inherent to our operations, with a low likelihood of occurring but potentially disastrous consequences if they do. Each is sponsored by an individual Exco member accountable for its monitoring and contingency planning, supported by disaster management working groups.

- Climate change related disasters
- Cyber attack or systems failure
- National blackout
- National industrial action
- Nuclear incident
- Pandemic
- Severe supply and demand constraint
- Social and geopolitical instability

Simulation exercises are conducted regularly to test our ability to continue operating and to recover quickly. During the year, six provincial grid exercises were held in line with Grid Code requirements, while a national blackout exercise, GridZero, was conducted on 20 March 2026 across divisional, subsidiary and provincial emergency-response structures. Involving 53 response teams and some 850 participants, GridZero tested our black-start and system-restoration plans and our coordination with government structures; participants rated the overall experience 4.45 out of 5, and the findings are informing further improvements to our contingency plans.

Our resilience was also tested in practice: severe weather and floods in Limpopo, Mpumalanga and KwaZulu-Natal early in 2026 – classified as a national disaster – affected tens of thousands of customers and required a coordinated, multi-province emergency response.

OUR STRATEGIC AND OPERATIONAL RISKS

We assess operational risks across each part of the business according to the likelihood of occurrence and the magnitude of the consequence. These are aggregated into risk categories spanning finance; our licensed activities of generation, transmission and distribution; environment and climate change; people, culture and safety; information and operational technology; legal and compliance; fraud and ethics; and stakeholder engagement. Each category is aligned to the Board's risk appetite and tolerance levels, has an accountable owner, and is monitored through key risk indicators that act as leading signals of the direction and pace at which risks are moving.

This year we enhanced our disclosure by introducing a dedicated view of our strategic risks – those risks that may affect the sustainability of our business model and the achievement of our strategic ambitions. Unlike operational risks, which sit within individual divisions, strategic risks cut across the entire value chain and affect all divisions and subsidiaries. Identified through interviews with Exco and Board members as well as industry research and expert input, they are dynamic by nature and are reviewed routinely by Exco and the Board.

We have identified eight strategic risks, grouped into three categories – business-model failure, operational failure and financial-performance decline – and mapped against the horizon over which they are most likely to have an impact.

Short term (next 12 months)	Medium term (2–5 years)	Long term (5 years +)
1 Inability to compete in a liberalised market	5 Adverse regulatory impact	7 Failure to build future skills, culture and people
2 Inability to fund the business independently of government	6 Rigidity of the supply and value chain	8 Failure to embrace the just energy transition (net-zero)
3 Unsustainable financial position		
4 Significant business continuity disruption		

- A business model failure (1, 5, 8)
- Operational failure (4, 6, 7)
- Financial performance decline (2, 3)

Mitigating risk and maintaining resilience *continued*

OUR STRATEGIC RISKS IN DETAIL

Each strategic risk has an assigned executive sponsor and is linked to the strategic objectives it threatens as well as to the underlying operational risks through which it may materialise. The table below sets out these risks, the consequences should they materialise, our key responses, their status against our risk appetite, and the related material matters. Each risk is assessed as being within appetite, approaching appetite or having breached appetite; all have treatment plans in place, although, given their medium- to long-term nature, these may take time to move a risk back within appetite.

Material matters are referenced by number below:

- **M1** Sustaining ethical leadership
- **M2** Enhancing financial sustainability and liquidity
- **M3** Reversing the decline in sales and diversifying revenue
- **M4** Achieving operational excellence
- **M5** Improving customer centricity
- **M6** Enhancing environmental stewardship
- **M7** Building a skilled workforce
- **M8** Harnessing digitalisation and AI
- **M9** Furthering national developmental goals
- **M10** Executing the unbundling
- **M11** Creating the Eskom of the future
- **M12** Advancing climate action and a just energy transition
- **M13** Upholding governance, compliance and ethics
- **M14** Fighting criminality and misconduct

Appetite status (assessed against Board-approved appetite and tolerance levels)

● Within risk appetite limit ● Approaching risk appetite limit ● Breached risk appetite limit

	Strategic risk and executive sponsor	What could cause it	Consequences and our response	Appetite status	Material matters
A	**Business-model failure**				
1	**Inability to compete in a liberalised market** *Sponsor: Group Executive: Strategic Delivery*	• Failure or delay of unbundling due to a lack of leadership alignment on the "how" and "when", or financial and legal complexity • Inability to develop future-fit, customer-centric business models • Legacy performance measures that do not drive an outcome-based culture	**If it materialises:** • Eskom would be unprepared for a competitive market and cannot compete with private-sector players set up to win and retain customers, undermining long-term value **Our response:** • Advancing the unbundling roadmap and refined end-state (see "Evolving our strategy") • Transforming Generation and Distribution business models and building a trading capability • Developing new products, adequate tariffs and a customer-centric culture	● Approaching risk appetite limit	**M5, M10, M11**
5	**Adverse regulatory impact** *Sponsors: Group Chief Financial Officer; Group Executive: Legal, Compliance and Regulation*	• Fundamental changes to NERSA regulation, such as tariff unbundling, affecting our ability to operate in the new market • Inability to comply with other regulatory or legislative change – carbon tax, procurement, AI, competition and the PFMA	**If it materialises:** • Inability to recover costs and revenue shortfalls, reduced price competitiveness and loss of customers, and less accurate long-term planning **Our response:** • Active engagement in NERSA processes and the market code • Advocating a rules-based market transition with legacy-cost recovery • Strengthening regulatory and compliance monitoring	● Approaching risk appetite limit	**M2, M11, M13**
8	**Failure to embrace the just energy transition** *Sponsor: Group Executive: Renewables*	• Inability to secure the social licence to transition, given the socio-economic impact on communities • Absence of a clear, funded just transition strategy and difficulty structuring Eskom Green to compete • Uncertain decarbonisation pathway and the unaffordability of nuclear	**If it materialises:** • Loss of operating licence, legal action and reputational harm from non-compliance, and community unrest **Our response:** • Delivering the just energy transition and repowering and repurposing coal-station sites • Structuring Eskom Green for competitive, bankable renewable delivery • Engaging communities, labour and funders on an inclusive transition	● Approaching risk appetite limit	**M6, M9, M12**

Mitigating risk and maintaining resilience *continued*

	Strategic risk and executive sponsor	What could cause it	Consequences and our response	Appetite status	Material matters
B	**Operational failure**				
4	**Significant business-continuity disruption** *Sponsor: Chief Technology and Information Officer*	• Targeted vandalism and theft, and ageing transmission, generation and distribution infrastructure that is not maintained or upgraded • Legacy systems and outdated cyber security tools increasing exposure to advanced cyber threats and data leakage • Execution risk on the grid expansion needed for the future market, and supply-chain disruption to critical materials and spares	**If it materialises:** • System and network blackouts causing financial loss and service delivery failure, and electricity supply insufficient to meet demand **Our response:** • Accelerating the Transmission Development Plan and grid modernisation • Strengthening cyber security, access controls and technology upgrades • Diversifying sourcing of critical spares and long-lead equipment	● Approaching risk appetite limit	M4, M8, M14
6	**Rigidity of the supply and value chain** *Sponsor: Group Executive: Corporate Services*	• Legacy infrastructure and systems limiting agility in responding to disasters and to a changing market • Slow, stringent procurement processes delaying transformation • Difficulty securing PFMA exemptions to compete on an equal footing with future competitors	**If it materialises:** • Inability to respond to a national crisis, slow transition to the new market, diluted competitiveness and costly, persistent audit findings **Our response:** • Digitalising procurement and supply chain management • Strengthening document management and automation • Engaging on PFMA exemptions and streamlined processes	● Approaching risk appetite limit	M8, M13, M14
7	**Failure to build the skills, culture and people for the future** *Sponsor: Chief People Officer*	• Difficulty reaching agreement with organised labour amid a highly unionised workforce • Board and executive leadership changes causing disruption and uncertainty • Inability to develop and retain the technical, digital, commercial and stakeholder skills the future business needs	**If it materialises:** • Operational disruption, capabilities unsuited to the unbundled business, and decline in operational excellence **Our response:** • Reskilling and upskilling through the People Plan, a Renewables Academy and a Nuclear School • Leadership development and succession planning for stability and continuity • Preserving labour stability through the three-year wage agreement	● Approaching risk appetite limit	M1, M7

Mitigating risk and maintaining resilience *continued*

	Strategic risk and executive sponsor	What could cause it	Consequences and our response	Appetite status	Material matters
C	**Financial-performance decline**				
2	**Inability to fund the business independently of Government** *Sponsor: Group Chief Financial Officer*	• Inability to secure affordable unbundling and growth funding • Limited experience with private funding models and instruments • Constraints on raising capital from non-traditional institutions, limiting generation, transmission and distribution investment	**If it materialises:** • Eskom wouldn't be able to fund the transition to the new market structure, slowing infrastructure expansion and straining financial stability **Our response:** • Pursuing alternative funding – public-private partnerships, private sector participation and blended finance • Ring-fencing Eskom Green to attract private and concessional capital • Deleveraging and progressing towards an investment-grade credit profile	Approaching risk appetite limit	M2, M3, M11
3	**Unsustainable financial position** *Sponsor: Group Executive: Distribution*	• Continued municipal debt crisis accelerating the revenue decline • Persistent theft, fraud and non-technical losses • Inability to secure new revenue sources, sustainable funding or cost optimisation	**If it materialises:** • Credit downgrades that limit funding and raise debt service costs, reputational damage, and declining revenue that threatens the going concern **Our response:** • Executing the municipal and metro debt strategy, including distribution agency agreements • Driving the CORE programme, which includes revenue enhancement initiatives • Strengthening controls and consequence management against theft and fraud	Breached risk appetite limit	M2, M3, M13, M14

MANAGING OUR OPERATIONAL RISK CATEGORIES

Our strategic risks are underpinned by operational risks that are managed within each risk category, against the Board's appetite and tolerance levels. Each category carries treatment plans, accountable owners and key risk indicators. Our appetite ranges from a high appetite to return to sustained profitability and to provide reliable electricity, to no appetite for unethical conduct, criminality and misconduct, or for non-compliance with our compliance obligations.

In finance, we continue to address the revenue and liquidity pressures arising from the tariff path and municipal arrear debt; in our licensed operations, to entrench the recovery in generation availability while strengthening the transmission and distribution networks; in environment and climate change, to reduce emissions and navigate the carbon-budget regime; in people, culture and safety, to uphold our value of Zero Harm; in information and operational technology, to protect against cyber threats and system failure; in legal and compliance, to drive towards improved compliance and an unqualified audit through the audit recovery programme; in fraud and ethics, to sustain our zero-tolerance approach through the Raptor Fusion Centre and stronger consequence management; and in stakeholder engagement, to rebuild trust and reputation.

All strategic and operational risks have treatment plans in place. Given their medium- to long-term nature, these plans may not immediately mitigate the risks or reverse performance but successfully treating them is paramount to Eskom's future. We also monitor a set of emerging risks – including higher diesel costs, regional fuel supply constraints and broader inflationary pressure on our operations – and consider our posture against low-probability, high-impact "black swan" events, so that we remain alert to threats before they crystallise.

Connecting with stakeholders

Stakeholder engagement sits at the heart of how we create value – not only for Eskom, but for the broader society in which we operate. Our relationships with those who authorise, enable, influence and partner with us shape our strategy, safeguard our social licence to operate and determine the pace at which we can deliver Eskom's turnaround. As discussed in earlier sections, this was a year in which stakeholder priorities shifted decisively – from the immediate concern of keeping the lights on reliably towards the harder questions of affordability, financial sustainability and reform delivery.

Recognising our exposure to reputational risk and varying levels of stakeholder support, we engage proactively and transparently to meet stakeholder expectations while carefully managing the impact of our operations. Through continuous evaluation and benchmarking, we work to strengthen trust, deepen relationships and deliver positive outcomes for all stakeholders.

OUR APPROACH TO STAKEHOLDER ENGAGEMENT

GOVERNANCE AND RESPONSIBILITY

In line with the King IV principles of inclusivity, materiality, responsiveness, impact and transparency, we apply a stakeholder-inclusive governance model that holds the Board accountable for the organisation's performance and long-term sustainability. The Board's Social, Ethics and Sustainability Committee (SES) oversees stakeholder relationships and the execution of our stakeholder engagement plan, supported by other committees – including the Business Operations Performance Committee and the Governance and Strategy Committee – within their terms of reference.

As delegated by SES, Exco serves as custodian of our key relationships, with executives assigned to specific stakeholders through a stakeholder matrix. Engagement performance is monitored through weekly briefings and quarterly reports; non-technical risks are tracked and resolved through a weekly issues forum; and the impact of short-, medium- and long-term engagements is evaluated, with corrective plans where improvement is required.

Governance and oversight

Board
Accountable to stakeholders for performance and sustainability

SES Committee
Oversees stakeholder relationships and the engagement plan

Executive Committee
Custodian of relationships via a stakeholder matrix

Our engagement framework

- **Relationship management**
- **Proactive strategic engagement**
- **Transparent communications**
- **Collaborative partnerships**

OUR ENGAGEMENT FRAMEWORK

Our engagement framework rests on four mutually reinforcing pillars – relationship management, proactive strategic engagement, transparent communication and collaborative partnerships. Each is essential to building trust, supporting our strategic objectives and managing organisational risk. We treat the management of stakeholder concerns as a distinct risk category with defined treatment plans, recognising that our social licence to operate is inseparable from the strength of our relationships and our reputation.

Stakeholder management

- Mobilise government, regulators, labour, investors and communities to unlock policy, tariff and project decisions
- Align stakeholders behind Eskom's strategy, energy transition and service improvements
- Risk-based engagement at priority sites

Public campaigns

- Raise awareness about key topics such as public safety, electricity theft, municipal debt and non-payment culture and infrastructure vandalism
- Educate consumers about scams, fraud and illegal activities

Brand campaigns

- Communicate Eskom's corporate strategy and energy mix transformation
- Promote Just Energy Transition (JET), renewable and nuclear education
- Showcase innovation, new products and corporate social responsibility initiatives

Reputation management

- Deliver operational reliability and integrity across Eskom to rebuild stakeholder and customer trust over time
- Communicate Eskom's tangible improvements to reinforce trust
- Monitor key reputational risk indicators and implement mitigation strategies

Media management

- Provide transparent communication about Eskom's performance and strategic milestones
- Push positive stories through executive profiling and thought leadership
- Host regular media briefings, editors' forums and system updates

Connecting with stakeholders *continued*

A YEAR OF ENGAGEMENT

Over the past year our engagement intensified across more than 45 strategic platforms and milestone events, even as the agenda and conversation evolved. Sustained operational performance – including more than 365 days without loadshedding – maintained confidence across Government, regulators, investors and industry. But as stability was restored, attention turned to the structural reforms, infrastructure delivery and pricing decisions that will determine Eskom's longer-term sustainability.

REFORM, REGULATION AND GOVERNMENT

We engaged extensively with our shareholder, the Department of Electricity and Energy (DEE), National Treasury, NERSA and Parliament on the reforms reshaping the industry. We participated in NERSA's further public consultation on MYPD 6 following the court decision and, following their determination, in engagements towards an affordable long-term tariff path through participation in the DEE's processes on the revision of the Electricity Pricing Policy. We advanced market reform through the South African Wholesale Electricity Market (SAWEM) Market School and NECOM's intergovernmental workstreams and supported the work of the Presidency's Eskom Restructuring Task Team (ERTT) on the independent Transmission System Operator (TSO) and financial sustainability, municipal debt and our obligations to lenders. Strengthened parliamentary oversight reinforced transparency and compliance.

TACKLING MUNICIPAL ARREAR DEBT

Municipal arrear debt – which reached around R119 billion by June 2026 – remained our most pressing financial risk. We worked through intergovernmental structures to advance the distribution agency agreement (DAA) model and enforcement under the Promotion of Administrative Justice Act, 2000 (PAJA), with parliamentary support, while managing litigation from South African Local Government Association (SALGA) on the DAA model.

INVESTORS, LENDERS AND PARTNERS

We deepened engagement with local and international investors, lenders and ratings agencies as we prepare for a return to the capital markets in coming years. Credit-rating upgrades from S&P Global and Fitch have affirmed our improved performance, reinforcing confidence in Eskom's recovery. We also secured infrastructure-funding partnerships through memoranda of understanding with the Industrial Development Corporation (IDC) and the Development Bank of Southern Africa (DBSA). We showcased our recovery and growth story at high-profile platforms including the World Economic Forum in Davos, the Africa Energy Forum and Enlit Africa.

CUSTOMERS, COMMUNITIES AND AFFORDABILITY

Affordability remains the dominant customer concern. We introduced tailored, flexible pricing to retain large industrial and smelter customers facing economic hardship and expanded our products and services as demand shifted towards self-generation. In communities affected by load reduction, we expanded local leadership forums and "Act Now" campaigns, combined with smart-meter awareness, to address electricity theft and illegal connections while protecting vulnerable networks. We continued to strengthen outage communication and complaint resolution.

EMPLOYEES AND ORGANISED LABOUR

We secured labour stability through a three-year wage agreement effective 1 July 2026, and continued to engage organised labour on unbundling, where concerns persist. Workforce development and reskilling programmes – central to operating a modernised, lower-carbon system – advanced through structured labour engagement.

ENERGY TRANSITION AND COMMUNITY LICENCE

The launch of Eskom Green and the Lethabo solar PV project marked a milestone in our just energy transition. We engaged renewable developers, environmental groups and communities on wheeling, grid access and the repurposing of coal-station sites and continued to manage IPPs' concerns over curtailment and grid access through technical engagement with the IPP Office, NERSA and industry associations.

MEDIA AND PUBLIC TRUST

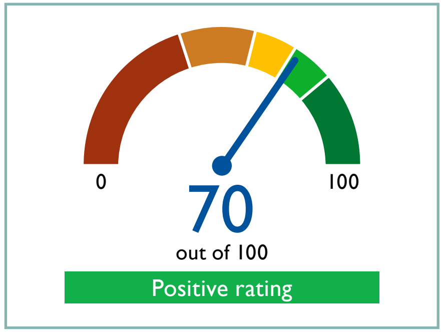
Our Media Desk continued to monitor sentiment and public discourse across traditional and social platforms, generating insights that inform engagement and reinforce transparency. Media sentiment remained predominantly positive, supported by the sustained suspension of loadshedding, visible operational recovery, enhanced leadership visibility and reported progress against criminality and misconduct.

Connecting with stakeholders *continued*

LISTENING TO OUR STAKEHOLDERS

We measure the quality of our relationships through a multi-stakeholder perception survey aligned to the King principles, assessing inclusivity, materiality, responsiveness, impact management, transparency and reputation. For the second half of the year, Eskom achieved an overall sentiment score of 70 out of 100 – a "positive" rating that reflects growing recognition of our improved operational stability and stronger engagement.

Stakeholders nonetheless expect more: strengthened communication, better coordination, enhanced transparency and sustained delivery against our commitments. These insights are fed directly back into our engagement plans.



Building confidence
- Sustained operational stability (365+ days without loadshedding)
- Visible operational recovery and stronger leadership visibility
- Progress against crime, fraud and corruption
- Credit-rating upgrades and improved investor confidence

Where stakeholders expect more
- Electricity affordability and tariff increases
- Municipal arrear debt and revenue recovery
- Transmission delivery, grid access and market reform
- Stronger communication, coordination and transparency

Government and public sector	70%	Stronger strategic alignment and improved recognition of role in energy security and reform
Industry and energy sector	60%	Appreciate improved engagement; concerns remain on tariffs, grid access and execution pace
Financial institutions	75%	Confidence in reforms progress requires continued financial discipline and transparency
Environmental and civil society	60%	Concerns over coal dependency, emissions and pace of Just Energy Transition implementation
International and diplomatic	75%	Supportive of JET partnerships and regional energy leadership; expect consistent delivery
Parliament and regulators	65%	Acknowledged improved engagement; continue to prioritise governance and accountability
Municipal stakeholders	60%	Challenges with debt, illegal connections and service delivery coordination
Contractors and suppliers	65%	Improved communication, concerns around payment terms and procurement turnaround times

Key insights:

- Stakeholder confidence is improving with better operational stability and leadership visibility
- Engagement quality improved, but frequency and accessibility can be strengthened
- Execution pace, grid capacity and affordability remain key concerns
- Transparency, timely communication critical across all stakeholder groups
- Delivery against commitments is essential to building long-term trust
- Focused collaboration on reforms and JET will strengthen stakeholder confidence

Negative	Neutral	Moderately positive	Positive	Very positive	Overall score
-40	40–59	60–69	70–79	80–100	70

Connecting with stakeholders *continued*

OUR STAKEHOLDER LANDSCAPE

Our stakeholders represent a diverse range of interests and expectations, from investors focused on returns and predictability to communities concerned with the social and environmental impact of our operations. The table below sets out our principal stakeholder groups, their key concerns and our responses, and links these to the material matters we've identified.

Stakeholder	Value creation impact	Key concerns	Our response	Material matters
Government, shareholder and policymakers	Provide policy direction, regulatory oversight and financial support	Energy security, financial and operational sustainability, tariff affordability, unbundling, market reform, climate commitments, adherence to debt relief conditions	Active collaboration on policy and market reform, debt-relief implementation, DAA rollout, and progress on unbundling and the independent TSO	**M2, M4, M10, M11, M12, M13**
Regulators	Ensure compliance and protect consumers while enabling a competitive market	Tariff methodology, market code and licensing, environmental compliance, grid access	Participation in NERSA processes and the market code, SAWEM readiness, and adherence to environmental and licensing requirements	**M2, M4, M6, M11, M12**
Parliamentary committees	Provide oversight of governance, finances and performance	Financial and operational sustainability, governance, unbundling, municipal arrear debt, combatting corruption	Transparent reporting on performance and governance, with regular engagement on separation and the audit recovery programme	**M2, M4, M10, M13, M14**
Investors, lenders and ratings agencies	Provide funding that supports our asset base and financial sustainability	Financial performance, returns, tariff and revenue certainty, municipal arrear debt, unbundling, good corporate governance and positive audit outcomes, climate change commitments	Transparent reporting, credit-rating engagement, audit recovery programme, partnerships with development financing institutions, investor platforms	**M2, M3, M10, M11, M13**
Customers	Directly influence revenue, service standards and public trust	Reliability, affordability, tariff clarity, load reduction, service and outage communication, responsiveness	Flexible pricing to retain industrial demand, customer-centric products, improved communication and complaint resolution	**M3, M4, M5, M11, M12**
Employees and organised labour	Drive operational performance, culture and long-term sustainability	Job security, salaries and benefits, wellbeing, reskilling, the impact of unbundling and the energy transition	Three-year wage agreement, wellbeing and skills-development programmes, and structured engagement on the transition	**M1, M7, M10, M13**
Business, suppliers and IPPs	Support operations and business continuity through the supply chain and electricity generation	Grid access and curtailment, procurement and payment turnaround, self-generation, ethical practices	Transparent procurement, faster payment, grid-allocation and congestion engagement via the IPP Office and NERSA	**M2, M3, M4, M8, M13, M14**
Communities and civil society	Advocate for social justice and environmental stewardship, shaping our social licence to operate	Environmental impact, load reduction, socio-economic effects, community development	Local leadership forums, "Act Now" campaigns, smart-meter awareness, and repowering and repurposing initiatives	**M5, M6, M9, M12, M14**
Media	Influence public perception and hold Eskom accountable	Transparency and accuracy of information, reform progress	Timely, accurate information, proactive media engagement and consistent messaging	**M1, M13, M14**
International and regional partners	Offer investment, knowledge exchange and alignment with global goals	Regional energy security and trade, climate commitments, JET financing, best practice	SAPP cross-border trade, JET partnerships and participation in regional and global energy forums	**M6, M9, M11, M12**

Material matters are referenced by number below:

- **M1** Sustaining ethical leadership
- **M2** Enhancing financial sustainability and liquidity
- **M3** Reversing the decline in sales and diversifying revenue
- **M4** Achieving operational excellence
- **M5** Improving customer centricity
- **M6** Enhancing environmental stewardship
- **M7** Building a skilled workforce
- **M8** Harnessing digitalisation and AI
- **M9** Furthering national developmental goals
- **M10** Executing the unbundling
- **M11** Creating the Eskom of the future
- **M12** Advancing climate action and a just energy transition
- **M13** Upholding governance, compliance and ethics
- **M14** Fighting criminality and misconduct

LOOKING AHEAD

The year ahead will test whether we are successfully converting operational credibility into lasting trust. Our engagement priorities are clear: resolving municipal arrear debt, delivering transmission line expansion, implementing electricity-market reform and maintaining transparent, consistent communication. Considering the President's pronouncement of the Phase 1 report of the Eskom Restructuring Task Team, heightened attention will be given to collaboration with all the relevant stakeholders to develop and implement sustainable electricity-market reforms. By listening actively and responding visibly, we will continue to strengthen the relationships on which Eskom's sustainability – and South Africa's energy security – depend.

Identifying key topics

Our integrated reporting suite is prepared based on double materiality, by considering both financial materiality – external factors that may affect our financial performance – and impact materiality – internal factors through which we impact the broader environment and society. We also assess both qualitative and quantitative matters that are material to our strategic objectives, organisational risks and opportunities, the Board's focus areas, our operations and the six capitals.

By prioritising material matters, we align our efforts with the most critical environmental, social and governance (ESG) priorities – those that, if not effectively managed, could significantly affect the organisation's long-term sustainability and value creation.

Material matters are high-likelihood, high-impact factors that significantly influence the creation, preservation or erosion of enterprise value across short-, medium- and long-term horizons. These may be either positive or negative in nature.

We follow a structured process to identify material matters, by considering:

- Continuity or evolution of prior-year material matters
- Significant changes in the operating environment
- Stakeholder concerns and expectations
- Strategic risks and opportunities
- Key issues deliberated by the Board
- Likelihood and potential consequences of the matters

The Audit Committee considered the matters identified and set out in the table below for inclusion in the integrated report.

The material matters have been linked to the following Board priorities:

- Sustaining leadership stability and strengthening the leadership pipeline, investing in human capital, embedding a high-performance, ethical culture and reinforcing transformation across the group
- Driving operational improvements and long-term system reliability to support the transition from crisis response to sustainable operational excellence, with oversight of generation and energy security, network performance and non-technical energy losses, environmental compliance and digitalisation, and monitoring the strategic execution of major capital projects
- Enhancing customer centricity and eliminating load reduction to affected communities
- Advancing environmental sustainability and technology pathways, including existing emissions-reduction initiatives, research and development into technologies to reduce coal-fired emissions, and the responsible transition of Eskom's asset base
- Securing Eskom's financial sustainability – reducing municipal arrear debt, supporting tariff reform and an affordable long-term tariff path, addressing the declining sales trend through load retention and new revenue streams, overseeing the Cost Optimisation and Revenue Enhancement (CORE) programme, and optimising the group's capital structure and long-term funding
- Advancing the unbundling and positioning Eskom within the evolving electricity supply industry, given market reform, regulatory developments and the establishment of the South African Wholesale Electricity Market (SAWEM) and an independent Transmission System Operator (TSO)
- Enabling private sector participation and investment in transmission network expansion and Eskom Green initiatives, and considering related ownership and corporate structuring options
- Strengthening governance, ethics and supplier integrity, and improving the effectiveness of the internal control environment, the combined assurance model and the audit recovery programme
- Fighting criminality and misconduct through enhanced prevention, detection, investigation, correction and governance oversight
- Enhancing stakeholder relationships to support Eskom's sustainability and long-term value creation

Identifying key topics *continued*

Item	Material matter	Description	Board priorities
M1	Sustaining ethical leadership	Sustaining stable, capable and ethical leadership to set clear strategic direction, enable sound decision-making and embed organisational stability. Strong leadership remains essential to sustain the turnaround, rebuild trust and entrench a high-performance, ethical culture aligned to Eskom's values With the executive team now largely settled, the focus has shifted to deepening the leadership pipeline, managing planned transitions and reinforcing accountability	Leadership Stakeholder responsiveness
M2	Enhancing financial sustainability and liquidity	Consolidating the financial recovery by strengthening revenue, maintaining disciplined cost management and securing an adequate tariff path that balances affordability with financial sustainability. Achieving standalone investment-grade credit ratings over the medium term will require these structural pressures to be resolved This includes preserving sufficient liquidity to meet obligations, fund the capital programme and sustain operations as a going concern, while optimising the group's capital structure and long-term funding requirements. Continued progress has benefitted from Government's debt relief support but still depends on the effective resolution of municipal arrear debt – which rose to R111.6 billion at year end – and sustaining the gains of the CORE programme	Financial sustainability Stakeholder responsiveness
M3	Reversing the decline in sales and diversifying revenue	Arresting the structural decline in electricity sales, which reduced by 6.2% to 178TWh during FY2026, and monetising surplus capacity in a market shaped by weak demand, embedded self-generation and rising competition. Stabilising sales volumes is critical to protect asset utilisation, revenue and financial sustainability of the broader value chain This includes retaining large industrial and smelter customers through tailored pricing structures, activating new demand from data centres and other growth segments, pursuing new revenue streams, and optimising wheeling and cross-border sales	Financial sustainability Customer centricity Stakeholder responsiveness
M4	Achieving operational excellence to sustain security of supply	Sustaining the reliability and resilience of generation and network operations to secure a consistent electricity supply. Consistently avoiding loadshedding underpins economic activity and supports revenue through higher sales Building on generation plant availability (EAF) of 65.16% and more than a year without loadshedding, the focus is on embedding the structural recovery through improved plant performance, disciplined maintenance, expanded and modernised grid and network infrastructure, lower technical and non-technical energy losses, and secure primary energy and water resources	Operational reliability Stakeholder responsiveness
M5	Improving customer centricity	Placing customers at the centre of Eskom's business as it prepares for a competitive market. A stronger customer orientation is essential to retain demand, protect revenue and rebuild confidence in Eskom as a service provider This means improving service reliability and responsiveness, eradicating load reduction in affected communities, resolving complaints within committed timeframes, and strengthening outage and tariff communication	Operational reliability Customer centricity Stakeholder responsiveness
M6	Enhancing environmental stewardship	Strengthening compliance with environmental regulations while reducing our environmental footprint through emissions-reduction initiatives, dust management and sustainable operating practices. Proactive stewardship supports long-term operational viability and strengthens stakeholder trust This includes advancing technology pathways – including research and development into technologies to reduce emissions from coal-fired power stations – and the responsible transition of Eskom's asset base towards cleaner energy alternatives. Navigating the carbon budget and mitigation-plan regulations and advocating for a proportionate approach aligned to the Integrated Resource Plan remain priorities given the potential operational and financial consequences	Operational reliability Environmental stewardship Stakeholder responsiveness
M7	Building a skilled workforce within a high-performance, ethical culture	Developing and retaining a capable, future-ready workforce while investing in human capital and embedding a high-performance, ethical culture with clear accountability Reskilling employees for a transforming, more competitive industry and preserving labour stability, underpinned by the three-year wage agreement is essential to drive operational excellence, foster agility and innovation, and secure long-term organisational resilience	Leadership Stakeholder responsiveness
M8	Harnessing digitalisation and artificial intelligence	Modernising the business through digital technologies, data and artificial intelligence to improve operational performance, strengthen controls and enhance decision-making. Digital maturity is a key enabler of efficiency, transparency and the modern, market-ready utility Eskom is becoming This includes digitalising core processes such as procurement, deploying smart metering at scale, and applying advanced analytics to detect criminality and misconduct, manage assets and optimise the power system	Operational reliability Governance and ethics Criminality and misconduct Stakeholder responsiveness

Identifying key topics *continued*

Item	Material matter	Description	Board priorities
M9	Furthering national developmental goals	Supporting national development priorities through workforce transformation, Government-funded electrification, inclusive procurement and localisation, and corporate social investment Alongside efforts to reindustrialise and support economic growth, these contributions reinforce transformation across the group and Eskom's role as a strategic enabler of South Africa's developmental agenda and socio-economic upliftment	Leadership Stakeholder responsiveness
M10	Executing the unbundling of the generation, transmission and distribution businesses	Advancing the unbundling of Eskom's core businesses in line with Government's Roadmap. The separation is a critical enabler of industry transformation and long-term sustainability Following the establishment of NTCSA and Eskom Green, the focus turns to legally separating the Distribution and Generation entities. Progress on the end-state of the transmission business depends on legislative developments and the work of the Eskom Restructuring Task Team, while separation of the Distribution business remains contingent on resolving its financial sustainability, principally municipal arrear debt	Financial sustainability Unbundling Private sector participation Stakeholder responsiveness
M11	Creating the Eskom of the future amid market reforms toward a competitive electricity market	Repositioning Eskom from a vertically integrated monopoly to a competitive participant in a transforming electricity supply industry. Success will secure a meaningful share of future capacity growth and safeguard Eskom's long-term relevance Shaped by the Electricity Regulation Amendment Act, 2024 and the phased introduction of SAWEM, this requires expanded grid capacity and access, customer-focused products, cost-reflective tariffs and market codes, and clean-energy business models	Financial sustainability Unbundling Private sector participation Stakeholder responsiveness
M12	Advancing climate action and a just energy transition	Reducing carbon emissions and diversifying towards cleaner energy through Eskom Green, while balancing energy security, affordability and decarbonisation in a practical and just way This includes progressing the clean energy strategy across renewables, gas and storage, and delivering the Just Energy Transition to ensure a fair, inclusive shift that protects affected workers and communities, aligned to the Paris Agreement and South Africa's Nationally Determined Contribution	Environmental stewardship Private sector participation Stakeholder responsiveness
M13	Upholding governance, compliance and ethics	Reinforcing robust governance frameworks and ensuring full compliance with applicable laws, regulations and standards, while promoting transparency, accountability, ethical conduct and supplier integrity at all levels Strengthening the internal control environment and combined assurance model, sustaining progress under the audit recovery programme and achieving an unqualified audit within regulated timelines are central to restoring confidence in Eskom's governance and financial reporting, and to supporting long-term sustainability	Governance and ethics Criminality and misconduct Stakeholder responsiveness
M14	Fighting criminality and misconduct	Sustained progress is essential to protect infrastructure and revenue, restore organisational integrity and rebuild the stakeholder confidence on which Eskom's long-term sustainability depends Proactively preventing and addressing criminality and misconduct through enhanced prevention, detection, intelligence-driven investigation, correction and governance oversight, supported by capabilities such as the Raptor Fusion Centre	Governance and ethics Criminality and misconduct Stakeholder responsiveness

4

Governing and leading ethically

OUR GOVERNANCE FRAMEWORK

Our approach to governance is founded on ethical leadership, effective oversight, informed decision-making and accountability. This is supported by a significance and materiality framework and a delegation of authority policy which clearly define the roles and responsibilities between the shareholder, the Board and management. The group's subsidiary governance framework further reinforces the consistent application of good governance practices across Eskom's wholly owned subsidiaries – it promotes shared values, strategic alignment and effective oversight across the group, while respecting the legal autonomy of each subsidiary.

