Eskom

2026 PERFORMANCE REPORT

Our value creation journey

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	ANNUAL FINANCIAL STATEMENTS	SUSTAINABILITY REPORT	GOVERNANCE AND REMUNERATION REPORT [NEW]	PERFORMANCE REPORT [NEW]
Our strategy and value creation story and outlook	*Our audited financial position, performance and cash flows*	*Our environmental, social and governance (ESG) impacts*	*How we are governed and how we reward our people*	*A detailed view of operational and financial performance*
WHO IT'S FOR: The people of South Africa, providers of financial capital and our broader stakeholder base	**WHO IT'S FOR:** Shareholder, investors, creditors, regulators, analysts, employees and the public	**WHO IT'S FOR:** Stakeholders with a specific interest in our ESG performance	**WHO IT'S FOR:** Shareholder, providers of financial capital, regulators and employees	**WHO IT'S FOR:** Shareholder, analysts, regulators and operationally focused stakeholders
GUIDED BY: Integrated Reporting Framework, Companies Act, PFMA, King IV; with ISSB standards IFRS S1 and S2 under assessment	**GUIDED BY:** IFRS Accounting Standards, the Companies Act and PFMA	**GUIDED BY:** Global Reporting Initiative, United Nations Sustainable Development Goals (SDGs), IFRS S2 and Eskom's internal ESG framework	**GUIDED BY:** Companies Act, King IV and PFMA, with pay-gap disclosures aligned to the Companies Amendment Act's requirements	**GUIDED BY:** PFMA and National Treasury regulations, the shareholder compact and internal KPI measurement specifications
MATERIALITY LENS: Double materiality: financial and impact	**MATERIALITY LENS:** Financial materiality: information that could influence users' decisions	**MATERIALITY LENS:** Impact materiality: our most significant effects on the economy, environment and people	**MATERIALITY LENS:** Matters material to leadership effectiveness, ethical conduct, fair remuneration and long-term value creation	**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	**ASSURANCE:** Audited by Deloitte & Touche on behalf of the Auditor-General of South Africa	**ASSURANCE:** Internal Audit verified the disclosures; Deloitte & Touche provided reasonable assurance on selected KPIs and reviewed consistency across the reporting suite	**ASSURANCE:** Internal Audit verified the disclosures; Deloitte & Touche reviewed consistency across the reporting suite	**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

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.

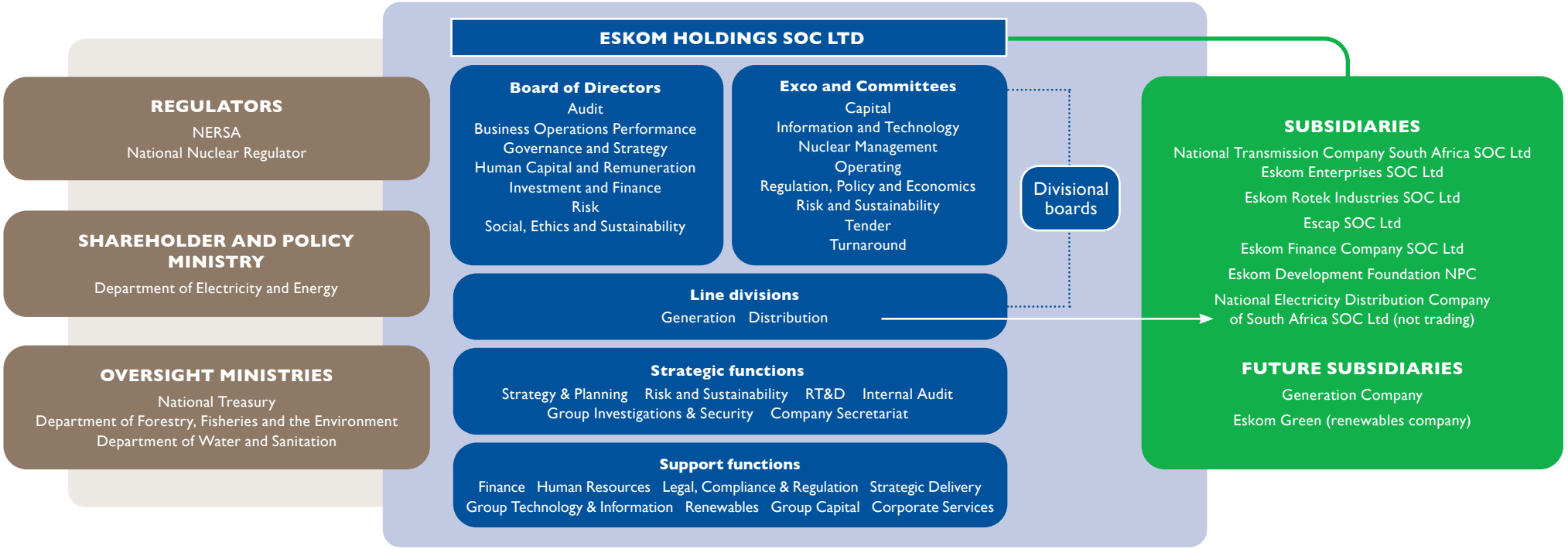
PR Our business model, detailed from page 8, shows how we convert inputs into electricity to meet customer demand, and how we impact the six capitals

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.

PR See "External governance and oversight" on page 5 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" in the integrated report 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 in the integrated report

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 from page 70

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).

1. Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

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" in the integrated report 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 on page 78

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.

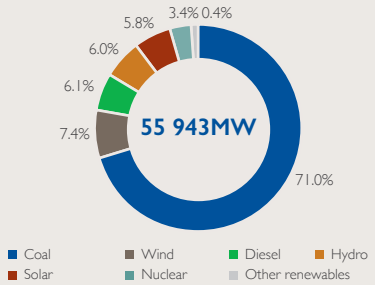
PR Details on our power stations, power lines and substations are available from page 75

TRANSMIT	
Transmission lines	33 691km
Transformer capacity	161 423MVA

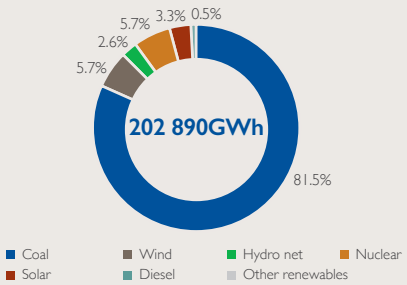
DISTRIBUTE	
Overhead lines	369 068km
Underground cables	8 496km
Transformer capacity	148 241MVA

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.

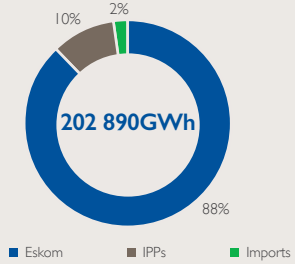
Overall nominal capacity provided by Eskom and IPPs, by source



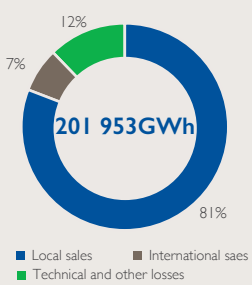
Total energy supplied by Eskom and IPPs, by source (excluding wheeling and net of pumping)



Energy breakdown by supplier



Energy breakdown by destination



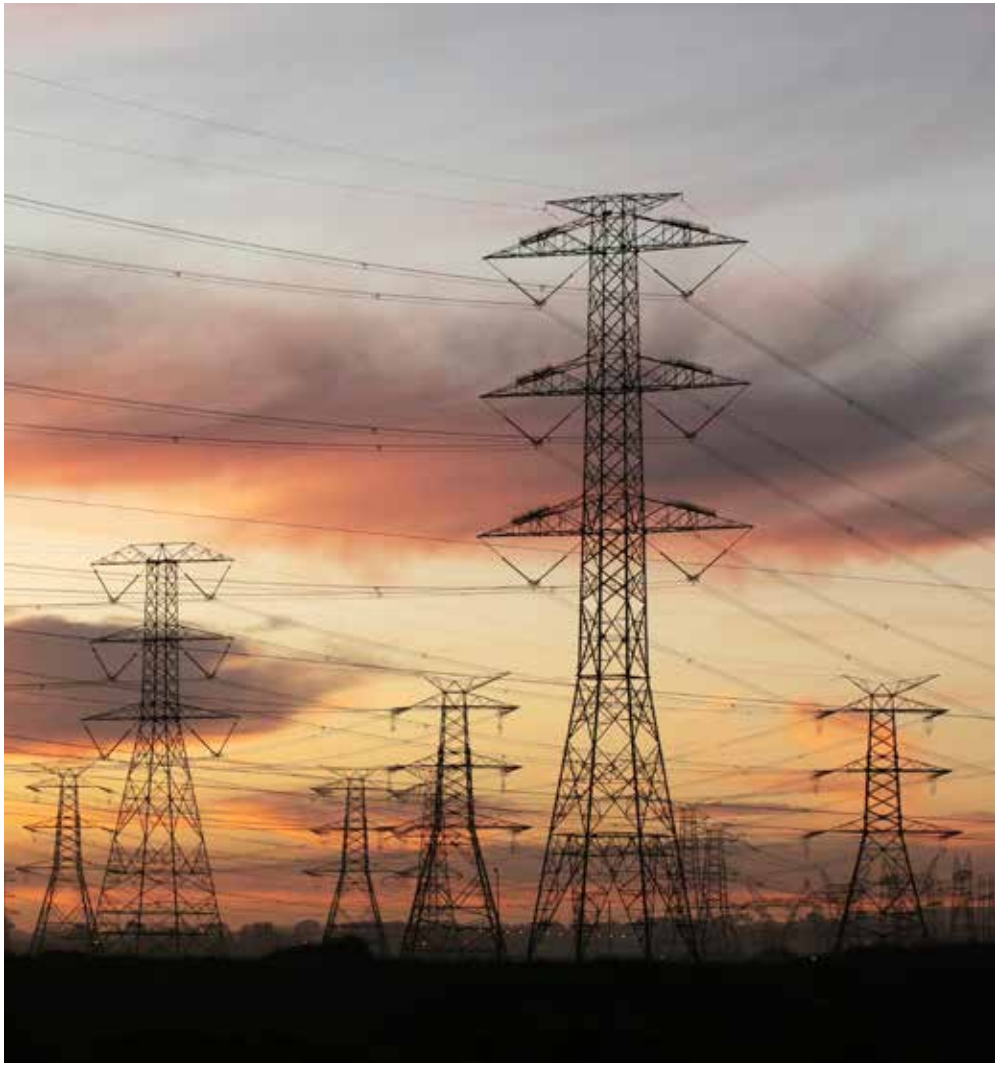
The difference between the total supply and demand is due to own use and timing differences.

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

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

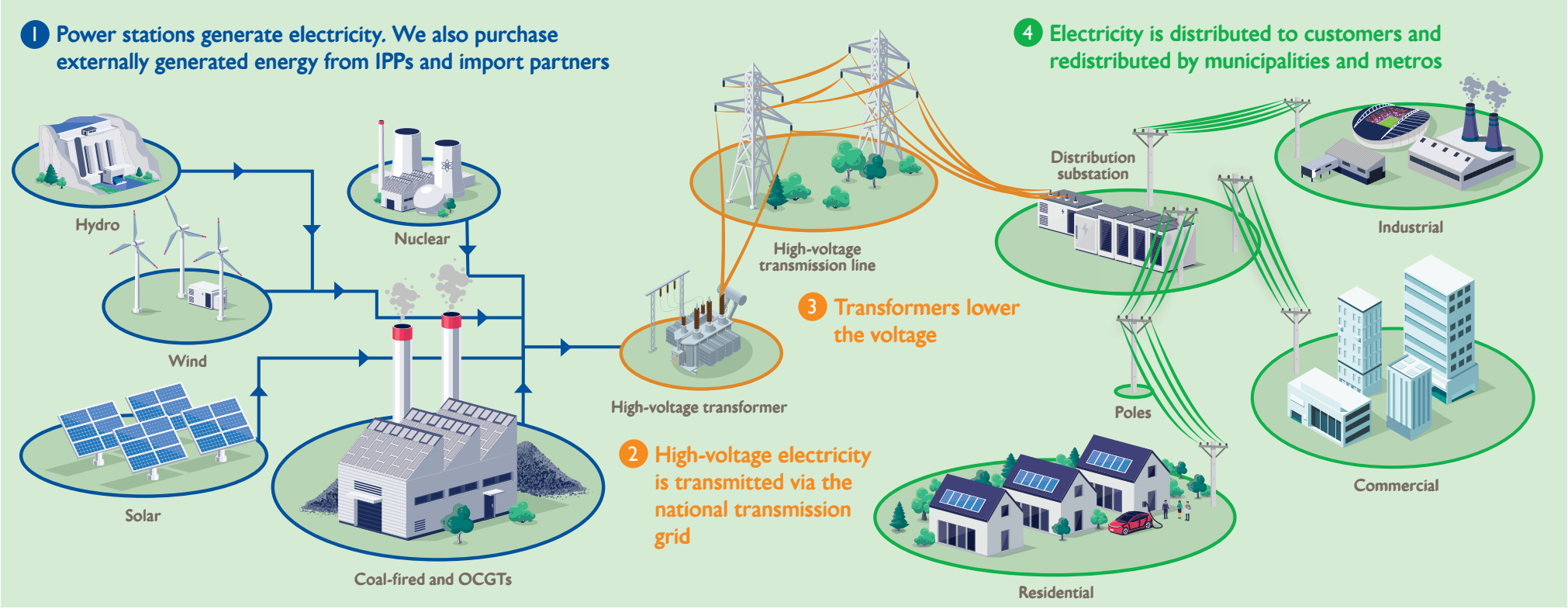
178 032GWh
Electricity sales to distributors, industrial, commercial, international, residential and other customers (2025: 189 723GWh)

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 in the integrated report

2

Growing our people

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

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 in 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. The year 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 is a daily discipline. Each fatality incident is thoroughly investigated and the lessons drawn are embedded in the controls, behaviours and leadership accountability that keep our people, contractors and communities safe. In parallel, retirement exposure, 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.

High-performance ethical culture	Skills and capabilities	Employer of choice	Future-fit organisation
• Culture transformation anchored in our six cornerstones • Accountability and consequence management • Leadership development and continuity	• Reskilling and redeploying 15 000 employees by FY2031 • Closing critical technical, digital and Just Energy Transition (JET) related skills gaps • Training and development to close priority skills gaps	• Competitive rewards and recognition • Diversity, equity, inclusion and belonging • Employee wellbeing and mental health	• 90% successor coverage for critical roles • Digitally enabled, agile and productive workforce • Supporting JET and long-term sustainability

Guided by our six culture cornerstones

- People prioritisation
- Operational excellence
- Financial prudency
- Accountability
- Customer centricity
- Being values-driven

Growing our people *continued*

Our People Plan continues to focus on four priorities: building a high-performance, ethical culture, positioning Eskom as an employer of choice, creating a future-fit organisation and closing the critical skills gaps that will shape the next decade. This work is guided by our six culture cornerstones: people prioritisation, operational excellence, financial prudency, accountability, customer centricity and being values driven. As the business modernises, our people modernise with it, supported by targeted investment in transformation, rewards, safety and wellbeing, learning and labour relations.

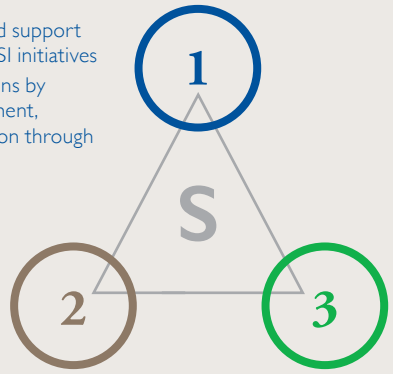
Underpinning the People Plan is our commitment to embedding the social dimension of environmental, social and governance (ESG) into how we work. Our approach brings together social capital, human capital and health and safety, ensuring that we deliver a just transition, invest in our people and communities and safeguard the wellbeing of everyone who contributes to Eskom's mandate.

Social capital

- Ensure fair JUST energy transition to sustainable energy sources
- Foster community welfare and support local development through CSI initiatives
- Ensure sustainable supply chains by focusing on supplier development, industrialisation, and localisation through the SETP

Health and safety

- Safeguard the wellbeing of all employees and contractors
- Strengthen safety protocols throughout the organisation
- Ensure the safe management of waste, including nuclear



Human capital

- Prioritise employee wellbeing and development
- Promote diversity and inclusivity within the workforce through equity initiatives
- Become employer of choice by investing in employee skills and career growth
- Encourage innovative ideas and solutions from employees
- Transform organisational culture to be a high-performance ethical culture and promote inclusivity

WORKFORCE COMPOSITION AND TRANSFORMATION

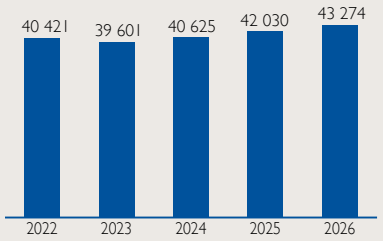
OUR PEOPLE IN NUMBERS

Our workforce reflects the scale and complexity of the electricity system we operate. We plan our workforce around a simple principle: the right people in the right roles as our operating model evolves, balancing operational demand with financial sustainability and the shift to a modernising system.

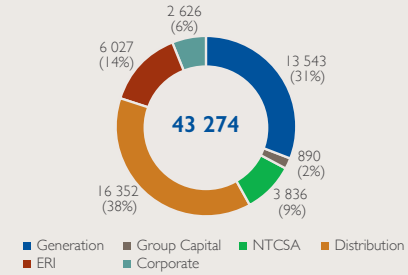
Group headcount grew to 43 274 (2025: 42 030), with additions concentrated in the Generation Division and Eskom Rotek Industries SOC Ltd (ERI) to reinforce plant performance, maintenance execution and operational resilience. Attrition eased to 5.35% (2025: 5.58%), reflecting our ability to retain critical institutional knowledge while creating space for new talent. During the year, we appointed 3 492 employees externally and facilitated 2 268 internal placements through promotions and transfers, sustaining a balance between external capability and internal progression.

Group headcount comprised 41 334 permanent employees and 1 940 fixed-term contractors. We were further supported by 2 432 third party contractors, who are active on our work sites and whose safety we address later in this section. Workforce planning is guided by an upper headcount limit of 43 309 over the next five years, ensuring that people investment remains aligned with operational requirements and long-term affordability.

Change in group headcount



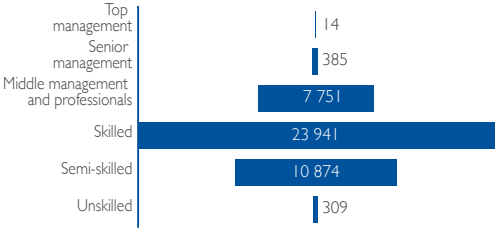
Employee complement by function



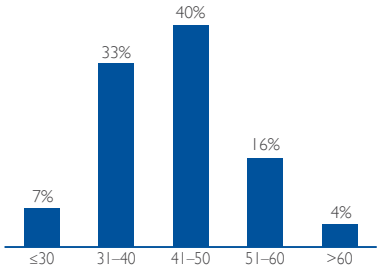
More than 90% of our workforce is directly involved in the generation, transmission and distribution of electricity. As the new build programme draws to a close, we are redeploying skilled employees to strategic growth areas focused on the Transmission Development Plan, grid expansion, renewable energy capacity and the Strategic Delivery Unit. This preserves critical technical expertise, protects institutional knowledge and avoids unnecessary job losses as our operating model evolves.

Retirement exposure remains a key long-term workforce risk. Two in five of our people are aged 41 to 50, and a further one in five is over 50, which means a meaningful share of our technical and institutional knowledge will exit the organisation over the next decade. We continue to strengthen succession planning, knowledge transfer and leadership development to protect operational continuity and build the next generation of technical and leadership talent. Our learner pipeline, mentorship and targeted skills development programmes, discussed later in this section, are central to how we manage this risk.

Employee complement by occupational level, number



Employee complement by age, %



Growing our people *continued*

SOURCING TALENT AND SKILLS

Ensuring we have the right skills and capabilities to deliver on our strategy is a key priority, and one the Board actively oversees. Our talent acquisition strategy gives effect to this through a four-pronged sourcing framework – **Build–Buy–Borrow–Bot** – which aligns workforce planning to our strategic imperatives. This structured approach recognises that effective leadership underpins our ability to create value in a sustainable manner.

By developing talent internally, our **Build** channel remains central to how we secure the skills of the future, and it is where Eskom has long been recognised. Our learner and bursary programmes provide a strong pipeline, while our succession programmes support leadership continuity in critical roles, an important safeguard against key-person risk. Yet, as we pursue a future-focused growth agenda, we recognise that certain skills do not exist within the organisation and must be sourced externally. The **Buy** channel is reflected in recent senior managerial level appointments in Eskom Green and Group Technology, a considered response to identified capability gaps.

These approaches are complemented in two further ways. Through **Borrow**, we supplement our permanent workforce with temporary talent in the form of fixed-term contractors, giving us the agility to respond to short-term and project-based demands without compromising long-term workforce sustainability. Through **Bot**, we increasingly draw on technology, automation and artificial intelligence (AI) to augment our talent needs, applying oversight to ensure these tools are deployed responsibly and ethically.

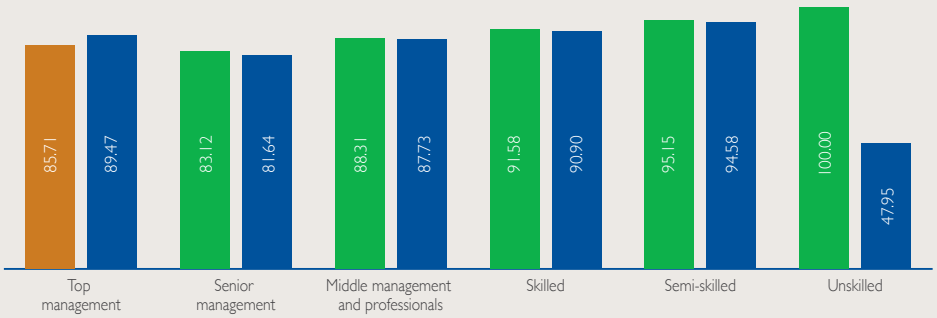
By balancing internal development, external expertise, temporary capacity and technology, this framework enables the organisation to plan for both current and future demands with foresight. It reinforces our commitment to ethical, effective and accountable leadership, and to safeguarding our ability to create and sustain value over time.