The Board recognises that upholding good governance is essential to restoring trust and ensuring that Eskom fulfils its mandate in a manner that preserves long-term sustainability and responsible stewardship of public resources. The Board, supported by its committees, fulfils its fiduciary duties in accordance with the Companies Act, 2008, the Public Finance Management Act, 1999 (PFMA) and the principles of the King Code on Corporate Governance for South Africa.

The Board sets the strategic direction of the organisation by integrating strategy, risk, performance and sustainability as interdependent pillars of value creation. It also provides oversight of management's performance and execution of the strategy to ensure accountability and integrity of organisational reporting. The Board approves key strategies, policies and plans that enable the effective execution of Eskom's mandate. Furthermore, it oversees the identification and management of compliance obligations and enterprise risks, supported by internal controls and a risk-based combined assurance model.

APPLYING THE KING CODE ON CORPORATE GOVERNANCE

The Board remains committed to ethical and effective leadership, responsible corporate citizenship and sustainable value creation. To give effect thereto, it ensured the application of the principles and practices of King IV during FY2026.

Embedded in the Board charter is the requirement to conduct an annual assessment of our application of the King Code to consider how the principles and practices are applied across the group and identify areas where further strengthening is required. Management conducted a self-assessment for the year, which was independently assessed. The outcome reflects a governance environment that has improved but remains in transition.

The latest application register is available at www.eskom.co.za/about-eskom/leadership

Governing and leading ethically *continued*

FY2026 King IV assessment at a glance

- 14 principles substantially applied
- 2 principles partially applied

Areas for improvement	Governance focus
Technology and information	Mature cyber-security, artificial intelligence, digitalisation and oversight of information and operational technology
Compliance	Strengthen PFMA, regulatory and proactive compliance monitoring
Assurance	Improve combined assurance and audit outcomes
Risk governance	Strengthen forward-looking risk oversight and mitigation
Reporting	Improve reporting quality and stakeholder-informed disclosures
Stakeholder inclusivity	Move towards more outcome-focused stakeholder engagement

The areas assessed as partially applied as well as those identified for improvement reflect the governance challenges that remain most material to Eskom, including the need to enhance technology and cyber governance; strengthen risk and compliance maturity; improve combined assurance, address persistent weaknesses in the control environment, achieve clean audit outcomes and enhance reporting quality; and reinforce stakeholder engagement. The Board and its committees continue to advance governance improvements across these areas.

ADOPTING THE KING V CODE

In line with the guidelines of the Institute of Directors in South Africa, the group has initiated a transition framework to fully adopt and report under King V for the financial year commencing 1 April 2026. This transition includes assessing existing governance practices against King V, updating governance disclosures where required, and aligning future reporting to the King V Disclosure Framework.

The transition from King IV to King V is an opportunity to further mature Eskom's governance landscape, with stronger emphasis on a high-performance, ethical culture and value creation, compliance and prudent control, legitimacy, integrated thinking and transparent disclosure. This will further support Eskom's broader governance journey, which is moving from remediation towards a more mature, disciplined and outcomes-focused approach to governance.

FOSTERING AN ETHICAL CULTURE

FY2026 ethics performance at a glance

Declaration of interest completion rate	Assessment of whistle-blower reports	Ethics training	Supplier integrity policy approved by the Board
Employees **99%**[1] Board and Exco **100%**	**95.45%** reports assessed within 30 days (2025: 93.40%)	**Over 39 000** employees attended ethics training by 31 March 2026	Driving ethical conduct and accountability across our supply chain

1. In some cases, employees may be unavailable to complete a declaration because of suspension or approved periods of extended absence, such as ill health and maternity leave. Employees who fail to submit a declaration without a valid reason are subject to investigation and disciplinary processes.

The Board, through its Social, Ethics and Sustainability Committee, oversees the governance of ethics in Eskom aligned to the King Code.

Ethical leadership is central to strengthening governance practices throughout Eskom. The Board remains fully committed to fostering a high-performance, ethical culture that reflects Eskom's values and reinforces its commitment to operating as a responsible corporate citizen – ethically, socially and environmentally.

> In Eskom, we believe that integrity strengthens trust, and trust creates value. Consequently, we uphold a zero-tolerance stance to unethical conduct.

Our Code of Ethics, known as "*The Way*", serves as the foundation of Eskom's values-driven culture. "*The Way*" is underpinned by six core values, collectively referred to as *ZIISCE*, which guide behaviour and decision-making at all levels of the organisation.

Zero Harm
protecting the Eskom way

Integrity
acting the Eskom way

Innovation
thinking the Eskom way

Sinobuntu
caring the Eskom way

Customer Satisfaction
serving the Eskom way

Excellence
working the Eskom way

Governing and leading ethically *continued*

Adherence to "*The Way*" is not optional; it is the way we do business in Eskom, guiding the way in which we interact with one another as well as with all our stakeholders.

The Board's ethics manifesto supports Eskom's values-driven approach by setting clear expectations for visible, ethical leadership, and reaffirms the Board's collective duty to abide by and act in accordance with the following commitments:

- To establish a grounded and mature understanding of ethics in Eskom that goes beyond anti-corruption and compliance
- To visibly support ethics in Eskom by setting the tone for a high-performance, ethical culture, and lead by example
- To ensure that executive management takes accountability in making ethics a priority and actively drives ethics initiatives in Eskom
- To ensure that employees are aware of the ethical values of Eskom and are empowered to apply these values in the workplace
- To ensure that Eskom's reputation is restored, and that the organisation becomes attractive to prospective employees and business partners
- To ensure that Eskom cultivates a speak-up culture where people feel safe to raise ethical concerns and report behaviour that does not comply with Eskom's Code of Ethics
- To ensure our suppliers and business partners actively participate in rooting out unethical practices and cultivate an ethical culture
- To demonstrate a bias for action in fulfilling the Board's ethics manifesto in everything we do and say

Together, these commitments support Eskom's broader governance priorities of strengthening accountability, improving controls, encouraging responsible decision-making and embedding a culture where unethical conduct is identified, corrected and prevented from recurring.

GR Further detail on Eskom's integrated ethics approach, conflict of interest declaration processes and whistle-blowing mechanisms is provided in the governance and remuneration report, under "Fostering an ethical culture"

Eskom's ethical standards apply to all individuals acting on its behalf, including suppliers. During the year, the Board approved a supplier integrity policy to strengthen ethical conduct, accountability and consequence management across the supplier base, aligned with the PFMA and other regulatory requirements. Supplier misconduct is addressed through a clear, fair and time-bound process, with possible sanctions including removal from Eskom's supplier database, referral to National Treasury for restriction on its Central Supplier Database or temporary purchasing blocks on Eskom's procurement system.

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

Independent whistle-blowing hotline

0800 11 27 22

eskom@whistleblowing.co.za

Government anti-corruption hotlines

0800 701 701

www.gov.za/anti-corruption/hotlines

Our commitment to ethics is central to delivering sustainable performance and fulfilling Eskom's mandate. In the coming year, our ethics focus will be:

Enhancing ethics awareness

Expand ethics communication through campaigns and initiatives to embed ethical behaviour and continuous improvement in day-to-day operations

Reviewing our culture programme

Conduct an independent review of our culture programme to ensure it remains fit for purpose in a competitive and liberalised electricity market

Deepening collaboration

Continue to work with regulators, law enforcement, industry partners and communities to promote integrity and prevent, detect, investigate and correct misconduct

Upholding zero tolerance

Reinforce ethical leadership, accountability, consequence management and transparency throughout the group

Strengthening our leadership

APPOINTMENT OF A NEW BOARD

In terms of Eskom's memorandum of incorporation, the Board may consist of no more than 15 directors. The majority of the Board must be independent non-executive directors and there must be at least two executive directors.

At the start of the year, the Board comprised 13 directors, with 11 independent non-executive directors and two executive directors. The three-year term of the non-executive directors was due to end on 30 September 2025 but was extended by the shareholder to 30 November 2025 to allow sufficient time for the appointment of new Board members.

After receiving Cabinet approval in October 2025, the following changes were made to the composition of the Board with effect from 1 December 2025:

Term ended on 30 November 2025	New appointments	Reappointments
Fathima Gany	Dr Andrew Barendse	Lwazi Goqwana
Ayanda Mafuleka	Dr Kgaugelo Chiloane	Clive le Roux
Leslie Mkhabela	Sharmila Govind	Dr Tsakani Mthombeni
Bheki Ntshalintshali	Dr Dimakatso Matshoga	Dr Busisiwe Vilakazi
Tryphosa Ramano	Tshokolo Nchocho	
Dr Claudelle von Eck	Prof. Vuyo Peach	
	Bajabulile Tshabalala (Lead Independent Director)	
	Thandeka Zondi-Mthembu	

All appointments were effective from 1 December 2025, except for Thandeka Zondi-Mthembu who was appointed from 5 December 2025.

These changes were implemented to support both continuity and renewal in the Board's oversight. The reappointments preserved institutional knowledge and stability in governance, while new appointments strengthened the Board's collective skills, experience and diversity to enhance the maturity and sustainability of Eskom's governance. Following these appointments, the Board is fully constituted and is appropriately positioned to execute its responsibilities, supported by its committees.

Continuity in Board leadership has also been maintained with Mteto Nyati having remained as Chairman of the Board, providing stability in the Board's strategic direction and having led a smooth transition to the reconstituted Board throughout the handover period.

IR Refer to "Driving value creation through good governance" from page 51 for the Board's structure, activities and decisions for the year, evaluation of its performance as well as its future focus areas

Board of Directors at 31 March 2026

MTETO NYATI (61)
Chairman
Appointed to the Board in October 2022; appointed as Chairman in October 2023
G

DAN MAROKANE (54)
Group Chief Executive
Appointed to the Board in March 2024
R

CALIB CASSIM (54)
Group Chief Financial Officer
Appointed to the Board in July 2017
R

BAJABULILE TSHABALALA (60)
Lead Independent Director (LID)
Appointed to the Board in December 2025
B G I

DR ANDREW BARENDSE (59)
Independent non-executive director
Appointed to the Board in December 2025
A B R

DR KGAUGELO CHILOANE (50)
Independent non-executive director
Appointed to the Board in December 2025
H R S

LWAZI GOQWANA (50)
Independent non-executive director
Appointed to the Board in October 2022
B H I

SHARMILA GOVIND (51)
Independent non-executive director
Appointed to the Board in December 2025
A G H S

CLIVE LE ROUX (74)
Independent non-executive director
Appointed to the Board in October 2022
B G I S

DR DIMAKATSO MATSHOGA (48)
Independent non-executive director
Appointed to the Board in December 2025
B H I

DR TSAKANI MTHOMBENI (46)
Independent non-executive director
Appointed to the Board in October 2022
G I R

TSHOKOLO NCHOCHO (58)
Independent non-executive director
Appointed to the Board in December 2025
A G H S

PROF. VUYO PEACH (62)
Independent non-executive director
Appointed to the Board in December 2025
A H S

DR BUSISIWE VILAKAZI (42)
Independent non-executive director
Appointed to the Board in October 2022
A B S

THANDEKA ZONDI-MTHEMBU (44)
Independent non-executive director
Appointed to the Board in December 2025
A G I R

Ages and committee memberships reflected at 31 March 2026.

GR Full details of directors' qualifications and directorships are included in the governance and remuneration report

Membership of Board committees

- A Audit Committee
- B Business Operations Performance Committee
- G Governance and Strategy Committee
- H Human Capital and Remuneration Committee
- I Investment and Finance Committee
- R Risk Committee
- S Social, Ethics and Sustainability Committee
- Denotes chair of a committee

Board of Directors at 31 March 2026 *continued*

Demographics

8 ACI males

6 ACI females

1 White male

ACI refers to African, Coloured and Indian population groups.

Skills and experience

Extensive coverage

- Governance and ethics
- Strategy and risk management

Strong coverage

- Engineering, science and technology
- Financial reporting, audit and controls
- Funding and capital allocation
- Information and operational technology
- People management, health and safety
- Stakeholder relations and change management

Good coverage

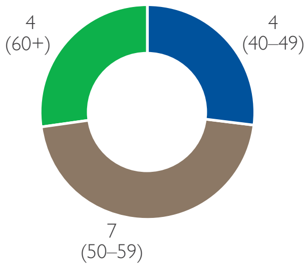
- Climate change and environment
- Infrastructure and project management
- Legal and compliance
- Operations and maintenance

Specialist expertise

- Economics and regulation

10–15 directors | 7–9 directors | 4–6 directors | 1–3 directors

Age diversity



Board meetings

14 Board meetings held | **95%** attendance

Total number of Board and Board committee meetings held

78 (2025: 78)

Board training and other engagements

During the year, directors participated in targeted training and engagements to deepen their understanding of Eskom's strategic, regulatory and operating environment. Focus areas included a Board strategy workshop, AI transformation in the power and utilities sector, the JSE's Debt and Specialist Securities Listings Requirements, as well as site visits to Eskom's Research, Testing and Development facilities and NTCSA's National Control Centre. Following the Board transition, structured induction sessions were held for the incoming directors, together with a briefing with the Minister of Electricity and Energy. These engagements supported informed Board oversight of Eskom's strategic direction, operations, digitalisation plans, transition pathways as well as environmental, social and governance (ESG) sustainability matters, while reinforcing alignment with the shareholder's strategic intent.

Demographic information reflected at 31 March 2026. Meeting and attendance statistics refer to the full year and include both the outgoing Board and the reconstituted Board.

Executive Management Committee at 31 March 2026

DAN MAROKANE (54)
Group Chief Executive
Appointed to Exco in March 2024
7 years in Eskom
(including 2010 to 2015)

CALIB CASSIM (54)
Group Chief Financial Officer
Appointed to Exco in July 2017
24 years in Eskom

ROMAN CROOKES (53)
Group Executive: Group Capital
Appointed to Exco in November 2024
17 years in Eskom
(including 1999 to 2016)

LEONARD DE VILLIERS (69)
Chief Technology and Information Officer
Appointed to Exco in November 2024
1 year in Eskom

NONTOKOZO HADEBE (48)
Group Executive: Strategy and Sustainability
Appointed to Exco in November 2024
1 year in Eskom

DR CANDICE HARTLEY (45)
Chief People Officer
Appointed to Exco in March 2025
1 year in Eskom

Ages and years of service reflected at 31 March 2026.

GR Full details of Exco members' qualifications and directorships are included in the governance and remuneration report

AGNES MLAMBO (55)
Acting Group Executive: Distribution
Appointed to Exco in August 2025
18 years in Eskom

PORTIA MNGOMEZULU (50)
Group Executive: Corporate Services
Appointed to Exco in November 2024
1 year in Eskom

RIVONINGO MNISI (44)
Group Executive: Renewables
Appointed to Exco in February 2025
1 year in Eskom

BHEKI NXUMALO (57)
Group Executive: Generation
Appointed to Exco in June 2023
29 years in Eskom

ALFRED SEEMA (53)
Group Executive: Strategic Delivery
Appointed to Exco in December 2024
1 year in Eskom

Executive Management Committee at 31 March 2026 *continued*

Demographics

5 ACI males

4 ACI females

2 White males

ACI refers to African, Coloured and Indian population groups.

Skills and experience

Extensive coverage

- People management, health and safety
- Stakeholder relations and change management
- Strategy and risk management

Strong coverage

- Engineering, science and technology
- Funding and capital allocation
- Governance and ethics
- Infrastructure and project management
- Operations and maintenance

Good coverage

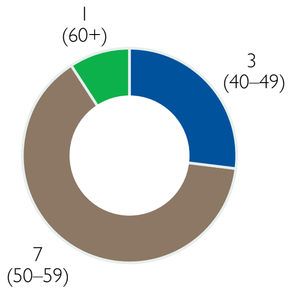
- Climate change and environment
- Financial reporting, audit and controls
- Information and operational technology

Specialist expertise

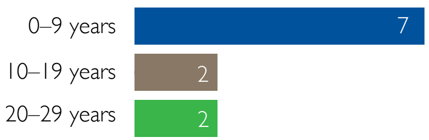
- Economics and regulation
- Legal and compliance

9–11 members | 7–8 members | 4–6 members | 1–3 members

Age diversity



Years of service



Exco meetings

82% attendance

Number of Exco meetings held

21 (2025: 14)

Demographic information reflected at 31 March 2026. Meeting and attendance statistics refer to the full year.

Changes in executive management

The Executive Management Committee (Exco) is established by the Group Chief Executive (GCE) and is accountable for executing Eskom's strategy and managing day-to-day operations.

IR Exco is supported by several subcommittees, which are shown under "Who we are and what we do – Overview of the group" on page 6 of the integrated report

The following Exco changes took place during FY2026 and after year end:

- The NTCSA board approved the secondment of Monde Bala, previously Group Executive: Distribution, to the role of interim CEO of NTCSA from 1 August 2025. He was subsequently appointed as CEO of NTCSA from 1 October 2025 and no longer serves as a member of Exco
- Agnes Mlambo served as acting Group Executive: Distribution from 1 August 2025 to 31 May 2026
- Junaid Munshi was appointed as Group Executive: Distribution from 1 June 2026 following an executive recruitment process
- Jerome Mthembu, Head of Legal and Compliance, assumed the role of Group Executive: Legal, Compliance and Regulation from 1 June 2026 to ensure continuity and strengthen coordination across these interdependent functions; he became a member of Exco from that date (previously served as a permanent invitee to Exco)

Exco is supported by the following permanent invitees: Tembela Kulu, General Manager: Investigations and Security; Ureka Rangasamy, Chief Audit Executive; and Mlawuli Manjingolo, Group Company Secretary. The group executives for Generation and Distribution serving on Exco also serve as the divisional managing directors of their respective divisional operational boards within the Eskom company until the separate subsidiaries commence trading.

Going forward, our Exco structure will be expanded to include a Chief Risk Officer (CRO) to strengthen governance and oversight of risk across the group. The CRO will be accountable for the consolidated enterprise risk profile and forward-looking risk intelligence to inform strategy, capital allocation, funding decisions and performance management for Exco, the Board and the shareholder.

After serving Eskom for 24 years, including one year acting as GCE, Calib Cassim will be retiring from his role as Group Chief Financial Officer (GCFO) in FY2027. The Board is managing the recruitment process for the incoming GCFO with a clear schedule and timelines, with the aim of having the successful candidate take office before the end of the 2026 calendar year. To facilitate a smooth transition, the Board is targeting a handover of up to three months between Calib and the incoming GCFO.

Driving value creation through good governance

OVERVIEW OF THE BOARD'S STRUCTURE

The Board is supported by seven committees, established to assist it in discharging its oversight responsibilities. The Board delegates authority to its committees through approved terms of reference, which define each committee's composition, mandate, roles and responsibilities; however, the Board retains overall accountability for the exercise of its powers and for Eskom's strategic direction, governance and performance. The terms of reference are reviewed annually to ensure continued alignment with Eskom's governance framework, strategic priorities and applicable legislative and regulatory requirements.

Committees report to the Board on key decisions and activities, enabling the Board to consider the views of its individual committees when making decisions. Where required by the delegation of authority, the Board approves recommendations from its committees.

Following the reconstitution of the Board in December 2025, the composition of the Board's committees was reorganised to enable enhanced governance oversight and to support the effective functioning of each committee, with an appropriate balance of skills, experience and diversity.

The Board committees and their oversight focus are summarised below.

Audit Committee

Chair: Thandeka Zondi-Mthembu

6 members | **11** meetings
100% independent | **99%** attendance

Oversight focus

Financial and non-financial reporting, internal controls, audit outcomes, combined assurance, forensic oversight and compliance management

Value creation

Strengthens confidence in Eskom's reporting integrity, control environment and responsible stewardship of public resources

Business Operations Performance Committee

Chair: Clive le Roux

6 members | **8** meetings
100% independent | **84%** attendance

Oversight focus

Operational and technical performance, reliability of electricity supply, production targets, security of primary energy resources and operational risks

Value creation

Supports improved operational reliability, generation and network sustainability, and delivery against Eskom's Corporate Plan and shareholder compact commitments

Governance and Strategy Committee

Chair: Mteto Nyati

7 members | **9** meetings
100% independent | **91%** attendance

Oversight focus

Governance frameworks, long-term strategy, group restructuring and subsidiary governance, stakeholder interventions and Board effectiveness

Value creation

Guides Eskom's strategic direction, governance maturity and institutional transformation to support long-term sustainability

Human Capital and Remuneration Committee

Chair: Sharmila Govind

6 members | **12** meetings
100% independent | **97%** attendance

Oversight focus

Human capital strategy, organisational structure, succession planning, performance management, culture and remuneration policies

Value creation

Supports leadership continuity and performance, workforce skills and capability, ethical culture, organisational effectiveness, and fair and responsible remuneration

Investment and Finance Committee

Chair: Bajabulile Tshabalala

6 members | **13** meetings
100% independent | **95%** attendance

Oversight focus

Financial performance, financial planning, capital programmes, borrowing requirements, liquidity, procurement strategies, investment decisions and major commercial transactions

Value creation

Supports the group's financial sustainability, optimal capital structures, disciplined capital allocation, funding resilience, and effective oversight of procurement strategies and major investment decisions

Risk Committee

Chair: Dr Tsakani Mthombeni

6 members | **5** meetings
66% independent | **89%** attendance
includes 2 executive directors

Oversight focus

Eskom's overall risk profile, risk appetite, enterprise resilience and oversight of risk management across all strategic, operational, financial and compliance risks

Value creation

Enhances resilience by ensuring that material risks and opportunities are identified and effectively managed in support of Eskom's strategic priorities

Social, Ethics and Sustainability Committee

Chair: Tshokolo Nchocho

6 members | **6** meetings
100% independent | **96%** attendance

Oversight focus

Ethics, corporate citizenship, social responsibility, health and safety, environmental and climate accountability, stakeholder engagement and oversight of group sustainability-related matters

Value creation

Promotes ethical leadership, responsible business conduct, sustainability performance and stakeholder trust

Committee chairs and membership are reflected at 31 March 2026. Meeting and attendance statistics refer to the full year and include both the outgoing Board and the reconstituted Board.

Driving value creation through good governance *continued*

All Board committees are chaired by independent non-executive directors. When required, the GCE, GCFO and other members of executive management attend committee meetings as officials. The GCE and GCFO are members of the Risk Committee to support integrated oversight of enterprise risks; however, the committee maintains oversight by a majority of independent non-executive directors.

GR Refer to the reports by the Board and its committees, covering the composition, purpose, activities and future focus areas of each committee

BOARD ACTIVITIES AND FOCUS AREAS

During the year, the Board focused on matters essential to Eskom's operational and financial sustainability, governance maturity and long-term strategic positioning within the evolving electricity supply industry. Many of the matters considered by the Board were reviewed in detail by its committees before being recommended to the Board for noting or approval, enabling focused oversight while preserving collective Board accountability.

Board focus	Value created or preserved during the year
Leadership continuity	Strengthened leadership continuity, Board effectiveness and organisational capability to support Eskom's transition
Operational reliability	Sustained the recovery momentum and maintained focus on electricity supply reliability and infrastructure resilience to support energy security
Financial sustainability	Supported improved financial results and cost discipline while maintaining focus on financial sustainability risks, including the regulated tariff path, declining sales, arrear municipal debt and the group's capital structure
Energy transition	Supported investment pathways for network expansion, energy storage, private sector participation and new generating capacity opportunities
Market reform	Guided legal separation and market reform to adequately position Eskom in the evolving electricity industry
Governance remediation	Reinforced audit recovery, PFMA compliance and the control environment, and maintained focus on efforts to address criminality and misconduct
Stakeholder alignment	Enhanced transparency with stakeholders as well as alignment with shareholder expectations, Government priorities and national energy reform

In line with the Board's priorities communicated in our 2025 integrated report, together with external developments in the operating context during the year under review, the Board's key focus areas centred on the following five areas of value creation.

DRIVING OPERATIONAL RELIABILITY AND FINANCIAL PERFORMANCE THROUGH GOVERNANCE-LED EXECUTION, WITH SHAREHOLDER SUPPORT

During FY2026, the Board continued to oversee the stabilisation of Eskom's operational performance and the positive financial outcomes linked to that recovery. The improvement in generation performance created a more stable operating environment, and the Board expects that this progress must become structural rather than temporary.

Therefore, the Board remained actively engaged on the credibility and robustness of management's recovery plans, ensuring that operational targets and initiatives were aligned with shareholder expectations. Through its committees, the Board considered operational performance across Generation, NTCSA and Distribution, including system adequacy, generation reliability, network performance, operational risks and the root causes of loadshedding incidents recorded in April and May 2025. These deliberations ensured that the operational recovery is supported by appropriate governance, performance monitoring and clear accountability to sustain progress.

The Board also reflected on the broader enablers of operational performance, being our people, plant, processes and systems. It considered performance management, infrastructure investment, network modernisation, digitalisation and information technology projects, customer centricity, as well as initiatives to improve service delivery and operational efficiency. These included measures taken to reduce non-technical energy losses, strengthen revenue protection, improve network reliability as well as limit load reduction experienced by customers in areas affected by infrastructure overloading, illegal connections, electricity theft and meter tampering.

Looking ahead, the reconstituted Board will continue to focus on the capabilities required to move Eskom from mere operational stability to operational excellence. The objective will be to build on the gains achieved to date and to sustain generation performance improvements, turn around network performance and accelerate infrastructure investment, digitalisation and customer centricity. Maintaining leadership stability, building a capable, transition-ready workforce and continuing to foster a high-performance, ethical culture are essential to sustaining improved performance. Together, these support disciplined execution, strengthen accountability and ensure Eskom has the leadership and workforce capability required to deliver on its mandate.

SECURING LONG-TERM FINANCIAL AND STRUCTURAL SUSTAINABILITY

The Board's financial oversight during FY2026 was shaped by the need to improve Eskom's short-term financial position while addressing deeper structural pressures. Government's debt relief has supported liquidity and operational gains which, in turn, have contributed to improved financial outcomes; however, the debt relief package is approaching conclusion, and Eskom remains exposed to significant challenges that threaten its standalone long-term financial sustainability. The Board maintained regular oversight of the group's financial results, capital structure, investments needed to maintain and expand infrastructure, as well as liquidity and funding plans. Furthermore, the Board considered financial assumptions and the outlook to assess Eskom's ability to continue operating as a going concern.

Driving value creation through good governance *continued*

The Board engaged regularly on matters related to Eskom's financial sustainability, including NERSA's revenue determinations and related court processes, the tariff path and tariff structures, the impact of declining sales and proposals for load retention pricing arrangements, compliance with the debt relief conditions, as well as initiatives driven through the Cost Optimisation and Revenue Enhancement (CORE) programme. Municipal arrear debt remains one of the most critical risks to Eskom's financial sustainability – the Board considered performance of the municipal debt relief programme, implementation of distribution agency agreements and related processes, as well as Eskom's enhanced credit control measures, which include the application of processes under the Promotion of Administrative Justice Act, 2000 (PAJA) to limit or terminate supply to defaulting municipalities. The Board also engaged with National Treasury and the shareholder on these matters.

For the reconstituted Board, the focus on financial sustainability will remain inseparable from structural reform. The Board recognises that tariff increases alone are not sustainable or affordable for customers; therefore, enhancing revenue outcomes will depend on diversifying revenue streams in a reformed electricity market, retaining and growing sales while strengthening collection efforts, and improving tariff structures. The Board will continue to oversee progress of the CORE programme to optimise Eskom's cost base and deliver efficiencies in a sustainable manner, together with initiatives to further strengthen the balance sheet towards a sustainable long-term capital structure. The Board will be focused on interventions to resolve municipal arrear debt on a structural basis through continued engagement with government departments and key stakeholders.

DRIVING PUBLIC VALUE, ENVIRONMENTAL STEWARDSHIP AND A JUST TRANSITION

Eskom's long-term relevance depends on its ability to balance energy security, affordability and decarbonisation in a practical and responsible way. During FY2026, the Board considered future energy pathways, environmental obligations, environmental and operational sustainability, and the role Eskom must play in supporting South Africa's energy transition without compromising security of supply.

The Board's oversight included Eskom's Just Energy Transition (JET) and ESG plan, climate change strategy, environmental performance, compliance with Minimum Emission Standards, the responsible transition of Eskom's coal-fired power stations, as well as liabilities relating to mine closure, environmental rehabilitation and nuclear decommissioning. These sustainability matters are embedded in decisions about the performance of the existing asset base, capital allocation, funding and long-term system planning.

Eskom will continue to operate and improve the performance of its existing asset base while investing in new technologies, delivering projects and pursuing partnerships that support a more sustainable electricity system over time. The Board's focus will include emissions-reduction initiatives, ensuring a just transition for Eskom's assets, and development of renewable energy, gas, storage and nuclear capacity opportunities consistent with South Africa's Integrated Resource Plan 2025.

TRANSITIONING THE BUSINESS MODEL AND ADAPTING THE ORGANISATIONAL STRUCTURE AMID MARKET REFORM

During FY2026, the Board continued to guide Eskom's positioning within a changing electricity industry. Eskom's legal separation, the establishment of the Transmission System Operator, readiness for the South African Wholesale Electricity Market (SAWEM) and the broader reform of the electricity supply industry are reshaping Eskom's future role.

The Board's oversight was aimed at maintaining strategic alignment across the group while enabling Eskom to adapt to a more competitive and diversified market. The Board considered progress, options and pathways for Eskom's legal separation, to ensure that it remains aligned with national policy. It also considered regulatory developments, the implementation of trading agreements, restructuring of tariffs to better reflect the underlying component costs of electricity, implementation of distribution agency agreements, and legal and regulatory developments relating to distribution licences issued by NERSA to private entities.

The Board's oversight extended to future growth and investment opportunities, including the establishment of Eskom Green SOC Ltd, private sector participation models, the funding of new generating and storage capacity, as well as transmission network expansion. The Board also continued to participate in Government-led market reform initiatives, including the work of the Presidency's Eskom Restructuring Task Team, which was formed in March 2026 to evaluate options for the establishment of an independent Transmission System Operator. While supporting the objectives of industry reform, the Board has emphasised the need for any future market model to be legally robust, financially sustainable and operationally practical to support the long-term stability of both Eskom and the broader electricity supply industry. These matters were considered in the context of a future electricity market that will be more competitive, more diversified and more dependent on partnerships – one that must ultimately deliver reliable and affordable electricity for customers.

For the reconstituted Board, redefining Eskom's business model, group structure and market role within the evolving electricity supply industry remains a strategic priority. The Board will ensure that this transition is implemented in a way that supports transparency, financial sustainability, operational continuity and the public interest. Key to this will be diversifying revenue streams in preparation for market reform and responding to regulatory developments, including supporting an appropriate long-term electricity pricing framework for South Africa that balances Eskom's financial sustainability with customer affordability.

REBUILDING TRUST, INTEGRITY AND TRANSPARENCY

The Board recognises that Eskom's recovery cannot be measured through operational and financial indicators alone, but also through our relationships with stakeholders. Rebuilding trust in Eskom is dependent on visible progress in governance, controls, accountability and ethical conduct.

The Board monitored progress of the audit recovery programme, the status of reportable irregularities raised by the external auditors and improvements in PFMA compliance.

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 due to improvements in the related control environments. These relate to (i) failure to fulfil certain duties relating to investigations, (ii) incomplete or inaccurate financial records as required by the PFMA and Companies Act, (iii) investigations and consequence management which were not conducted timeously in line with the PFMA and related regulations, as well as (iv) submission of incomplete or inaccurate draft financial statements for audit. It is acknowledged that the outstanding reportable irregularities will remain open until all related aspects are concluded as it takes time to resolve environmental compliance matters.

AFS Further details on reportable irregularities, including actions taken and the status of each matter, are discussed in note 53 in the financial statements

During the year, the Board approved the supplier integrity policy, thereby strengthening the governance framework for supplier conduct, accountability and consequence management. Through its committees, the Board considered feedback on the group's combined assurance model, internal control environment, forensic investigations, supplier disciplinary processes, crime-related matters, as well as physical and cyber-security risks and performance.

Eskom's ability to sustain its turnaround depends on stronger control execution, transparent reporting, effective consequence management and the prevention of recurring ethical and compliance failures. The reconstituted Board will assess the maturity of combined assurance processes and will focus on audit remediation, further strengthening the internal control environment, enhancing procurement governance and improving compliance. The Board will continue to oversee management's efforts in addressing crime, fraud and corruption through stronger prevention, earlier detection, faster investigation and more effective consequence management.

Driving value creation through good governance *continued*

Furthermore, Eskom's long-term value creation depends on sustained engagement with the shareholder, Government, regulators, customers, funders, employees, trade unions and other key stakeholders. The Board will continue to play a critical role in ensuring that Eskom's strategy, performance and transition remain aligned with the shareholder's strategic intent, as well as national energy policy and the expectations of our stakeholders.

ENABLING THE TRANSITION TO A NEW BOARD

The reconstituted Board assumed its responsibilities at an important time in Eskom's journey. The outgoing Board handed over an organisation that is significantly more stable than it was at the start of the Board's term, with improved operational performance, strengthened governance structures, a clearer pathway to reform and a more mature understanding of the capabilities required to sustain progress.