TRANSFORMING OUR WORKFORCE

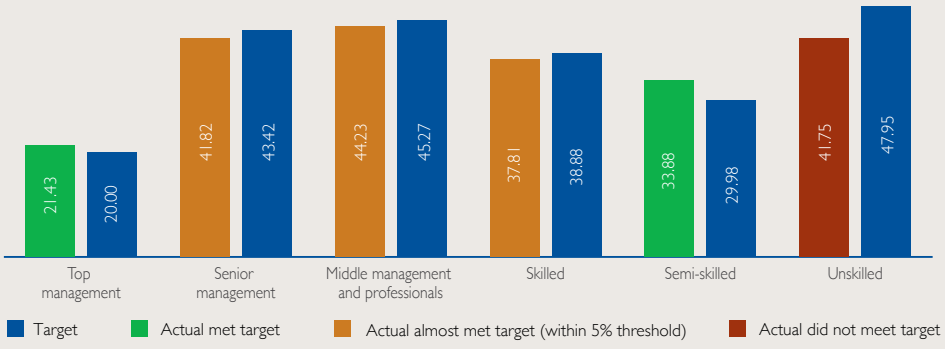
Transformation is a strategic priority for Eskom. A workforce that reflects South Africa strengthens decision-making, broadens the talent pipeline, deepens capability and reinforces our connection to the communities we serve.

Our approach is guided by our employment equity plan and gives effect to the Employment Equity Act, 1998, as amended by the Employment Equity Amendment Act, 2022. During the year we aligned our employment equity plan to the five-year sectoral numerical targets gazetted for the electricity, gas, steam and air conditioning supply sector, which are effective from 1 September 2025 to 31 August 2030 and set the national target for the employment of persons with disabilities at 3%. Against this framework we made further progress this year, with racial equity targets met across most occupational levels and female representation continuing to improve.

Racial equity by occupational level, %



Gender equity by occupational level, %

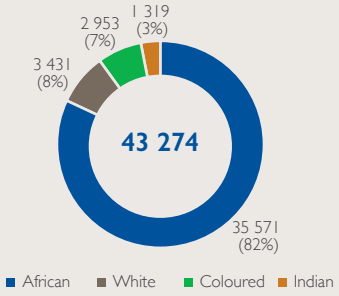


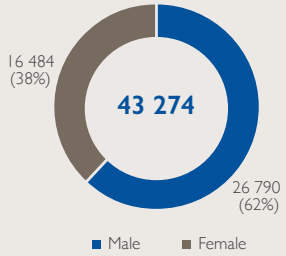
While we met our racial equity targets across most occupational levels and improved female representation overall, gender equity at senior management remained below target at 41.82% (2025: 42.58%). Increasing female representation in technical, engineering and senior management roles therefore remains a firm priority, embedded in our talent, learning and succession processes and advanced through our Women in Power initiative, mentorship and leadership development. We are committed to accelerating progress towards our employment equity plan targets in the year ahead.

PR Our employment equity performance at senior and middle management/professional level is set out in the statistical tables from page 73 of this report

Growing our people *continued*

Racial and gender representation across the workforce



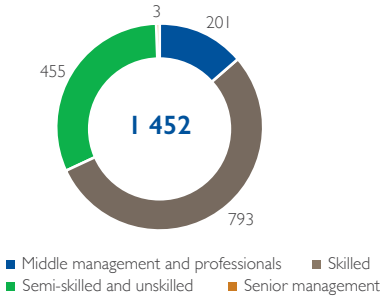


During the year, we advanced gender inclusion through our Women in Power initiative, which extends the Eskom Women Advancement Programme through leadership development, mentoring and career progression opportunities. This initiative has a particular focus on building the pipeline of women in technical and leadership roles. Supporting measures include post-partum reintegration standards, mothers' rooms at head office and six satellite offices, as well as our hybrid working policy.

> "To lead is to serve. Even when it's difficult, keep serving. – Dr Candice Hartley, Chief People Officer, reflecting on Eskom's role at the Forbes Woman Africa Leading Women Summit 2026"

Inclusion also extends to creating meaningful employment for persons with disabilities. At year end, employees with disabilities represented 3.36% of our workforce (2025: 3.11%), exceeding the national target of 3% and progressing towards our internal employment equity plan target of 3.2%. During the year, we continued to create opportunities for persons with disabilities through the Youth Employment Service (YES) programme, with 931 YES learners enrolled at year end.

Employees with disabilities by occupational level, number



Our workforce transformation is reinforced by the progress we are making on a broader economic transformation, including an improvement in our B-BBEE rating to level 3 against a target of level 4. Together, these outcomes support Eskom's developmental mandate, contributing to inclusive economic participation and sustainable socio-economic impact across the communities we serve.

SR For further detail on diversity and inclusion, refer to "Diversity, equity and inclusion" in the sustainability report

SAFETY AND WELLBEING

FOCUS ON SAFETY

The safety, health and wellbeing of our employees, contractors, customers 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.

During the year, we strengthened our safety culture by reinforcing leadership accountability, improving risk management and embedding critical risk controls across our operations. Visible-felt leadership, structured safety conversations and executive site visits reinforced accountability at every level of the organisation. We also reinforced our life-saving rules across high-risk activities including working at heights, working with electricity and driving, supported by compliance verification and targeted interventions.

We monitor our safety performance through key indicators including employee lost-time injury rate (LTIR), employee and contractor fatalities, occupational diseases and critical risk controls. The LTIR target reflected in the table below indicates our tolerance level. In line with our value of Zero Harm, the true target is zero.

Measure and unit	Target 2029	Target 2027	Target 2026	Target met?	Actual 2026	Actual 2025	Actual 2024
Fatalities – employees and contractors, number	–	–	–	●	7	3	5
Fatalities – public, number	–	–	–	●	11	15	20
Employee lost-time injury rate, index (including occupational diseases) SC	0.25	0.29	0.30	●	0.18	0.23	0.29

Our employee LTIR improved to 0.18, within the shareholder compact tolerance level of 0.30 (2025: 0.23), reflecting stronger operational discipline, improved hazard identification and greater ownership of safety across the organisation. This improvement matters beyond the metric itself: a safer, more disciplined operating environment underpins the plant stability and reliability central to our recovery. Confirmed occupational diseases reduced to 10 cases during the year (2025: 15), with most relating to noise-induced hearing loss. Work continues to strengthen hearing conservation and noise exposure controls across high-risk operations.

Despite progress in leading indicators, employee and contractor fatalities rose from three in FY2025 to seven in FY2026, comprising four employees and three contractors (2025: one employee and two contractors), an outcome we consider with the utmost seriousness. Each incident is thoroughly investigated to identify root causes, implement corrective actions and ensure lessons learned are shared across the group. Strengthening fatality prevention remains our highest safety priority as the loss of life from our operations is unacceptable.

Growing our people *continued*

In memoriam

Our heartfelt condolences go to the families, friends and colleagues of the following individuals who lost their lives while in service of Eskom and our customers:

Peter Isaac Beukes: Distribution employee

Theophilus Mpere Maila: Distribution contractor

Mokgoko Johannes Masemola: Distribution employee

Thulani Vincent Msimango: Eskom Rotek Industries employee

Gilbert Madala Nkonyana: Generation employee

Solomon Seleka: Generation contractor

Zenzele Herbert Sibeko: Generation contractor

Contractor safety is a key people-related risk that we actively manage. During the year, we tightened contractor pre-qualification requirements, on-site supervision and shared safety accountability at project level. Building on this, work is underway to further integrate contractor safety performance into contract management and performance reviews, and to strengthen frontline supervision on high-risk activities in FY2027.

Public fatalities decreased to 11 (2025: 15), the majority arising from electrical contact incidents. Despite the reduction, every one of these represents a life lost, and we remain firmly guided by the principle that even a single fatality is one too many. We manage public safety as an ongoing risk and are committed to strengthening the interventions needed to prevent harm. This includes leading proactive engagement on community encroachment within our servitudes, which exposes communities to avoidable risk, supported by awareness campaigns, community engagement and infrastructure protection measures.

PR Public safety initiatives are discussed in more detail under "Sustaining communities – Public safety" from page 42 of this report

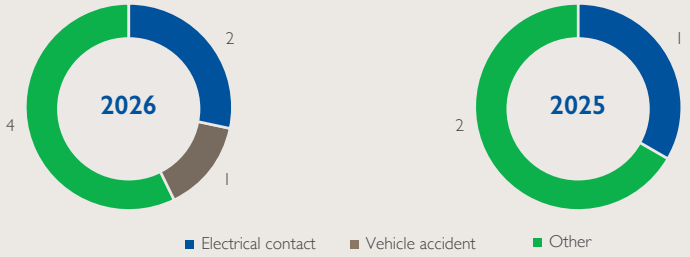
Our approach to safety extends beyond compliance. We continue to foster a culture where every employee and contractor is empowered to identify hazards, intervene when conditions are unsafe and take personal responsibility for their own safety and that of others.

LEARNING FROM INDUSTRY INCIDENTS

Public safety remained a key focus during the year. At our quarterly Public Safety Forum in February 2026, Sasol shared lessons from a recent fire incident, reinforcing the importance of coordinated communication between organisations. The Passenger Rail Agency of South Africa (PRASA) also raised concerns about unsafe public behaviour near railway lines. We reflected on these learnings and subsequently shared relevant public safety awareness material with participating organisations to strengthen broader stakeholder communication.

SR Furthermore, detail on occupational health, employee wellbeing and public safety is covered under "Health and wellness" in the sustainability report

The causes of these fatalities are shown below.



SUPPORTING HEALTH AND WELLBEING

We take an integrated approach to employee wellbeing, supporting employees physically, mentally, emotionally and socially throughout their careers. This is underpinned by our occupational health infrastructure, including in-house services across 47 clinics that deliver medical surveillance, fitness-for-duty assessments and primary healthcare, enabling early detection and timely support.

During the year, we elevated mental health to a Priority 1 risk, reflecting the operational pressures and personal challenges facing our people. This is supported by an integrated mental health framework focused on prevention, early intervention and sustained employee support. Programmes were expanded to address mental health awareness, grief counselling, menopause support, disability inclusion and employee assistance services. Our fatigue management programme remains an important component of our broader health and wellbeing approach.

Zero Harm remains our foundational commitment, and fatality prevention stays our highest priority into FY2027. We will sustain the gains reflected in our improved leading indicators while strengthening the areas that continue to expose our people, contractors and communities to risk – deepening root-cause analysis and contractor safety accountability, reducing workplace injuries and ill-health, increasing employee engagement on occupational health and safety, and building understanding of Zero Harm across the workforce. Supported by continued collaboration with partners such as Sasol, Transnet and PRASA, and by advancing our mental health framework, we are targeting measurable reductions in public and contractor incidents, reinforcing safety and wellbeing as enablers of a stable operating environment and a resilient, future-ready workforce.

SR For more information on health and wellness and managing mental health, refer to "Managing mental health" in the sustainability report

Growing our people *continued*

REWARDS AND RECOGNITION

EMPLOYEE VALUE PROPOSITION AND ENGAGEMENT

Our employee value proposition (EVP) supports the attraction, development and retention of the skills we need to deliver our mandate. Through meaningful work, development opportunities, competitive rewards and an inclusive employee experience, our EVP creates the conditions for a workplace where every employee feels valued and enabled to contribute.