FY2023 to FY2025	FY2026	FY2027 and beyond
Recovery and stabilisation	***Embedding discipline toward reliability and preparing for transition***	***Long-term sustainability and transformation***
Urgently addressed the energy crisis and restored operational stability, rebuilt governance foundations, progressed legal separation and strengthened leadership	Sustained operational improvements, strengthened financial position, stabilised leadership, guided transitional pathways, and reinforced compliance, accountability and audit recovery	Continue to lead the transition from operational stability to operational excellence, drive long-term financial sustainability, support infrastructure investment and reshape Eskom for long-term value creation amid market reform and the evolving electricity supply industry

The Board recognises that Eskom remains in transition. Our task is therefore to move Eskom from recovery to resilience by embedding the gains achieved, addressing the structural challenges that remain and positioning Eskom for a more competitive, diversified and sustainable electricity market. This next phase will require disciplined execution and sustained focus on long-term financial, operational and structural sustainability, which cannot be achieved without continued stakeholder support.

EVALUATING THE BOARD'S PERFORMANCE

The Board is committed to sound governance practices, adopting the principles of the King Code on Corporate Governance for South Africa and the Protocol on Corporate Governance in the Public Sector, 2002. Accordingly, Eskom conducts formal evaluations of the Board, its committees and individual directors to support continued improvement in board performance. The results of board evaluations are submitted to the shareholder for its consideration.

During the year, the outgoing Board commissioned an independent evaluation relating to its performance over FY2025, with the aim of reflecting on governance practices, identifying areas for improvement as well as strengthening leadership and oversight for the reconstituted Board. The independent evaluation was conducted by FluidRock Governance Group (Pty) Ltd, and the report was submitted to the Board in November 2025, prior to the induction of the incoming Board members. This independent evaluation followed the Board's self-assessment for FY2024 facilitated by the Office of the Company Secretary.

The evaluation considered the Board's overall effectiveness across key governance dimensions as well as performance of the Board and the Chairman; Board committees and their chairs; the Group Company Secretary, GCE and GCFO; and included director peer review processes. The evaluation was conducted through questionnaires and interviews, with individual responses treated confidentially.

The FY2025 evaluation was conducted in the context of Eskom's complex operating environment as a state-owned company with a dual commercial and social mandate, significant regulatory obligations and major strategic priorities, including stabilisation of the business, legal separation and the energy transition. FluidRock noted that these contextual factors should be considered when interpreting the findings and recommendations.

FY2025 Board evaluation at a glance

Key strengths identified
- Strong commitment to ethical leadership and accountability
- Constructive Board culture and unity
- Diverse skills, experience and perspectives
- Improved relationship between Board and management
- Formal governance structures and committee support

Areas requiring continued improvement
- Board and committee composition and skills
- Committee coordination and mandate clarity
- Information flow and quality of submissions to the Board
- Stakeholder engagement
- Subsidiary governance
- Tracking of Board improvement actions

The results of the evaluation indicated a high level of Board effectiveness, with the Board achieving an overall score of 3.3 out of 4, highlighting a positive governance culture, supported by trust, respect and unity within the boardroom; a strong commitment to Eskom, ethical leadership and public service; diversity of skills and experience; and a constructive relationship between the Board and management. The strongest-rated theme was the role of the Board (scored at 3.7), reflecting confidence in the Board's ability to fulfil its mandate, provide strategic direction and uphold ethical leadership.

> "The Board demonstrated diversity in professional backgrounds, race and gender, contributing to a balanced and inclusive boardroom."

While the evaluation confirmed that the Board was functioning effectively overall, it also identified areas requiring continued attention. The lowest-rated theme was Board processes and procedures (scored at 3.1), reflecting the need to improve the flow of information and quality of submissions to the Board, as well as review committee mandates, workplans and delegations of authority. Board composition and skills – particularly the need to address vacancies and strengthen expertise in areas such as technology, cyber security and corporate finance – was a particular concern of the outgoing Board given that it was not fully constituted with 15 directors at the time. Furthermore, the evaluation identified the need to enhance coordination between committees; strengthen stakeholder engagement and develop a plan to improve relationships and trust with key stakeholders; as well as further strengthen the subsidiary governance framework.

GR For further detail on the results and recommendations of the independent board evaluation, refer to the governance and remuneration report

Given the transition to the new Board during the latter part of FY2026, no Board evaluation will be conducted relating to FY2026. The focus for the coming year will be on monitoring and tracking the implementation of recommendations arising from the FY2025 independent evaluation through an approved Board Improvement Programme. Progress will be reported through existing governance structures to support sustained improvement, strengthen Board and committee effectiveness and maintain alignment with the Board and shareholder's expectations.

The Board remains committed to enhancing internal structures and processes to support its strategic oversight role. The Board Improvement Programme will focus on strengthening the effectiveness of the Board and its committees, improving information flow and decision-making processes, enhancing committee coordination, supporting alignment between management and the Board, and ensuring that governance structures remain fit for purpose as Eskom continues its transition.

Ensuring fair remuneration

OUR APPROACH TO REMUNERATION

The Board, through the Human Capital and Remuneration Committee (HCR), oversees Eskom's human capital policies, including those relating to remuneration, and ensures that remuneration practices encourage value creation, support achievement of our strategic objectives and advance long-term sustainability by:

- Applying the King Code, which requires that remuneration practices are fair, responsible, transparent and promote sustainable value creation
- Implementing Government's guidelines for the remuneration and incentives of executives, prescribed officers and non-executive directors (NEDs) of state-owned companies (SOCs)
- Complying with the remuneration-related condition of the Eskom Debt Relief Act, 2023 as amended, which requires that remuneration adjustments do not negatively affect Eskom's overall financial position and sustainability
- Ensuring alignment of individual performance to organisational targets and appropriately incentivising and recognising performance based on Eskom's environmental, social and governance (ESG) metrics and targets outlined in the Corporate Plan and shareholder compact
- Applying the enhanced disclosure requirements of the Companies Amendment Act, 2024, including disclosure of remuneration policies, implementation reports and pay-gap ratios

Separate remuneration policies are in place to reflect the distinct practices applicable to non-executive directors, executives, managerial employees and bargaining unit employees.

Remuneration is governed as a strategic enabler of Eskom's turnaround, with the Board and Exco balancing affordability and public accountability against the need to sustain leadership stability, retain and attract scarce and critical skills, and reinforce a high-performance, ethical culture.

NED REMUNERATION

HCR makes recommendations on NED remuneration to the Board, for consideration and approval by the shareholder in line with Government's remuneration guidelines for SOCs. With effect from 1 April 2024, the shareholder approved a hybrid remuneration model to better reflect prevailing market practice. NED remuneration comprises:

Fixed monthly retainer
Based on a directors' membership and/or chairmanship of Board committees

Quarterly meeting fees
Based on Board and committee meetings attended, capped based on the number of meetings approved by the shareholder

Incidental expenses
Reimbursement of expenses incurred by directors in fulfilling their duties towards Eskom

GR The latest retainer and meeting fee structure, implemented in line with the shareholder's remuneration guidelines, is disclosed in the governance and remuneration report

To ensure that NED remuneration remains fair, market-aligned and consistent with shareholder guidelines, independent benchmarking is conducted against a diverse set of comparators – including other large SOCs, regulated utilities, energy and infrastructure-intensive businesses, as well as other relevant scarce-skills labour markets.

The Board and its committees held a total of 78 meetings during the year (2025: 78), exceeding the 50 meetings approved by the shareholder for remuneration. The significant number of ad hoc meetings attended without remuneration continues to reflect the Board's commitment to responding to heightened governance demands and to guiding Eskom's recovery.

Total remuneration for NEDs

R'000	2026	2025
NEDs of Eskom Holdings SOC Ltd	**26 082**	22 396
Eskom NEDs serving on subsidiary boards	**3 948**	2 495
Total remuneration	**30 030**	24 891

The year-on-year increase reflects that the Board has been fully constituted from December 2025, with the number of NEDs increasing to 13 (2025: 11).

EXECUTIVE REMUNERATION

HCR is responsible for determining executive remuneration in line with Government's remuneration guidelines for SOCs. Executives are not involved in the approval process, and HCR retains the right to adjust, withhold or veto any remuneration adjustments. The shareholder is required to approve remuneration adjustments for the GCE and GCFO.

Eskom remunerates executives based on the size and complexity of their role and on performance outcomes. To ensure fairness, remuneration packages are independently benchmarked annually against peers of similar revenue, market capitalisation and operating complexity, to balance competitiveness with fiscal responsibility. Remuneration packages are positioned at the 50th percentile of the market.

Executive remuneration comprises both a guaranteed and variable component, designed to demonstrate a clear relationship between performance and remuneration:

Guaranteed component
Remuneration and benefits
Ensures that talented individuals are attracted, retained and receive support to perform their roles efficiently with consistency and equity across the organisation

Variable component

Short-term incentives
Manages and facilitates performance through a results-driven approach that is collaborative, transparent and fair

Long-term incentives
Ensures the long-term sustainability of the organisation through retention and long-term performance conditions and targets

Guaranteed remuneration is fixed and includes compulsory benefits such as medical aid, pension, group life and death benefits, as well as allowances for motor vehicle expenses and personal security.

WHERE TO FIND MORE

AFS Annual financial statements
- Employee benefits expense: note 35
- Remuneration of directors and executives: note 50

GR Governance and remuneration report
- "Ensuring fair remuneration"

Ensuring fair remuneration *continued*

The GCE and Chief Technology and Information Officer are appointed on fixed-term contracts, while the GCFO and other executive management are permanent employees subject to Eskom's standard conditions of service.

Variable remuneration is linked to the achievement of individual and organisational performance objectives, subject to defined gatekeepers. Short-term incentives (STIs) relate to a single financial year, whereas long-term incentives (LTIs) cover a three-year period. The reintroduction of variable remuneration since FY2025 has been critical to Eskom's executive retention strategy, recognising that competitive incentive structures are essential to retaining the specialised leadership talent required to drive performance improvements.

The executive STI scheme is subject to qualification criteria and performance against organisational ESG metrics and targets, subject to gatekeeper conditions. Payouts are contingent on audited full-year results. For the GCE and GCFO, payouts are further dependent on shareholder approval.

The executive LTI scheme, approved for the period 1 April 2023 to 31 March 2026, grants annual performance awards which vest after three years based on performance against organisational ESG metrics and targets, subject to gatekeeper conditions. Awards vest only to the extent that the prescribed performance measures have been achieved, and the Board retains full discretion on the amounts payable at the end of each three-year vesting period.

Performance awards with a carrying value of R45.4 million were outstanding at year end (2025: R28.1 million). Performance awards for the grant awarded on 1 April 2023 vested on 31 March 2026. The related payment was approved by the Board on 28 August 2026.

GR Further detail on executive STI and LTI qualification criteria, targets and amounts paid is available in the governance and remuneration report

TOTAL REMUNERATION FOR EXECUTIVES

Only members of Exco are regarded as prescribed officers of the company. The remuneration disclosed below covers only the period during which an individual served as a member of Exco.

	2026					2025			
Category, R'000[1]	**Salary**	**STI[2]**	**LTI**	**Other[3]**	**Total**	**Salary**	**STI**	**Other**	**Total**
Dan Marokane (GCE)[4]	**9 542**	**2 499**	**–**	**142**	**12 183**	9 000	765	1 963	11 728
Calib Cassim (GCFO)[5]	**6 360**	**2 005**	**–**	**5 150**	**13 515**	6 000	446	638	7 084
Other Exco members	**38 788**	**15 590**	**1 246**	**1 493**	**57 117**	15 091	2 584	401	18 076
Former Exco members	**1 910**	**352**	**–**	**51**	**2 313**	20 366	4 698	7 374	32 438
Total remuneration	**56 600**	**20 446**	**1 246**	**6 836**	**85 128**	50 457	8 493	10 376	69 326

1. No fees were paid to executives for serving on subsidiary boards.
2. STI amounts disclosed in the current year include employer pension contributions relating to the FY2025 STI scheme for Calib Cassim, Bheki Nxumalo and Monde Bala. Refer to footnotes 4 and 5 for further information on the STIs and LTIs for Dan Marokane and Calib Cassim.
3. Other payments include accumulated leave paid out, long-service awards as well as allowances and insurance cover. Where applicable, sign-on bonuses, separation payments and ad hoc payments to the pension fund are also disclosed as other payments.
4. Only the interim FY2025 STI payout was disclosed under the previous year. The final payout for the FY2025 STI scheme of R2.5 million was not disclosed in FY2025 as it was still subject to shareholder approval. It was approved for payment in the third quarter of FY2026 and is disclosed in the current year. A payout of R3.7 million for the FY2026 STI scheme is not disclosed above as it is awaiting shareholder approval. Other payments for FY2025 include the GCE's sign-on bonus.
5. Only the interim FY2025 STI payout was disclosed under the previous year. The final payout for the FY2025 STI scheme of R1.7 million was not disclosed in FY2025 as it was still subject to shareholder approval. It was approved for payment in the third quarter of FY2026 and is paid in the current year, along with the related employer pension contribution of R291k. A payout of R2.3 million for the FY2026 STI scheme is not disclosed above as it is awaiting shareholder approval. Furthermore, an LTI payout of R2.2 million relating to the vesting of grant 13 is not disclosed above as it is also awaiting shareholder approval. Other payments for FY2026 include R4.8 million paid to the Eskom Pension and Provident Fund (EPPF) to augment the retirement benefit for pensionable service lost during his fixed-term employment from 2018 to 2023, resulting in approximately three years and two months of pensionable service being added in accordance with the EPPF's fund rules. This was approved by HCR.

EMPLOYEE REMUNERATION

Our employee remuneration philosophy is designed to attract, retain and motivate a skilled and high-performing workforce, underpinned by the principles of fairness and transparency. Eskom is strategically positioned as a preferred employer through the provision of market-related remuneration structures, conditions of service and other employee benefits. Employees are paid according to their contribution and the median market value of their roles, with additional premiums considered for jobs requiring specialised skills or challenging work environments, such as nuclear work or shift-based roles.

For bargaining unit employees – who make up around 81% of our workforce – guaranteed remuneration includes a basic salary, a thirteenth cheque (disclosed in the financial statements as an annual bonus) and a comprehensive suite of benefits, including pension, medical aid, death cover and allowances for housing, transport and communication. Under the three-year collective bargaining agreement covering FY2024 to FY2026, bargaining unit employees received a cost-of-living adjustment of 7% in July 2025.

Negotiations for the three-year wage cycle from FY2027 commenced earlier than usual, with Eskom initially offering a 3.5%–5.75% increase and unions requesting 15%–20%. After four rounds of negotiation, Eskom tabled a final offer of an annual increase of 7% for three years, plus a once-off R10 000 payment (before tax) in FY2027 and FY2028, aligned to recent agreements at other public entities.

During the final round of negotiations, NUMSA demanded an 8% raise with a R10 000 after-tax payment in the first year; they have since declared a deadlock. While acknowledging the concerns raised, Eskom's proposal remains balanced between the organisation's financial sustainability and employee needs.

On 17 April 2026, Eskom, NUM and Solidarity signed a three-year collective wage agreement taking effect in July 2026, which is binding on all bargaining unit staff, including those affiliated with NUMSA. The agreement promotes cost predictability, supports operational stability and secures the labour stability to deliver on our mandate and build the skills pipeline needed for the energy transition.

Managerial employees receive a guaranteed cost-to-company package that includes medical aid, pension, dread disease cover and group life benefits. In October 2025, an average increase of 7% was implemented, comprising a guaranteed cost-of-living adjustment of 3% and a discretionary element to reward and retain top performers and to address income disparities.

The employee STI scheme was continued in FY2026. It is designed to drive operational excellence, retain critical skills and reinforce a high-performance, ethical culture, subject to strict qualification criteria. Employees in Generation, NTCSA and Distribution are also eligible for monthly production bonuses, based on achieving operational performance targets to improve efficiency and operational productivity. Both schemes are self-funded and reward employees from financial and operational efficiencies.

Ensuring fair remuneration *continued*

In compliance with the conditions attached to the Eskom Debt Relief Act, 2023 as amended, decisions around remuneration and benefits consider our financial sustainability and are based on a holistic view of financial and operational performance, not just employee costs.

Gross employee benefit expense
R50.4 billion
(2025: R45.4 billion)

Employee STI scheme obligation[1]
R5.1 billion
(2025: R4.2 billion)

Production bonuses
R1.6 billion
(2025: R1.2 billion)

Direct training and development cost
R221 million
(2025: R180 million)

Overtime costs
R3.5 billion
(2025: R3.3 billion)

1. Includes a mandatory 13.5% employer pension contribution.

ENSURING PAY EQUITY

Pay equity means equal pay for work of equal value, regardless of gender, ethnicity or other characteristics. Eskom ensures pay equity by benchmarking salary scales to the external market; aligning internal pay scales to job grade; strictly applying remuneration policies and job-matching principles; and using annual increases to address unjustifiable disparities where possible.

Rand amount	Guaranteed[1]	Variable[2]	Total
Total remuneration in respect of the employee with the highest total remuneration	9 540 000	2 499 300	12 039 300
Total remuneration in respect of the employee with the lowest total remuneration	62 892	–	62 892
Average total remuneration of all employees	872 486	69 447	941 933
Median remuneration of all employees	808 300	51 928	858 580
Average remuneration of the 5% highest-paid employees	1 933 770	252 268	2 186 038
Average remuneration of the 5% lowest-paid employees	157 681	4 355	162 036
Remuneration gap, ratio[3]	12.3	–	13.5

1. Based on cost-to-company.
2. Variable remuneration includes LTI and STI amounts, where applicable.
3. Defined as the ratio between the total remuneration of the 5% highest paid employees and the total remuneration of the 5% lowest paid employees.

The employee with the highest remuneration, both guaranteed and variable, is the GCE, Dan Marokane. The lowest remuneration relates to the stipend payable to 947 learners under Government's Youth Employment Service (YES) programme.

If the YES learners were excluded, the remuneration in respect of the lowest-paid employee would be R126 611, while the average of the 5% lowest-paid employees would be R231 163, resulting in a pay gap of 8.4 (compared to 12.3 including YES learners).

Eskom's pay distribution remains relatively contained at the centre, with average remuneration only 10% higher than the median. The wider dispersion across the organisation is driven by the need to attract and retain talent at the higher-paid executive and specialised levels of the organisation. This reflects Eskom's principle of positioning guaranteed pay aligned to at least the market median while reserving incentive-based rewards for performance based organisational outcomes.

LOOKING AHEAD

The Board reaffirms its commitment to fair, responsible and transparent remuneration frameworks that remain fit for purpose and support Eskom's operational improvement initiatives and long-term sustainability. Priorities for FY2027 and beyond include aligning subsidiary NED fees to the group strategy and managing elevated levels of employee benefit costs.

Eskom will continue to optimise its cost base by driving higher productivity across the workforce to deliver improved organisational performance, while aligning rewards with operational and financial outcomes. These actions will ensure that Eskom's remuneration framework remains competitive, affordable and aligned to both shareholder expectations and market realities as Eskom transitions to a future-fit utility in a liberalised energy market.

Reinforcing controls and assurance

The Board regards a credible control environment and mature combined assurance model as fundamental to Eskom's governance. A strengthened control environment is essential not only for improved decision-making and responsible stewardship of public resources, but also for positive audit outcomes and rebuilding stakeholder confidence in Eskom's reporting.

During the year, the Board intensified its oversight of Eskom's control environment, PFMA compliance, audit recovery programme and the combined assurance model. The focus moved beyond enhancing structures towards improving control execution, strengthening accountability, and embedding more disciplined assurance and remediation practices across the group. The Board continues to provide direction and challenge management where required to ensure that remediation efforts are focused on correcting the underlying root causes and that improvements are sustainable.

ASSESSING THE CONTROL ENVIRONMENT

The Internal Audit Department, which reports functionally to the Audit Committee, assesses the status of governance and compliance, together with the adequacy and effectiveness of preventative and corrective controls on a quarterly basis.

Based on key observations from audit work performed during the year, Internal Audit concluded that Eskom's overall system of internal control across the group is adequate but only partially effective. This indicates that, while the design of controls and key governance frameworks is generally adequate, key challenges remain around consistent execution, accountability and monitoring of controls.

INTERNAL AUDIT ASSESSMENT OF THE CONTROL ENVIRONMENT

Governance	Internal controls	Risk management	Financial controls
Partially effective	Partially effective	Partially effective	Partially effective
• Stronger frameworks and oversight structures • Accountability and consequence management remain inconsistent • Weaknesses in compliance with key legislation, particularly the PFMA, require focused attention	• Control design remains generally adequate • Weaknesses persist in document and record management • Delays in digitalisation and process improvements constrain effectiveness	• Risk processes are well documented • Enhanced risk ownership supported risk-based decision-making • Weaknesses in accountability and compliance monitoring require further maturity • Exco is being expanded to appoint a Chief Risk Officer	• Control design is generally adequate • Completeness of PFMA-related disclosures require ongoing attention • Weaknesses in document management and inadequate oversight of financial reporting processes at component level require improvement

PRIMARY DRIVERS OF CONTROL DEFICIENCIES

- **Inadequate adherence to policies and procedures**
- **Deliberate circumvention of controls**
- **Insufficient management oversight and accountability**
- **Inadequate consequence management**

The Board recognises that Eskom's challenge is less about a lack of policies, frameworks or control structures, and more about strengthening execution discipline, ownership by management, first-line assurance and accountability for control failures.

WHERE TO FIND MORE

AFS Annual financial statements
→ Report of the Audit Committee
→ Independent auditor's report to Parliament

GR Governance and remuneration report
→ "Reinforcing controls and assurance"

Key improvements during the year

- Audit recovery programme progressed from initial recovery towards stronger control enhancement and audit readiness
- Audit evidence, record management and documentation disciplines improved
- Control effectiveness improved in selected high-risk areas
- Audit readiness increasingly embedded as an ongoing management discipline
- Governance oversight of audit findings and remediation interventions strengthened
- PFMA remediation initiatives and backlog reduction processes advanced

Key challenges to be addressed

- External audit qualification repeated, limited to completeness of irregular expenditure disclosures
- Historical PFMA and control deficiencies require sustained remediation
- Control environment remains only partially effective
- Document and record management weaknesses persist in some areas
- First-line assurance and management monitoring require strengthening
- Consequence management is not yet applied consistently

FY2027 priorities

- Combined assurance maturity assessment, including the structure, operating model and capacity of the internal audit function
- Development of an integrated governance, risk and control (iGRC) platform
- Stronger control environment, first-line assurance and consequence management
- Addressing the backlog of investigations and consequence management
- Enhanced PFMA compliance and remediation
- Continuous audit readiness

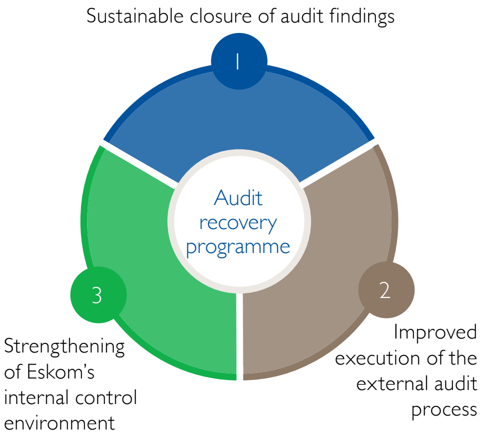
Reinforcing controls and assurance *continued*

Despite focused management intervention driving measurable progress during the year, the Board remains conscious that the control environment has not yet improved to the point where risk exposure has been materially reduced. Persistent weaknesses in document and record management, PFMA compliance, procurement and contract management, first-line assurance and consequence management continue to require increased attention.

> Sustainable improvement will depend on business units taking stronger ownership of controls before these matters reach internal or external assurance providers.

DRIVING PROGRESS THROUGH THE AUDIT RECOVERY PROGRAMME

A significant area of Board oversight has been the implementation of Eskom's audit recovery programme to address the internal control challenges. The programme was established in FY2025 to strengthen governance, restore audit discipline and address systemic control weaknesses that have contributed to recurring audit findings and qualified audit opinions in recent years. The programme is anchored on three pillars:



Oversight of the programme has been strengthened through structured governance forums at business unit level, with regular reporting to Exco's External Audit Oversight Committee, which is chaired by the GCE. The programme has enhanced coordination between business units, Internal Audit and other internal assurance functions, enabling greater alignment between remediation activities to address audit findings, control enhancement initiatives and ongoing assurance reviews.

During the year, the programme progressed from initial recovery towards disciplined control improvement, enhanced audit readiness and sustainable remediation of findings through clearer management accountability. The emphasis shifted from establishing governance structures and the administrative closure of audit findings to identifying root causes and management actions aimed at ensuring that underlying control weaknesses are addressed and prevented from recurring, while improving the quality and traceability of audit evidence. This shift is important because lasting improvement in audit outcomes will only be achieved by embedding better practices in day-to-day business processes.

AUDIT RECOVERY PROGRAMME JOURNEY

FY2025 Recovery	→	FY2026 Stabilisation and control improvement	→	FY2027 Control maturity and sustainability
Establishment of governance structures, with root cause analysis		Strengthened remediation of findings and audit readiness		Enhance controls, strengthen first-line assurance and drive accountability

Through these structures, prior-year findings were subjected to more disciplined oversight, with management actions assessed against the underlying root causes, the adequacy of control improvements and the risk of recurrence. This improved the group's ability to identify systemic weaknesses, prioritise high-risk matters and hold the responsible executives and management teams accountable, so that audit findings are closed in a manner that contributes to sustainable improvements in the control environment.

Weaknesses in supporting documentation and recordkeeping have historically contributed to audit limitations and PFMA-related findings. During the year, stronger emphasis was placed on evidence quality, review processes, audit trails and the availability of reliable information to support financial reporting and compliance disclosures. Audit readiness is increasingly being embedded as an ongoing management discipline rather than as a year-end event. These disciplines are central to improving reporting integrity and rebuilding stakeholder confidence.

Status of external audit findings at 31 March 2026

- ✓ 96% of FY2021 to FY2024 findings closed
- ✓ 69% of FY2025 findings closed

* Subject to audit verification

While the closure rates reported reflect management's assessment, the effectiveness and sustainability of the remediation of these findings will be independently verified by Internal Audit. The outcomes of the FY2026 external audit will provide further insight into the quality and effectiveness of corrective actions based on the extent of repeat findings.

Controls were enhanced in several high-risk areas, including procurement and supply chain management, contract management, PFMA compliance and reporting, revenue-related processes, asset verification and reconciliations. These improvements included clearer ownership of controls, more frequent management reviews, improved supporting schedules, enhanced reconciliation processes and stronger alignment between operational teams, finance teams and internal assurance providers.

However, the pace of remediation remains uneven across the group, and sustained effort is required to ensure that identified weaknesses are addressed comprehensively and that control improvements are embedded in day-to-day operations. The next phase is therefore about institutionalising control maturity, not merely improving the audit outcome.

Reinforcing controls and assurance *continued*

EVALUATING EXTERNAL AUDIT OUTCOMES

EXTERNAL AUDIT OPINION

The independent auditors, Deloitte & Touche, issued a qualified opinion relating to the quantification and disclosure of information relating to irregular expenditure required in terms of the PFMA, as the associated financial records were not complete. The auditors have raised material findings in respect of the lack of completeness of Eskom's reported irregular expenditure, both relating to the current year and cumulative balances. Notably, the qualification no longer extends to the accuracy of irregular expenditure reported or to losses due to criminal conduct, reflecting the progress made through the audit recovery programme and associated PFMA remediation initiatives. While this represents meaningful progress, addressing the remaining qualification continues to be a priority for management and the Board.

Except for the above qualification, the financial statements are considered to be fairly presented in terms of IFRS Accounting Standards.

The auditors' report also includes a material uncertainty relating to Eskom's ability to continue as a going concern, driven by factors including dependence on Government support; uncertainties related to the achievement of operational assumptions; the determination of regulated revenue by NERSA; financial risks associated with World Bank funding of the Medupi flue gas desulphurisation, declining sales, municipal arrear debt and energy losses; as well as the impact of unbundling and market reform. However, these matters do not affect their opinion.

AFS Refer to the independent auditor's report in the financial statements for further information

STRENGTHENING PFMA COMPLIANCE

PFMA compliance remains one of the most visible indicators of the work still required to improve Eskom's control environment. Management has continued to implement targeted interventions to strengthen PFMA compliance and related controls, address historical backlogs as well as improve the completeness, accuracy and timeliness of PFMA reporting. Given the breadth of PFMA and related legislative requirements, this remains a systemic group-wide challenge that requires a coordinated, multi-year response supported by clear ownership, stronger controls, enhanced oversight and effective consequence management.

Interventions are progressively shifting from simply remediating historical matters to preventing further non-compliance through enhanced governance discipline and stronger integration between operations, procurement, contract management, finance, legal, Internal Audit and PFMA functions. Key improvements include quality review processes, early-warning mechanisms, enhanced monitoring of matters requiring consequence management or further investigation, as well as continuous sample testing to identify potential control weaknesses and compliance risks before they result in reportable incidents.

Addressing the underlying causes of the external audit qualification remains a priority, supported by improved monitoring of the end-to-end PFMA reporting process and ongoing oversight through the PFMA Loss Control Function and PFMA reporting function. Enhancing the capacity and throughput of these functions remains a focus area to support the timely identification, assessment, determination and reporting of PFMA matters. Training and awareness initiatives are also being intensified to improve understanding of PFMA requirements and promote more consistent compliance across the group. This is intended to reinforce accountability at the point where risks originate, rather than only at the point of reporting.

Irregular expenditure incurred during the year totalled R4.9 billion, with only R28 million relating to new matters. The remainder related to existing multi-year contracts that will continue to attract irregular expenditure until condoned or removed. Approximately 70% of the irregular expenditure incurred in FY2026 relates to two incidents covering procurement of fuel and construction equipment.

GR PFMA information required by National Treasury regulations is disclosed in the governance and remuneration report

AFS Disclosure of current year PFMA information is provided in note 52 in the financial statements. The disclosure includes details of disciplinary action and criminal sanctions

A dedicated programme has been instituted to address the backlog of PFMA assessments and determinations for irregular as well as fruitless and wasteful expenditure, as these are a key contributor to historical PFMA reporting challenges and external audit findings. The programme is being managed through prioritised workstreams, defined review criteria, escalation protocols and quality assurance processes. By addressing the backlog, management will be better positioned to focus on real-time identification and remediation of PFMA non-compliance. The balance for the comparative period was restated because of expenditure in previous years that was only confirmed as irregular in the current year after conclusion of the assessment and determination processes.

GR For further detail on the restatement and backlog, refer to "Disclosure of information under the PFMA" in the governance and remuneration report

The programme has also supported a more disciplined approach to consequence management. Historically, one of the key weaknesses in PFMA reporting has been the disconnect between the identification of non-compliance, the determination of financial misconduct, and consequence management, recovery and closure. Matters are now being tracked through the full lifecycle to reinforce accountability – consistent with the Board's expectation that PFMA remediation must be accompanied by appropriate corrective action and consequence management.

Reinforcing controls and assurance *continued*

The Board recognises that this cannot be treated as a standalone compliance exercise. PFMA findings are not merely reporting matters; they arise from weaknesses in the underlying control environment. For this reason, the Board's oversight has focused not only on improving the completeness and accuracy of PFMA reporting, but also on strengthening Eskom's broader control environment and combined assurance model.

Over time, these interventions are intended to embed a more mature PFMA compliance environment in which non-compliance is identified earlier, assessed consistently, reported accurately and remediated effectively – reinforcing responsible stewardship of public resources and strengthening confidence in the group's financial reporting.

Encouragingly, the external audit qualification has narrowed relative to the prior year and the value of new irregular expenditure arising during the year was limited – an early indication that strengthened controls are beginning to take effect.

OVERSEEING THE COMBINED ASSURANCE MODEL

The combined assurance model provides a structured framework for integrating assurance activities across line management, specialist functions as well as internal audit and external assurance providers, culminating in oversight by the Audit Committee and the Board. However, its effectiveness remains dependent on strengthening first-line monitoring and management assurance. The Board has requested a maturity assessment of the combined assurance model to be initiated in the coming year, including assessment of the structure, operating model and capacity of the internal audit function and the assurance architecture required to support the future group structure. In addition, we are implementing an iGRC platform to improve visibility across these activities.

The Board has acknowledged management's progress in reinforcing controls, while noting that significant deficiencies remain. Continued reliance on external assurance providers in certain areas, persistent PFMA compliance challenges and inconsistent consequence management all indicate that further maturity is required. The Board will therefore continue to closely monitor remediation progress, with particular focus on the sustainability of improvements, the quality of management oversight and the consistent application of accountability where controls fail.

Looking ahead, the Board's direction is clear: Eskom must move its control environment from partial effectiveness towards sustainable control maturity. The focus will be on embedding the gains achieved through the audit recovery programme, strengthening first-line ownership of controls, maturing the combined assurance model, advancing disciplined PFMA remediation and applying consequence management more consistently. The measure of success will not only be an improved audit outcome, but also clear evidence that control discipline has been embedded in how Eskom plans, operates, reports and holds itself accountable.

Upholding good governance

MAINTAINING INTEGRITY AND STRENGTHENING GOVERNANCE

The Board recognises that Eskom's sustainability depends not only on improved operational and financial performance, but also on visible progress in strengthening integrity and rebuilding trust. The Board continues to set the tone and challenge progress, while ensuring that management's actions address the underlying weaknesses that enable any form of misconduct to occur.

Our approach is built around five mutually reinforcing pillars:

Prevention	Detection	Investigation	Correction	Oversight and governance
Strengthening ethics, governance, controls, process and systems to limit opportunities for criminal activity and unethical behaviour	Enhancing whistle-blowing mechanisms, cyber security capabilities, monitoring and data analytics to identify emerging risks sooner	Conducting intelligence-led investigations through specialist forensic and security capabilities in collaboration with law enforcement agencies	Translating lessons learned into control improvements, while driving accountability through control remediation, disciplinary action, supplier sanctions and criminal referrals	Strengthening governance structures, assurance activities and accountability mechanisms to improve risk management, controls and compliance

This integrated approach recognises that governance failures cannot be addressed only after incidents occur. They must be prevented through stronger controls, detected earlier through better data and monitoring, investigated efficiently, corrected through effective consequence management, and overseen through robust governance structures. This is central to protecting Eskom's assets, safeguarding revenue, supporting operational recovery and rebuilding stakeholder confidence.

> The Board recognises that Eskom's governance recovery depends on moving from reactive responses to proactive prevention, disciplined investigation and consistent consequence management.

WHERE TO FIND MORE

GR Governance and remuneration report
→ "Upholding good governance"

SR Sustainability report
→ "Our ESG approach"

Key improvements during the year

- Eskom's response to criminality and other misconduct matured through coordinated prevention, detection, investigation, correction and oversight
- Crime-related incidents and losses reduced
- Raptor Fusion Centre launched to prioritise high-impact security and forensic matters
- Security technology, incident reporting and monitoring capabilities strengthened
- No Priority 1 cyber security incidents reported
- Procurement controls, probity reviews and supplier integrity measures enhanced
- Supplier integrity policy approved and the Supplier Review Committee re-established
- Forensic assessment responsiveness remained strong, with continued focus on whistle-blower reports and reported incidents

Key challenges to be addressed

- Infrastructure crime and electricity theft remain material threats to operational reliability, energy security and revenue protection
- Historical forensic investigation backlogs continue to affect investigation and disciplinary turnaround times
- Procurement and contract management remain high-risk areas
- Cyber risk continues to evolve, exacerbated by legacy systems and the convergence of operational and information technology
- Recurring forensic findings point to underlying weaknesses in control execution, first-line assurance and management oversight, policy adherence and conflict of interests
- Consequence management requires more consistent and timely execution

FY2027 priorities

- Further strengthen preventative controls and early detection mechanisms
- Continue reducing forensic investigation backlogs by strengthening internal and external forensic resources
- Expand intelligence-led investigations and data analytics capabilities
- Strengthen cyber security resilience and modernise legacy technology platforms
- Continue implementing procurement digitisation and system-based controls
- Improve coordination between investigations, control remediation, disciplinary action and criminal referrals
- Strengthen Board and Exco oversight of consequence management and the response to crime, fraud and corruption

Upholding good governance *continued*

PROTECTING CRITICAL INFRASTRUCTURE THROUGH PHYSICAL SECURITY

Crime-related risks such as the theft of electrical cable, coal, diesel and fuel oil, as well as illegal connections, meter tampering, ghost vending, infrastructure vandalism and sabotage, and other offences continue to threaten primary energy security, operational performance, revenue protection and financial sustainability.

The Board continued to consider the security risks affecting the group together with management's response through Eskom's dedicated Group Investigations and Security Department (GIS), which has enabled a more coordinated approach to managing these risks, implementing preventative measures and investigating incidents. Fewer crime-related incidents and lower associated losses were recorded compared to the prior year, while arrests and recoveries improved.

Physical security

Crime-related incidents

2 345 13% ▼

Estimated losses

R191 million 18% ▼

Arrests

505 18% ▲

Recoveries

R34 million 38% ▲

Convictions

13 (2025: 13)

Coal security remained an important focus area, given its link to primary energy security and generation performance. Targeted crime-prevention initiatives and disruptive operations across the coal supply chain supported the detection of potential theft, fraud and adulteration risks. Together with strengthened supplier oversight and coal quality verification processes, these interventions contributed to improved confidence in the integrity of coal deliveries.

LAUNCH OF THE RAPTOR FUSION CENTRE

We officially launched the Raptor Fusion Centre at Megawatt Park on 6 February 2026. This dedicated unit within GIS is focused on addressing high-priority incidents involving organised crime, infrastructure sabotage and significant economic offences through intelligence-driven investigations and rapid response interventions.

Eskom has continued to modernise its security environment, including the rollout of a Security Incident Management Application with real-time monitoring and enhanced analytical capabilities. We are also evaluating and deploying advanced security technologies such as integrated surveillance, intelligent analytics and drone-based monitoring. These initiatives are intended to improve hotspot identification, proactive deployment of security resources, incident visibility and response coordination.

These outcomes demonstrate progress, but the Board remains conscious that infrastructure crime is a significant risk to energy security that must be addressed. The Board will continue to oversee management's efforts to strengthen preventative security measures, foster better collaboration with law enforcement and national security structures, and ensure that security-related control weaknesses are addressed.

STRENGTHENING CYBER SECURITY AND DIGITAL RESILIENCE

Cyber security and digital resilience have become increasingly important to Eskom's risk landscape as information technology and operational technology become more interconnected. Cyber security risks have implications for critical infrastructure, the reliable supply of electricity and revenue protection.

We have strengthened our cyber security posture through several initiatives across people, processes and technology. Although we remain exposed to cyber security risks associated with certain unsupported legacy systems, no Priority 1 cyber security incidents were reported during the year, indicating that cyber security controls and monitoring measures are contributing positively to the mitigation of cyber risks. However, the Board recognises that cyber threats continue to evolve; the ongoing modernisation of technology platforms is a key focus area.

Cyber security and digitalisation

Zero

Priority 1 cyber security incidents

OVS migrated to a more secure environment, with system replacement underway

Zero-trust architecture and enhanced cyber controls in progress

Digitalisation and AI strategy being developed

Microsoft Copilot and data analytics capabilities being rolled out

The migration of the online vending system (OVS) infrastructure to a more secure environment was a significant control improvement, particularly given the historic vulnerabilities that contributed to the generation of illicit prepaid electricity tokens and associated revenue and energy losses. Eskom is also accelerating implementation of a new secure vending platform to replace the current system.

Further initiatives include the implementation of a zero-trust network architecture, next-generation firewalls, strengthened endpoint protection and the development of an artificial intelligence (AI) security standard to support the safe adoption of emerging technologies. Cyber security awareness and phishing simulation exercises were conducted during the year to strengthen employee vigilance.

The Board's oversight of cyber security increasingly extends beyond defensive controls. Eskom's digitalisation and AI strategy is in the process of being finalised and will integrate digital technology, data, cyber security, operational technology and AI initiatives into a single enterprise-wide roadmap.

IMPROVING PROCUREMENT AND SUPPLY CHAIN INTEGRITY

Procurement and supply chain management (P&SCM) also remains a high-risk area due to the scale of expenditure involved and the historic link between procurement weaknesses, irregular expenditure, supplier misconduct, fraud and corruption. The Board recognises that a strong ethical culture and effective governance are fundamental to procurement integrity and ensuring that procurement activities are conducted in a manner that is fair, equitable, transparent, competitive and cost effective as required by the Preferential Procurement Policy Framework Act, 2000.

During the year, Eskom undertook several initiatives aimed at improving procurement integrity. These included the use of National Treasury's Central Supplier Database for informal tendering requests for quotation, enhanced monitoring of low-value procurement mechanisms, the continued streamlining of supply chain management policies and procedures, and the reinstatement of proactive assurance and full-scope probity reviews for high-value tenders.

Upholding good governance *continued*

The Board also approved a supplier integrity policy to strengthen expectations for supplier conduct, including confidentiality, fair tendering, avoidance of conflicts of interest, reporting of misconduct and consequence management when suppliers breach Eskom's ethical, procurement or contractual requirements. This was complemented by the re-establishment of the Supplier Review Committee to support more responsive and consistent sanctions of suppliers for wrongdoing, including removal from Eskom's supplier database, referral to National Treasury for restriction, or implementing temporary purchasing blocks on Eskom's procurement systems.

Procurement has continued to be modernised by digitising workflows and strengthening automated controls, including the implementation of enhanced inventory, warehouse and price-verification systems to improve stock visibility and procurement accuracy. Price benchmarking and contract renegotiations, supported by market pricing tools, are also being implemented to ensure that Eskom receives enhanced value for money.

Going forward, the digitalisation and optimisation of procurement processes, including the implementation of a full-scale eProcurement solution, aim to reinforce controls, improve master data quality, enhance fraud detection and support real-time analytics to support informed decision-making. The next phase will also require procurement integrity to be embedded in day-to-day operations, supported by a stronger control environment and more mature combined assurance model.

ADVANCING FORENSIC INVESTIGATIONS AND REINFORCING CONSEQUENCE MANAGEMENT

Forensic investigations remain central to Eskom's ability to prevent, detect and respond to criminality and unethical behaviour. The results of these investigations strengthen accountability, inform control improvements and reduce the risk of recurrence.

During the year, Eskom continued to prioritise the timeous assessment of reported incidents through whistle-blowing channels to identify potential misconduct at an early stage. Performance in assessing reported incidents remained strong, but the timely commencement and conclusion of follow-up investigations continue to be affected by the significant volume of historical forensic cases requiring attention. At year end, the majority of active forensic matters related to prior years, highlighting the scale of legacy matters still requiring resolution.

Whistle-blowing, forensic investigations and consequence management

10 594 New incidents reported through whistle-blowing channels	**235** New forensic investigations initiated	**69** Employees recommended by Forensics for sanction	**299** Criminal cases registered with SAPS at year end
10 604 Preliminary assessments completed and matters referred to the most appropriate resolution channels	**45** Investigations completed	**96** Employee disciplinary action relating to forensic matters concluded	**92** Criminal cases completed by year end
	710 Forensic cases outstanding at year end	**64** Disciplinary cases outstanding at year end	**24** Criminal cases at trial stage by year end

Completed investigations continued to identify recurring themes, including procurement and recruitment irregularities, undeclared conflicts of interest, non-adherence to policies, circumvention of controls, incidents of fraud and corruption, and insufficient first-line assurance and management oversight. These findings reinforce the importance of management accountability, consistent control execution and a high-performance, ethical culture.

Management is implementing several interventions to improve investigative throughput, quality and responsiveness. These include the establishment of a dedicated project management office to support resolution of long-outstanding forensic investigations and disciplinary matters. Furthermore, we have initiated a process to appoint a panel of specialised external forensic service providers to supplement internal resources and provide access to specialist capabilities – including digital forensics, advanced data analytics and other forensic disciplines – to accelerate the resolution of legacy matters, while strengthening the quality and consistency of investigative outcomes.

During the year, fraud and corruption risk reporting was consolidated into a single enterprise-wide Priority 1 operational risk, strengthening executive oversight and enabling a more coordinated response to what remains one of the group's most significant governance risks.

The Board is particularly focused on ensuring that investigations lead to appropriate outcomes and that consequence management is implemented effectively, in a consistent and timely manner. Exco and the Board continue to strengthen oversight of consequence management processes throughout the group. However, delays in concluding investigative and disciplinary matters remain a challenge, particularly where cases are complex or relate to historical matters. A key focus is the strengthening of the integration between forensic investigations, control remediation, employee disciplinary processes, supplier sanctions and criminal referrals. We continue to collaborate closely with law enforcement by supporting external investigations as well as criminal and civil cases, to advance investigations, arrests, prosecution outcomes and recoveries.

Looking ahead, Eskom's governance and integrity agenda will continue to focus on reinforcing ethical conduct, embedding stronger preventative controls, improving detection and monitoring, accelerating investigations and strengthening consequence management. For the Board, the measure of progress will not only be fewer incidents or more investigations completed, but also whether governance failures are being prevented, accountability is being enforced and trust is being rebuilt through visible, sustained action.

5

Growing our people

HUMAN CAPITAL

Our people – their skills, knowledge, experience, wellbeing, health and safety – together with the culture, leadership and values that shape how we work and how we deliver on our mandate

Our workforce sits at the centre of Eskom's operational recovery and the modernisation of the electricity sector. Building a skilled, representative and accountable workforce, anchored by a high-performance, ethical culture, remains central to how we deliver on our mandate and create long-term value for our shareholder, lenders, employees and the country we serve.

During FY2026, our focus was on stabilising the workforce, strengthening safety and wellbeing, embedding a high-performance, ethical culture and equipping our people with the technical, digital and leadership capabilities required for a modernising market. We saw meaningful progress, including the conclusion of a multi-year wage agreement that provides labour certainty into the medium term, renewed external recognition of our people practices, sustained investment in learning and development, and continued advancement of transformation across the workforce.

Alongside these gains, we recognise the areas that require sustained focus. Safety remains our foremost responsibility – employee, contractor and public fatalities are unacceptable and a reminder that our value of Zero Harm must be a daily discipline. Each fatality incident is thoroughly investigated to identify root causes and implement corrective actions, and the lessons are embedded in the controls, behaviours and leadership accountability that keep our people, contractors and communities safe. In parallel, exposure to loss of knowledge through retirement, critical skills gaps, contractor safety and the workforce transition linked to unbundling and the Just Energy Transition (JET) remain material people risks that we actively manage.

PERFORMANCE FOR FY2026 AT A GLANCE

Group headcount **3% ▲ to 43 274** (2025: 42 030)	Attrition rate **5.35% ▼** (2025: 5.58%)
Employee lost-time injury rate[SC] **0.18 ▼** (2025: 0.23)	Employee and contractor fatalities **7 ▲** (2025: 3)
Female representation **38% ▲** (2025: 37%)	Disability representation **3.36% ▲** (2025: 3.11%)
Learner pipeline **42% ▲ to 3 713** (2025: 2 609)	YES learners **931 ▲** (2025: 612)

▲/▼ Favourable movement ▲/▼ Unfavourable movement
[SC] KPI included in the shareholder compact for FY2026.

WHERE TO FIND MORE

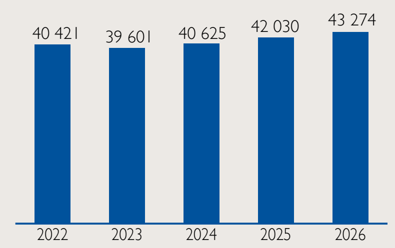
GR Governance and remuneration report
➔ "Report by the Human Capital and Remuneration Committee"
➔ "Ensuring fair remuneration"

PR Performance report
➔ "Growing our people"
➔ "Non-technical statistics"

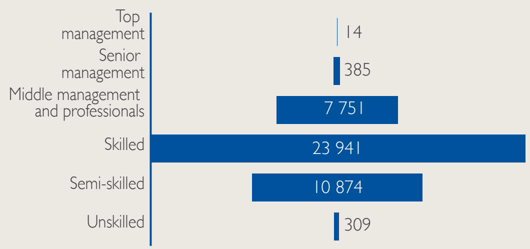
SR Sustainability report
➔ "Our social footprint"

Growing our people *continued*

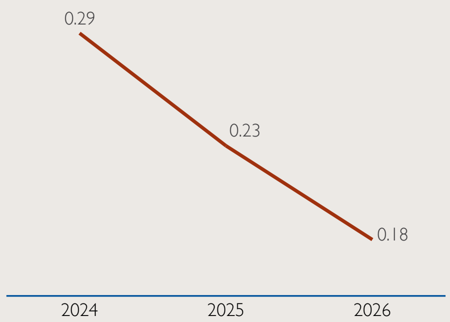
Change in group headcount



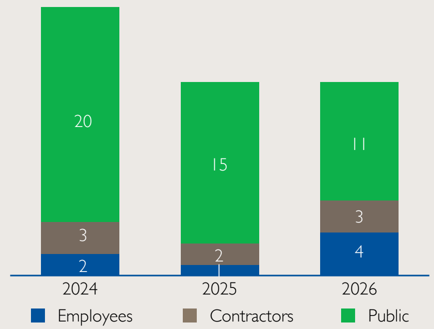
Employee complement by occupational level, number

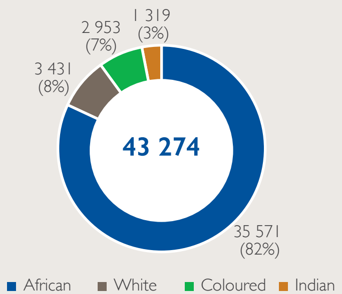


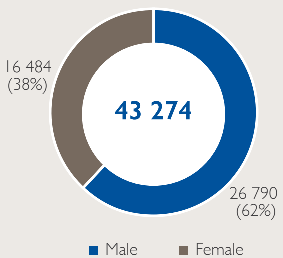
Employee lost-time injury rate



Fatalities by category







OUR PEOPLE STRATEGY

Our People Plan is anchored on four priorities and sets the strategic direction for how we attract, develop, engage and retain the skills required to deliver on our mandate. It is guided by six culture cornerstones – people prioritisation, operational excellence, financial prudency, accountability, customer centricity and being values driven – that shape how we work, how we lead and how we hold each other to account.

Together, they strengthen workforce capability, foster a safe and inclusive environment, and reinforce the accountability and ethical culture required to deliver sustained performance. The wellbeing, health and safety of our employees, contractors and the communities we serve is fundamental to how we create sustainable value. Our commitment to Zero Harm remains the core value that shapes our decisions, behaviours and leadership across the organisation.

Being an employer of choice	Fostering a high-performance, ethical culture	Building critical capabilities	Creating a future-fit and productive workforce
Attracting, retaining and engaging the skills Eskom needs through a compelling employee value proposition, competitive rewards, meaningful career opportunities and an inclusive workplace	Building a culture anchored in accountability, integrity and consistent ethical behaviour, guided by our six culture cornerstones, as the foundation for trust, delivery and long-term performance	Developing the technical, digital and leadership capabilities required to sustain operational performance today and modernise the electricity sector for the future	Building an agile, digitally enabled and productive organisation, structured to deliver on the unbundling roadmap and the Just Energy Transition

Our employee value proposition (EVP) integrates meaningful work, development opportunities, competitive rewards, recognition and an inclusive employee experience. Together with our refined total rewards framework, it supports the attraction, retention and engagement of the critical skills needed to deliver Eskom's strategy. Underpinning these priorities, our talent acquisition strategy applies a structured sourcing framework that aligns workforce planning to our strategic imperatives. This is reinforced by a revised team-based performance management model that creates a clear line of sight from the shareholder compact and Corporate Plan through to team and individual accountabilities, strengthening fairness, consequence management and our high-performance, ethical culture.

Together, our four People Plan priorities and six culture cornerstones transform Eskom's employees into the collective capability required for sustained operational recovery, transformation and long-term sustainability. As the business modernises, our people modernise with it, supported by targeted investment in transformation, rewards, safety and wellbeing, learning and labour relations.

> Eskom's recovery is powered by 43 274 Guardians. As the business modernises, our people modernise with it and every investment in their capability, safety and wellbeing is an investment in the electricity system South Africa needs. – Dan Marokane, Group Chief Executive

Growing our people *continued*

HOW HUMAN CAPITAL ENABLES OUR STRATEGY

Our people are the primary enabler of Eskom's four strategic objectives, translating strategic intent into operational delivery, sector leadership and long-term sustainability.

Pursue financial and operational sustainability	Position Eskom as energy sector leader	Modernise the power ecosystem	Drive a just and inclusive transition
Fix the current business	*Prepare for competitiveness*	*Leverage technology*	*Transition responsibly*
Delivering the operational and financial turnaround through our people's skill, dedication and disciplined execution	Building the leadership pipeline and future-fit skills for a liberalising, decarbonising industry	Equipping our workforce with the digital, data and cyber capabilities that underpin grid modernisation	Reskilling coal-fleet employees through the Clean Energy Training Centre, Nuclear School and Just Energy JET repowering initiatives

> “To lead is to serve. Even when it's difficult, keep serving.” – Dr Candice Hartley, Chief People Officer

OUR PEOPLE VALUE STORY

HOW WE IMPACTED VALUE IN FY2026

Our People Plan outcomes translated into measurable gains in delivery, capability and labour certainty, offset by erosion caused by safety incidents, workforce fatigue and skills exposure.

VALUE CREATED

- Provided labour stability through a three-year wage agreement which supports sustained operational focus
- Advanced workforce representation and strengthened the talent pipeline and our developmental impact through the enrolment of 1 293 new learners
- Invested R2.2 billion in workforce capability through technical, leadership and future-energy skills
- Strengthened workforce readiness for a changing energy landscape through JET reskilling and redeployment initiatives
- Supported 1 013 employees through further study programmes and awarded around 200 bursaries to young South Africans studying in critical fields aligned with South Africa's skills development agenda
- Enhanced accountability, collective ownership and alignment between strategic priorities and organisational delivery through team-based performance management

VALUE PRESERVED

- Retained institutional knowledge through lower attrition and focused succession planning
- Secured future technical capability through investment in the Eskom Academy of Learning (EAL) Smart Campus and succession pipelines
- Reinforced employer attractiveness through a second consecutive Top Employer South Africa certification
- Maintained labour stability through ongoing structured engagements with organised labour
- Invested R50.4 billion in our people through gross employee benefits
- Sustained compacting and assessment completion rates above 95%, preserving a consistent performance and accountability culture across the group

VALUE ERODED

- Fatalities among employees, contractors and members of the public impacted our safety performance and social licence to operate
- Retirement exposure and sector transition continue to exert pressure on critical skills availability
- Increasing wellbeing and mental health challenges require ongoing support through targeted interventions
- Divergent positions during wage negotiations reflected the ongoing complexity of labour relations
- Consequence management requires more consistent and timely execution
- Grievance turnaround times remained worse than target, requiring continued focus on procedural consistency

WORKFORCE COMPOSITION AND TALENT ACQUISITION

Our people remain central to how we create long-term value. During the year, workforce growth, lower attrition together with sustained investment in learning and development strengthened organisational capability and operational resilience. We advanced transformation, meeting employment equity targets across most occupational levels, exceeding the national disability target and maintaining our level 3 B-BBEE rating mainly due to our participation in the Youth Employment Service (YES) programme. We advanced gender inclusion through our Women in Power initiative, which extends the Eskom Women Advancement Programme through leadership development, mentoring and career progression opportunities.

These gains were supported by our **Build-Buy-Borrow-Bot** talent acquisition approach, which combines internal talent development, targeted external recruitment, flexible resourcing and technology-enabled solutions to address current and future capability requirements. During the year, we also adopted a team-based performance management model that improves visibility of strategic priorities, encourages collective ownership of results and creates a clearer link between performance, recognition and career development.

REWARDS AND RECOGNITION

Several milestones reinforced this progress. We opened wage negotiations with our trade unions in November 2025, significantly earlier than in previous cycles, with the aim of concluding an agreement before the 2026 winter period. Following four rounds of negotiations, we concluded a three-year collective wage agreement with bargaining unit employees in April 2026, which was signed by the National Union of Mineworkers (NUM) and Solidarity. The agreement supports cost predictability and labour certainty in the medium term, while enabling continued operational focus at a critical time for the electricity sector. Although the National Union of Metalworkers of South Africa (NUMSA) did not sign the agreement, it is binding on all bargaining unit employees.

Growing our people *continued*

NUMSA subsequently referred a dispute to the Commission for Conciliation, Mediation and Arbitration (CCMA), and we are confident in defending this matter with support from NUM and Solidarity.

We progressed the review of our total rewards framework to ensure that it remains competitive, equitable and aligned to our long-term workforce requirements. Improved organisational performance enabled us to continue the short-term incentive (STI) scheme, strengthening the link between organisational performance and employee rewards. The STI scheme rewards delivery against clear operational and financial gatekeepers and is self-funded from improved performance. A second consecutive Top Employer South Africa certification affirmed our employee value proposition, supporting our ability to attract and retain critical skills.

SAFETY AND WELLBEING

Notwithstanding these achievements, safety outcomes remain a critical concern. While our employee lost-time injury rate continued to improve, the increase in employee and contractor fatalities indicates that we must do more to embed safe behaviours consistently across the organisation. We are strengthening our safety culture by reinforcing leadership accountability, improving risk management and embedding critical risk controls across our operations.

The implementation of effective consequence management, increasing wellbeing and mental health pressures, as well as the complexity of ongoing labour engagement due to the restructuring of the group, also require ongoing attention.

Looking ahead, we are focused on building critical skills, strengthening leadership, advancing transformation and embedding a high-performance, ethical culture that sustains value over time.

KEY RISKS TO HUMAN CAPITAL AND HOW WE MANAGE THEM

Human capital risks have direct implications for how we deliver, transform and create sustainable value. Proactively managing them is central to preserving critical capability and sustaining a resilient, high-performing organisation.

Key risks	How we manage these risks
Safety and Zero Harm	Reinforcing safety leadership accountability, critical risk controls and life-saving rules, supported by structured fatality investigations that inform organisation-wide learning Strengthening contractor safety through tighter pre-qualification measures, on-site supervision and integrated performance reviews Supporting public safety through a quarterly Public Safety Forum, community engagements and collaboration with other state-owned companies
Workforce fatigue, mental health and wellbeing	Approving an integrated mental health framework during the year, focused on prevention, early intervention and sustained support Extending our fatigue management programme to more than 22 000 employees and contractors, complemented by expanded employee assistance, wellbeing and disability inclusion initiatives
Skills scarcity and specialist attrition	Reskilling and redeploying employees by FY2031, supported by the Clean Energy Training Centre, Nuclear School and critical skills progression framework
Ageing workforce and knowledge loss	Refining the total rewards framework to remain competitive within our affordability parameters
Labour relations	Transferring knowledge from employees over the age of 55 to the next generation through the Skills and Advanced Generational Expertise (SAGE) programme, together with an expanded learner pipeline
Workforce transition linked to unbundling	Capturing critical expertise systematically through the SAGE knowledge-transfer programme, supported by accelerated succession planning, structured mentorship and targeted development of women in technical roles through the Women in Power initiative
Culture, ethics and consequence management	Advancing culture transformation anchored in the six culture cornerstones, supported by mandatory ethics training, conflict of interest declarations and confidential whistle-blowing mechanisms Driving investigations and disciplinary outcomes through Group Investigations and Security, in partnership with the SIU, NPA and SAPS Strengthening management oversight, monitoring close-out of long-outstanding disciplinary actions and securing external support from accredited labour dispute bodies to expedite disciplinary hearings
Digital and cyber capability readiness	Rolling out group-wide Copilot artificial intelligence (AI) adoption with role-specific training, expanded digital and data literacy, analytics and cyber security programmes through the EAL, supported by strategic partnerships with Microsoft and academic institutions Integrating digital and cyber capabilities into the critical skills progression framework as core future-fit skills

Growing our people *continued*

TRADE-OFFS AND INTERCONNECTIONS WITH OTHER CAPITALS

Investment in our people during FY2026 required a measured use of financial capital, while strengthening the manufactured, intellectual, natural as well as social and relationship capitals that underpin Eskom's long-term sustainability.

Manufactured capital: Improved operational performance, delivery on generation capacity expansion and the Transmission Development Plan, as well as ongoing maintenance delivery all depend on a skilled and engaged workforce, reinforcing workforce capability as a critical enabler of operational reliability

Intellectual capital: Investment in training, digital capability, AI adoption, leadership development and critical skills programmes strengthened knowledge transfer and the expertise required to modernise the electricity system, supported by the EAL, Clean Energy Training Centre and Nuclear School

Natural capital: The transition to a lower-carbon energy future depends on people as much as technology. Reskilling, redeployment and future-skill development initiatives are helping to prepare employees for emerging energy technologies and new ways of working, supporting a just and orderly energy transition and the growth of Eskom Green while maintaining operational continuity

Social and relationship capital: Employment equity progress, bursaries, learnerships, youth employment initiatives and constructive engagement with organised labour contributed to stronger stakeholder relationships and a more inclusive workforce, while the safety of employees, contractors and members of the public remains integral to our social licence to operate

Financial capital: The three-year wage agreement and investments in learning and development, the STI scheme and workforce capability increase employee benefit costs but support labour stability, critical skills retention, the link between performance and reward, and the future capabilities required to sustain operational performance and productivity

OUTLOOK

SHORT TERM: FY2027

- Strengthen safety performance in line with Zero Harm
- Sustain leadership stability through a fully capacitated Exco and enhance succession planning for critical technical and leadership roles
- Appoint a new Group Chief Financial Officer, following the early retirement of Calib Cassim, and expand the Exco structure to include a Chief Risk Officer
- Continue to embed a high-performance and ethical culture across the organisation
- Implement the three-year wage agreement and conclude the CCMA dispute with NUMSA
- Roll out the integrated mental health framework across the group
- Scale the Copilot AI training programme
- Continue development of an EAL Smart Campus, the Clean Energy Training Centre and Nuclear School partnerships

MEDIUM TERM: FY2027 TO FY2031

- Maintain employee LTIR below 0.25, reduce workplace injuries and ill-health, and entrench Zero Harm discipline
- Achieve 90% successor pipeline coverage across critical leadership positions
- Elevate female representation in senior management and technical roles
- Reskill and redeploy 15 000 employees and manage workforce planning within an upper headcount limit of around 43 300 employees
- Deliver the critical skills progression framework
- Scale the SAGE knowledge-transfer programme and succession planning
- Develop a cumulative 2 409 YES learners and fund tertiary education in critical scarce skills through 750 bursaries

LONG TERM: BEYOND FY2031

- Complete the workforce transition based on the refined unbundled end state, with separate Generation, Distribution and Transmission companies, together with Eskom Green and an independent state-owned TSO
- Sustain a high-performance, ethical culture as the defining source of Eskom's competitive advantage
- Improve productivity and build a lean, agile and resilient organisation
- Maintain a workforce equipped for a decarbonised, digitalised, competitive electricity supply industry

Strengthening our infrastructure

MANUFACTURED CAPITAL

The physical infrastructure, plant and equipment we own and maintain – from generation plant to transmission and distribution networks – that enable us to generate, deliver and sell electricity reliably to South Africa and neighbouring countries, support economic growth and facilitate South Africa's energy transition

Eskom's infrastructure continues to play a central role in powering South Africa's economy and supporting the country's transition to a more sustainable energy future. Our focus remains on strengthening the performance of our generation fleet, modernising our transmission and distribution networks, and accelerating the integration of renewable energy sources. While challenges persist, we are committed to delivering stable, reliable and affordable electricity, driving innovation and building partnerships that enable long-term growth and energy security for the country.

The final unit at Kusile, Unit 6, achieved commercial operation on 29 September 2025, adding installed capacity of 799MW to the grid, representing an important milestone in restoring base-load reliability. Strong improvements in generation and network performance contributed to significantly reduced loadshedding and improved security of supply, with the return to service of key generation units supporting a more reliable electricity system.

Through the National Transmission Company South Africa (NTCSA), we also commissioned new high-voltage transmission lines and transformer capacity to support grid stability and enable the connection of independent power producers (IPPs) and cross-border electricity trade. The continued rollout of smart meters to customers and the data purification of customer records have enhanced customer service, contributed to the reduction of non-technical losses and helped to improve revenue collection.

Despite these achievements, our ageing infrastructure faces ongoing challenges. High utilisation rates have accelerated wear and tear, requiring sustained investment in refurbishments and predictive maintenance. Technical and non-technical energy losses remain elevated, driven by equipment theft, illegal connections and network inefficiencies. Human factors, including fatigue and skills shortages in certain areas, have also impacted operational performance.

Building on the success of our recovery efforts, we are now focusing on sustainably improving plant performance and restoring plant reliability. With the gains realised to date, we are entrenching the principles of reliability and sustainability and driving continuous operational excellence across the business.

The Transmission Development Plan (TDP) sets out an ambitious strategy to deliver more than 4 300km of new transmission lines and around 35 000MVA of transmission transformer capacity over the next three years, unlocking grid capacity for new IPP generation. Distribution will continue the rollout of 5.4 million smart meters over the next three years to support demand flexibility, reduce energy losses and enable customer-centric products and services.

We are also investing in battery energy storage systems and research-driven innovation, and we aim to add at least 6GW of clean energy capacity to the grid by FY2030 through our newly established renewables business, Eskom Green, in support of South Africa's Integrated Resource Plan (IRP) 2025, while maintaining system reliability and affordability.

By strengthening our core assets, embracing new technologies and fostering partnerships, we are building a power system that can meet South Africa's current and future needs of a stable, reliable and affordable supply of electricity. Our progress this year demonstrates our resilience and capacity for transformation, charting the course for energy security and sustainable growth in the years ahead.

PERFORMANCE FOR FY2026 AT A GLANCE

Energy availability factor (EAF) SC **65.16%** ▲ (2025: 60.60%)	OCGT production (Eskom and IPPs) **62% ▼ to 1.1TWh** (2025: 2.8TWh)
SAIFI SC **11.72 events** (2025: 11.70 events)	SAIDI SC **35.09 hours** ▲ (2025: 34.91 hours)
Loadshedding **4 days** ▼ (2025: 13 days)	Distribution energy losses SC **10.54%** ▲ (2025: 10.42%)
System minutes lost <1 minute SC **3.10 minutes** ▼ (2025: 4.37 minutes)	Generation capacity installed **799MW** (2025: 799MW)
Transmission lines installed SC **270.8km** ▼ (2025: 292.6km)	Transmission capacity installed SC **4 000MVA** ▲ (2025: 2 620MVA)

▲/▼ Favourable movement ▲/▼ Unfavourable movement

SC KPI included in the shareholder compact for FY2026.

IR Deloitte has qualified the FY2026 values reported for SAIDI and SAIFI on the basis that the process to determine the values does not align to the method set out in Eskom's approved internal measurement specification documents. For more information, refer to the discussion under "Sustainability indicators selected for reasonable assurance" on page 103 of the report, as well as "Independent sustainability assurance report by Deloitte & Touche" from page 105 of the report

WHERE TO FIND MORE

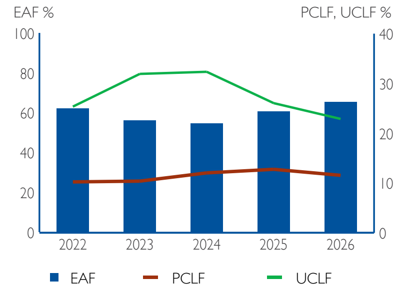
GR Governance and remuneration report
- "Report by the Business Operations Performance Committee"
- "Report by the Investment and Finance Committee"

PR Performance report
- "Strengthening our infrastructure"
- "Technical statistics"
- "Plant information"

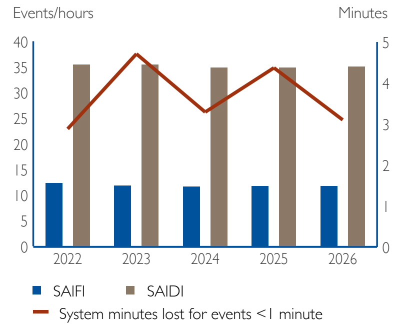
SR Sustainability report
- "Our ESG approach"

Strengthening our infrastructure *continued*

Generation performance



Network performance



OUR INFRASTRUCTURE STRATEGY

Our infrastructure strategy is to maintain, modernise and expand our assets as required – supported by a set of strategic enablers that convert capital deployment into sustained reliability and future readiness.