For the second consecutive year, Eskom was certified as a Top Employer South Africa by the Top Employers Institute, a global authority on human resources strategy and certification. While external recognition reaffirmed the strength of our people practices, we continue to focus on strengthening our ability to attract critical skills in an increasingly competitive talent market, where scarce engineering and technical capabilities remain in high demand. This is a key people-related risk we actively manage through targeted retention, accelerated development and a differentiated reward approach for critical roles.

Internally, we reintroduced the Chairman's Awards to recognise individuals and teams contributing to our operational recovery, reinforcing the link between performance, values and recognition. Building on this, we will continue to strengthen our EVP through targeted engagement, leadership development and reward interventions that support a high-performance, values-driven culture.

REMUNERATION AND BENEFITS

Our approach to remuneration and benefits balances the attraction and retention of critical skills with fairness to employees, affordability to the business and credibility to our shareholder and lenders. Our total rewards framework anchors this approach and operates within the conditions of the Eskom Debt Relief Act, 2023 as amended and complies with the Companies Amendment Act, 2024. Through our rewards framework, we seek to attract and retain critical technical, engineering and leadership skills, reinforce a high-performance, ethical culture and support organisational stability as the electricity sector continues to evolve. We remain mindful of the affordability constraints that accompany the Debt Relief Act, and we manage the wage bill carefully to protect both delivery and financial sustainability.

A significant milestone was the conclusion of a three-year collective wage agreement with our recognised trade unions, signed on 17 April 2026. Bargaining unit employees comprise around 81% of our workforce, and wage negotiations are conducted through the Central Bargaining Forum (CBF). We opened negotiations significantly earlier than in previous cycles, with the aim of settling before the 2026 winter period.

Following four rounds of negotiations during FY2026 and engagement with the shareholder, the National Union of Mineworkers (NUM) and Solidarity accepted our final offer of a 7% cost-of-living adjustment for each of the three years, together with a once-off payment of R10 000 before tax in each of the first two years. Although the National Union of Metalworkers of South Africa (NUMSA) did not sign, the agreement is binding on all bargaining unit employees in line with the Labour Relations Act, 1995. The agreement is effective from 1 July 2026 to 30 June 2029.

NUMSA has since referred a dispute to the Commission for Conciliation, Mediation and Arbitration (CCMA). The CCMA found the referral to be procedurally defective and directed NUMSA to include NUM and Solidarity in the proceedings before the matter is reconsidered. We understand that both NUM and Solidarity will defend the collective agreement that was concluded. Our position remains that a valid collective agreement, binding on all bargaining unit employees, has already been concluded as the signatory unions collectively represent the required two-thirds majority of bargaining unit employees. We are confident in defending this matter and we do not expect the dispute to disrupt operations or the agreed adjustments.

The multi-year agreement supports cost predictability, labour certainty and continued focus on operational improvements at a critical time for the electricity sector. During the year, we progressed the review of our total rewards framework to ensure that it remains competitive, equitable and aligned to our long-term workforce requirements. This work, which includes strengthening how we reward and develop scarce and future-critical skills, will continue in FY2027.

SHORT-TERM INCENTIVE SCHEME

The Board, with shareholder support, reintroduced the group short-term incentive (STI) scheme in FY2025 as part of Eskom's broader turnaround plan. The STI scheme reinforces our shift to a high-performance culture, rewarding delivery against clear operational and financial gatekeepers and is self-funded from improved performance. This approach ensures that variable pay is directly linked to the results our shareholder, lenders and employees expect from a rebuilt Eskom.

GR For detail on remuneration governance, reward structures and variable incentives, refer to "Ensuring fair remuneration" in our governance and remuneration report

MANAGING PERFORMANCE

We regard performance management as a strategic lever to drive sustained delivery and long-term sustainability. Our approach is founded on accountability, alignment, fairness and continuous improvement. It creates a clear line of sight between the shareholder compact and Corporate Plan through to team deliverables and individual accountabilities. This ensures that every employee understands how their contribution supports our objectives, and it reinforces not only what we deliver, but also how results are achieved.

top EMPLOYER South Africa 2026 FOR A BETTER WORLD OF WORK

> "This certification recognises Eskom's contribution to creating a better world of work through excellence in people practices, which is positively impacting the lives of our employees. – Sharmila Govind, Chairperson: Human Capital and Remuneration Committee"

Growing our people *continued*

During the year we adopted a team-based performance management model to entrench a "One Eskom" culture, improve visibility of strategic priorities and encourage collective ownership of results. By linking performance to remuneration and recognition, career progression and succession planning, the model strengthens fairness, transparency and accountability across the group. It also underpins stronger consequence management to address criminality, misconduct and non-performance, reinforcing a culture of accountability and ethical conduct.

The benefits are evident in our operational and financial recovery, including sustained improvements in generation performance, a marked reduction in loadshedding and a strong return to profitability. To support consistent application of the new model, we invested in building the capability of managers and employees through targeted training. During the year, we conducted a comprehensive performance management refresher programme, with more than 90% of employees completing the programme. Sustained engagement has helped us maintain compacting and assessment completion rates of over 95%, reflecting active participation across the organisation.

Together, these efforts continue to embed a high-performance, ethical culture in which organisational success, ethical conduct and individual accountability reinforce one another.

BUILDING SKILLS THROUGH LEARNING AND DEVELOPMENT

As the electricity sector evolves, we continue to invest in the technical, digital and leadership capabilities needed to sustain operational excellence, enable digital transformation and support JET. Closing critical skills gaps, one of the four People Plan priorities, is central to how we build the workforce that will define Eskom's next decade.

During the year, we invested R2.2 billion in learning and development (2025: R1.5 billion). Through the Eskom Academy of Learning (EAL) employees accessed specialised programmes spanning engineering, operations, maintenance, outage management, legislative compliance and leadership development, with around 11 800 employees trained across core operational disciplines during the year.

Building future capability, we are equipping our people for a more digital and diversified electricity system. Employees engaged in programmes covering artificial intelligence (AI), data literacy, analytics and cyber security, alongside expanded learning in renewable energy, battery storage and smart grid technologies. Preparations for a Clean Energy Training Centre and Nuclear School progressed in partnership with academic and industry partners. To accelerate our digital transformation, we partnered with Microsoft to roll out Copilot AI licences across the group, supported by foundational and role-specific training for all employees.

We are also modernising how we build capability. Through the EAL Smart Campus, we commenced the first phase of a blended and digitally enabled learning environment, including solar PV carports that are expected to deliver approximately 2MW of peak renewable capacity upon completion, a digitised energy-metering dashboard and an innovation hub, positioning the academy as a centre of excellence for energy-sector skills.

Skills development for JET remains a central focus, particularly for employees whose roles are affected by the decommissioning of coal-fired power stations and the shift to lower-carbon operations. Transition, reskilling and redeployment programmes are underway to enable a fair transition, with the most exposed skill areas including high-voltage engineering, grid planning, nuclear operations and renewables integration. Over the medium term, we will reskill and redeploy 15 000 employees by FY2031, representing around a third of our current workforce, positioning our people to support the ongoing transformation of the sector.

MITIGATING SKILLS AND SUCCESSION RISKS

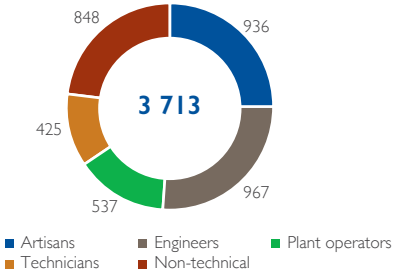
Retirement exposure remains a key long-term workforce risk, compounded by internal succession depth in critical roles, long-standing acting arrangements and sustained competition for scarce technical skills in a tightening talent market. We manage these risks through strengthened succession planning, knowledge transfer and leadership development, supported by our learner pipeline, mentorship and targeted skills development programmes. The Skills and Advanced Generational Expertise (SAGE) programme retains experienced employees aged 55 and older to transfer institutional knowledge to the next generation, while a progression standard for critical technical roles allows suitably competent artisans, operators and technicians to advance based on demonstrated competence.

We remain focused on addressing delivery constraints, including vacancies among training facilitators, particularly in engineering and maintenance disciplines, which place pressure on our capacity to deliver technical training at the required pace. We are addressing this through targeted recruitment, secondments from line management and a proposed training-practitioner allowance to attract and retain scarce facilitation skills.

CREATING A STRONG LEARNER PIPELINE

Building a sustainable talent pipeline is fundamental to our long-term workforce strategy. As experienced employees approach retirement and the sector undergoes structural change, we continue to invest in attracting, developing and empowering the next generation of engineers, artisans, scientists and digital specialists.

At the end of the year, our learner pipeline stood at 3 713, representing 9% of our permanent workforce (2025: 2 609 or 6.5% of the permanent workforce). We enrolled 1 293 new learners during the year (2025: 952), substantially ahead of our annual target of 290, supported by additional funding and expanded development opportunities.



The learner pipeline figure excludes learners participating in the YES programme.

Technical learners account for around 77% of our learner pipeline, reflecting our strategic focus on developing scarce engineering and operational capability. Beyond addressing our own succession needs, these programmes create meaningful opportunities for young South Africans and contribute to national employment and economic development. Artisans who complete their trade test certifications enter the broader job market with valuable experience and qualifications, reinforcing Eskom's role as a catalyst for socio-economic upliftment.

POWERING POTENTIAL: INVESTING IN FUTURE ENERGY SKILLS

In February 2026, we awarded around 200 bursaries to young South Africans studying in critical fields aligned with our strategic priorities and the country's skills development agenda, supporting the pipeline of engineers, scientists and specialists needed to sustain and modernise the electricity system. This builds on more than 50 years of investment in education, including over 11 000 bursaries awarded in the past decade, coupled with mentorship and career-building support that strengthens long-term workforce sustainability.

Growing our people *continued*

> Through this bursary programme, Eskom is deliberately building the pipeline of engineers, scientists and specialists who will lead the transformation of our energy system.
> – Dan Marokane, Group Chief Executive

The Eskom Expo for Young Scientists is Africa's largest and most prestigious science fair platform, providing school learners with an opportunity to showcase original scientific investigations and engineering innovations. Endorsed by the Department of Basic Education and the Department of Science, Technology and Innovation, the Expo serves as South Africa's official gateway for youth-led research. During the year, the Eskom Expo International Science Fair brought learners from 35 South African regions as well as 16 international participants to Kempton Park in Gauteng, highlighting the programme's broad reach and contribution to developing future science, technology, engineering and mathematics (STEM) talent. Three participating young scientists subsequently advanced to the International Mathematics, Science and Engineering Fair in İzmir, Türkiye.

SUPPORTING FURTHER STUDIES

Investment in further studies supports long-term workforce resilience and career progression. During the year, 1 013 employees participated in further education programmes, of which 736 pursued a bachelor's degree or higher, while the balance studied towards diplomas and certificates. Of the total, 672 were new enrolments and 341 continuations of existing studies. Bargaining unit employees made up the largest group at 825, with managerial employees accounting for 188.

Encouragingly, 59% of the employees pursuing further studies were women, reinforcing our focus on inclusive skills development and the advancement of women. The group also included 41 persons with disabilities.

Sustaining this momentum, we will continue to invest in learning, skills development and future capability, ensuring our workforce remains skilled, adaptable and equipped to meet the evolving demands of the energy sector.

SR For more information on skills development and training, refer to "Learning in Eskom" in the sustainability report

PEOPLE RELATIONS AND CONSEQUENCE MANAGEMENT

ENGAGING OUR PEOPLE THROUGH ORGANISED LABOUR

Constructive engagement with organised labour remains central to operational stability and organisational resilience. Our three recognised trade unions – NUM, NUMSA and Solidarity – represent our unionised employees through a recognition agreement and structured consultation forums operating at strategic, national, divisional and business unit levels.

Engagement covers a broad range of employee matters, including wages and benefits, conditions of employment, workplace safety, organisational change, workforce transition and skills development. Beyond formal engagement with organised labour, we continue to strengthen employee voice through regular engagement forums, leadership listening sessions and direct employee feedback channels.

The conclusion of a three-year collective wage agreement contributed to labour stability and operational certainty, supporting focused delivery of our strategic priorities, details of which were set out earlier under "Remuneration and benefits". The early conclusion of the agreement was the result of sustained engagement between Eskom leadership, organised labour and the shareholder, reflecting a shared commitment to labour stability at a critical time for the electricity system. To position labour relations for our evolving operating model, we negotiated a revised recognition agreement during the year, for implementation in FY2027.

Workforce transition risk linked to the unbundling programme is managed through structured workforce transition planning, sustained engagement with organised labour, retention arrangements for critical roles and clear communication with affected employees. This supports continuity of operations, preserves critical skills and enables a smooth transition to the new operating structure.

DRIVING ACCOUNTABILITY AND CONSEQUENCE MANAGEMENT

Building a high-performing organisation requires accountability, integrity and consistent ethical behaviour. Accountability is the visible expression of the ethical culture we are building, and it reinforces two of our six culture cornerstones: accountability and being values driven.

Our approach to consequence management is corrective rather than punitive, reinforcing our culture, maintaining employee trust and ensuring standards are applied fairly and consistently across the group. Disciplinary and grievance matters are managed with procedural fairness, timely resolution and organisational learning, supported by confidential channels for employees to raise concerns, including our anonymous whistle-blowing mechanisms. Our ethics programme, awareness campaigns and ongoing training reinforce a values-driven culture and support the effective application of consequence management.

GR For more information on ethics and consequence management, refer to "Fostering an ethical culture" and "Upholding good governance" in our governance and remuneration report

STRENGTHENING CONSEQUENCE MANAGEMENT THROUGH PARTNERSHIPS

Our partnership with the Special Investigating Unit (SIU), the National Prosecuting Authority (NPA) and the South African Police Service (SAPS) continues to drive investigations, disciplinary action and criminal referrals across the group. Working together, we are recovering financial losses, holding wrongdoers to account and strengthening the governance foundations of a rebuilt Eskom.

Reliance on external dispute resolution remains a pressure point, with several disputes referred to the CCMA during the year. Encouragingly, most arbitration awards were concluded in Eskom's favour, and the adverse awards mostly related to procedural deficiencies rather than the substantive merits of the cases, indicating that our decisions are generally sound, but that procedural consistency and case-management discipline require continued strengthening.

Grievance turnaround times remained above target during the year, notwithstanding an improved resolution rate, and inconsistency in the application of discipline and grievance processes across the group is a risk we actively manage. We are addressing this through process strengthening, governance oversight and ongoing people-relations training for line management, supported by lessons drawn from disciplinary and grievance matters that continue to inform policy refinement, awareness programmes and targeted interventions. FY2026 was characterised by a stable labour relations environment, with lessons from disciplinary and grievance matters continuing to inform policy refinement, awareness programmes and targeted interventions that reduce recurrence and embed accountability across the group.

Our priorities going forward include sustaining constructive labour relations, strengthening ethical culture and continue refining our consequence management framework to support a high-performance ethical culture. We will also embed the revised recognition agreement with labour while improving grievance turnaround and procedural consistency across the group.

Strengthening our infrastructure

Eskom's infrastructure continues to play a central role in powering South Africa's economy and supporting its 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 reliable 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 and representing an important milestone in restoring base-load reliability. 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 and cross-border electricity trade. The continued rollout of smart meters to customers and the data purification of customer records have enhanced customer service, helped to improve revenue collection and contributed to the reduction of non-technical losses.

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. Non-technical and 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 principles of reliability and sustainability and driving continuous operational excellence across the business. The Transmission Development Plan (TDP) sets out an ambitious strategy to construct more than 4 300km of new transmission lines and around 35 000MVA of 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 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.

MANAGING ELECTRICITY SUPPLY AND DEMAND

THE ROLE OF THE SYSTEM OPERATOR

NTCSA's System Operator manages the stability and reliability of South Africa's electricity grid, by ensuring that the grid operates within a narrow frequency band between 49.85Hz and 50.15Hz. It does this by assuring there is a continuous balance between real-time electricity supply and demand through optimally dispatching available generation and renewable capacity. The challenge is to be sufficiently agile to adapt to the challenges posed by the intermittent nature of non-dispatchable renewable energy sources such as wind and solar, and the impact of unplanned generation or transmission breakdowns.

Wind generation can fluctuate by as much as 2 000MW from one day to the next. When there is a decline in wind output, coupled with a lower solar photovoltaic (PV) output due to cloud cover, the system experiences a compounded supply constraint. This often happens while winter cold fronts cause a sharp rise in demand in densely populated areas.

These dynamics require agile system management. To safeguard the integrity of the national grid, the System Operator maintains sufficient reserves at pumped storage and open-cycle gas turbine (OCGT) stations, enabling it to respond quickly and effectively when power supply is constrained during increased demand situations.

When demand exceeds available supply and emergency reserves have been depleted, country-wide loadshedding and load curtailment by specific energy-intensive customers are essential tools for preserving system stability and preventing a grid collapse. While we are committed to consistently avoid the need for such measures, loadshedding remains a vital tool to averting the greater threat of a regional or national blackout. Regular testing of the various grid defence systems ensures our resilience in responding to a major unplanned event or series of events.

Electricity theft and illegal connections in certain areas cause overloading of the system that can cause localised network failures. Distribution continues to implement load reduction in these areas to mitigate against this challenge.

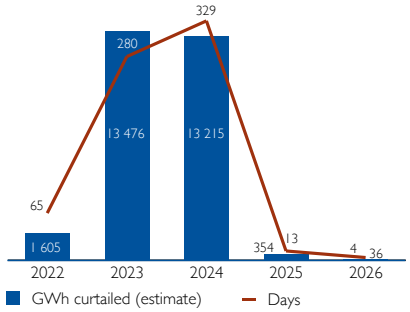
PR For more information on the eradication of load reduction, refer to "Sustaining communities – Evolving our business model" on page 42 of this report

SYSTEM PERFORMANCE

The performance of our coal-fired power stations has shown continued improvement over the past year. This was driven by the Generation Reliability and Sustainability Plan, delivering sustained performance and availability improvements across our generation fleet. Unplanned unavailability averaged below 10 900MW for the year, better than the base-case assumptions under both the Winter and Summer Outlook.

Due to a significant easing of generation supply constraints, loadshedding for the year was limited to four days in total during evening peaks in April and May 2025 (2025: 13 days).

Loadshedding and load curtailment over the past five years, GWh and days



Strengthening our infrastructure *continued*

Renewable IPPs produced 18.4TWh to support the power system stability throughout the year (2025: 17.4TWh). Solar PV provided daytime support, while wind generation provided additional capacity to meet demand over evening peaks.

DEMAND TRENDS AND EMERGING RISKS

Sales volumes have shown an overall declining trend over the past decade, declining by around 2% per year. Despite an increase in energy availability, sales volumes for FY2026 declined by 6.2% to 178TWh against the prior year 189.7TWh (2025: increase of 3.5%). The deterioration in demand was most pronounced in the industrial sector, which reduced by 22.5% year-on-year, particularly due to ferrochrome smelter customers that have curtailed their production due to economic pressures. Embedded self-generation added to the decline, with the installed behind-the-meter rooftop solar capacity in South Africa estimated at 7.7GW by year end, presenting a structural shift in consumption patterns. Our largest cross-border customer, the Mozal aluminium smelter in Mozambique, moved into care and maintenance during March 2026, resulting in a significant reduction in electricity demand from FY2027, reinforcing the need to accelerate initiatives aimed at retaining strategic load and developing new sources of demand.

PR For information on tariff relief measures implemented for smelter customers and interventions to address declining sales volumes refer to "Enhancing financial sustainability – Sales and revenue" from page 54 of this report

In addition, non-technical losses are estimated to account for 13.1TWh for the year (2025: 14.9TWh), representing just over 7% of sales. Non-technical losses arise from the theft of electricity, including illegal connections, meter tampering and the use of illegal electricity tokens on prepaid meters. Non-technical losses are not included in the sales volumes reflected above.

PR Interventions to address energy losses are discussed in more detail under "Energy losses and equipment theft" from page 27 later in this section

The System Operator anticipates continued improvement in system reliability and dispatchable generation capacity. This improved generation availability and the declining demand, results in an estimated surplus capacity of around 2–3GW over the next 12 months. A high degree of uncertainty is attached to the estimated surplus capacity.

USE OF OPEN-CYCLE GAS TURBINES

Open-cycle gas turbines (OCGTs) continue to play a vital role in our operational strategy, providing essential support during periods of constrained supply. As OCGTs burn diesel fuel, they are significantly more expensive than other generation sources. However, their strategic deployment and rapid response time have been instrumental in reducing the need to implement loadshedding, particularly during periods of high unplanned unavailability and delays in returning generation capacity to service.

Measure and unit	Target 2029[1]	Target 2027	Target 2026	Target met?	Actual 2026	Actual 2025	Actual 2024
Eskom OCGT production, GWh	1 899	633	**1 269**	●	**811**	2 176	3 634
Eskom OCGT cost, R million[2]	13 938	4 444	**9 033**	●	**4 967**	13 316	23 873
IPP OCGT production, GWh	792	264	**528**	●	**268**	662	1 509
IPP OCGT cost, R million	4 261	969	**3 783**	●	**2 144**	4 374	10 054

1. The 2029 target is the cumulative target over the next three years, before deducting the fuel levy rebate from SARS.
2. Eskom's OCGT cost includes diesel storage and demurrage costs of R185 million (2025: R151 million; 2024: R95 million) incurred when not utilising the OCGTs.

Eskom and IPP-owned OCGTs generated a combined 1 079GWh during the year (2025: 2 838GWh), reflecting improved base-load generation performance resulting in lower usage of emergency resources. This output was achieved at load factors of 3.9% for Eskom and 3.0% for IPP OCGTs (both against a budgeted load factor of 5.8%), with expenditure on Eskom-owned OCGT fuel and storage as well as IPP OCGTs totalling R7.1 billion for the year (2025: R17.7 billion), delivering substantial savings against the prior year and directly benefitting the bottom line. Favourable diesel price movements added to the gains from the improved operational performance.

The reduction in reliance on OCGTs was made possible by the return to service of Medupi Unit 4 and Koeberg Unit 1 from maintenance outages during the first half of FY2026, as well as the commercial operation of Kusile Unit 6.