Generation reliability and sustainability	Transmission expansion and grid resilience	Distribution modernisation and loss reduction	Future energy and innovation
Sustaining plant performance and extending asset life through disciplined maintenance and refurbishment	Expanding and modernising grid capacity to enable capacity growth and the integration of renewable energy	Modernising customer interfaces, improving service reliability and reducing non-technical losses	Investing in battery storage, gas projects and clean energy technologies, supported by research-driven innovation

Sustaining reliability while building the electricity system of the future demands disciplined execution across three connected fronts – recovering the existing fleet, modernising the grid and building the diversified portfolio needed for a competitive, decarbonising industry.

HOW MANUFACTURED CAPITAL ENABLES OUR STRATEGY

Pursue financial and operational sustainability *Fix the current business*	Position Eskom as energy sector leader *Prepare for competitiveness*	Modernise the power ecosystem *Leverage technology*	Drive a just and inclusive transition *Transition responsibly*
Restoring and maintaining a reliable asset base that delivers affordable electricity and protects our financial recovery	Ring-fencing infrastructure across the value chain to complete unbundling, and driving innovation, partnerships and capacity expansion to enable market reform	Expanding and modernising transmission and distribution capacity, using smart infrastructure and digital solutions to improve performance and efficiency	Enabling renewable energy integration and the development of storage solutions and low-carbon energy technologies to change the energy mix and reduce emissions

STRATEGIC ENABLERS

- Enable predictive maintenance, real-time diagnostics and smarter grid operations across the value chain through digital transformation
- Develop partnerships with original equipment manufacturers (OEMs) and utilities to transfer specialist skills back to the business
- Advance market and regulatory reforms required for grid access, including readiness for the South African Electricity Market (SAWEM)
- Mobilise blended finance and public-private partnerships to fund infrastructure investment and enable large-scale projects
- Strengthen execution capability by reskilling 15 000 employees to create a future fit workforce by FY2031

OUR INFRASTRUCTURE VALUE STORY

We remain committed to reducing non-technical losses, driving innovation, reducing emissions and developing a diversified generation and energy storage portfolio. These initiatives will support the transition to a lower-carbon electricity system, aligned with the objectives of the IRP 2025, while enhancing energy security and creating sustainable value for the country.

HOW WE IMPACTED VALUE IN FY2026

VALUE CREATED

- Invested R41.2 billion in generation, transmission and distribution assets
- Improved EAF to 65.16%, the highest level since FY2020
- Reduced OCGT usage by 62%, with a reduction of R10.6 billion in primary energy costs
- Commissioned 4 000MVA of transmission transformer capacity
- Returned Medupi Unit 4 and Koeberg Unit 1 to service, restoring 1 650MW capacity to the grid

VALUE PRESERVED

- Invested R30.5 billion in repairs and maintenance
- Sustained strong outage execution and maintenance compliance
- Installed 610 223 smart meters during the year, although the rollout remains behind target
- Limited loadshedding to only four days during April and May 2026
- Extended operating licences for both Koeberg units by 20 years

VALUE ERODED

- Non-technical losses estimated at 13.1TWh driven by energy theft and illegal connections
- Ageing plant and network assets require substantial investment to maintain performance
- Demand decline driven by smelter closures, with increasing embedded generation reducing sales volumes
- Surplus generation capacity resulting in underutilised assets and triggering take-or-pay obligations
- Delays in installation of transmission lines due to contractor, servitude and procurement challenges

> "From recovery to reliability to renewal – our infrastructure strategy is now about entrenching what we have restored, modernising the grid at pace and building the diversified portfolio South Africa needs for a competitive, low-carbon future." – Dan Marokane, Group Chief Executive

Strengthening our infrastructure *continued*

RESTORING AND SUSTAINING FLEET RELIABILITY

Manufactured capital enables Eskom to deliver reliable electricity and creates value for customers, communities, industry and the broader economy. During FY2026, our infrastructure strategy continued to deliver sustained plant performance gains, which, together with the recovery of critical base-load capacity, enabled us to materially reduce reliance on emergency generation.

The generation energy availability factor (EAF) increased to 65.16%, reflecting disciplined outage execution and sustained progress under the Generation Reliability and Sustainability Plan. The plan was significantly refocused and expanded in FY2026 to transition from short-term recovery of plant availability to long-term reliability and sustainability as well as operational excellence. The next phase is to consolidate these gains by delivering reliable and sustainable electricity supply and strengthening partnerships that enable accelerating grid modernisation.

The commercial operation of Kusile Unit 6 in September 2025 added 799MW of installed capacity to the national grid, while the recovery of Medupi Unit 4 and Koeberg Unit 1 from extended outages returned 1 650MW to the grid. Both units at Koeberg received approval to operate for a further 20 years and each unit was uprated to 940MW nominal capacity after completion of the long-term operation activities, securing dispatchable low-carbon capacity for decades to come.

The effect of the above is that loadshedding was limited to only four days in the year during April and May 2026, compared to 13 days in FY2025, while the combined production from Eskom and IPP-owned OCGTs declined by 62%.

MODERNISING AND EXPANDING THE GRID

NTCSA continued to accelerate the implementation of the TDP, which is the cornerstone of future grid expansion, targeting approximately 14 500km of new transmission lines and 132 650MVA of transformer capacity by 2034 to unlock new generation investment and facilitate renewable energy integration, in collaboration with private sector partnerships.

Grid access prioritises projects that have demonstrated sufficient technical, environmental, financial and permitting readiness, thereby improving connection efficiency and reducing speculative reservation of scarce transmission capacity. Curtailment frameworks allow controlled reductions in generation output from renewable IPPs under defined conditions, which facilitates the integration of additional renewable energy resources while maintaining system security and reliability.

Distribution continued to modernise the network through investments in smart metering, network strengthening and loss reduction initiatives. We are targeting the rollout of 5.4 million smart meters supported by advanced metering infrastructure by FY2028 as part of a broader programme that supports revenue protection, customer service improvement, demand management and the reduction of non-technical losses. The rollout of smart meters fell short of the shareholder's target for FY2026, largely because of community stoppages and the impact of adverse weather, and we have rephased the programme into FY2027 to recover the shortfall. Smart technologies will become increasingly important as customer behaviour evolves.

Theft of network infrastructure, network overloading and non-technical losses through illegal connections and ghost vending continue to erode revenue and impact operational performance. In certain areas plagued by electricity theft and illegal connections which cause overloading of the system leading to localised network failures, Distribution continues to implement load reduction in these areas to mitigate against this challenge. We aim to eradicate load reduction nationally by March 2027, with much of our remaining focus being concentrated in Gauteng and KwaZulu-Natal, where illegal connections, meter tampering and non-payment continue to present the greatest challenge.

BUILDING THE FUTURE GENERATION AND STORAGE PORTFOLIO

The IRP 2025 provides the long-term signal for the country's future generation mix, envisaging around 80GW of variable renewables, 18.3GW of gas-to-power, 5.2GW of nuclear and 10GW of storage by 2042, anchored by a sustained EAF of at least 70% at our coal-fired stations.

The launch of Eskom Green, our wholly owned renewable energy subsidiary, will accelerate our participation in renewables, with an initial pipeline of 2GW of renewable energy and pumped storage capacity advancing from FY2027. We are aiming to commission 6GW of carbon-free electricity by FY2030 and up to 32GW by FY2040. Clean coal technologies – such as high-efficiency low-emission plant, carbon capture utilisation and storage, direct sorbent injection and long-duration storage – are being demonstrated through our Research, Testing & Development Department to enable coal to play a responsible role in the energy transition.

Despite these achievements, significant challenges remain. Eskom's ageing generation fleet requires sustained investment in refurbishment, predictive maintenance and plant life extension.

> "The focus has shifted from restoring performance to sustaining reliability, strengthening resilience and building a modern power system required to support South Africa's future growth and energy transition.
> – Dan Marokane, Group Chief Executive"

Strengthening our infrastructure *continued*

KEY RISKS TO MANUFACTURED CAPITAL AND HOW WE MANAGE THEM

Our financial capital risks are actively managed through a robust risk and resilience framework.

Key risks	How we manage these risks
Business continuity disruption Extended unplanned outages, systemic plant failures or a national or regional blackout would jeopardise supply security and reverse the recovery	Disciplined outage planning and execution as well as coal quality management Enterprise resilience framework supporting Eskom's ability to anticipate, withstand, respond to and recover from major infrastructure disruptions
Grid delivery and capacity constraints Delays in transmission build projects and constrained grid access threaten renewables integration and unbundling timelines	Accelerated execution of the TDP, including public-private partnerships, procurement reforms and strengthened contractor management Grid access is prioritised for renewable projects that have demonstrated readiness
Non-technical losses and infrastructure crime Theft, illegal connections and vandalism erode sales volumes and revenue	Rollout of smart meters, advanced metering infrastructure and smart operations centre Strengthened Group Investigations and Security capability Partnerships with law enforcement Technology-enabled loss detection Improved controls over online vending of prepaid electricity tokens
Environmental compliance Minimum Emission Standards compliance and the licence to operate, together with the transition when retiring coal-fired power stations	Targeted emission-reduction investments, including flue gas desulphurisation (FGD) at Kusile and Medupi (to be retrofitted) Installation of fabric filter plant and nitrogen oxide burners Repowering, repurposing and reskilling projects at Komati, Hendrina, Arnot and other sites using renewable and clean coal technologies
Supply chain rigidity and geopolitical exposure Reliance on long-lead imported equipment and oil-linked liquid fuels exposes the organisation to geopolitical shocks (e.g. the US-Iran conflict of 2026)	Diversified sourcing of long-lead items away from concentrated routes coupled with strategic OEM partnerships Conservative OCGT utilisation and management of diesel stock levels
Skills, execution and cyber security risk Skills shortages, fatigue and elevated cyber threat levels could compromise the pace of turnaround, delivery of the TDP and the clean energy pipeline	Reskilling of employees for the evolving industry Strengthening project execution discipline Enhancing digital infrastructure and cyber resilience

TRADE-OFFS AND INTERCONNECTIONS WITH OTHER CAPITALS

Investing in and operating our infrastructure creates trade-offs with the other capitals that shape how we prioritise and sequence our investment decisions.

Human capital: The operational turnaround has been achieved through the skill and dedication of our workforce. The reskilling of 15 000 employees by FY2031, together with a dedicated Clean Energy Training Centre and Nuclear School, is critical to the future infrastructure agenda

Environmental capital: Continued reliance on ageing coal-fired plant continues to emit harmful atmospheric emissions and delays decarbonisation. Renewable IPPs and the Eskom Green pipeline of renewables and storage projects as well as clean coal technologies are closing this gap over time

Social and relationship capital: Reliable infrastructure strengthens customer trust, supports economic activity and improves quality of life, while electricity theft and illegal connections place pressure on network sustainability and service delivery, which has led to the implementation of load reduction for affected communities

Financial capital: Repairs and maintenance expenditure and significant multi-year capital expenditure are required to sustain and expand our asset base, together with the cost of ensuring sufficient resources and skills to reliably operate our infrastructure

Strengthening our infrastructure *continued*

OUTLOOK

SHORT TERM: FY2027

- Achieve EAF of 68% and continue reducing levels of unplanned losses
- Advance battery storage projects and the initial pipeline of Eskom Green projects
- Accelerate smart meter deployment backed by advanced metering infrastructure
- Reduce non-technical losses and strengthen network performance
- Launch SAWEM and prepare for market transformation
- Eliminate load reduction nationally by March 2027
- Develop a plan for nuclear new build
- Support Government's independent transmission project (ITP) programme

MEDIUM TERM: FY2027 TO FY2031

- Stabilise EAF at 70% and continue generation refurbishment programmes
- Deliver 4 300km transmission lines and around 35 000MVA transmission transformer capacity by 2029
- Embed market transformation through SAWEM
- Deliver 6GW of renewable and storage capacity through Eskom Green and 3GW of new gas capacity
- Support the pipeline of emerging data centre and flexible-load customer capacity projects for revenue growth
- Develop regional transmission interconnections to unlock new international sales opportunities

LONG TERM: BEYOND FY2031

- Deliver 14 500km transmission lines and 132 650MVA transformer capacity by 2034
- Operate in a transformed and competitive market through SAWEM
- Develop South Africa's role as a regional electricity hub
- Optimise asset management, network planning and system efficiency under a refined group structure, including separate Generation, Distribution and Transmission companies as well as Eskom Green and an independent state-owned TSO
- Entrench a modern, digitalised and customer-centric grid
- Commission new nuclear capacity by 2039 in line with IRP 2025
- Transition to a lower-carbon generation portfolio

Interacting with the environment

NATURAL CAPITAL

The natural resources and environmental systems we depend on – and impact – through our operations, including air, water, coal, land, biodiversity and ecosystems, as well as the waste streams and emissions that must be responsibly managed

As an electricity utility dependent on resource-intensive processes, our operations both influence and are influenced by the environment. The electricity generation value chain relies primarily on non-renewable resources – coal, water, diesel and nuclear fuel – which contribute to emissions and impact biodiversity and land and also create ash and waste streams requiring responsible management. Koeberg Nuclear Power Station uses sea water for cooling, and nuclear is considered a low-carbon technology. We remain committed to reducing our environmental footprint through focused interventions in air quality as well as air quality offset projects, together with responsible water use and waste management, as well as biodiversity offsets.

We achieved a significant reduction in CO_2 emissions of around 16% compared to 2019 levels due to reduced coal burn driven by less energy sent out, which in turn is a function of lower demand. Our contribution to national greenhouse gas (GHG) emissions is declining and now stands at about 41% of the national total. Our particulate emissions performance worsened compared to last year, due to poor electrostatic precipitator, SO_3 plant, dust-handling and ash-handling performance at five of our older stations – Kendal, Lethabo, Matimba, Matla and Kriel. As focused maintenance of the generation plant took effect, particulate emission performance improved in the latter half of the year.

There was a significant improvement in specific water consumption compared to last year due to limited use of older, wet-cooled stations in favour of newer dry-cooled stations – Matimba, Kendal, Medupi and Kusile. In addition, the return to service of Medupi Unit 4 in July 2025 and the commercial operation of Kusile Unit 6 in September 2025 has added additional dry-cooled units to the energy mix, while the return to service of Koeberg Unit 1 in October 2025 also made a positive and fresh-water-efficient contribution to energy sent out.

Our ongoing commitment to compliance with atmospheric emission licences, water use regulations and other operational requirements, together with our ash beneficiation initiatives, underscores our Zero Harm value and dedication to responsible environmental stewardship. We are dedicated to embedding the environmental aspect of our environmental, social and governance (ESG) plan into our operations. However, coal quality, particulate emissions, polluted water discharges and elevated levels of environmental legal contraventions remain key focus areas requiring sustained operational discipline and targeted recovery plans.

Climate change remains a central concern. In alignment with the Climate Change Act, 2024 which came into effect in March 2025, we implemented divisional and subsidiary climate adaptation plans and strengthened our risk management systems and reporting on GHG emissions. Our GHG emissions for FY2026 were limited to 184.5MtCO_2e, well below the baseline of 214MtCO_2e expressed in our second Pollution Prevention Plan. These efforts support our Just Energy Transition and our long-term goal of achieving net-zero emissions by 2050. We are actively reducing our environmental footprint while supporting global and national climate commitments.

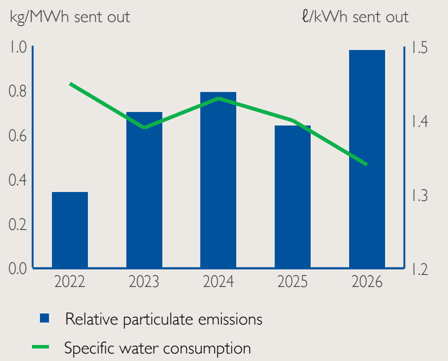
PERFORMANCE FOR FY2026 AT A GLANCE

Particulate emissions **43% ▲ to 176.32kt** (2025: 122.94kt)	Relative particulate emissions SC **0.98kg/MWhSO ▲** (2025: 0.64kg/MWhSO)
Net raw water consumption **10% ▼ to 241 562Mℓ** (2025: 268 638Mℓ)	Specific water consumption SC **1.34ℓ/kWhSO ▼** (2025: 1.40ℓ/kWhSO)
Coal burnt **96.54Mt ▼** (2025: 106.18Mt)	Coal stock days **94 ▲** (2025: 79)
Carbon dioxide equivalent emissions **184.5MtCO_2e ▼** (2025: 205.1MtCO_2e)	Environmental legal contraventions **67 ▲** (2025: 65)
Supply from renewable sources **11.7% ▲** (2025: 11.3%)	Environmental provisions **R55.2 billion ▲** (2025: R47.9 billion)

▲/▼ Favourable movement ▲/▼ Unfavourable movement

SC KPI included in the shareholder compact for FY2026.

Environmental performance trend



WHERE TO FIND MORE

GR Governance and remuneration report
- "Report by the Risk Committee"
- "Report by the Social, Ethics and Sustainability Committee"

PR Performance report
- "Interacting with the environment"
- "Technical statistics"
- "Environmental implications of using or saving electricity"

SR Sustainability report
- "Our ESG approach"
- "Environmental management"
- "Responding to climate change"

Interacting with the environment *continued*

OUR ENVIRONMENTAL STRATEGY

Our strategy is to secure critical primary energy resources, comply with environmental legislation and reduce, conserve and transition responsibly – supported by governance, technology and partnerships that integrate environmental stewardship into the way we operate and invest.

Reducing our environmental footprint	Decarbonising responsibly through a Just Energy Transition	Building climate resilience and adaptation
Improve relative particulate emissions, specific water consumption and waste beneficiation	Drive renewables through Eskom Green aligned with South Africa's IRP 2025, through gas-to-power, storage and clean coal technologies	Align to the Climate Change Act through carbon budgeting and adaptation planning, together with enterprise resilience

HOW NATURAL CAPITAL ENABLES OUR STRATEGY

Pursue financial and operational sustainability	Position Eskom as energy sector leader	Modernise the power ecosystem	Drive a just and inclusive transition
Fix the current business	*Prepare for competitiveness*	*Leverage technology*	*Transition responsibly*
Secure cost-effective primary energy and strengthen environmental compliance through emission reduction, water management and waste interventions	Move towards a lower-carbon portfolio through the launch of Eskom Green, together with increased renewables penetration and the use of cleaner technologies, enabling us to compete in a liberalised electricity market	Deploy emission-reduction technology and clean coal innovation while enabling renewables integration through a flexible, modernised grid	Accelerate Eskom Green and retire coal stations responsibly by repurposing and repowering to deliver socio-economic benefit to affected workers and communities

> The focus is shifting from managing environmental impacts as a compliance obligation to embedding environmental stewardship, primary energy assurance and resource efficiency into operational discipline, investment decisions and the transition to a cleaner, more resilient electricity system.
> – Dan Marokane, Group Chief Executive

STRATEGIC ENABLERS

- Digitalisation of environmental monitoring and GHG emissions reporting
- ESG funding framework to support sustainability-linked and green financing
- Ring-fenced investments for environmental provision funding and renewable energy projects
- International climate financing and private-sector partnerships
- Environmental stewardship embedded throughout the value chain
- Renewable energy offerings to customers delivered through Eskom Green
- Modernised tariff structures, including implementation of green tariffs

OUR ENVIRONMENTAL VALUE STORY

Natural capital is central to Eskom's ability to generate electricity. Our operations remain dependent on resource-intensive activities, particularly coal and water use, which create material impacts on air quality, GHG emissions, land, biodiversity and waste. Our approach continues to balance security, affordability, sustainability and social impact, while safeguarding supply of electricity while progressively lowering our environmental footprint.

On World Environment Day on 5 June 2026, we launched our "Save today, sustain tomorrow" campaign to embed environmental stewardship into daily operations and decision-making. We remain committed to reducing our environmental footprint through focused interventions in air quality, water use, waste management, biodiversity stewardship, coal quality management, ash beneficiation and climate adaptation. These initiatives support our value of Zero Harm and our longer-term transition pathway. At the same time, the deterioration in particulate emissions, coal quality variability at some stations and continued environmental legal contraventions demonstrate the need for sustained focus on compliance recovery and operational discipline.

HOW WE IMPACTED VALUE IN FY2026

The year's environmental outcomes reflect meaningful gains in GHG emissions, water use and biodiversity, offset by continued erosion from relative particulate emissions performance, reliance on coal and regulatory uncertainty.

VALUE CREATED

- Reduced GHG emissions to 184.5MtCO_2e due to lower quantities of coal burnt
- Improved specific water consumption to 1.34ℓ/kWhSO
- Increased dispatched renewable IPP energy to 18.4TWh
- Launched Eskom Green on 9 June 2026 to deliver on Eskom's renewable ambitions
- Reduced SO_2 emissions to 1 420kt and NO_x to 685kt

VALUE PRESERVED

- Minimum Emission Standards (MES) suspensions and exemptions provided operating headroom while we implement compliance plans, although legal processes are underway
- Fully reinstated the Kusile FGD stack, while the Medupi FGD retrofit programme moved to the tendering phase
- Reduced red data bird mortalities to 182
- Conserved biodiversity with nature reserves at Koeberg, Ingula and Majuba
- Set aside ring-fenced funds for environmental provisions and renewable energy projects
- Progressed ash beneficiation projects to reduce waste disposal and support circular economy applications

VALUE ERODED

- Particulate emissions performance continued to deteriorate, requiring focused intervention at several coal-fired power stations
- Medupi FGD retrofit remains complex at a cost of R41.7 billion and subject to regulatory processes
- Environmental legal contraventions increased to 67
- Polluted water discharges continued at some stations
- Draft regulations under the Climate Change Act relating to carbon budgeting and climate change mitigation could materially impact operations if not altered prior to promulgation

Interacting with the environment *continued*

REDUCING OUR ENVIRONMENTAL FOOTPRINT

Eskom's GHG emissions represent 41% of the national figure. Our absolute GHG emissions for FY2026 reduced to 184.5MtCO_2e, 10% lower than FY2025 and well below the 214MtCO_2e baseline in our latest Pollution Prevention Plan. The improvement is due to less coal being burnt which was the result of lower demand for electricity and a favourable power station mix, with 52% of energy generated by our more efficient dry-cooled power stations as well as our nuclear and peaking portfolios. Specific water consumption improved to 1.34ℓ/kWhSO, reflecting lower use of our older wet-cooled stations. Sulphur dioxide, nitrogen oxide and other regulated emissions all improved year-on-year, also driven by the lower coal burn.

However, relative particulate emissions deteriorated to 0.98kg/MWhSO for the year, driven by poor electrostatic precipitator, SO_3 plant, dust-handling and ash-handling performance at some of our older stations. Targeted recovery initiatives are already producing a measurable improvement. Investments in fabric filter plant and low-NO_x burners continue.

We filed a court application in September 2025 to review the March 2025 MES exemption decision. The review is based on multiple issues, including the limited period covered by the exemption (only five years to March 2030 for six of the stations); the approach taken for Medupi FGD; the strict monthly particulate limits for Tutuka; and the broad nature of the conditions. Progress on this matter is expected only in the latter half of FY2027.

The installation of wet FGD will enable Eskom to reduce SO_2 emissions in line with our atmospheric emission licences. Kusile Power Station was commissioned with FGD technology already installed, while Medupi is permitted to retrofit FGD technology within six years of each unit's commissioning. In compliance with the station's MES exemption granted by the Department of Forestry, Fisheries and the Environment (DFFE), Eskom has submitted an updated cost benefit analysis to DFFE, indicating the high financial cost of FGD (estimated at R41.7 billion) compared to the relatively limited health benefits. DFFE has requested further modelling to support their review, with the updated report targeted for completion by February 2027. Any changes in the approach to FGD will be discussed with all relevant stakeholders.

There were 67 environmental legal contraventions recorded during the year, with three incidents classified as significant failures of business systems. The focus on environmental governance continued with detailed operational plans targeting particulate emissions, water use and polluted water discharges.

ADVANCING CIRCULARITY, LAND STEWARDSHIP AND BIODIVERSITY PROTECTION

Ash beneficiation remains a key circular economy lever, with initiatives that use ash in road construction, mine backfilling, geopolymer poles and soil amelioration. These initiatives reduce landfill dependency and help manage legacy ash risks.

We have also continued biodiversity stewardship through environmental impact assessments, habitat restoration, bird mortality mitigation and conservation partnerships. Red data bird mortalities for the year reduced to 182, while declared nature reserves at Koeberg, Ingula and Majuba continued to conserve biodiversity and support responsible land management.

BUILDING CLIMATE RESILIENCE IN RESPONSE TO CLIMATE CHANGE

As one of South Africa's largest single-source GHG emitters – responsible for around 41% of national emissions – we recognise that climate change is a defining strategic risk and a central consideration in how we create and preserve long-term value. We frame our climate response within the practical realities of energy security, affordability and a just transition, by advancing a progressive, holistic decarbonisation pathway that balances climate action with operational resilience, socio-economic development and the long-term sustainability of the electricity system.

GOVERNANCE AND STRATEGY

Climate change considerations are integrated into our governance, enterprise risk management, investment planning and operations. Oversight is exercised through established Board and executive structures, most prominently the Social, Ethics and Sustainability Committee, supported by access to specialist climate expertise. This enables us to balance our mandate to provide secure and affordable electricity with the imperative to support South Africa's transition to a lower-carbon, climate-resilient economy.

Our response is guided by our climate change strategy and aligned with the National Development Plan, the IRP 2025, South Africa's Nationally Determined Contribution under the Paris Agreement and the Climate Change Act. It is anchored in five strategic priorities:

- Grid enablement
- A lower-carbon transition through repowering and repurposing of coal-fired power stations, together with renewable integration
- Financial resilience against carbon pricing and funding implications
- Climate resilience that embeds physical risk into planning
- A just energy transition that balances decarbonisation with security of supply, affordability and inclusivity

MITIGATION AND DECARBONISATION

We remain committed to South Africa's aspiration of net-zero emissions by 2050, despite coal being the primary fuel in Eskom's generation portfolio, representing about 85% of installed capacity. In FY2026, our absolute GHG emissions reduced to 184.5MtCO_2e, 10% lower than the prior year and well below the 214MtCO_2e baseline in our latest Pollution Prevention Plan – driven by lower coal burn in response to lower demand and a more efficient generation mix. We remain on track to reduce CO_2 emissions by approximately 16% by 2030 relative to 2019 levels, working towards around 172MtCO_2e by 2030.

The launch of Eskom Green anchors our renewable ambition, providing a ring-fenced, utility-scale platform to accelerate renewable energy and storage development. We plan to make around 6GW of carbon-free electricity available by FY2030, with an aspiration of up to 32GW of cost-competitive renewables and storage by FY2040. Projects advancing towards execution include the Lethabo and Komati solar PV plants and a 600MWh battery energy storage system. Recognising the continued centrality of our coal fleet during the transition, we are advancing clean coal technologies – including high-efficiency low-emission plant, carbon capture utilisation and storage, direct sorbent injection and long-duration storage – to reduce the impact of our base-load coal-fired power stations on the environment. We have begun operational decarbonisation, including the introduction of electric vehicles into our fleet.

MANAGING CLIMATE RISKS

We assess both transition and physical climate risks. Transition risks – evolving regulation, carbon pricing, mandatory disclosure and shifting investor expectations – may increase compliance obligations and both operating and funding costs. We respond through a balanced, diversified generation pathway and the acceleration of grid enablement under the Transmission Development Plan.

Physical risks, including more frequent storms, floods, wildfires, extreme temperatures and water stress, are managed through integrated risk, resilience, adaptation and disaster-management processes, supported by water-security initiatives such as the Integrated Vaal River System. Our climate scenario analysis, drawing on IPCC and CMIP6 pathways, informs adaptation planning and investment decisions, while historical data points to a rising trend in the frequency and severity of weather-related insurance claims and associated financial exposure.

Interacting with the environment *continued*

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Key climate value chain aspects

Physical resilience
Extreme weather and infrastructure disruption

Transition readiness
Carbon tax, financing and disclosure pressure

Value creation
Cleaner energy resilience planning and skills

NEGATIVE IMPACTS

1 Physical disruption
Acute and chronic climate risks, including floods, storms, heatwaves and droughts, may disrupt generation, transmission and distribution infrastructure, affecting security of supply and operational performance.

Short-Medium term | Own Ops & Downstream

2 GHG emissions profile
Generation contributes materially to South Africa's GHG emissions profile through scope 1 and 2 emissions associated with electricity generation and operations.

Short-Long term | Own Operations

RISKS

1 Supplier and logistics disruption
Climate events may disrupt supplier operations, transport networks and logistics systems, increasing restoration times, delays and recovery costs.

Short-Medium term | Upstream

2 Regulatory and transition pressure
Carbon tax, CBAM, disclosure requirements and decarbonisation policies may increase compliance obligations and financing pressures.

Mid-Long term | Upstream & Own Ops

3 Reputation and resilience expectations
Stakeholders expect credible decarbonisation and climate resilience responses, with reputational risks where progress is insufficient.

Medium term | Own Ops & Downstream

OPPORTUNITIES

1 Cleaner energy technologies
Cleaner technologies and transmission infrastructure support emissions reduction and sustainable economic development.

Short-Long term | Own Ops & Downstream

2 Adaptation planning
Integrating climate strategy, risk and disaster management into adaptation plans strengthens resilience and adaptive capacity.

Short-Long term | Own Operations

3 Sector transformation
Electricity-sector transformation through supply-side diversification supports South Africa's long-term GHG trajectory.

Mid term | Own Operations

4 Research and innovation
Low-carbon technologies, CCUS and grid-modernisation initiatives can reduce emissions and support net-zero ambition.

Medium-Long term | Own Operations

5 Skills and capacity
Climate-related training and capacity building improve awareness, technical capability and preparedness.

Medium-Long term | Own Operations

6 Just transition benefits
Just transition objectives create opportunities for resilience, socio-economic development, infrastructure investment and sustainable energy transition.

Medium-Long term | Own Ops & Downstream

VALUE-CHAIN RESPONSE AND RESILIENCE LEVERS

Adaptation plans | Disaster management | Transmission development | Cleaner energy | GHG reduction | Climate skills | JET objectives | Research and innovation

Interacting with the environment *continued*

REGULATORY ENGAGEMENT

South Africa's climate regulatory framework continues to evolve through the Climate Change Act and the draft National GHG Carbon Budget and Mitigation Plan Regulations, which propose mandatory carbon budgets, mitigation plans and compliance obligations for significant emitters. We support national climate ambition and have submitted comments to DFFE, advocating a practical approach that reflects the complexity of the electricity sector, to maintain system reliability and allow Eskom to remain financially sustainable, while enabling a phased, orderly and just transition.

In alignment with the Climate Change Act, we implemented divisional and subsidiary climate adaptation plans. Our Pollution Prevention Plan is transitioning to a mitigation plan, and we continue to engage with DFFE on the design of carbon budget and mitigation plans.

TRANSPARENCY AND DISCLOSURE

We have quantified our carbon footprint since 2019 and, from 2025, adopted the Tier 3 methodology for more accurate emissions reporting. Our disclosures are aligned with the requirements of the Global Reporting Initiative (GRI) and Task Force on Climate-related Financial Disclosures (TCFD), with a clear trajectory towards alignment with the requirements of IFRS S2 *Climate-related Disclosures* and King V.

Our carbon footprint report using the revised methodology for 2025 is shown below.

GHG emissions by source, tCO_2e[1]	2025 calendar year	2024 calendar year	2023 calendar year
Scope 1	**188 335 030**	191 808 802	184 134 349
Stationary combustion[2]	**188 121 575**	191 585 395	183 904 930
Eskom fleet vehicles	**82 991**	95 457	129 543
Fugitive emissions	**89 972**	84 718	85 762
Waste disposal	**24 507**	19 969	3 189
Non-combustion product use	**15 985**	23 263	10 925
Scope 2	**50 877**	55 554	131 899
Network losses related to electricity and heat purchased from IPPs[3]	**50 877**	55 554	131 899
Scope 3	**2 372 803**	3 075 553	4 505 188
Electricity purchased from IPPs	**295 246**	322 390	765 429
Coal delivery to site – road and rail	**2 021 712**	2 716 425	3 717 648
Waste treated by third parties	**32 123**	1 764	2 371
Business travel – use of employee vehicles	**12 816**	11 730	8 122
Business travel – air travel	**7 423**	17 023	11 129
Business travel – vehicle rental	**3 483**	6 221	489
Total[4]	**190 758 710**	194 939 909	188 771 436

1. Years refer to calendar years, and not financial years as indicated elsewhere in the report.
2. For coal, an Eskom-specific annual weighted average net calorific value of 0.01901TJ/ton fuel was used based on the actual measured value for 2025.
3. As electricity generation is Eskom's main activity, scope 2 emissions are in principle accounted for as scope 1 direct emissions under the GHG Protocol. However, since 2022 we have included estimated energy losses on the transmission and distribution networks relating to electricity purchased from IPPs as scope 2.
4. Due to different scopes and input assumptions, the results are not directly comparable with our CO_2 emissions reported in the statistical table in the performance report.

During the period, our CDP climate score improved from D to C, and we maintained a C for water, reflecting strengthened climate governance and risk management. Efforts continue to enhance climate scenario analysis, transition metrics and the quantification of climate-related financial impacts.