As OCGT production is significantly more expensive than other generation sources, the use of OCGTs will be progressively curtailed to ensure long-term financial sustainability and alignment with our decarbonisation objectives. Looking ahead, we have budgeted for a reduced load factor of 3% on both Eskom and IPP-owned OCGTs from FY2027 onwards, rising again to 5.5% in FY2030. This trajectory aligns with the expected improvement in generation plant availability, together with the commissioning of new renewable and dispatchable IPP capacity.

Strengthening our infrastructure *continued*

GENERATION PERFORMANCE

To meet the country's energy demands and provide electricity at a reasonable price, we continue to operate 30 base-load, mid-merit, peaking and renewable power stations, with a total nominal capacity of 47 378MW. The 100MW Sere Wind Farm and four small hydroelectric stations are included in this capacity, although these are not considered for capacity management purposes. The median age of our coal-fired stations exceeds 40 years.

PR Detailed information on the installed and nominal capacity of our power stations, as well as IPP capacity, is set out on pages 75 to 77 in the supplementary information of this report

Measure and unit	Target 2029[1]	Target 2027	Target 2026	Target met?	Actual 2026	Actual 2025	Actual 2024
Energy availability factor (EAF), % [SC]	70.00	68.00	**70.00**	🔴	**65.16**	60.60	54.56
Planned capability loss factor (PCLF), %	10.50	10.50	**10.50**	🟢	**11.55**	12.76	12.04
Unplanned capability loss factor (UCLF), %	18.00	20.00	**18.00**	🔴	**22.88**	26.05	32.34
Other capability loss factor (OCLF), %	1.50	1.50	**1.50**	🟢	**0.41**	0.59	1.06
Partial load losses, average MW	n/a	n/a	**n/a**	n/a	**5 478**	5 913	6 615
Post-philosophy outage UCLF, %	n/a	n/a	**n/a**	n/a	**24.31**	29.69	31.61
Boiler tube failure rate (12-month moving average), number	n/a	n/a	**n/a**	n/a	**1.71**	2.31	2.37
Unplanned automatic grid separations (UAGS trips), number	n/a	n/a	**n/a**	n/a	**570**	699	593

1. Future targets shown as n/a are dependent on system performance.

TECHNICAL PERFORMANCE

We use a range of performance indicators to monitor the health and reliability of our generation fleet:

- *EAF*: The percentage of time the plant is available to generate electricity
- *PCLF:* Reflects the proportion of capacity unavailable due to planned maintenance
- *UCLF:* Capacity lost due to unplanned outages or breakdowns
- *OCLF:* Accounts for losses outside of operational control, such as environmental or external constraints

The EAF of 65.16% for the year is significantly higher than last year (2025: 60.60%), although still below the shareholder compact target of 70%. This improvement is largely due to a decrease in total unplanned losses (UCLF and OCLF), together with a decrease in planned maintenance (PCLF).

The improved performance includes Kusile Unit 5, which became official for measurement purposes from 1 July 2025, one year after going into commercial operation. The final unit at Kusile, Unit 6, achieved commercial operation on 29 September 2025, adding installed capacity of 799MW to the grid. This unit will become official for measurement purposes from October 2026.

The average energy utilisation factor (EUF) for coal-fired stations has improved to 76.90% (2025: 91.85%), reflecting the improved performance of our coal-fired stations, now only marginally above the international norm of around 75% for a fleet of this age.

These performance trends highlight the importance of midlife refurbishments, predictive maintenance and digital diagnostics to extend asset life and improve reliability. Our collective focus remains on further reducing unplanned unavailability to consistently overcome the need for loadshedding. Our target is to achieve an average EAF of 68% in FY2027, and 70% by the end of FY2028 and FY2029.

GENERATION RELIABILITY AND SUSTAINABILITY PLAN

Eskom's Generation Recovery Plan, originally launched in March 2023, delivered measurable improvements in plant availability and system stability, while laying the foundation for deeper structural reforms. The most notable achievement was a reduction in loadshedding from a high of 329 days in FY2024 down to only four days of loadshedding during evening peaks in April and May 2025. EAF levels over 70% were also achieved on multiple occasions, with levels as high as 82% seen in recent weeks.

The plan was significantly refocused and expanded in FY2026 to transition from short-term recovery of plant availability to long-term reliability, sustainability and operational excellence, culminating in the launch of the Generation Reliability and Sustainability Plan.

Our average EAF target of 68% for FY2027 aligns to the FY2027 shareholder compact, rising to 70% from FY2028 onwards. Building on the gains achieved in recent years, the drive is to continue to entrench the principles of reliability and sustainability across the business.

Operational reliability plan

Focus areas			
Reduce number of trips	**Improve outage planning and execution**	**Execute key strategic projects**	**Enhance people, plant, process mindset**
• Address critical plant areas with cross-cutting issues across multiple stations • Execute projects to resolve inherent trip risks and eliminate single points of failure	• Strategic partnerships (OEMs, utilities) • Contract management and assurance • Technology, artificial intelligence • Procurement and availability of spares	• Invest in refurbishment projects at key mid-life stations to ensure long-term plant sustainability • Continue with Koeberg long term operations refurbishments • Expedite key projects to ensure compliance to Minimum Emission Standards (MES)	• Implement people, plant and process interventions to address root causes leading to unreliability • Leadership development focus • Technical development focus • Embed operational excellence principles
Outcomes			
• Reduced trips	• Improved outage readiness • Improved due-date • Performance • Reduced PO-UCLF • Improved outage duration	• Reduced UCLF • Improved PCLF • Reduced emissions	• People health index • Organisational effectiveness index

Strengthening our infrastructure *continued*

The focus of the plan is on four areas:

- Improving plant reliability by reducing unplanned unavailability
- Enhancing outage planning and execution
- Executing strategic projects
- Embedding a people, plant and process mindset

This effort draws on lessons learned from past loadshedding events, insights from the National Energy Crisis Committee (NECOM) engagements, as well as support from OEMs and external utilities.

Midlife refurbishments

Major refurbishment projects are being implemented at the mid-life stations, which include Kendal, Lethabo, Matimba, Majuba and Tutuka. The refurbishments will be done over a period of 10 years, based on priority and optimal execution to achieve the planned plant life. The refurbishments include:

- Electrostatic precipitator upgrade projects in execution at Kendal, Lethabo and Tutuka units
- Nitrogen oxide (NO_x) reduction retrofits at Majuba and Tutuka and then at Lethabo
- Control and instrumentation, and switchgear replacement are in progress at Matimba

EXECUTING PLANNED MAINTENANCE

Our planned maintenance remained within established norms throughout the year, restoring the reliability of our generation fleet through disciplined maintenance practices.

Outage planning is informed by system capacity constraints, plant-specific risk profiles and the availability of critical spares and skilled resources. A total of 63 outages were scheduled for the year, of which we successfully completed 31. Eight were in execution at year end, 21 had been deferred to FY2027 and three had been cancelled, with the required work completed under alternative outage windows. In addition, short-term corrective interventions were implemented to mitigate emerging risks and prevent potential availability losses, underscoring the agility of our maintenance teams in responding to dynamic plant conditions.

The deferment of 21 outages from FY2026 to FY2027 resulted from a combination of operational, technical and resource-related considerations. These included optimised outage sequencing following delays on other units, revised maintenance philosophies, prioritised recovery initiatives, outage readiness constraints, availability of critical spares, and alternative operational opportunities. Technical assessments confirmed that planned maintenance could be safely deferred. The deferred outages have been incorporated into the FY2027 outage plan to support sustained fleet performance, optimise resource allocation and maximise generation availability.

In recent years, outage performance and recovery plans have been impacted by Eskom's constrained liquidity position, which delayed the release of funds. The situation improved considerably due to the financial support received under Government's debt relief programme, which provided cash flow certainty for addressing debt servicing obligations, allowing operating cash flows to be utilised for critical investment into our infrastructure.

PR For more on the Government's debt relief programme, refer to "Enhancing financial sustainability – Government support" on page 60 of this report

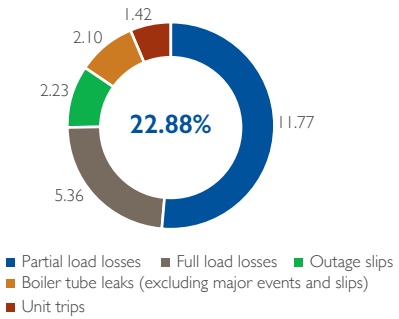
Post-outage performance

Post-outage performance, measured over a 60-day period following unit synchronisation after maintenance, remains a key focus area. The post-outage UCLF for the year was 24.31% (2025: 29.69%). Though improving, it remains significantly higher than the aspiration level of 14%. This performance gap highlights the need for continued improvement in the quality of outage planning and execution to improve post-outage performance. We are addressing these challenges through partnerships with original equipment manufacturers to ensure that appropriate outage strategies are executed.

ADDRESSING UNPLANNED LOSSES

Despite intensified efforts, addressing high levels of unplanned unavailability remains a critical challenge. While UCLF has improved compared to the previous year due to a reduction in both full and partial load losses, persistent issues continue to drive elevated levels of UCLF.

Contribution to UCLF, %



Average partial load losses of 5 470MW are lower than the previous year (2025: 5 913MW), contributing to the improved system performance. Nevertheless, these losses contributed 11.77% to UCLF (2025: 12.79%), accounting for half of total unplanned losses. Outage slips contributed 2.23% to overall UCLF (2025: 1.98%), despite post-outage UCLF decreasing marginally as discussed above. Unit trip performance has improved, with 570 trips during the year (2025: 699).

The boiler tube failure rate (failures per unit per year) improved slightly to 1.71 for commercial units using a 12-month moving average (2025: 2.31), with boiler tube failures contributing 2.25% to UCLF (2025: 2.77%).

Six stations achieved a failure rate less than or equal to one failure per unit per year, these being Camden, Kendal, Kriel, Kusile, Matimba and Medupi.

Six units have achieved more than two years since the last boiler tube failure affecting UCLF. These are Camden Unit 4, Kendal Units 5 and 6, Matla Unit 1, Medupi Unit 3 and Tutuka Unit 3.

Full load losses due to major incidents

Medupi Unit 4 suffered significant damage in a generator explosion in August 2021. To enable the unit to return to service while waiting for a new generator stator to be fitted during a future planned outage, a used stator from the Netherlands was installed as an interim measure, and the unit was successfully synchronised to the grid in July 2025. The unit was excluded from the nominal asset base from October 2023 until June 2025.

> "The return of Medupi Unit 4 marks a major milestone in our strategic objective of achieving operational stability through the addition of 2 500MW to the grid. Eskom remains committed to restoring performance, strengthening oversight and ensuring accountability from service providers. – Dan Marokane, Group Chief Executive."

Strengthening our infrastructure *continued*

Tutuka Unit 6 remains on extended inoperability following the air heater fire incident in November 2023. The recovery plan led by the original equipment manufacturer (OEM) is well advanced and the unit is expected to return to service by October 2026.

Matla Unit 6 suffered an incident in December 2024 due to the rupture of a high-pressure steam pipe above the transformer. The unit was removed from the nominal base for reporting purposes and placed in extended inoperability from 1 July 2025. The unit is expected to return to service in September 2026.

At Arnot Unit 2, the Toshiba turnkey contract for the stator rewind is 76% complete, with the stator frame pressure test having confirmed mechanical integrity, representing a significant reduction in technical risk. The unit is cleared to proceed with rewind activities, with the return to service expected by December 2026.

Other losses

Poor coal quality accounted for 0.26% OCLF for the year (2025: 0.37%), with most losses being experienced at Matla. OCLF has improved in the new year due to initiatives which have improved the coal quality at Matla, including mixing coal from the tied colliery with other higher-quality coal, and the opening of the New Mine 1 at Matla Coal.

PR Refer to "Interacting with the environment – Securing our resource requirements" on page 32 of this report for details of the opening of the new mine at Matla Coal

KOEBERG PERFORMANCE

Koeberg Nuclear Power Station continues to operate safely and reliably, delivering the lowest marginal primary energy cost among Eskom's base-load generation assets. The station remains an indispensable contributor to South Africa's energy security and decarbonisation objectives.

Unit 1 has remained online since synchronising the unit on 29 October 2025 after its planned refuelling outage. This year it operated at an average EAF of only 41.31% due to the unit being out of service for seven months for its outage.

Unit 2 continues to operate since being synchronised in March 2025 following a reactor trip, with an EAF of 99.65% for the year. Unit 2 experienced an automatic reactor trip on 10 April 2026, and the unit's planned refuelling commenced on 26 April 2026; the unit is anticipated to return to service by the end of September 2026.

Long-term operation programme

The long-term operation (LTO) licence for Unit 1 was granted by the National Nuclear Regulator (NNR) on 15 July 2024. The unit is now licensed to continue operating until July 2044. Unit 2 was granted its LTO licence extension on 6 November 2025 allowing it to continue operating until November 2045.

Koeberg is well into the LTO operation, with scheduled maintenance and upgrades being performed in line with the licence requirements. These activities will be tracked as part of business-as-usual activities over the extended operating lives of both units.

Following the steam generator replacement outages and capacity testing, the maximum continuous rating application for Units 1 and 2 has been approved and the nominal capacity of both units was rerated to 940MW in March 2026 (from 924MW for Unit 1 and 930MW for Unit 2).

As part of the licence requirements, we continue working with the NNR to establish a ring-fenced nuclear decommissioning fund. This will ensure that sufficient financial resources will be available to fund Koeberg's decommissioning costs in line with international best practices and regulatory requirements. To date, we have set aside R2.9 billion (including interest) in this regard (2025: R2.6 billion).

Nuclear safety

We uphold a robust nuclear safety culture built on a defence-in-depth approach, with multiple layers of controls across all nuclear operations. Safety and security remain paramount in every aspect of Koeberg's activities, ensuring the protection of personnel, the public and the environment. Nuclear safety is governed by a comprehensive framework of objectives, policies and procedures, which are continuously validated through multi-layered oversight. This includes internal governance by Eskom executives and independent assurance from national and international regulatory and peer review bodies. These mechanisms provide us with a holistic view of nuclear safety performance.

Eskom remains an active member of the World Association of Nuclear Operators (WANO), while South Africa continues its membership in the International Atomic Energy Agency (IAEA). These affiliations enable Eskom to:

- Align with international safety and operational standards
- Participate in peer reviews and performance benchmarking
- Access global best practices and technical expertise
- Support the continuous development and training of nuclear personnel

The NNR's decision to grant the 20-year licence extensions to both Koeberg units reflect its confidence in Eskom's safety case and operational readiness.

ENERGY SUPPLIED BY IPPS

We procure energy from IPPs through a range of government-led programmes. These initiatives diversify the national energy mix towards cleaner sources, strengthening system resilience, and advancing the transition to a more competitive electricity market.

We had 117 power purchase agreements (PPAs) in place through NTCSA at year end, representing total contracted capacity of 9 767MW. Of these, energy was supplied by 104 renewable energy projects with combined capacity of 7 355MW under the Renewable Energy IPP (RE-IPP) Programme. NTCSA also procures capacity from two IPP-owned OCGTs with capacity of 1 005MW, together with the Risk Mitigation IPP Procurement Programme (RMIPPPP) with a capacity of 205MW.

PR For a breakdown of IPP operational capacity by source, refer to "Plant information" on page 76 in the supplementary information of this report

During the year, 1 070MW of new IPP capacity was commissioned. We continue to collaborate with partners across Government and the private sector to accelerate delivery and improve procurement efficiency to allow IPPs to play a vital role in securing South Africa's energy future.

Strengthening our infrastructure *continued*

ENERGY CAPACITY AND PURCHASES

Available IPP capacity and details of energy procured under various IPP programmes is set out below.

Measure and unit	Target 2029[1]	Target 2027	Target 2026	Target met?	Actual 2026	Actual 2025	Actual 2024
Total capacity, MW	13 362	10 601	**10 188**	●	**8 565**	7 495	7 495
Total energy purchases, GWh	84 864	26 338	**28 307**	●	**19 596**	19 366	20 183
Total spent on energy, R million	216 573	64 119	**60 408**	●	**46 785**	47 274	49 407
Lease accounting adjustment, R million[2]	(7 679)	(2 983)	**(1 631)**	n/a	**(1 631)**	(1 631)	(1 632)
Total expenditure, R million	208 894	61 136	**58 777**	●	**45 154**	45 643	47 775
Weighted average cost, c/kWh[3]	255	243	**213**	●	**239**	244	245

1. The 2029 target is the cumulative target over the next three years.
2. For accounting purposes, the fixed capacity charges for the Avon and Dedisa IPP OCGTs are treated as arrangements that contain a lease in terms of IFRS 16. Refer to note 2.8 in the financial statements for the related accounting policy.
3. The weighted average cost is calculated on the total amount spent on energy, before deducting the lease adjustment.

PR Refer to "Interacting with the environment – Investing in renewable energy" on page 39 for more information on energy supplied by renewable IPPs

PROGRESS ON IPP PROGRAMMES

RE-IPP Programme

Bid window 5: Of the 11 projects (1 159MW) that reached legal close, 10 projects (1 075MW) have achieved commercial operation during the year, and one project (84MW) is anticipated to achieve commercial operation by September 2026.

Bid window 6: Of the six preferred bidders (1 000MW) one project (120MW) achieved commercial operation in May 2026, while the second project (240MW) is anticipated to achieve commercial operation in November 2026, the remaining four projects received further extensions to December 2026 to reach commercial close.

Bid window 7: The Department of Electricity and Energy (DEE) announced 16 preferred bidders (3 940MW solar PV) from three tranches of this bid window. They are in various stages of approval,

Risk Mitigation IPP Procurement Programme (RMIPPPP)

Under this programme, three Scatec Kenhardt battery storage projects totalling 150MW went into commercial operation in FY2023. The remaining projects (278MW) have experienced delays during construction and are expected to achieve commercial operation during FY2027.

Eskom's short-term procurement programmes

During FY2023, Eskom launched two short-term procurement mechanisms to address capacity shortfalls when required.

Standard Offer Programme: Enables Eskom to purchase energy from customers or generators with surplus capacity at the avoided cost of Eskom generation. The Standard Offer sets a fixed price at which suppliers can choose to sell to NTCSA. Applications totalling 1 037MW were approved in FY2025. No energy is being delivered under this programme at present.

Emergency Generation Programme: Allows for the procurement of energy from existing generators at prices below Eskom's marginal cost of generation. This programme allows suppliers to bid their price and volume, with NTCSA selecting offers based on system needs and cost-effectiveness. Six contracts were awarded, with two projects (160MW) operational during FY2025. However, these contracts and their associated approvals expired in March 2025. Applications to extend the programme have been submitted to DEE, but approval in the short term is unlikely given the current surplus capacity.

Battery Energy Storage IPP Programme (BESIPPP)

Round 1: The projects of five preferred bidders (513MW) are in construction. Three projects are anticipated to achieve commercial operation in January 2027, one in February 2027 and one in October 2027.

Round 2: Eight preferred bidders (615MW) for sites in the North West were announced in December 2024. The PPAs for two projects totalling 153MW achieved commercial close in June 2026. The remaining projects are anticipated to achieve commercial close by the long stop date of 31 December 2026.

Round 3: Five preferred bidders (616MW) for sites in the Free State were announced in May 2025. The conclusion of PPAs with the preferred bidders is expected in October 2026.

Gas-to-Power Programme

In October 2025, DEE issued an amended request for proposals to procure 2 000MW of land-based gas-fired capacity at various sites. The preferred bidder announcement is anticipated by the end of October 2026, after bids closed on 29 May 2026.

DEE has requested NTCSA to consider a consolidated 6GW gas programme to kickstart a local gas industry. Studies are underway to investigate an appropriately sized gas generation plant that would support the bankability of a gas import terminal.

CROSS-BORDER POWER IMPORTS AND EXPORTS

We actively participate in the Southern African Power Pool (SAPP), which facilitates coordinated planning and operation of the interconnected power systems of its nine member countries. This regional collaboration supports reliable and cost-effective electricity supply across Southern Africa.

Measure and unit	Target 2029[1]	Target 2027	Target 2026	Target met?	Actual 2026	Actual 2025	Actual 2024
International sales[2]	33 343	11 926	**10 809**	●	**13 324**	14 532	10 362
International purchases	3 066	1 021	**4 770**	●	**4 090**	7 570	9 150
Net sales	30 277	10 905	**6 039**	●	**9 234**	6 962	1 212

1. The 2029 target is the cumulative target over the next three years.
2. The targets for international sales in 2027 and 2029 include sales to the Mozal smelter in Mozambique. Without the Mozal sales, the targets would be 3 608GWh and 8 389GWh respectively.

Strengthening our infrastructure *continued*

INTERNATIONAL SALES

International sales include sales to the Mozal aluminium smelter in Mozambique. The smelter's closure in March 2026 removed a large, stable base-load customer from Eskom's planning assumptions. This will further reduce planned sales by around 41.6TWh over the next five years, with approximately R39 billion in potential revenue foregone over that period.

NTCSA forms part of the Mozal working group convened by the Industrial Development Corporation of South Africa (IDC), which is seeking to find a viable solution to resuming Mozal operations. It must be noted, however, that sales to Mozal were below Eskom's marginal cost of generation because of the lower negotiated pricing agreement tariff applicable. As such, the retention of sales to Mozal will be focused on retaining critical strategic load, thereby avoiding premature underutilisation of coal-fired power stations, recovering unavoidable fixed costs of generation and reducing the risk of contractual exposure to take-or-pay obligations under existing coal supply agreements.

PR For information on tariff relief measures implemented for smelter customers and interventions to address declining sales volumes refer to "Enhancing financial sustainability – Sales and revenue" from page 54 of this report

International sales volumes decreased by around 8% year-on-year due to cash-flow constraints experienced mainly by Zimbabwe Electricity Transmission and Distribution Company (ZEDTC) and ZESCO of Zambia. However, sales volumes were higher than budget due to improved Eskom generation performance which enabled new sales opportunities to supply to cross-border customers:

- Increased sales to Botswana Power Corporation under the new firm power supply agreement for 300MW concluded on 1 April 2025
- Increased sales to NamPower under the firm power supply agreement for 150MW concluded on 1 April 2025, with an increase in firm supply to 230MW from October 2025 to March 2026
- Increased sales to SAPP markets

INTERNATIONAL PURCHASES

International purchase volumes (imports) decreased by 46% year-on-year mainly due to lower production from Hidroelèctrica de Cahora Bassa (HCB) due to the drought in that region. For FY2027, we had been notified that HCB would be refurbishing their plant and had anticipated lower imports. However, the refurbishment has since been delayed.