CDP Discloser 2025

Climate CDP 2025 C

Water CDP 2025 C

Interacting with the environment *continued*

OUTLOOK

Our focus is shifting from climate preparedness towards measurable resilience and implementation – delivering the just energy transition, strengthening climate governance and disclosure, prioritising asset-level adaptation and improving the quantification of climate-related financial impacts. In doing so, we aim to support South Africa's climate commitments while continuing to safeguard security of supply, affordability and Eskom's long-term financial sustainability.

SR For more extensive discussion of our response to climate change, refer to "Responding to climate change" in the sustainability report

KEY RISKS TO NATURAL CAPITAL AND HOW WE MANAGE THEM

Our natural capital risks are actively managed through a robust risk and resilience framework.

Key risks	How we manage these risks
Particulate emissions and MES compliance MES compliance remains a material risk with poor electrostatic precipitator and ash handling performance at older stations causing poor particulate emissions performance	Targeted electrostatic precipitator recovery and refurbishment MES exemptions obtained for stations closing by FY2030 Kusile FGD fully reinstated Longer-term FGD retrofit at Medupi Introduction of clean coal technologies, gas-to-power, battery storage and other renewable technologies to attain a lower carbon footprint, aligned to IRP 2025
Water security and drought exposure Rising demand for water, with drought and infrastructure sensitivity threatening water availability at coal-fired stations	Site-specific water efficiency plans at priority stations targeting specific water use of 1.33ℓ/kWhSO by FY2031 Prioritise operation of dry-cooled stations to lower overall water use Deliver the Mokolo-Crocodile Water Augmentation Project Phase 2A project for additional water for the Medupi FGD, with delivery targeted by January 2030 Climate adaptation planning
Rehabilitation of ash dumps Ash produced from coal-fired generation creates long-term liabilities and impacts land use. Rehabilitation of ash dumps constitutes a significant portion of the environmental restoration provision related to coal-fired power stations	To reduce the volume of ash dumped, ash is reused through ash beneficiation partnerships aimed at brick manufacturing, cement blending, mine backfill, geopolymer poles and soil amelioration Ring-fenced decommissioning provisions
Climate Change Act and regulatory uncertainty Draft carbon budget and mitigation plan regulations could materially impact Eskom's operations and finance	Formal submission of Eskom's concerns and active engagement with DFFE, with support from DEE Approved pollution prevention plan transitioning to a mitigation plan Scenario-based mitigation planning
Climate finance and geopolitical risk Recalibrated global climate finance flows following the US withdrawal from the Paris Agreement and JET funding, while geopolitical shocks are reshaping funding availability	Diversifying funding sources, including the €4.7 billion green energy funding envelope Finalisation of an ESG funding framework Pursuing blended financing opportunities and public-private partnerships
Physical climate risk to infrastructure Extreme weather events (drought, floods, veld fires and storms) increasingly expose infrastructure and supply reliability	Climate adaptation plans (informed by CSIR projections) under our enterprise resilience framework National simulation exercises to strengthen grid resilience

TRADE-OFFS AND INTERCONNECTIONS WITH OTHER CAPITALS

Our environmental decisions create trade-offs across the other capitals:

Human capital: Environmental stewardship depends on operational discipline, specialist skills and environmental capability. The "Save today, sustain tomorrow" campaign supports employee awareness and embeds environmental responsibility into daily operations, while the just energy transition depends on our people. The planned reskilling of 15 000 employees by FY2031, together with a dedicated Clean Energy Training Centre and Nuclear School, converts environmental ambition into workforce capability

Manufactured capital: Ageing coal-fired plant continues to emit harmful emissions and ash, which impacts water and land and delays decarbonisation efforts. Renewable IPPs and the Eskom Green pipeline of renewables and storage, as well as clean coal technologies are closing this gap over time

Intellectual capital: Clean coal research, ash beneficiation, digital water monitoring, climate modelling and coal quality technologies support improved environmental performance and help inform investment decisions in a changing energy system

Social and relationship capital: Poor air quality, water discharges, land impacts and biodiversity risks affect the communities around our infrastructure. Air quality offsets, community health support, stakeholder engagement and JET initiatives are critical to maintaining trust, while ash beneficiation partnerships create local economic opportunities and address legacy waste. Repowering and repurposing of ageing power stations aims to deliver around a thousand targeted new jobs

Financial capital: Environmental compliance and securing primary energy resources require significant capital and operating expenditure. Non-compliance with environmental regulations may expose Eskom to severe financial consequences, including the shutdown of plant which would lead to loss of revenue. Conversely, strong environmental stewardship, JET initiatives and responsible management of natural resources can enhance financial capital

Interacting with the environment *continued*

OUTLOOK

SHORT TERM: FY2027

- Recover particulate emissions to 0.35kg/MWhSO through recovery of Kendal, Lethabo, Matimba, Kriel and Matla
- Submit final Pollution Prevention Plan progress report to DFFE
- Continue engagement with DFFE on carbon budget and mitigation plan regulations
- Start delivery of Eskom Green's pipeline of renewable projects
- Finalise approach to Medupi FGD in consultation with the World Bank
- Ensure continued MES compliance in line with exemption requirements

MEDIUM TERM: FY2027 TO FY2031

- Reduce absolute carbon emissions towards 172MtCO_2e by 2030
- Achieve relative particulate emissions of 0.30kg/MWhSO and water consumption of 1.33ℓ/kWhSO by FY2031
- Deliver on ash beneficiation and JET repowering and repurposing projects
- Deliver on Eskom Green renewable energy pipeline of 6GW by FY2030 and expand green offerings to customers
- Deliver 3GW of new gas-to-power capacity

LONG TERM: BEYOND FY2031

- Deliver 32GW of renewable and storage capacity by FY2040 in line with IRP 2025
- Transition to a lower-carbon generation portfolio
- Achieve net-zero emissions by 2050

Sustaining communities

SOCIAL AND RELATIONSHIP CAPITAL

Our relationships with customers, suppliers, communities and the broader society we serve, together with the trust, reputation and social licence to operate that these relationships create

The strength of our communities is inseparable from the strength of our business. As South Africa navigates a demanding economic environment and a transforming electricity sector, our developmental mandate has never mattered more, particularly in expanding access to electricity, supporting inclusive growth and protecting the public from the hazards associated with our operations. Our initiatives turn our procurement spend, capital investment and operational decisions into measurable outcomes for communities.

The past year reflected steady, measured progress, from expanding access in remote communities and giving young suppliers their first meaningful contracts, to supporting workers and communities most exposed to the energy transition.

PERFORMANCE FOR FY2026 AT A GLANCE

Total customers
4.7% ▼ to 6.8 million
(2025: 7.1 million)

Key Customer Delight
90.5% ▲
(2025: 86.8%)

Electrification connections SC
19% ▼ to 67 578
(2025: 83 031)

CSI committed spend SC
5% ▲ to R153.25 million
(2025: R146.20 million)

CSI beneficiaries
25% ▲ to 1.5 million
(2025: 1.2 million)

Preferential procurement SC
94.58% ▲
(2025: 93.21%)

Public fatalities
11 ▼
(2025: 15)

▲/▼ Favourable movement ▲/▼ Unfavourable movement

SC KPI included in the shareholder compact for FY2026.

WHERE TO FIND MORE

GR Governance and remuneration report
→ "Fostering an ethical culture"
→ "Report by the Social, Ethics and Sustainability Committee"

PR Performance report
→ "Sustaining communities"
→ "Non-technical statistics"
→ "Customer information"

SR Sustainability report
→ "Our ESG approach"
→ "Our social footprint"

OUR SOCIAL AND RELATIONSHIP APPROACH AND STRATEGIC ENABLERS

Our developmental mandate is delivered through our socio-economic transformation plan, a coordinated framework of initiatives across five focus areas: universal energy access, skills development, corporate social responsibility, the Just Energy Transition (JET), and supplier development, localisation and industrialisation.

Developing human capital and skills

Building a future-ready skills pipeline for the evolving energy sector, focusing on youth, women and communities affected by structural shifts in the energy system

Expanding universal energy access

Extending reliable and affordable electricity through grid extension and distributed energy solutions, supporting South Africa's 2030 access goal

Advancing supplier development, localisation and industrialisation

Using procurement spend, enterprise and supplier development (ESD) initiatives and local content requirements to broaden participation and strengthen local manufacturing

Supporting a just energy transition for coal-dependent communities

Ensuring the move to a lower-carbon energy system creates opportunity for local communities through repowering and repurposing initiatives, skills and economic development

Driving corporate social responsibility

Translating our developmental mandate into tangible community impact through corporate social investment (CSI) and community engagement, while protecting the public from the hazards of our operations in line with our Zero Harm value

Sustaining communities *continued*

Furthermore, customer centricity remains fundamental to how we retain relevance, grow value and fulfil our developmental mandate. We are transforming our business model, refreshing how we serve our customers and improving the reliability and quality of supply. This means repositioning ourselves in a rapidly evolving electricity market to retain strategic demand, diversify revenue streams, respond to the evolving needs of our customers and improve the customer experience.

Several strategic enablers translate our transformation plan into practical outcomes which, together, strengthen customer relevance, extend inclusive access, deepen socio-economic contribution and support a credible energy transition.

STRATEGIC ENABLERS

- Eskom Development Foundation NPC as the CSI delivery vehicle
- Integrated National Electrification Programme (INEP)
- Digital customer channels
- Partnerships with the dtic, IDC and lenders
- ESD walk-in centres, supplier development programmes and supplier forums
- Multi-stakeholder Public Safety Forum

HOW SOCIAL AND RELATIONSHIP CAPITAL ENABLES OUR STRATEGY

Our customers, suppliers and communities are central to how Eskom delivers on its four strategic objectives.

Pursue financial and operational sustainability	Position Eskom as energy sector leader	Modernise the power ecosystem	Drive a just and inclusive transition
Fix the current business	*Prepare for competitiveness*	*Leverage technology*	*Transition responsibly*
Maintaining relationships to protect revenue, secure resources and maintain a social licence to operate, while promoting Zero Harm	Growing and diversifying customer demand in a liberalising, more competitive market and supporting local supply chains	Extending electricity access, products and services through smart metering, microgrids, distributed energy solutions, digital channels and modern technologies	Repowering and repurposing coal-dependent communities, and mobilising equitable procurement spend, CSI contributions and Just Energy Transition investment

> "The sustainability of the communities we serve is inseparable from the sustainability of Eskom itself. As electricity markets liberalise and customer needs evolve, our ability to remain relevant, reliable and inclusive is central to how we power South Africa's future. – Mteto Nyati, Chairman"

OUR COMMUNITY VALUE STORY

As customer needs evolve, electricity markets liberalise and new technologies reshape energy consumption, maintaining our social licence to operate increasingly depends on our ability to remain relevant, accessible and responsive while supporting inclusive economic growth.

HOW WE IMPACTED VALUE IN FY2026

During the year, we delivered measurable gains in electricity access, customer satisfaction and inclusive participation, although offset by structural demand decline, project delivery delays, public safety incidents and affordability pressures.

VALUE CREATED

- Strengthened customer satisfaction across large industrial and broader customer segments
- Opened new revenue pathways through emerging sales opportunities and demand stimulation
- Advanced universal access through electrification, microgrids and distributed energy solutions
- Broadened inclusive participation through preferential procurement, ESD and localisation
- Built JET momentum through repowering and repurposing at six coal-fleet sites, along with the launch of Eskom Green
- Contributed to education, health, environmental responsibility, enterprise development, food security and rural development through CSI initiatives

VALUE PRESERVED

- Safeguarded strategic industrial demand through NERSA-approved NPAs, protecting revenue, jobs and export value chains
- Sustained transformation progress, with continued progression towards level 2 B-BBEE status by FY2029
- Extended access to reliable electricity in remote areas through smart village microgrids and Light Up SA initiatives
- Reinforced JET credibility through blended financing and international partnerships
- Reinforced Zero Harm safety culture through public awareness, contractor safety and multi-stakeholder engagements
- Advanced the eradication of load reduction, although further work is required in FY2027

VALUE ERODED

- Structural demand erosion and decline in customers continued, reinforcing the need to diversify revenue streams
- Loss of life among members of the public reinforced the human cost of unsafe electricity use and infrastructure risks
- Infrastructure crime, illegal vending and non-payment impacted service quality and revenue
- Affordability pressures and delays in the Komati copper recycling plant tempered community and transition gains
- Delivery fell short on the rollout of smart meters, requiring enhanced community engagement
- Procurement equity across certain designated groups requires focused attention, dependent on finalisation of regulations to the Public Procurement Act, 2024

Sustaining communities *continued*

> When the lights stay on in a rural village, when a small supplier lands their first meaningful contract, or when a coal-community worker transitions to a green job – that is the community-scale impact of Eskom's mandate.
> – Dan Marokane, Group Chief Executive

CUSTOMER CENTRICITY

From a customer perspective, FY2026 was shaped by three defining priorities: arresting the structural decline in electricity sales, eradicating load reduction while improving quality of supply, and modernising customer service. Electricity sales declined by 6.2% during the year, continuing a longer-term structural trend driven by economic pressure on energy-intensive industries, large customer curtailments, growing behind-the-meter self-generation and, most recently, our largest cross-border smelter customer entering care and maintenance in March 2026. In response, we moved decisively from passively managing sales erosion to actively growing and diversifying revenue, introducing NERSA-approved negotiated pricing agreements (NPAs) to retain strategic load, alongside pursuing structural demand growth through an emerging pipeline of data centre and flexible-load capacity customer initiatives, customer wheeling optimisation, Eskom Green renewable energy offerings and electric vehicle (EV) charging.

Load reduction has an adverse impact on the communities we serve. Progress in eradicating load reduction was tangible, with seven provinces free of load reduction at the date of publishing this report, and more than 1.2 million customers relieved of load reduction. The remaining exposure is concentrated in Gauteng and KwaZulu-Natal, where illegal connections, meter tampering and non-payment persist. We aim to eradicate load reduction nationally by March 2027. Smart metering strengthened revenue protection and customer outage visibility, although installations fell around 24% short of the shareholder compact target owing to community stoppages and the impact of adverse weather; the programme has been rephased into FY2027.

Customer satisfaction remained ahead of target, supported by our digital customer care channels and community-based mobile hubs, though reliability of supply for large industrial customers and service work items outside target times remain areas of focus. Preparations for participation in the South African Wholesale Electricity Market (SAWEM) and phasing in of the latest retail tariff plan continued. The external launch of SAWEM has been deferred to the latter part of FY2027 to allow the enabling frameworks to be finalised.

MAXIMISING OUR SOCIO-ECONOMIC CONTRIBUTION

Our developmental mandate continued to translate CSI initiatives, electrification and procurement into tangible community outcomes. More than 67 500 previously underserved households were connected to the grid. Remote areas were reached through microgrids and distributed energy solutions, facilitated by 2 119 off-grid connections, well ahead of target. Electrification connections, while ahead of target, were lower than the prior year given grant funding and site-readiness constraints. Our expanding eMobility footprint and electric vehicle tariffs are advancing decarbonisation alongside access.

In December 2025, the Minister of Electricity and Energy launched our flagship smart village microgrid in the Vhembe District of Limpopo, an Eskom-funded, solar-powered microgrid delivering reliable clean electricity to more than 700 households and essential facilities. The project has been positioned as a national blueprint for rural electrification, with plans to replicate the model across around 50 villages over the next four years.

SR Refer to "Social Initiatives in Repowering and Repurposing (R&R)" in our sustainability report, which highlights a selection of our flagship CSI projects

Preferential procurement and ESD initiatives broadened inclusive economic participation. We invested R10.5 million in enterprise development and focused on building capability among small suppliers through business skills training as well as support with tender processes and registration on National Treasury's central supplier database. A further R7.7 billion was directed to supplier development, largely through subcontracting and localisation-linked procurement. We retained our level 3 B-BBEE status and remain on track to achieve level 2 by FY2029, in line with the shareholder's expectations.

Our JET strategy is built on the five E's, namely employment, environment, economy, equity and energy, which together shape how we weigh trade-offs and sequence decisions around coal-dependent communities. Repowering and repurposing progressed across our priority coal-fleet sites, with the extended Climate Investment Fund blended financing envelope reinforcing international credibility for our transition pathway. In January 2026, we officially launched the Grootvlei Climate Smart Horticulture facility. The launch of Eskom Green after year end also marked an important step in anchoring utility-scale renewable energy within the group.

The progress was not without setbacks: the Komati copper recycling plant reached 52.5% completion of project milestones set by the shareholder, with construction not yet started at year end; we have paused to recalibrate the business case so that it delivers sustainable value.

The progress achieved during the year reinforces the importance of a deliberate community strategy that connects customer relevance, inclusive economic participation and a credible transition to the long-term sustainability of Eskom's business. Alongside these gains, sales erosion, affordability pressures, infrastructure crime, the pace of market reform, procurement equity and public safety remain material risks that we actively manage. The 11 public fatalities recorded are a sober reminder that Zero Harm is a responsibility we share with the communities we serve.

> To sustain our communities is to sustain the mandate that Eskom exists to serve – powering South Africa's people, industry and future.

Sustaining communities *continued*

KEY RISKS TO SOCIAL AND RELATIONSHIP CAPITAL AND HOW WE MANAGE THEM

These reflect the most material threats to customer relevance, social licence and inclusive community outcomes during FY2026, and the strategic responses through which we are managing them.

Key risks	How we manage these risks
Public safety is treated as a strategic priority, not a compliance obligation	Formal investigation of every fatality Nationwide awareness campaigns, the quarterly Public Safety Forum with Sasol, Transnet, PRASA, the Railway Safety Regulator and SANRAL, and multi-stakeholder engagements on servitude encroachment Coal haulage safety programmes reinforce accountability
Structural decline in electricity demand	Strengthening customer retention through a focus on customer centricity Enhancing the customer experience Concluding NPAs with large customers Diversifying into new products and services Growing electricity sales through several short-, medium- and long-term initiatives
Market liberalisation and competitive positioning	Transforming our business model to be responsive to a competitive, wholesale market, supported by refreshed customer segmentation, digital and AI-enabled service platforms Dynamic pricing readiness and expanded value-added services such as customer wheeling optimisation, EV charging as well as green tariffs and power purchase agreements
Customer affordability and free basic electricity pressures	Continued engagement with the Department of Electricity and Energy on the free basic electricity (FBE) framework Expanded prepaid and self-service options Targeted revenue-protection and CSI-supported affordability initiatives
JET impact on coal-dependent communities is anchored in the principle that the transition must be human, not only technological	Repowering and repurposing at six coal-fleet sites is decoupled from decommissioning, supported by blended financing and private sector partnerships, targeting around a thousand new jobs
Supplier concentration and localisation	Continued investment in ESD, localisation and industrialisation Finalisation of our industrialisation strategy with key stakeholders Supplier forums, our SME Indaba and ESD walk-in centres broaden supplier capability
Infrastructure crime and community unrest: cable theft and illegal connections	Combining investigative capability, technology and community engagement Stronger capability in Group Investigations and Security supported prevention and arrests during the year Complemented by accelerated smart meter and advanced metering infrastructure (AMI) rollout together with enhanced controls relating to online vending

TRADE-OFFS AND INTERCONNECTIONS WITH OTHER CAPITALS

Sustaining our communities calls for deliberate trade-offs between short-term financial capital and the long-term value we build across our manufactured, intellectual, human and natural capitals.

Human capital: Bursaries, YES programme participation, SMME support and JET reskilling connect our workforce investment directly to community benefit. Local employment in coal-transition areas is a defining feature of our people and community strategies

Manufactured capital: Smart metering, microgrids, distributed energy solutions and digital service channels extend access and modernise service, while illegal connections and infrastructure theft erode both infrastructure and social value

Intellectual capital: Digital and AI-enabled platforms, smart-grid technologies as well as the partnership with the **dtic**, IDC and lenders strengthen the innovation and localisation capabilities needed to compete in a modernising market

Natural capital: Repowering and repurposing, clean-coal technology demonstrations, EV tariff design and community-scale renewables connect environmental performance to community outcomes and a just transition

Financial capital: Our customer, supplier, electrification, CSI, JET and public safety programmes require financial investment but are critical to retaining demand, serving communities we operate in, preserving dependent value chains and reinforcing our social licence to operate

Sustaining communities *continued*

OUTLOOK

SHORT TERM: FY2027	MEDIUM TERM: FY2027 TO FY2031	LONG TERM: BEYOND FY2031
• Sustain customer satisfaction gains and complete the AI-enabled customer relationship management system rollout • Eradicate load reduction nationally through rollout of smart meters supported by advanced metering infrastructure, together with targeted network interventions and enforcement action • Scale the smart village microgrid blueprint and deliver the FY2027 electrification target • Embed NERSA-approved NPAs and extend the framework to other energy-intensive customers on a timebound, case-by-case basis • Advance the emerging customer project pipeline and retail tariff reform as well as renewable energy offerings through Eskom Green • Prepare for SAWEM participation • Finalise the industrialisation strategy with the **dtic**, IDC and other stakeholders	• Expand access to free basic electricity for indigent households • Replicate the smart village microgrid model across around 50 villages • Support South Africa's goal of universal electricity access by 2030 • Stabilise sales at around 178TWh while continuing to pursue growth initiatives • Invest further in ESD, localisation and industrialisation to create jobs, develop skills, reduce import dependency and strengthen supply chain resilience • Enhance procurement equity in line with Public Procurement Act regulations once promulgated • Achieve level 2 B-BBEE status by FY2029 • Scale repowering and repurposing across all six priority sites, targeting a thousand new jobs in coal-dependent communities • Achieve the cumulative CSI committed spend target of R600 million by FY2029	• Position Eskom as a competitive, community-anchored utility in a liberalised electricity market • Embed a Just Energy Transition that preserves livelihoods and creates green industrial capability • Sustain a socio-economic contribution reflecting Eskom's role as the national utility




6

Condensed annual financial statements

The financial results set out in the condensed financial statements that follow have been extracted from the annual financial statements of the Eskom Holdings SOC Ltd group for the year ended 31 March 2026. The financial statements have been prepared in accordance with IFRS Accounting Standards and in the manner required by the Companies Act, 2008 and the PFMA, 1999.

The financial statements have been prepared under the supervision of the Group Chief Financial Officer, Calib Cassim CA(SA), and were approved by the Board of Directors on 30 August 2026.

The financial statements have been audited by the group's independent auditors, Deloitte & Touche, in accordance with International Standards on Auditing. The independent auditors issued a qualified opinion relating to the completeness of irregular expenditure disclosed in terms of the PFMA. Except for this qualification, the financial statements are considered to be fairly presented in terms of IFRS Accounting Standards and the requirements of the Companies Act and the PFMA.

AFS The financial statements, which detail the financial performance of the group and company, and accompanying notes are available at www.eskom.co.za/investors/integrated-results/

RESTATEMENT OF COMPARATIVES

The income statement and statement of financial position for FY2025 have been restated.

Guarantee fees payable to the National Revenue Fund were not recognised despite covenant ratios for FY2025 exceeding the thresholds outlined in the Guarantee Framework Agreement (GFA). The fee is calculated on the accumulated amounts utilised under the guarantee facility and is payable by June following the end of the financial year. The omission resulted in the understatement of finance costs and current liabilities by R980 million.

In addition, no provision was recognised for public liability claims against Eskom, with the omission resulting in the understatement of other operating expenses and the related insurance provision by R1 026 million.

These restatements had no impact on the statement of cash flows other than the note disclosure relating to cash generated from operations, with no overall impact on net cash from operating activities.

All financial information presented in this report reflects the restated results where applicable.

AFS Refer to note 49 in the financial statements for more information on the prior period restatement

The group's independent auditors have not reviewed or reported on the future performance plans or strategies referred to in the integrated report.

Condensed annual financial statements *continued*

CONDENSED GROUP INCOME STATEMENT

for the year ended 31 March 2026

	2026 Rm	Restated 2025 Rm	%
Revenue	**354 724**	340 895	4 ▲
Other income	**1 283**	3 265	61 ▼
Primary energy	**(151 896)**	(150 207)	1 ▲
Employee benefit expense	**(48 060)**	(43 160)	11 ▲
Net impairment loss and write-downs	**(1 117)**	(7 616)	85 ▼
Other expenses	**(46 286)**	(45 165)	2 ▲
Profit before depreciation and amortisation expense and net fair value and foreign exchange loss (EBITDA)	**108 648**	98 012	11 ▲
Depreciation and amortisation expense	**(36 335)**	(31 764)	14 ▲
Operating profit	**72 313**	66 248	9 ▲
Net fair value and foreign exchange loss	**(1 126)**	(10 415)	89 ▼
Profit before net finance cost	**71 187**	55 833	27 ▲
Net finance cost	**(31 886)**	(34 072)	6 ▼
Finance income	**8 447**	6 840	23 ▲
Finance cost	**(40 333)**	(40 912)	1 ▼
Share of profit of equity-accounted investees after tax	**100**	102	2 ▼
Profit before tax	**39 401**	21 863	80 ▲
Income tax	**(9 056)**	(7 822)	16 ▲
Profit for the year	**30 345**	14 041	116 ▲

▲ Income/gain increased ▼ Cost/loss decreased ▼ Income/gain decreased ▲ Cost/loss increased

The financial results for FY2026 reflected improved EBITDA and profitability, underscoring the group's sustained progress in delivering structural operational and financial improvements. Performance was underpinned by a higher tariff, improved operational performance and disciplined cost management. This was further aided by Government's debt relief, which continues to support the deleveraging of the balance sheet over time.

Notably, performance in the prior year benefited from favourable once-off adjustments relating to the resolution of a dispute with SARS regarding fuel levy refunds. Excluding the impact of the fuel levy refunds, EBITDA increased by 28.4% and profit before tax more than quadrupled year-on-year.

Revenue growth of 4.1% was driven by a regulatory standard tariff increase of 12.74% from 1 April 2025, partially offset by a 6.2% decline in sales volumes to 178TWh (2025: 189.7TWh). The decline in demand was most pronounced in the industrial sector – which reduced by 9.7TWh or 22.5% year-on-year – particularly among ferrochrome smelter customers that curtailed production due to sustained economic pressures. The continued impact of embedded self-generation added to the decline in sales, with installed behind-the-meter rooftop solar capacity in South Africa estimated at 7.7GW at year end.

In March 2026, Mozal smelter operations went into care and maintenance, resulting in a significant reduction in electricity demand from FY2027. The loss of these export sales negatively affects the near-term sales and revenue outlook. We are engaging with Mozal and the Industrial Development Corporation of South Africa to find a viable solution to this latest challenge. Several interventions are underway to support energy-intensive customers as well as to address the structural declining sales trend.

PR Refer to "Financial review – Financial performance" in the performance report for further information on sales volumes

The non-payment of municipal, metro and residential accounts continued to constrain our financial performance, with a net amount of R15.8 billion (around 4.5% of revenue) not recognised as revenue due to the elevated risk of non-collectability (2025: R11.9 billion).

Despite lower sales volumes and revenue collection challenges, the containment of primary energy costs supported the group's profitability. Primary energy costs increased marginally year-on-year; however, when excluding the impact of fuel levy refunds, costs in fact declined by 7%. Improved coal fleet performance and the return to service of both Koeberg units – which have the lowest primary energy unit cost – reduced reliance on more expensive sources of generation. Most notably, utilisation of open-cycle gas turbines (OCGTs) more than halved year-on-year, resulting in a combined R10.6 billion reduction in spend on Eskom-owned OCGT fuel and storage costs as well as IPP OCGT costs.

The reduction in costs was partially offset by higher employee benefit costs, driven mainly by average remuneration increases of 7% granted to employees coupled with a 3% growth in headcount, as well as higher production bonuses and a provision under the short-term incentive (STI) scheme to reward employees for improved organisational performance. A total STI obligation of R5.1 billion (including a 13.5% employer pension contribution) was recognised at year end (2025: R4.2 billion). These incentive schemes are structured to reward employees for delivering improved performance, and remain self-funded from the performance gains and operational cash flows they generate. Strict gatekeepers and qualification criteria are in place to ensure that payouts are only triggered where performance thresholds are met, protecting the group's financial sustainability. The increase in incentives is directly linked to the measurable performance gains achieved during the year.

Looking ahead, we will continue to optimise our cost base by driving higher productivity across the workforce and delivering improved organisational performance, while aligning rewards with operational and financial outcomes.

GR Refer to "Ensuring fair remuneration – Remuneration practices for employees" in the governance and remuneration report for further information on the STI scheme

Other operating expenses increased in part due to inflationary pressures and moderate growth in repairs and maintenance expenditure. Also included in other operating expenses is a net loss of R1 billion associated with municipal payment arrangements that were implemented in FY2026 – this loss was raised upon derecognition of the associated trade receivables and recognition of the related loans receivable.

The significant reduction in net impairment losses was a result of these payment arrangements, which led to improved arrear debt positions for key metros by year end, including the City of Johannesburg and the City of Tshwane. However, the City of Johannesburg breached the conditions of its payment arrangement in April 2026; a revised payment arrangement was concluded in July 2026. City of Johannesburg honoured the revised arrangement, fully settling its arrear debt by 21 August 2026.

PR Refer to "Enhancing financial sustainability – Managing municipal debt" in the performance report for further detail on the arrear debt owed by these metros

Depreciation and amortisation expense increased following the commissioning of additional generating capacity through the new build programme, with the final Kusile unit achieving commercial operation.

Finance costs reduced due to a decline in debt securities and borrowings together with favourable interest rate movements during the year. This was partially offset by lower capitalisation of borrowing costs, with the commissioning of new build units reducing assets under construction. Finance income grew due to our strengthened cash and investment balances. Refer to the condensed statement of financial position on the following page for further detail on debt securities and borrowings as well as liquidity.

Given our improved financial results, R1 billion has been recognised in fees payable to the National Revenue Fund, based on meeting financial covenant thresholds outlined in the GFA (2025: R1 billion, restated).

Condensed annual financial statements *continued*

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION
at 31 March 2026

	2026 Rm	Restated 2025 Rm	%
Assets			
Non-current assets	**773 424**	744 546	4 ▲
Property, plant and equipment and intangible assets	**706 754**	689 556	2 ▲
Future fuel supplies	**10 333**	7 639	35 ▲
Investment in equity-accounted investees and subsidiaries	**302**	346	13 ▼
Inventories	**16 278**	15 373	6 ▲
Loans receivable	**10 235**	1 583	547 ▲
Deferred tax	**21**	7	200 ▲
Embedded derivatives	**1 246**	3 847	68 ▼
Derivatives held for risk management	**7 700**	13 320	42 ▼
Treasury investments	**2 930**	2 638	11 ▲
Insurance investments	**6 960**	3 393	105 ▲
Other non-current assets	**10 665**	6 844	56 ▲
Current assets	**248 432**	159 474	56 ▲
Inventories	**37 268**	31 084	20 ▲
Loans receivable	**1 235**	309	300 ▲
Embedded derivatives	**278**	125	122 ▲
Derivatives held for risk management	**2 064**	2 025	2 ▲
Trade and other receivables	**40 886**	41 923	2 ▼
Treasury investments	**19 178**	–	–
Insurance investments	**21 313**	18 925	13 ▲
Other current assets	**1 308**	1 322	1 ▼
Cash and cash equivalents	**124 902**	63 761	96 ▲
Assets held-for-sale	**–**	7 811	–
Total assets	**1 021 856**	911 831	12 ▲
Equity			
Capital and reserves	**360 916**	276 339	31 ▲
Liabilities			
Non-current liabilities	**437 545**	478 759	9 ▼
Debt securities and borrowings	**296 294**	351 226	16 ▼
Derivatives held for risk management	**3 288**	836	293 ▲
Deferred tax	**11 577**	11 389	2 ▲
Contract liabilities and deferred income	**35 463**	34 041	4 ▲
Employee benefit obligations	**22 533**	19 672	15 ▲
Provisions	**55 491**	48 197	15 ▲
Lease liabilities	**5 697**	6 598	14 ▼
Other non-current liabilities	**7 202**	6 800	6 ▲
Current liabilities	**223 395**	156 127	43 ▲
Debt securities and borrowings	**59 901**	21 429	180 ▲
Loan from shareholder	**80 076**	56 132	43 ▲
Derivatives held for risk management	**1 565**	811	93 ▲
Payments received in advance	**4 219**	3 636	16 ▲
Employee benefit obligations	**9 726**	7 584	28 ▲
Provisions	**5 031**	6 105	18 ▼
Trade and other payables	**56 272**	55 020	2 ▲
Other current liabilities	**6 605**	5 410	22 ▲
Liabilities held-for-sale	**–**	606	–
Total liabilities	**660 940**	635 492	4 ▲
Total equity and liabilities	**1 021 856**	911 831	12 ▲

▲ Asset/equity increased ▼ Asset/equity decreased ▼ Liability decreased ▲ Liability increased

The group's financial position strengthened further in FY2026, supported by improved operating performance and profitability, as well as the continued benefit of Government debt relief, which has accelerated the deleveraging of the balance sheet and bolstered liquidity.

Government support of R80 billion was received in March 2026, based on the phasing of the amended debt relief package, and was recognised as a shareholder loan at year end, together with accrued interest (2025: R64 billion support received, of which R56 billion was recognised as a liability at year end). The shareholder loan balance at 31 March 2025 was approved for conversion to equity by the Minister of Finance in June 2025 due to Eskom's continued compliance with the debt relief conditions, after which the related share capital issued. Similarly, the balance at 31 March 2026 was approved for conversion to equity in August 2026, further strengthening the group's capital structure. Interest is charged and paid on all debt relief received until converted to equity.

Debt securities and borrowings (excluding the shareholder loan) decreased to R356.2 billion (2025: R372.7 billion), reflecting ongoing efforts to reduce external debt with Government support, also aided by favourable exchange rate movements on foreign-denominated borrowings. Debt repayments of R16.8 billion exceeded debt raised of R1.4 billion during the year. In addition, an existing China Development Bank (CDB) facility of R20.1 billion was converted from USD to CNY, which converted the debt from a floating interest rate to a lower fixed interest rate.

Cash and cash equivalents increased to R124.9 billion (2025: R63.8 billion) at year end, supported by stronger operating cash flows linked to strong EBITDA growth, along with the R80 billion in debt relief from Government received in March 2026. Of this, R38 billion was earmarked for the settlement of the domestic ES26 bond, which matured on 2 April 2026, further reducing our debt balance after year end. By honouring this significant commitment, we are delivering on our financial strategy by deleveraging the balance sheet and reducing our market risk premium and future finance costs.

Furthermore, R21.3 billion of cash and cash equivalents 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.

In addition, the group has recognised R22.1 billion as treasury investments (2025: R2.6 billion), which includes 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.

Maintaining sufficient liquidity remains critical for executing our future capital expenditure programme and delivering sustained operational improvements. Refer to the condensed group statement of cash flows on the following page for further detail on operating, investing and financing cash flows for the year.

Capital expenditure increased by 9.4% to R45 billion (2025: R41.1 billion), with improved liquidity allowing for an increased allocation to the project pipeline and the earlier release of funds for the execution of capital projects. Continued investment in sustaining generation performance, strengthening network infrastructure and completing the new build programme contributed to growth in our asset base, with property, plant and equipment increasing by 2.5% to R702.9 billion (2025: R686 billion).

Additions to future fuel supplies and growth in inventories reflect our investment in securing the availability of coal and nuclear fuel resources, alongside increased working capital requirements, particularly for coal and liquid fuel, as well as maintenance spares and consumables, to support execution of the Generation Reliability and Sustainability Plan.

In the prior year, the Board approved the disposal of the loan book of Eskom Finance Company SOC Ltd (EFC) and its interest in Nqaba Finance 1 (RF) Ltd to African Bank Limited, resulting in the related assets and liabilities being classified as held-for-sale in terms of IFRS Accounting Standards. The disposal agreements, concluded in FY2025, were subject to the fulfilment of certain conditions precedent. These conditions were not fulfilled by 31 March 2026 and the disposal agreements lapsed. Consequently, the related assets and liabilities no longer meet the criteria for classification as held-for-sale, and home loans and other loans by EFC have once again been recognised as loans receivable in the group's financial statements.

AFS Refer to note 23 in the financial statements for further information

In May 2026, the Board approved the disposal of the group's investment in Pebble Bed Modular Reactor SOC Ltd (PBMR) and its subsidiaries to the South African Nuclear Energy Corporation SOC Ltd (Necsa), subject to PFMA and other regulatory approvals. The investment will only be classified as held-for-sale once the disposal process is sufficiently advanced and the relevant criteria are met in terms of IFRS Accounting Standards.

Condensed annual financial statements *continued*

CONDENSED GROUP STATEMENT OF CASH FLOWS

for the year ended 31 March 2026

	2026 Rm	Restated 2025 Rm	%
Cash flows from operating activities			
Profit before tax	**39 401**	21 863	80 ▲
Adjustment for non-cash items	**87 419**	91 631	5 ▼
Changes in working capital	**(22 407)**	(20 128)	11 ▲
Cash generated from operations	**104 413**	93 366	12 ▲
Net cash used in derivatives held for risk management	**(1 177)**	(1 436)	18 ▼
Finance income received	**390**	441	12 ▼
Finance cost paid	**(7)**	(26)	73 ▼
Income taxes paid	**(7 035)**	(6 400)	10 ▲
Net cash from operating activities	**96 584**	85 945	12 ▲
Cash flows used in investing activities			
Proceeds from disposal of property, plant and equipment and intangibles	**664**	292	127 ▲
Acquisitions of property, plant and equipment and intangibles	**(48 418)**	(39 989)	21 ▲
Acquisitions of future fuel supplies	**(2 959)**	(3 388)	13 ▼
Acquisitions of treasury investments	**(19 324)**	(1 397)	1 283 ▲
Net acquisitions of insurance investments	**(5 547)**	(3 242)	71 ▲
Finance income received	**2 884**	2 321	24 ▲
Other investing activities	**(130)**	1 030	113 ▼
Net cash used in investing activities	**(72 830)**	(44 373)	64 ▲
Cash flows from/(used in) financing activities			
Debt securities and borrowings raised – DFI funding	**1 361**	8 683	84 ▼
Debt securities and borrowings raised – conversion of CDB facility	**20 137**	–	–
Loan from shareholder raised	**80 000**	64 000	25 ▲
Debt securities and borrowings repaid	**(16 768)**	(46 424)	64 ▼
Debt securities and borrowings repaid – conversion of CDB facility	**(19 990)**	–	–
Net cash (used in)/from derivatives held for risk management	**(667)**	4 555	115 ▼
Finance income received	**4 556**	2 217	106 ▲
Finance cost paid	**(29 963)**	(33 364)	10 ▼
Other financing activities	**(1 135)**	(974)	17 ▲
Net cash from/(used in) financing activities	**37 531**	(1 307)	2 972 ▲
Net increase in cash and cash equivalents	**61 285**	40 265	52 ▲
Cash and cash equivalents at the beginning of the year	**63 761**	23 585	170 ▲
Foreign currency translation	**(2)**	–	–
Effect of movements in exchange rates on cash held	**(168)**	(63)	167 ▲
Assets and liabilities held-for-sale	**26**	(26)	200 ▲
Cash and cash equivalents at the end of the year	**124 902**	63 761	96 ▲

▲ Inflow increased ▼ Inflow decreased ▼ Outflow decreased ▲ Outflow increased

Net operating cash flows increased by 12.4% to R96.6 billion (2025: R85.9 billion), driven by improved EBITDA performance. Given the restrictions on new borrowings imposed by the Eskom Debt Relief Act, 2023 as amended, generating sufficient operating cash flows remains critical to fund our investing activities.

Net cash flows used in investing activities increased by 64.1% to R72.8 billion (2025: R44.4 billion), driven by higher allocations to treasury investments, together with growth in capital expenditure. Investing activities remained focused on executing the new build programme, generation outages and technical plan requirements, expanding transmission and distribution infrastructure, as well as setting aside sufficient funding for long-term decommissioning provisions and the development of future renewable energy projects.

The debt relief conditions allow Eskom to continue to draw down on existing facilities that were in place at the time, with any additional financing beyond that being subject to approval from the Minister of Finance. Cash flows from financing activities included debt raised from existing facilities of R1.4 billion, excluding the conversion of the CDB facility referred to earlier (2025: R8.7 billion). Total cash outflows relating to debt repayment and interest, also excluding the CDB conversion, amounted to R46.7 billion (2025: R79.8 billion). The R80 billion debt relief support received in March 2026 aided us in meeting these obligations and also facilitated the settlement of the ES26 bond in April 2026.

Overall, our liquidity strengthened significantly during the year, supported by improved operating cash flows, debt relief support and reduced debt servicing obligations. The cash interest cover and debt service cover ratios improved to 3.80 and 1.55 respectively (2025: 2.76 and 1.11). Excluding the CDB conversion, the debt service cover ratio amounted to 2.29.

Free cash flows, measured as operating less investing cash flows, declined to R23.8 billion (2025: R41.6 billion), primarily due to increased allocations to treasury investments earmarked for future capital requirements. Before these allocations, free cash flows amounted to R43.1 billion, which was sufficient to fully fund the group's capital investment programme from operational cash generation – an important indicator of our strengthening financial position. Funds from operations (FFO) as a percentage of gross debt also improved to 23.79% (2025: 21.82%, restated), reflecting the group's improved credit strength.

While debt servicing requirements of R46.7 billion exceeded free cash flows, the shortfall has narrowed significantly. Going forward, this is being addressed through a balanced funding strategy that combines Government's remaining debt relief support of R10 billion due in FY2029 with targeted debt raising from FY2028 for future capital investments. This positions Eskom to reduce reliance on Government support as operational performance and cost optimisation initiatives continue to strengthen cash generation over time.

Strengthening our liquidity position and holding the necessary reserves are essential for providing the financial headroom for improved planning and execution. This enables sustained investment in infrastructure maintenance and expansion, as well as grid reliability and emission reduction, which are critical to supporting operational performance and security of supply, and enabling the energy transition. Sufficient liquidity is also needed to meet regulatory requirements for funding long-term decommissioning obligations.

To improve cash flows on a standalone basis, without reliance on further Government support, will require sustained improvements in operational performance and continued cost discipline, as well as effectively addressing structural constraints impacting revenue, including defaulting municipalities, the declining sales trend and the lack of a long-term tariff path.

Enhancing financial sustainability

FINANCIAL CAPITAL

The pool of funds – generated through our operations, sourced from lenders and investors, or provided by our shareholder – that we deploy to sustain our business, invest in our infrastructure and deliver on our mandate

Financial capital is managed through an integrated approach that links operations, investment priorities and financing decisions – within Eskom's risk appetite and tolerance framework – to support sustainable value creation. Strong operational performance drives improved financial outcomes, while a stable financial position provides the liquidity to execute our strategy and sustain operational improvements.

We have sustained the gains first seen in FY2025, with further improvements in plant performance and system reliability. A higher tariff supported revenue growth, while an improved operating environment enabled efficiencies and continued cost discipline. Together, these delivered our second successive year of strong profitability and enhanced liquidity, while laying a solid foundation from which to advance our strategic priorities.

WHERE TO FIND MORE

AFS Annual financial statements
- Financial statements and related notes
- Independent auditor's report

GR Governance and remuneration report
- "Report by the Audit Committee"
- "Report by the Investment and Finance Committee"
- "Reinforcing controls and assurance"
- "Disclosure of information under the PFMA"

PR Performance report
- "Enhancing financial sustainability"
- "Non-technical statistics"
- "Customer information"

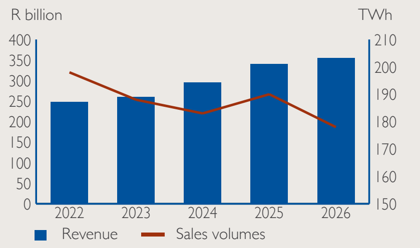
PERFORMANCE FOR FY2026 AT A GLANCE

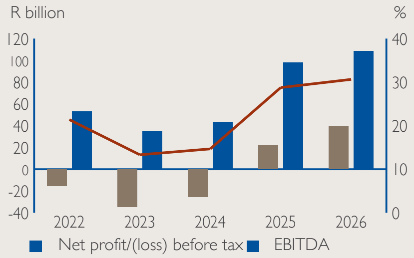
Standard tariff increase	Sales volumes	EBITDA[SC]	Net profit after tax	Debt service cover[SC, 1]	Municipal arrear debt
▲ 12.74%	6.2% ▼ to 178TWh	10.9% ▲ to R108.6 billion	2.2x ▲ to R30.3 billion	▲ 1.55	17.9% ▼ to R111.6 billion
(2025: 12.74%)	(2025: 189.7TWh)	(2025: R98 billion)	(2025: R14 billion)	(2025: 1.11)	(2025: R94.6 billion)

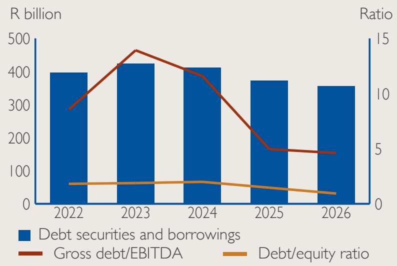
▲/▼ Favourable movement ▲/▼ Unfavourable movement

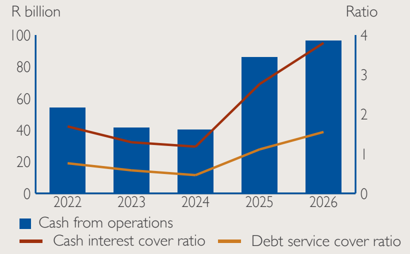
SC KPI included in the shareholder compact for FY2026.

1. The calculation for FY2026 includes the once-off conversion of a R20.1 billion China Development Bank (CDB) facility from USD to CNY. The debt service cover ratio excluding the CDB conversion amounted to 2.29.





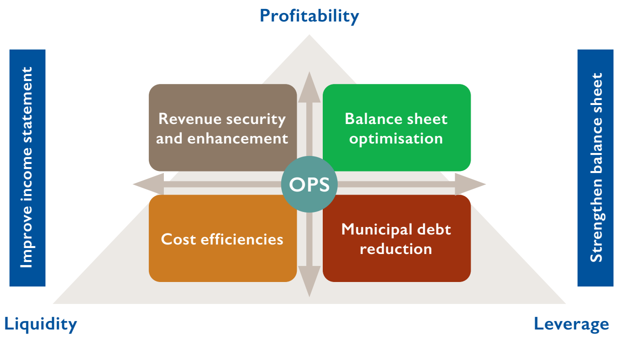




Enhancing financial sustainability *continued*

OUR FINANCIAL STRATEGY

Financial sustainability cannot be delivered through any single intervention. It requires a coordinated response to the structural pressures affecting revenue, costs, liquidity and the balance sheet, while readying the group for a transforming and increasingly competitive electricity market. Our financial strategy places operations at the centre, supported by four interdependent pillars and a set of strategic enablers that together drive execution.



Revenue security	Cost efficiencies	Balance sheet optimisation	Municipal debt reduction
Securing revenue independent of tariff increases by growing demand, diversifying revenue streams and modernising tariff structures	Driving structural cost optimisation through the Cost Optimisation and Revenue Enhancement (CORE) programme supported by operational excellence	Deleveraging the balance sheet and strengthening liquidity to build financial resilience and progress towards standalone investment-grade status	Shifting to structural revenue protection and reform under Government's municipal debt relief programme, to stabilise cash flows

STRATEGIC ENABLERS TO SUPPORT MORE EFFECTIVE FINANCIAL MANAGEMENT IN A COMPLEX AND EVOLVING ENVIRONMENT

Audit recovery	Digital transformation	ESG integration	Enable unbundling	Operating model refresh	Talent and culture
Strengthening the control environment and audit outcomes	Improving efficiency of finance and procurement activities, data integrity and decision-making	Embedding ESG in finance and unlocking new funding	Supporting unbundling readiness in capital and reporting structures	Enabling agility, accountability and cost discipline	Investing in skills and capabilities to support a high-performance, ethical culture

HOW FINANCIAL CAPITAL ENABLES OUR STRATEGY

Pursue financial and operational sustainability	Position Eskom as energy sector leader	Drive a just and inclusive transition	Modernise the power ecosystem
Fix the current business	*Prepare for competitiveness*	*Transition responsibly*	*Leverage technology*
Strengthening cash generation to fund maintenance and operational needs, restore plant and network reliability, achieve operational excellence and unlock new growth	Building a stronger balance sheet and diversified revenue base, while attracting the investment and skills to compete in a liberalising market	Mobilising capital for environmental compliance, renewable and clean coal technology, and decommissioning, while supporting our communities through the transition	Investing in new technologies, infrastructure and digital solutions to enable a modern, customer-centric power system

OUR FINANCE VALUE STORY

FY2026 delivered measurable structural progress against each of the four pillars of our financial strategy, continuing to move the group's financial trajectory from recovery towards a stable foundation for long-term sustainability.

IR Financial results for the year are set out under "Condensed annual financial statements" from page 87

> "Our ambition is clear: to achieve standalone investment-grade status without reliance on Government guarantees or financial support, creating enduring value for our shareholder, for our customers and for South Africa.
> – Calib Cassim, Group Chief Financial Officer"

REVENUE SECURITY

The defining regulatory development was the resolution of the MYPD 6 dispute. Following the High Court's decision in December 2025 to set aside the settlement between NERSA and Eskom, NERSA approved additional allowable revenue of R54.7 billion after further public consultation. Of this, R35 billion will be recovered through revised tariff increases of 8.76% for FY2027 and 8.83% for FY2028 (compared to 5.36% and 6.19% in the original decision), with R19.7 billion deferred to a future determination beyond MYPD 6. In June 2026, AfriForum launched an urgent application challenging NERSA's latest decision; NERSA issued its reasons for decision in July 2026, and the matter was struck off the urgent court roll although it may yet proceed on a non-urgent basis. The case has no retrospective effect on the validity of the tariffs for FY2026 and FY2027.

Separately, a R40.2 billion NERSA settlement in May 2025 finalised the RCA review applications for FY2015 to FY2021; this was endorsed by court order and will be recovered beyond MYPD 6. We have proposed the recovery of this amount in a phased manner to minimise the impact to customers; this will be considered during the public consultation process for the FY2025 RCA. We submitted our FY2025 RCA application to NERSA in March 2026, amounting to R8.9 billion in favour of customers. This was due to underspend on IPPs and international purchases in that year, given the improvements in our generation performance.

Enhancing financial sustainability *continued*

In parallel, the revised retail tariff plan continues to be phased in over three years, improving cost reflectivity with the introduction of generation capacity charges and a rebalancing between fixed and variable charges – this constitutes a structural reform that outlives any single price determination.

The Department of Electricity and Energy (DEE) has revised South Africa's Electricity Pricing Policy (EPP), aimed at improving affordability, transparency and predictability in tariff setting. We will actively participate in the consultation process on the EPP and the Electricity Sector Market Transformation Position Paper, which were published for comment in August 2026, as the outcome will have significant implications for the long-term tariff path and transformation of the sector.

Given the sharp reduction in demand from industrial smelters in FY2026, interim concessionary negotiated pricing agreements (NPAs) were approved by NERSA for two ferrochrome smelter customers from 1 June 2026, retaining approximately 13TWh of strategic annual industrial demand that would otherwise have been lost, to protect jobs and broader economic stability.

Sustained operational improvements combined with structurally lower demand have given rise to surplus capacity of 2–3GW, threatening asset utilisation and cost recovery, while creating an opportunity to meet emerging demand in new markets and grow revenue independent of tariff increases. We are pursuing a pipeline of energy-intensive and flexible-load customer projects, customer wheeling optimisation, NPAs on a case-by-case basis, as well as renewable agreements and electric vehicle charging through Eskom Green. We are also strengthening South Africa's role in the Southern African Power Pool, supported by cross-border power supply agreements and new regional transmission interconnections to unlock export opportunities.

COST EFFICIENCIES

Through the CORE programme, we are institutionalising cost discipline as a permanent way of operating, with targets integrated into divisional performance commitments to ensure accountability, from executive leadership down to the operational teams responsible for delivery.

The programme delivered R22.4 billion in FY2026 against a R21 billion stretch target, driven by higher international sales and lower-than-planned energy losses, combined with savings from lower coal, OCGT and IPP usage, which was enabled by improved generation availability and lower demand.

At its inception, CORE set out to deliver cumulative savings and revenue contributions of R112 billion from FY2026 to FY2030. To support this, base reductions in operating expenditure of R5 billion per year were embedded in the FY2027 to FY2031 budgets to drive immediate cost discipline. Beyond this, the programme is identifying further cost optimisation and revenue opportunities to support the group in achieving a sustainable EBITDA margin over the next five years, in line with investment-grade expectations. The phasing of these targets is being assessed to maintain a sustainable pipeline of interventions over the next five years, with a focus on primary energy cost optimisation, procurement and supply chain efficiencies, operational improvements, digital transformation, capital productivity and revenue growth opportunities.

BALANCE SHEET OPTIMISATION

Solvency ratios improved significantly in FY2026, supported by improved EBITDA and operating cash flows, and a reduction in external debt. The Eskom Debt Relief Amendment Act, 2025 revised Government's debt relief package from R250 billion to R230 billion due to our improved financial position. The R70 billion support originally planned for FY2027 was withdrawn, while FY2026 support was increased from R40 billion to R80 billion to support the ES26 bond redemption on 2 April 2026 and other debt servicing obligations. The R80 billion received in March 2026 was recognised as a shareholder loan at year end and subsequently approved for conversion to equity by the Minister of Finance in August 2026. Since inception of the debt relief programme, Eskom has received R220 billion from National Treasury, with the final R10 billion being planned for FY2029 to support the EL28 bond redemption in May 2028.

Gross debt (excluding shareholder loans) decreased to R356.2 billion (2025: R372.7 billion), while equity strengthened due to the conversion to equity of the R56 billion shareholder loan outstanding from FY2025. This positions gross debt on a trajectory to reduce to around R300 billion by FY2031, with a corresponding debt/equity ratio of around 0.5.

Over the next five years, we are targeting drawdowns of R13.1 billion from committed facilities with development finance institutions and export credit agencies. This will be supplemented by aspirational incremental funding of around R25 billion per year from FY2028 to support transmission network expansion, emission reduction projects and renewable generation capacity. An ESG funding framework is being developed to support green and sustainability-linked financing; private sector partnership models are also being explored.

HOW WE IMPACTED VALUE IN FY2026

VALUE CREATED

- Delivered a second successive year of strong profitability, sustaining our financial turnaround
- Strengthened EBITDA margin, with operating cash flows sufficient to fully fund the capital investment programme
- Embedded structural cost discipline through the CORE programme as a permanent way of operating
- Secured additional allowable revenue through the resolution of the MYPD 6 court review and regulatory clearing account (RCA) settlements
- Received positive credit rating actions, demonstrating strengthened creditworthiness

VALUE PRESERVED

- Strengthened the balance sheet, with net debt reduced to R313.3 billion, though further deleveraging is required
- Improved solvency, with debt/equity and gross debt/EBITDA ratios advancing to long-term target levels
- Safeguarded liquidity through Government debt relief support, enabling scheduled bond redemptions
- Lessened the fiscal burden through a reduced debt relief package
- Advanced solutions to retain strategic industrial demand, protecting revenue, jobs and export value chains
- Recognised early signs of improved municipal payment discipline through payment arrangements and National Treasury enforcement against non-compliant municipalities

VALUE ERODED

- Municipal arrear debt continued to escalate, remaining the single largest threat to financial sustainability
- Structural overcapacity of 2–3GW emerged for the first time in more than a decade, threatening asset utilisation and cost recovery
- Structural sales decline exacerbated by constraints affecting energy-intensive customers, further eroding the revenue base
- Net amount of R15.8 billion billed revenue not recognised owing to non-collectability from municipal and residential customers
- Agreement to dispose of EFC's loan book lapsed, further deferring the realisation of value

> "We recognise that tariff increases alone are not sustainable. Enhancing revenue will depend on diversifying revenue streams, modernising tariff structures for a reformed market, strengthening collection, and retaining and growing sales.
> – Dan Marokane, Group Chief Executive"

Enhancing financial sustainability *continued*

The audit recovery programme continued to strengthen the control environment, addressing prior year audit findings as we work towards ultimately securing an unqualified audit opinion. This is central to rebuilding the earnings quality and reporting credibility on which access to capital ultimately depends.

IR Refer to "Reinforcing controls and assurance" from page 58 for further information on the audit recovery programme

We have received several positive credit rating actions, reflecting rating agencies' view that our creditworthiness has strengthened, which was underpinned by improved operating performance and a stabilising financial position, as well as Government support and broader sovereign strength.

S&P
November 2025
Upgraded foreign and local ratings from **B to B+**
Stable outlook

Moody's
May 2026
Affirmed foreign and local ratings at **B2**
Stable outlook

Fitch
June 2026
Upgraded local ratings from **B to B+**
Stable outlook

Standalone ratings nevertheless remain several notches below investment grade – the pathway to investment grade depends on sustaining operational performance, resolving municipal arrear debt and continuing financial discipline.

Divestment of non-core assets remains part of our strategy, with net proceeds earmarked for debt settlement in terms of the conditions of the debt relief package. The agreement to dispose of the loan book of Eskom Finance Company SOC Ltd (EFC) to African Bank lapsed after conditions precedent were not fulfilled by 31 March 2026. We are assessing the most suitable way forward in consultation with the shareholder.

In May 2026, the Board approved the disposal of Pebble Bed Modular Reactor SOC Ltd and its subsidiaries to the South African Nuclear Energy Corporation SOC Ltd (Necsa), subject to regulatory approvals.

RESOLVING MUNICIPAL DEBT

Municipalities account for approximately 44% of our sales, and payment discipline in this segment remains a systemic risk to the electricity industry and, beyond that, to the sovereign. Arrear municipal debt increased to R111.6 billion at year end (2025: R94.6 billion), though the balance was below the level assumed in our FY2026 financial plan, supported by improved municipal capital payment levels and payment arrangements with key metros. Municipal arrear debt has continued to escalate after year end, reaching R119.9 billion by June 2026.

Progress on National Treasury's municipal debt relief programme remained disappointing, with 60 of 71 participating municipalities still failing to settle their current accounts consistently by year end. National Treasury had requested R4.2 billion in cumulative write-offs by 31 March 2026 for 24 municipalities with varying levels of compliance, of which R547 million was accounted for in FY2025 and R3.6 billion in FY2026. Between May and June 2026, Eskom was requested to write off a further R4 billion for 21 municipalities; governance processes are underway for these write-offs to be processed in FY2027.

In February 2026, National Treasury issued termination letters to 13 municipalities that have failed to comply with the conditions of the municipal debt relief programme. We issued a notice of intent to terminate or limit supply to these municipalities through the Promotion of Administrative Justice Act, 2000 (PAJA) process. After year end, National Treasury issued a second round of termination letters to a further 14 municipalities.

Our approach has shifted from merely collecting revenue to structural revenue protection. Distribution agency agreements (DAAs) were in place with three municipalities at year end – Emfuleni, Maluti-A-Phofung and Merafong. In response to our PAJA actions, several more municipalities have obtained council resolutions to conclude DAAs; they are proceeding with the section 78 process under the Municipal Systems Act, 2000 required by National Treasury for them to conclude DAAs.

In July 2026, National Treasury invoked section 216(2) of the Constitution and temporarily withheld quarterly equitable share transfers to 69 non-compliant municipalities – of which 36 are participating in the municipal debt relief programme – pending compliance with specific conditions, including conclusion of payment agreements with key creditors such as Eskom, where applicable. This is a significant step by Government towards strengthening municipal payment discipline.

Without decisive intervention, arrear debt is projected to escalate to around R358 billion by FY2031, jeopardising the legal separation of Distribution and prolonging Eskom's reliance on Government support. In July 2026, President Ramaphosa endorsed the Phase I report of the Eskom Restructuring Task Team, which identified municipal arrear debt as a threat to Eskom and the broader electricity sector. We will continue to support Government's efforts to implement a consolidated action plan to address municipal non-payment.

TRADE-OFFS AND INTERCONNECTIONS WITH OTHER CAPITALS

Our financial performance cannot be separated from performance across the other capitals. Investing in our people, infrastructure, environment and communities required deliberate trade-offs in which we prioritised long-term sustainability over short-term financial returns.

Human capital: Investment in skills, incentive schemes, safety and employee wellbeing sustained the workforce's contribution to the operational turnaround and supported retention, but increased employee benefit costs

Manufactured and intellectual capital: Directing liquidity towards maintenance programmes and capital investment strengthened plant reliability and unlocked new capacity, while investment in systems, digitalisation and modernisation enhanced the asset base, driving future performance

Natural capital: Procuring reliable primary energy resources sustained generation performance and enhanced energy security, while investment in emission-abatement technology and funding set aside for decommissioning and renewable energy advanced regulatory compliance and our net-zero commitment, although it represents a growing requirement for future financial capital

Social and relationship capital: Tariff relief for struggling industries together with support for defaulting municipalities and debt relief measures protected jobs, industrial capability and service continuity, while corporate social investment, electrification efforts and the Just Energy Transition supported inclusive development, albeit at the expense of short-term cash flows

Enhancing financial sustainability *continued*

KEY RISKS TO FINANCIAL CAPITAL AND HOW WE MANAGE THEM

Key risks	How we manage these risks
Policy and regulatory uncertainty	Applying scenario planning and disciplined capital allocation aligned to our strategy Sustaining legal engagement to defend revenue recovery on RCA and MYPD outcomes Engaging actively with policy setters on the design of the wholesale electricity market and related tariff structures and pricing
Inadequate long-term tariff path	Engaging actively in NERSA processes and related court cases Advocating for regulatory reform and modernised tariff structures Driving cost efficiencies as a permanent way of operating Supporting the finalisation of the revised Electricity Pricing Policy
Structural overcapacity and declining sales volumes	Retaining and growing sales through short-, medium- and long-term initiatives, including NPAs, energy-intensive and flexible-load customer projects, combined with renewable sales through Eskom Green as well as new products and services Managing exposure to contractual take-or-pay obligations
Escalating municipal arrear debt	Strengthening payment enforcement by exercising our legal rights Pursuing action under PAJA processes to limit or terminate supply to defaulting municipalities Concluding DAAs and payment arrangements Supporting national and provincial treasury processes
Geopolitical and macroeconomic risk	Diversifying the sourcing of long-lead items to reduce supply chain and currency exposure Managing fuel cost risks through conservative OCGT utilisation and adequate diesel stock levels Broadening access to international capital through an ESG funding framework and public-private partnerships
Access to and affordability of capital	Sustaining operational and financial performance to achieve standalone investment-grade status Strengthening liquidity buffers and diversifying funding sources Ensuring continued compliance with debt relief conditions for the remainder of Government's debt relief package Maintaining a sustainable path to reduce gross debt to lower interest costs
Commodity and market volatility	Hedging exposure to commodity price and exchange rate movements Managing primary energy stock levels to buffer supply and price shocks Optimising the production mix to manage commodity risks
Climate adaptation and carbon cost	Managing exposure to carbon budget regulations through coordinated stakeholder engagement Accessing climate-linked finance to fund the Just Energy Transition, emission-abatement investments and projects required for MES compliance Integrating climate risk into capital allocation and investment decisions
Internal control and audit outcomes	Executing the audit recovery programme to address prior year qualified audit opinions and weaknesses in the control environment Enhancing first-line assurance to strengthen accountability for the control environment Strengthening PFMA compliance across the group through awareness training and improved assessment and determination as well as reporting Maturing our combined assurance model and related activities
Market restructuring and unbundling execution	Advancing the unbundling programme across Generation, Transmission and Distribution Strengthening finance readiness and capital allocation for the new operating model Positioning Eskom competitively for a liberalised market Diversifying funding to reduce reliance on Government support

Enhancing financial sustainability *continued*

OUTLOOK

SHORT TERM: FY2027

- Support energy-intensive customers through NPAs for load retention, and engage the IDC and Mozal on a viable business case to resume operations
- Implement the 8.76% tariff increase for FY2027
- Participate in the consultation process around DEE's revised Electricity Pricing Policy
- Embed R5 billion annual savings in the cost base and conclude additional CORE targets from FY2027
- Settle the R38 billion ES26 bond in April 2026
- Advance the ESG funding framework and Eskom's return to capital markets
- Progress DAAs through the section 78 process to stabilise municipal payment levels and support Government's consolidated action plan to address municipal non-payment
- Drive the audit recovery programme to enhance the control environment and strengthen PFMA compliance

MEDIUM TERM: FY2027 TO FY2031

- Stabilise sales at around 178TWh, with the potential for growth through new products, services and customer segments
- Adopt the 8.83% tariff increase for FY2028
- Modernise tariff structures and finalise the MYPD 7 application for FY2029 onwards
- Finalise the recovery of outstanding RCAs through NERSA's processes
- Exceed the cumulative R112 billion CORE target by FY2030
- Generate sufficient cash flows to support R54.5 billion capital expenditure in FY2027, increasing to over R70 billion by FY2031
- Reduce gross debt below R300 billion and achieve a debt/equity ratio of 0.5
- Execute up to R25 billion in annual green financing and sustainability-linked issuances from FY2028
- Finalise divestment of non-core subsidiaries
- Conclude the municipal debt relief programme and related arrear debt write-offs
- Mature the combined assurance model and secure unqualified audit opinions

LONG TERM: BEYOND FY2031

- Migrate towards a sustainable and affordable long-term tariff path
- Deliver a sustainable EBITDA margin of around 30%
- Achieve standalone investment-grade status without reliance on Government guarantees or support
- Resolve municipal debt challenges and support reform of the distribution industry
- Achieve financial maturity of the refined group structure, including Eskom Green and separate generation, distribution and transmission companies as well as an independent state-owned TSO

7

Abbreviations

AC Audit Committee (a Board committee)

ACI African, Coloured and Indian

AEL Atmospheric emissions licence

B-BBEE Broad-based black economic empowerment

BESS Battery energy storage system

BOPC Business Operations Performance Committee (a Board committee)

CAIDI Customer average interruption duration index (see glossary)

CCMA Council for Conciliation, Mediation and Arbitration

CORE Cost Optimisation and Revenue Enhancement

CSA Coal supply agreement

CSI Corporate social investment

DAA Distribution agency agreement

DEE Department of Electricity and Energy

DFFE Department of Forestry, Fisheries and the Environment

DFI Development finance institution

DMPR Department of Mineral and Petroleum Resources

DoA Delegation of authority

DWS Department of Water and Sanitation

EAF Energy availability factor (see glossary)

EBITDA Earnings before interest, taxation, depreciation and amortisation, and fair value adjustments

ECA Export credit agency

ERI Eskom Rotek Industries SOC Ltd

ERTT Eskom Restructuring Task Team (established by the Presidency)

ESG Environmental, social and governance

ESP Electrostatic precipitator

EUF Energy utilisation factor (see glossary)

Exco Executive Management Committee

FFP Fabric filter plant

FGD Flue gas desulphurisation

GCE Group Chief Executive

GCFO Group Chief Financial Officer

GDP Gross domestic product

GIS Group Investigations and Security Department

GSC Governance and Strategy Committee (a Board committee)

GW Gigawatt = 1 000 megawatts

GWh Gigawatt-hour = 1 000MWh

HCR Human Capital and Remuneration Committee (a Board committee)

IASB International Accounting Standards Board (part of the IFRS Foundation)

IDC Industrial Development Corporation of South Africa Ltd

IFC Investment and Finance Committee (a Board committee)

IFRS® International Financial Reporting Standards

INPO Institute of Nuclear Power Operations

IPP Independent power producer (see glossary)

IRP Integrated Resource Plan

ISSB International Sustainability Standards Board (part of the IFRS Foundation)

King IV King IV Report on Corporate Governance™ for South Africa, 2016

King V King V Report on Corporate Governance™ for South Africa, 2025

kℓ Kilolitre = 1 000 litres

KPI Key performance indicator

kt Kiloton = 1 000 tons

kV Kilovolt = 1 000 volts

kWh Kilowatt-hour = 1 000 watt-hours (see glossary)

kWhSO Kilowatt-hour sent out

LTIR Lost-time injury rate (see glossary)

MES Minimum Emission Standards

Mℓ Megalitre = 1 million litres

Abbreviations *continued*

MOI Memorandum of incorporation

mSv Millisievert

Mt Million tons

MVA Megavolt-ampere = 1 million volts

MW Megawatt = 1 million watts

MWh Megawatt-hour = 1 000kWh

MWhSO Megawatt-hour sent out

MYPD Multi-year price determination

NECOM National Energy Crisis Committee

NEDCSA National Electricity Distribution Company of South Africa SOC Ltd

NEMA National Environmental Management Act, 1998

NEMAQA National Environmental Management: Air Quality Act, 2004

NERSA National Energy Regulator of South Africa

NNR National Nuclear Regulator

NPA Negotiated pricing agreement

NTCSA National Transmission Company South Africa SOC Ltd

OCGT Open-cycle gas turbine (see glossary)

OCLF Other capability loss factor (see glossary)

OEM Original equipment manufacturer

PCLF Planned capability loss factor (see glossary)

PFMA Public Finance Management Act, 1999

PPA Power purchase agreement

PRFI Public recordable fatality incident (see glossary)

PV (Solar) photovoltaic

RC Risk Committee (a Board committee)

RCA Regulatory clearing account

RE-IPP Renewable energy independent power producer

RMIPPPP Risk Management Independent Power Producer Procurement Programme

SADC Southern African Development Community

SAIDI System average interruption duration index (see glossary)

SAIFI System average interruption frequency index (see glossary)

SALGA South African Local Government Association

SAPP Southern African Power Pool

SARS South African Revenue Service

SES Social, Ethics and Sustainability Committee (a Board committee)

SIU Special Investigating Unit

SOC State-owned company

SSEG Small-scale embedded generation

TMPS Total measured procurement spend

TWh Terawatt-hour = 1 000GWh

UAGS Unplanned automatic grid separations

UCLF Unplanned capability loss factor (see glossary)

WANO World Association of Nuclear Operators

Glossary of terms

Arrear debt as percentage of revenue	Gross arrear debt written off (relating to electricity receivables only) divided by gross electricity revenue multiplied by 100
Base-load plant	Largely coal-fired and nuclear power stations, designed to operate continuously
Cash interest cover (ratio)	Provides a view of the company's ability to satisfy the interest burden on its borrowings by utilising cash generated from operating activities. It is calculated as net cash from operating activities divided by net interest paid (interest paid on financing activities less interest received from financing activities)
Current ratio	(The current portion of inventory, payments made in advance, trade and other receivables and taxation assets) divided by (the current portion of trade and other payables, payments received in advance, provisions, employee benefit obligations and taxation liabilities)
Customer average interruption duration index (CAIDI)	The average time it takes to restore service to a customer during an outage, measured in hours. Calculated by dividing the total duration of all customer interruptions by the total number of customer interruptions, or alternatively, SAIDI divided by SAIFI. The approved exclusion criteria (as defined in NRS 047) are not applied in the measurement
Daily peak	Maximum amount of energy demanded by consumers in one day
Debt/equity including long-term provisions	Net financial assets and liabilities plus non-current retirement benefit obligations and non-current provisions divided by total equity
Debt service cover (ratio)	Cash generated from operations divided by (net interest paid from financing activities plus debt securities and borrowings repaid)
Decommission	To remove a facility (e.g. a reactor, a unit or an entire power station) from service and either store it safely or dismantle it
Demand-side management	Planning, implementing and monitoring activities to encourage consumers to use electricity more efficiently, including both the timing and level of demand
EBITDA margin	EBITDA as a percentage of revenue (excluding revenue not recognised due to uncollectability)
Electricity operating costs per kWh	Electricity-related costs (primary energy costs, employee benefit costs plus net impairment loss and other operating expenses, less other income) divided by total kWh sales multiplied by 100
Electricity revenue per kWh	Electricity revenue (including electricity revenue not recognised due to uncollectability) divided by total kWh sales multiplied by 100
Embedded derivative	Financial instrument that causes cash flows that would otherwise be required by modifying a contract according to a specified variable such as currency
Energy availability factor (EAF)	Measures power station availability, taking account of both planned and unplanned energy losses under the control of plant management, as well as other non-controllable energy losses, measured as a percentage of total operational capacity
Energy efficiency	Programmes to reduce energy used by specific end-use devices and systems, typically without affecting services provided
Energy utilisation factor (EUF)	Ratio of actual electrical energy produced during a period of time divided by the total available energy capacity. It is a measure of the degree to which the available energy capacity of an electricity supply network is utilised. Available energy capacity refers to the capacity after all unavailable energy (planned and unplanned energy losses) has been taken into account, and represents the net energy capacity made available to the System Operator or national grid
Fatality	An incident in which or in consequence of which, any person (an employee, contractor or member of the public) dies. To be classified as a fatality it must occur at work, or arise out of or in connection with the activities of persons at work, or in connection with the use of plant or machinery. It is reported based on the date on which the incident occurred, regardless of the time intervening between the injury and/or exposure to the cause and the resulting loss of life
Forced outage	Shutdown of a generating unit, transmission line or other facility for emergency reasons or a condition in which generating equipment is unavailable for load due to unanticipated breakdown
Free basic electricity	Amount of electricity deemed sufficient to provide basic electricity services to a poor household (50kWh per month)
Free funds from operations	Cash generated from operations adjusted for working capital
Gross debt	Debt securities and borrowings plus finance lease liabilities plus the after-tax effect of provisions and employee benefit obligations
Gross debt/EBITDA ratio	Gross debt divided by earnings before interest, taxation, depreciation, amortisation and fair value adjustments
Independent non-executive director	A director who (a) is not a full-time salaried employee of the company or its subsidiary nor a shareholder representative; (b) has not been employed by the company in any executive capacity in any of the past three financial years; (c) is not a professional advisor, significant supplier or customer of the company; and (d) is not receiving remuneration contingent on the performance of the company
Independent power producer (IPP)	Any entity, other than Eskom, that owns or operates, in whole or in part, one or more independent power generation facilities
Kilowatt-hour (kWh)	Basic unit of electric energy equal to one kilowatt of power supplied to or taken from an electric circuit steadily for one hour
Lead Independent Director (LID)	Acts as a sounding board for the Chairman and can lead or chair Board meetings in the Chairman's absence or when he has a conflict of interest (effectively a deputy chairperson). The LID can assist with amplifying the voice of other board members and resolving problematic board dynamics. The LID will also lead the Chairman's performance appraisal
Load	Amount of electric power delivered or required on a system at any specific point
Load curtailment	Typically, larger industrial customers reduce their demand by a specified percentage for the duration of a power system emergency. Due to the nature of their business, these customers require two hours' notification before they can reduce demand
Load management	Activities to influence the level and shape of demand for electricity so that demand conforms to the present supply situation, long-term objectives and constraints

Glossary of terms *continued*

Loadshedding	Scheduled and controlled power cuts that rotate available capacity between all customers when demand is greater than supply in order to avoid blackouts. Distribution or municipal control rooms open breakers and interrupt load according to predefined schedules. Use of the term loadshedding typically includes the concept of load curtailment
Lost-time injury (LTI)	A work injury which arises out of and in the course of employment and which renders the injured employee or contractor unable to perform their regular/normal work on one or more full calendar days or shifts, other than the day or shift on which the injury occurred. It includes occupational diseases and fatalities
Lost-time injury rate (LTIR)	Proportional representation of the occurrence of lost-time injuries over 12 months per 200 000 working hours
Major incident	An interruption on the transmission network with a severity ≥1 system minute
Maximum demand	Highest demand of load within a specified period
Non-technical losses	Energy 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. It includes meter reading and billing errors
Occupational disease/illness	Any confirmed disease/illness arising out of, and in the course of, an employee's employment, that is listed in Schedule 3 of the Compensation for Occupational Injuries and Diseases (COID) Act, 1993, or any other condition as determined by an occupational health practitioner
Off-peak	Period of relatively low system demand
Open-cycle gas turbine (OCGT)	Liquid fuel turbine power station that forms part of peak-load plant and runs on kerosene or diesel. Designed to operate in periods of peak demand
Other capability loss factor (OCLF)	Energy losses outside of a station's control as well as internal non-engineering constraints, measured as a percentage of total operational capacity
Outage	Period in which a generating unit, transmission line, or other facility is out of service
Peak demand	Maximum power used in a given period, traditionally between 7:00 and 10:00 as well as 18:00 to 20:00 in summer; and 6:00 to 9:00 as well as 17:00 to 19:00 in winter
Peaking capacity	Generating equipment normally operated only during hours of highest daily, weekly or seasonal loads
Peak-load plant	Gas turbines, hydroelectric or a pumped storage scheme used during periods of peak demand
Planned capability loss factor (PCLF)	Energy losses due to planned maintenance on power station units, whether due to full shutdowns or partial load reduction, measured as a percentage of total operational capacity
Primary energy	Energy from natural resources, e.g. coal, diesel, uranium, sunlight, wind and water
Public recordable fatality incident (PRFI)	An incident resulting in the electrocution of a member of the public by coming into contact with Eskom apparatus within the point of supply, as well as any work-related incident where an Eskom employee or contractor is responsible for the death of a member of the public. It excludes electrocution resulting from criminal activities or incidents where a member of the public is solely at fault. The electrocution of a minor as a result of criminal activity will, however, be regarded as a PRFI
Pumped storage scheme	A lower and an upper reservoir with a power station/pumping plant between the two. During off-peak periods the reversible pumps/turbines use electricity to pump water from the lower to the upper reservoir. During periods of peak demand, water runs back into the lower reservoir through the turbines, generating electricity
Reserve margin	Difference between net system capability and the system's maximum load requirements (peak load or peak demand)
Return on assets	EBIT divided by the regulated asset base, which is the sum of property, plant and equipment, trade and other receivables, inventory and future fuel, less trade and other payables and deferred income
Sustainability	Refers to practices that can be maintained without harming the environment, society or the economy, and considers future generations. It involves finding a balance between the needs of the present and the ability of future generations to meet their own needs
System average interruption duration index (SAIDI)	The average duration of interruptions on the distribution network experienced by customers during a year, measured in hours. It excludes events where the approved exclusion criteria (as defined in NRS 047) have been applied
System average interruption frequency index (SAIFI)	The average frequency of interruptions on the distribution network experienced by customers during a year, measured in number of events. It excludes events where the approved exclusion criteria (as defined in NRS 047) have been applied
System minute	Global benchmark for measuring the severity of transmission network interruptions to customers. One system minute is equivalent to the loss of the entire system for one minute at annual peak. A major incident is an interruption with a severity ≥1 system minute
Technical losses	Naturally occurring losses that depend on the power systems used
Unit capability factor (UCF)	Measure of availability of a generating unit, indicating how well it is operated and maintained
Unplanned capability loss factor (UCLF)	Energy losses due to outages are considered unplanned when a power station unit has to be taken out of service and it is not scheduled at least four weeks in advance, measured as a percentage of total operational capacity
Used nuclear fuel	Nuclear fuel irradiated in and permanently removed from a nuclear reactor. Used nuclear fuel is stored on site in used fuel pools or storage casks
Watt	The watt is the International System of Units' (SI) standard unit of power. It specifies the rate at which electrical energy is dissipated (energy per unit of time)
Wheeling	Refers to the movement of electricity between international customers through Eskom's network, without the power being available to customers on the South African grid

Sustainability indicators selected for reasonable assurance

Deloitte & Touche has been engaged to provide reasonable assurance on selected sustainability key performance indicators (KPIs) for the year ended 31 March 2026. These KPIs are reported based on internally developed measure specification documents (MSD) which set out the reporting criteria. These criteria are summarised in the measurement description for each KPI in the table below.

All but three of the 39 KPIs scoped for reasonable assurance received an unqualified opinion.

IR Refer to the independent sustainability assurance report from page 105 for further information

The selected KPIs and corresponding performance for the year ended 31 March 2026 are as follows:

Key performance indicator	Unit of measure	Measurement description	Boundary	Actual 2026
Achieve universal access, availability, affordability and quality				
Lost-time injury rate (employees only)[SC]	Rate	Proportional representation of lost-time injuries over 12 months per 200 000 working hours. The measure includes occupational diseases but excludes third party at fault incidents and all passengers in commuting incidents	Group	0.18[RA]
Energy availability factor (EAF)[SC]	%	Measures power station availability of official generating units based on nominal capacity. It considers planned and unplanned energy losses under the control of plant management, as well as other non-controllable losses	Group	65.16[RA]
Planned capability loss factor (PCLF)	%	Energy losses due to planned maintenance on power station units, whether due to full shutdowns or partial load reduction	Group	11.55[RA]
Unplanned capability loss factor (UCLF)	%	Unplanned losses, whether due to full breakdowns or partial unavailability of plant	Group	22.88[RA]
Other capability loss factor (OCLF)	%	Energy losses outside of a station's control as well as internal non-engineering constraints	Group	0.41[RA]
Particulate emissions	kt	The mass of particulates emitted from Eskom's coal-fired power stations	Group	176.32[RA]
Relative particulate emissions[SC]	kg/MWh sent out	The mass of particulates emitted from Eskom's coal-fired power stations per unit of energy sent out	Group	0.98[RA]
Carbon dioxide emissions (from fossil fuel generation)	Mt CO_2	Tonnage of CO_2 emitted through fossil fuel generation	Group	184.00[RA]
Specific water consumption[SC]	ℓ/kWh sent out	The amount of raw water used for power generation per unit of energy sent out	Group	1.34[RA]
System minutes lost <1[SC]	Minutes	Measures the sum of system minutes lost for interruptions on the transmission network. It excludes major incidents with a severity of one minute or more	Group	3.10[RA]
System average interruption duration index (SAIDI)[SC]	Hours	The average duration of interruptions on the distribution network experienced by customers during a year	Group	35.09[Q] Note 1
System average interruption frequency index (SAIFI)[SC]	Events	The average frequency of interruptions on the distribution network experienced by customers during a year	Group	11.72[Q] Note 1
Total electrification connections[SC]	Number	New connections of households and farm dweller houses in Eskom's licensed areas of supply, funded from Government's electrification programme or directly by Eskom	Group	67 578[RA]
Off-grid electrification connections[SC]	Number	New connections through off-grid distributed energy resources, such as microgrids, rooftop solar installed by Eskom, and other solutions. It includes the connection of customers and backup supplies	Group	2 119[RA]
Distribution total energy losses[SC]	%	Losses incurred on the distribution network in the process of receiving energy from the transmission network and supplying energy to Eskom's end customers. Losses may arise from technical and non-technical reasons. The latter includes 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. Meter reading and billing errors are included	Group	10.54[RA]
Payment levels (excluding municipalities and metros)[SC]	%	Total payments received as a percentage of amounts invoiced to customers (excluding municipalities and metros) for electricity consumption, including interest	Group	100.19[RA]
Capital payment levels (municipalities and metros)[SC]	%	Total payments received as a percentage of amounts invoiced to municipalities and metros for electricity consumption, excluding interest	Group	89.74[RA]
Customer Delight[SC]	Index	Composite customer satisfaction measure covering customer surveys from key customers as well as selected small power users who have contacted the Customer Contact Centre, had their cases closed and where then contacted by Eskom to get their feedback. It also measures performance of customer care channels, resolution of customer issues and queries, and execution of distribution planned outages	Group	3.77[Q] Note 2
EBITDA[SC]	R million	Earnings before interest, tax, depreciation and amortisation, and fair value adjustments	Group	108 648[RA]

Sustainability indicators selected for reasonable assurance *continued*

Key performance indicator	Unit of measure	Measurement description	Boundary	Actual 2026
Cash interest cover ratio[SC]	Ratio	Operating cash flows available to service net interest on borrowings	Group	3.80[RA]
Debt service cover ratio[SC]	Ratio	Operating cash flows available to service net interest and capital repayments on borrowings[1]	Group	1.55[RA]
Assessment of whistle-blower reports completed within 30 calendar days of being registered[SC]	%	The completion rate of assessments on whistle-blower reports within 30 calendar days of being registered on the case management system	Group	95.45[RA]
Investigations that commenced within 60 calendar days of the preliminary assessment report being completed[SC]	%	The commencement rate of forensic investigations within 60 calendar days of preliminary assessment reports being completed. Measured only on cases where the preliminary assessment recommended a full-scope forensic investigation	Group	11.61[RA]
Cases where recommendations emanating from forensic investigations have been fully implemented[SC]	%	The implementation rate of disciplinary recommendations within 90 calendar days of forensic investigations being completed. Measured based on the percentage of disciplinary referrals that have been tabled with the presiding officer of the disciplinary hearing	Group	50.82[RA]
Attain sovereign and regional energy security				
Transmission lines installed[SC]	km	New high-voltage transmission lines installed on the transmission network	Group	270.8[RA]
Transmission transformer capacity installed and commissioned [SC]	MVA	New transformer capacity installed and commissioned at transmission substations	Group	4 000[RA]
Progress against the Eskom legal separation process[SC]	Milestones achieved	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	Group	Yes – 100% achievement of quarterly targets[RA]
Drive industrialisation and lead innovation				
Smart meters installed and commissioned[SC]	Number	New smart meters installed and commissioned, and registered on the CC&B (Customer Care and Billing) system	Group	610 223[RA]
Local content [SC]	%	Procurement of locally manufactured and/or produced goods and services as a percentage of total contracts awarded at Eskom company level	Eskom company	83.93[RA]
Digitalisation of the procurement process[SC]	%	Measures progress against the multi-year project milestones of digitalising Eskom's procurement management processes	Group	45[RA] Note 3
Establishment of the Komati copper recycling plant[SC]	%	Measures progress against the project milestones of establishing the copper recycling plant at Komati Power Station	Group	52.5[RA] Note 4
Qualitatively transform energy demographics, and elevate the role of women and youth				
New learner enrolment[SC]	Number	Total number of new learners, including artisans, engineers, technicians, plant operators and sector-specific learners	Group	1 293[RA]
Preferential procurement[SC]	%	Procurement of goods and services from B-BBEE compliant suppliers. Calculated as a percentage of total measurable procurement spend	Group	94.58[RA]
B-BBEE score[SC]	Level	Eskom's B-BBEE contributor level measured against the B-BBEE Codes of Good Practice, and certified by an accredited verification agency	Eskom company	Level 3[RA]
CSI committed spend[SC]	R million	Total amount committed or paid towards corporate social investment	Group	153.25[RA]
Assert local, continental and global energy leadership				
Generation capacity recovered [SC]	MW	The capacity recovered from units in extended outage that were successfully resynchronised to the grid. Limited to Medupi Unit 4 and Ankerlig Unit 12 in FY2026	Group	868[RA]
New generation capacity added (renewables)[SC]	MW	New renewable capacity installed on the Eskom network. Includes both generation and storage capacity	Group	–[RA] Note 5
Research and development[SC]	%	Composite measure, equally weighted based on the percentage spend of NERSA-allocated research and development funding as well as the delivery of flagship research projects against the baseline schedule	Group	92.51[RA]
International sales (excluding negotiated pricing agreements)[SC]	GWh	Sales volumes to cross-border customers, excluding sales through negotiated pricing agreements	Group	5 486 [RA]

1. The calculation of the debt service cover ratio includes the once-off conversion of a R20.1 billion China Development Bank (CDB) facility from USD to CNY. Excluding the CDB conversion, the debt service cover ratio amounted to 2.29.

SC Indicates that a KPI was included in the shareholder compact for FY2026.

RA Reasonable assurance provided by the independent assurance provider.

Q Qualified by the independent assurance provider. Refer to the independent sustainability assurance report from page 105 for further information.

Sustainability indicators selected for reasonable assurance *continued*

Note 1: SAIDI and SAIFI

Distribution implemented a new operational tracking system during August 2025, resulting in data limitations during the transition from the previous system. The old and new systems were run in parallel for a short period, until it became clear that the practice was creating safety risks for technical field employees. Alternative options to report on these KPIs were investigated and presented to internal governance structures for approval.

While system constraints were being addressed, three-year historical averages based on actual results up to 31 March 2025 were used to determine the values reported for SAIDI and SAIFI at 31 March 2026. As such, the reported result may not be a true representation of the achievement against the approved target, which was based on actual values. The shareholder was made aware of this practice and, after year end, confirmed in writing their acceptance of Eskom's reporting on that 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 Eskom's internal measure specification document.

Given these limitations, Deloitte was unable to determine whether any adjustment would be required to the SAIDI and SAIFI reported value of 35.09 and 11.72, resulting from the matters described above. They were also unable to do so by alternative means and, as a result, they were unable to provide reasonable assurance on the value reported for SAIDI and SAIFI performance. This does not affect the overall financial audit opinion but is disclosed in the external audit report relating to performance information.

Note 2: Customer Delight

The Customer Delight index (CDI) is a composite measure based on a weighted average of 10 sub-KPIs. It covers customer surveys from key customers as well as selected small power users who have contacted the Customer Contact Centre, had their cases closed and were then contacted by Eskom to get their feedback. It also measures operational performance indicators, including responsiveness of customer care channels, resolution of customer issues and queries, and execution of distribution planned outages.

During the external audit, limitations were identified relating to the verifiability of certain CDI inputs. These included (i) the absence of unique identifiers for key customer survey responses, which limits the ability of the external auditors to confirm respondent authenticity; (ii) the absence of sufficient and appropriate audit evidence to survey responses for small power users who have contacted the Customer Contact Centre, had their cases closed and were then contacted by Eskom for feedback; and (iii) the level of formalisation of the calculation methodology.

Deloitte was unable to obtain sufficient and appropriate audit evidence for aspects which collectively contribute 2.04 to the overall index due to the limitations set out above, and they were unable to do so by alternative means. Deloitte was further unable to determine whether any adjustment would be required to the 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 limitations identified and, as a result, they were unable to provide reasonable assurance on the value reported for CDI performance. This does not affect the overall financial audit opinion but is disclosed in the external audit report relating to performance information.

Management has initiated targeted remedial actions, including enhancements to survey design and respondent validation, formalisation of the CDI calculation methodology and improved capture of customer interaction records. These changes have already been incorporated into the design of the KPI for the new financial year to strengthen auditability and consistency of future reporting.

A downward adjustment of 0.19 was made to the CDI value initially reported to the shareholder, to align to Eskom's approved MSD as it relates to the starting time of a customer outage. Under the approved MSD, an outage was classified as "not starting on time" if a planned customer-affected outage started either more than five minutes earlier than the notified start time or more than 15 minutes later than the notified start time. The NRS 047 standard was amended late in FY2026 to define an outage as "not starting on time" only when it starts more than five minutes earlier than the notified start time (i.e. the element relating to a late start was removed). Eskom had initially updated the calculation to align to the new standard covering only the one element, but per agreement with Deloitte, the value reported initially was reduced to align to the approved MSD which contains both elements. The revised methodology will be implemented in FY2027 after aligning the MSD to the revised NRS 047 standard.

Note 3: Digitalisation of the procurement process

The FY2024 and FY2025 shareholder compact measured the blockchain adoption rate, with Eskom achieving 20% progress by FY2025. The FY2026 shareholder compact amended the measure to track the rate of digitalising Eskom's procurement management processes, therefore not limited to blockchain technology only. The programme has a cumulative multi-year target, which required 20% completion by FY2024, 40% by FY2025 and 60% by FY2026, followed by 70% completion for FY2027 and 100% for FY2028.

The amended KPI was affected by governance and definition changes, coupled with delays in finalising the revised KPI design and implementation approach. Therefore, the relevant processes associated with the amended KPI were not fully operationalised for the reporting period.

Delays in acquiring a digital procurement solution have been experienced for several years, affecting the cumulative performance of the KPI. The following key deliverables have been completed based on the revised implementation approach:

- Research into the adoption of blockchain and analysis of use-case recommendations for 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
- Issuance of the request for proposal for a digital procurement platform to the market, as well as completion of technical evaluations, supplier due diligence and evaluation of associated documentation
- Successful go-live of the first two of three phases of AI-enabled commodity market pricing

IR Refer to the qualified independent sustainability assurance opinion on page 105 for further information

AFS Refer to "Report on the audit of the annual performance report" in the independent auditor's report in the financial statements

Sustainability indicators selected for reasonable assurance *continued*

The target of 60% for FY2026 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. Despite a delayed start to the programme, an expedited delivery plan is being implemented to acquire a solution and implementation partner in FY2027, with the aim of concluding the programme in FY2028, aligned to the shareholder's expectations.

Note 4: Establishment of the Komati copper recycling plant

Progress towards the establishment of a copper recycling plant at Komati Power Station is measured based on several project milestones, including approval of the business case in the first quarter (contributing 25%, related to four activities); conclusion of the procurement process in the second quarter (contributing 30%, related to six activities); construction at 50% complete in the third quarter (contributing 30%, related to site establishment); and 100% completion in the fourth quarter (contributing 15%, related 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. Despite this, the project progressed through key development phases during the year. Further delays were experienced due to the late appointment of an owner's engineer, which was necessary to validate the project scope and confirm recoverable copper volumes.

Eskom achieved 52.5% progress against the overall project milestones for the year, amounting to achievement of the targets for the first two quarters, apart from contract award (contributing 2.5% overall). Progress during the year included completion of a business case, securing of investment approval and identification of a technically suitable supplier through a competitive procurement process. However, uncertainty regarding the availability of recoverable copper from Komati resulted in a pause in implementation to avoid premature commercial commitments. Consequently, 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.

Note 5: New generation capacity added (renewables)

Eskom targeted the commissioning of 94.5MW storage capacity by 31 March 2026 at the Skaapvlei (80MW), Paleisheuwel (9.5MW) and Graafwater (5MW) sites under phase 1 of the battery energy storage systems (BESS) project. Performance of the BESS project was negatively affected by contractor underperformance and contractual challenges during the year, resulting in no new renewable capacity being installed in FY2026.

The contractor for these projects failed to complete the work within the deadline due to its internal challenges, resulting in claims against the contractor and the cessation of all site activities from December 2025. Despite remedial interventions, recovery efforts to date have not been successful. Several strategic interventions are underway to ensure that work resumes. Contingency options are being assessed in parallel, including contract termination and appointing replacement contractors.

Independent sustainability assurance report by Deloitte & Touche

INDEPENDENT ASSURANCE PRACTITIONER'S REASONABLE ASSURANCE REPORT ON SELECTED KEY PERFORMANCE INDICATORS TO THE DIRECTORS OF ESKOM HOLDINGS SOC LTD

We have undertaken a reasonable assurance engagement on selected key performance indicators (KPIs), as described below, and presented in the integrated report of Eskom Holdings SOC Ltd (Eskom) for the year ended 31 March 2026. This engagement was conducted by a multidisciplinary team including environmental, safety, social and assurance specialists with relevant experience in sustainability reporting.

SUBJECT MATTER

We have been engaged to provide a reasonable assurance opinion in our report on the following selected KPIs, marked with [RA] in the integrated report. The selected KPIs described below have been prepared in accordance with Eskom's internal reporting guidelines (reporting criteria) and the associated reporting boundary, which are set out on pages 101 to 102.

Key performance indicator and unit of measure	Boundary
Achieve universal access, availability, affordability and quality	
Lost-time injury rate (employees only), rate	Group
Energy availability factor (EAF), %	Group
Planned capability loss factor (PCLF), %	Group
Unplanned capability loss factor (UCLF), %	Group
Other capability loss factor (OCLF), %	Group
Particulate emissions, kt	Group
Relative particulate emissions, kg/MWh sent out	Group
Carbon dioxide emissions (from fossil fuel generation), Mt CO_2	Group
Specific water consumption, ℓ/kWh sent out	Group
System minutes lost <1, minutes	Group
System average interruption duration index (SAIDI), hours	Group
System average interruption frequency index (SAIFI), events[1]	Group
Total electrification connections, number	Group
Off-grid electrification connections, number[1]	Group
Distribution total energy losses, %	Group
Payment levels (excluding municipalities and metros), %[1]	Group
Capital payment levels (municipalities), %[1]	Group
Customer Delight, index[1]	Group
EBITDA, R million	Group
Cash interest cover ratio	Group
Debt service cover ratio	Group
Assessment of whistle-blower reports completed within 30 calendar days of being registered, %[1]	Group
Investigations that commenced within 60 calendar days of the preliminary assessment report being completed, %[1]	Group
Cases where recommendations emanating from forensic investigations have been fully implemented, %[1]	Group
Attain sovereign and regional energy security	
Transmission lines installed, km	Group
Transmission transformer capacity installed and commissioned, MVA	Group
Progress against the Eskom legal separation process, milestones achieved[1]	Group
Drive industrialisation and lead innovation	
Smart meters installed and commissioned, number[1]	Group
Local content, %	Eskom company
Digitalisation of the procurement process, %[1]	Group
Establishment of the Komati copper recycling plant, %[1]	Group
Qualitatively transform energy demographics, and elevate the role of women and youth	
New learner enrolment, number	Group
Preferential procurement, %	Group
B-BBEE score, level[1]	Eskom company
CSI committed spend, R million	Group
Assert local, continental and global energy leadership	
Generation capacity recovered, MW[1]	Group
New generation capacity added (renewables), MW[1]	Group
Research and development, %[1]	Group
International sales (excluding negotiated pricing agreements), GWh[1]	Group

1. We were not required to provide assurance on these KPIs in the prior year.

Independent sustainability assurance report by Deloitte & Touche *continued*

DIRECTORS' RESPONSIBILITY

The directors are responsible for the selection, preparation and presentation of the selected KPIs in accordance with reporting criteria. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation and maintenance of internal controls relevant to the preparation of the integrated report that is free from material misstatement, whether due to fraud or error. The directors are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected KPIs and for ensuring that those criteria are publicly available to users.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors* issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. 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).*

Deloitte & Touche applies the International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

ASSURANCE PRACTITIONER'S RESPONSIBILITY

Our responsibility is to express a reasonable assurance opinion on the selected KPIs based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our engagement to obtain reasonable assurance about whether the selected KPIs are free from material misstatement.

A reasonable assurance engagement undertaken in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about the measurement of the selected KPIs and related disclosures in the integrated report. The nature, timing and extent of procedures selected depend on the auditor's professional judgement, including the assessment of the risks of material misstatement of the selected KPIs, whether due to fraud or error.

In making those risk assessments we have considered internal controls relevant to Eskom's preparation of the selected KPIs. A reasonable assurance engagement also includes:

- Evaluating the appropriateness of quantification methods, reporting policies and internal guidelines used and the reasonableness of estimates made by Eskom
- Assessing the suitability in the circumstances of Eskom's use of the applicable reporting criteria as a basis for preparing the selected information
- Evaluating the overall presentation of the selected sustainability performance information

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

BASIS FOR QUALIFIED OPINION

SAIDI AND SAIFI

The SAIDI and SAIFI reported values of 35.09 and 11.72 do not represent the actual average duration and frequency for the current year as established in the reporting criteria. The values disclosed were based on historical averages of the prior three years' reported values as adequate processes were not established to consistently measure and reliably report on these KPIs in accordance with the reporting criteria in the current year.

Consequently, we were unable to determine whether any adjustment would be required to the SAIDI and SAIFI reported values of 35.09 and 11.72, resulting from the matters described above, and we were unable to substantiate these values by alternative means.

CUSTOMER DELIGHT

Included in the Customer Delight KPI reported value of 3.77 are indices with a 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". We were unable to obtain sufficient and appropriate audit evidence for the actual value reported and were unable to do so by alternative means.

Consequently, we were unable to determine whether any adjustment would be required to the Customer Delight KPI 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.

QUALIFIED REASONABLE ASSURANCE OPINION

In our opinion, except for the possible effects of the matters referred to in the "Basis for qualified opinion" paragraph above, the selected KPIs as set out in the "Subject matter" paragraph above for the year ended 31 March 2026 are prepared, in all material respects, in accordance with the reporting criteria.

OTHER MATTERS

Our report includes the provision of reasonable assurance on selected KPIs, as indicated in the "Subject matter" paragraph above, on which we were previously not required to provide assurance.

The maintenance and integrity of Eskom's website is the responsibility of Eskom's management. Our procedures did not involve consideration of these matters and, accordingly, we accept no responsibility for any changes to either the information in the integrated report or our independent reasonable assurance report that may have occurred since the initial date of its presentation on Eskom's website.

RESTRICTION OF LIABILITY

Our work has been undertaken to enable us to express a reasonable assurance opinion on the selected KPIs to the directors of Eskom in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Eskom, for our work, for this report, or for the conclusion we have reached.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, 2005, we report that we have identified a reportable irregularity in terms of the Auditing Profession Act. We have reported this matter to the Independent Regulatory Board for Auditors. The matter pertaining to the reportable irregularity has been described in item 1 of note 53 of Eskom's annual financial statements for the year ended 31 March 2026.

Deloitte & Touche
Registered Auditors

Per Jyoti Vallabh
Chartered Accountant (SA)
Registered Auditor
Partner

30 August 2026

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South Africa

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

FORWARD-LOOKING STATEMENTS

Certain statements in this report regarding Eskom's business operations may constitute forward-looking statements. These include all statements other than statements of historical fact, including those regarding the financial position, business strategy, management plans and objectives for future operations.

Forward-looking statements constitute current expectations based on reasonable assumptions, data or methods that may be imprecise and/or incorrect and that may be incapable of being realised. As such, they are not intended to be a guarantee of future results. Actual results could differ materially from those projected in any forward-looking statements due to various events, risks, uncertainties and other factors. Eskom neither intends nor assumes any obligation to update or revise any forward-looking statements contained in this report, whether as a result of new information, future events or otherwise.

Future performance plans and/or strategies referred to in the integrated report have not been reviewed or reported on by the group's independent auditors.

Eskom

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