GROWING OUR POWER EXPORTS

NTCSA continues to seek opportunities to sell excess power into Southern African, based on the availability of excess supply in the South African power system. NTCSA has launched a cross-border bilateral agreement sales pilot programme from October 2025 to March 2027, which enabled the sale of power on a non-firm basis to new customers, mainly based in Zambia. Non-firm power availability is confirmed on a day-ahead basis and is suspended immediately when supply constraints arise.

STRENGTHENING REGIONAL ENERGY COOPERATION

NTCSA is actively pursuing a short-term energy purchase programme from cross-border utilities and IPPs, to alleviate domestic supply constraints when they occur. These regional procurement efforts form part of our strategy to diversify generation supply sources, enhance grid stability and reduce reliance on expensive emergency generation alternatives.

NETWORK PERFORMANCE

NTCSA's transmission network forms the backbone of South Africa's electricity supply, ensuring the safe and efficient delivery of power nationwide. High voltage lines carry energy from our power stations, while an extensive distribution system delivers electricity from both the transmission network and independent power producers (IPPs) to customers. In addition, we supply redistributors (municipalities and metros), who manage their own local distribution networks.

PR Detail of our transmission and distribution infrastructure is set out in the supplementary information on page 77 of this report

Measure and unit	Target 2029	Target 2027	Target 2026	Target met?	Actual 2026	Actual 2025	Actual 2024
Number of system minutes lost <1, minutes [SC, 1]	3.29	3.53	**3.53**	●	**3.10**	4.37	3.29
Number of major incidents >1 minute, number	2	2	**2**	●	**2**	4	1
System average interruption duration index (SAIDI), hours [SC, 2]	34.50	35.50	**37.50**	●	**35.09**	34.91	34.88
System average interruption frequency index (SAIFI), events [SC, 2]	11.00	12.00	**14.50**	●	**11.72**	11.70	11.69
Restoration time, %[3]	91.5	91.5	**91.5**	●	**93.4**	93.5	93.1
Distribution energy losses, % [SC]	11.33	11.33	**11.33**	●	**10.54**	10.42	9.92

1. One system minute is equivalent to interrupting the whole of South Africa at maximum demand for one minute.
2. The measurement of SAIDI and SAIFI was affected by data limitations during the year, arising from the transition to a new operational tracking system in Distribution during August 2025, which resulted in the use of three-year historical averages to calculate the values reported for FY2026.
3. Restoration time considers the time it takes to restore supply during an unplanned outage by measuring the percentage of dispatched work orders where power is restored within 7.5 hours.

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 the 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 integrated report, as well as "Independent sustainability assurance report by Deloitte & Touche" from page 105 of the report

Strengthening our infrastructure *continued*

TRANSMISSION NETWORK PERFORMANCE

There was a notable year-on-year improvement in the system reliability performance for system minutes lost <1. All reported technical KPIs met their year-end targets, with each showing progress relative to the previous financial year.

To drive a turnaround in technical performance, NTCSA implemented a focused five-point plan. This involved accelerating the replacement of high-risk assets, fast-tracking redundancy projects, strengthening maintenance execution, improving spares availability and enhancing the security of critical substations and lines.

Two major incidents occurred in the first quarter of the year, with no events reported for the remainder of the year. The first, in April 2025 within the Western Grid, resulted in 1.77 system minutes lost due to a line fault caused by hardware failure. The second, in May 2025 at the Bighorn Substation in the Northern Grid, accounted for 1.65 system minutes lost following the failure of a current transformer.

TRANSMISSION DEVELOPMENT PLAN

The focus of the TDP remains on accelerating project development and execution to extend transmission lines and transformer capacity to enable the grid connection of 56GW in new generation capacity by 2034. Key risks to delivery include contractor performance, community unrest, challenges in securing servitude access, and delays in awarding major contracts.

PR Refer to "Delivering capacity expansion" on page 28 later in this section for more information on the TDP

DISTRIBUTION NETWORK PERFORMANCE

Distribution network performance, assessed through the frequency and duration of customer interruptions and the speed of supply restoration, remained stable and continued to outperform targets. Nonetheless, electricity theft – through illegal connections, meter tampering, and ghost vending – remains a significant financial and operational burden. In addition, overloaded networks and transformers, particularly in densely populated and informal settlements, coupled with theft and vandalism of infrastructure, place considerable strain on the system. These pressures contribute to higher levels of system interruptions and divert resources away from planned maintenance, network faults and other critical operational priorities.

PR Refer to "Energy losses and equipment theft" on page 27 later in this section for more information on our efforts to reduce energy losses

PROGRESS ON EFFORTS TO ERADICATE LOAD REDUCTION

Despite our improved generation performance, electricity theft and illegal connections in certain areas cause overloading of the system that can cause network failures. To mitigate against this, Distribution continues to implement load reduction in these areas to protect the network against overloading and equipment failure. Eskom is committed to eradicate the need for load reduction and has made demonstrable progress in this regard.

To date, seven provinces – Western Cape, Northern Cape, Free State, North West, Mpumalanga, Limpopo and Eastern Cape – were load-reduction free and more than 1.2 million customers nationally had been relieved of load reduction. The remaining load reduction is highly concentrated in the Gauteng and KwaZulu-Natal provinces. Gauteng alone accounts for more than half of the remaining feeders and affected customers, making it the critical path to national eradication of load reduction by March 2027.

We have moved beyond short-term mitigation to a sustainable eradication model, built on integrated interventions, including:

- Accelerated smart meter rollout – there needs to be at least 30% penetration of smart meters per feeder line before load reduction is no longer necessary
- Targeted network strengthening and electrification, including normalisation of illegal connections, funded by the Integrated National Electrification Programme (INEP)
- Behavioural change driven by enforcement of zero tolerance towards illegal behaviour, supported by community engagement

The results in those provinces showing early success clearly demonstrate that eradication of load reduction is achievable and sustainable when these levers are applied together.

PR For further information on load reduction and the effect on communities, refer to "Sustaining communities – Evolving business model" on page 42 in this report

NETWORK SUSTAINABILITY

To support long-term network sustainability and enable future revenue growth, we plan to strengthen the distribution network through the construction of around 1 800km of lines over the next five years. This investment is crucial to:

- Accommodate growing distributed energy resources and embedded generation
- Improve service reliability
- Reduce technical losses
- Enable customer-centric innovations such as smart metering and microgrids

We are also targeting the rollout of 5.4 million smart meters by FY2028, as part of a broader programme that supports revenue protection, an enhanced customer service improvement, improved demand management, reduced non-technical losses and a future-ready smart grid. The key components as part of the advanced metering infrastructure (AMI) deployment include installation of smart meters with two-way communication to Eskom's systems, as well as integration of data concentrators, head-end systems and meter data management. The establishment of a Smart Meter Operations Centre will include centralised monitoring for real-time grid visibility, outage management and fraud detection. Once fully operational, the integrated system will help to reduce load limiting, prevent meter tampering and manage customer debt through remote disconnections.

To this end, we installed a total of 610 223 smart meters during FY2026, directly relieving approximately 108 000 customers from load reduction during peak periods. The rollout of smart meters fell short of our target for FY2026, largely because of community stoppages and adverse weather, and we have rephased the programme into FY2027 to recover the shortfall.

REGISTERING SMALL-SCALE EMBEDDED GENERATION SYSTEMS

Eskom is encouraging customers to register their small-scale embedded generation systems (SSEGs). This is to protect our customers and their homes, as well as the electricity network and our field staff. The registration of SSEGs, like solar PV, adds an extra layer of safety and ensures everything is installed and tested by accredited professionals. SSEG systems that operate in parallel with the grid can cause risks if not properly installed and tested. Registrations before 30 September 2026 are free and include the installation of a free smart meter.

For more information on registering a solar system, visit www.eskom.co.za/distribution/small-scale-embedded-generators/

Strengthening our infrastructure *continued*

ENERGY LOSSES AND EQUIPMENT THEFT

Eskom continues to face significant energy losses across our networks, comprising both technical and non-technical components.

Technical losses result from energy dissipated as heat when electricity flows through transmission transformers and other network equipment. These losses are influenced by network design, conductor resistance, asset condition and load profiles.

Non-technical losses, however, remain the dominant concern. These include losses resulting from electricity theft, illegal connections, meter tampering and bypassing, ghost vending (the purchase of fraudulent prepaid tokens) and billing inaccuracies. These activities not only erode revenue but also compromise network integrity (overloading) and public safety. These losses have material financial and operational implications, particularly in the context of constrained supply and rising infrastructure costs.

The total energy losses percentage increased slightly to 12.45% (2025: 12.34%), with distribution losses accounting for 10.54% and transmission losses for 2.2% (2025: 10.42% and 2.35% respectively). Total distribution energy losses amounted to 19.7TWh, of which two-thirds – or 13.1TWh – were attributed to non-technical losses (2025: 14.9TWh out of 20.5TWh). The cost of these non-technical losses, based on the variable cost of coal-fired production, was estimated at R6.6 billion for the year (2025: R7.1 billion). The associated revenue loss is much greater.

CURBING NON-TECHNICAL LOSSES

To curb non-technical energy losses, a multi-pronged approach is applied through several interventions:

- Performing physical audits and fixes
- Reducing the number of zero buyers (customers who were either buying tokens from ghost vendors or had tampered with their meters) and investigating customers with low usage
- Conducting customer education campaigns about the dangers of illegal connections and the consequences of tampering and illegal vending
- Engaging with community leaders to promote awareness, encourage legal connections and foster shared responsibility for infrastructure protection and safe electricity use
- Collaborating with service providers, meter manufacturers, local political leadership, law enforcement agencies and industry associations to solicit support

The following key actions have been implemented to strengthen physical security, cyber resilience and operational controls over the online vending system:

- Tighter physical access controls to secure vending environments
- Enhanced cyber security tools and monitoring to prevent unauthorised access
- Stronger user-access controls with weekly dashboards flagging irregularities
- Expanded investigative measures, conducted in collaboration with law enforcement
- Advancing the rollout of smart meters with advanced metering infrastructure, which will contribute to preventing illegal vending. This includes advanced online monitoring systems and reconciliation methods to validate meter transactions
- Acceleration of a new, secure vending platform to replace the current online vending system

These interventions have allowed Eskom to recover revenue of R55 million from customers relating to non-technical energy losses (2025: R59 million) and to reduce non-technical losses going forward.

REDUCING TECHNICAL LOSSES

To mitigate technical losses, we continue to implement targeted interventions on medium-voltage networks, including:

- Correction of voltage phase imbalances on feeders
- Network reconfiguration to optimise load distribution
- Replacement of ageing infrastructure contributing to elevated losses

These measures are aligned with our broader grid modernisation strategy and are essential to improving operational efficiency, reducing losses and enhancing financial sustainability.

THEFT OF CONDUCTORS, CABLING AND NETWORK-RELATED EQUIPMENT

Theft of overhead aluminium conductors, copper cables and pylon components continues to disrupt operations. We have deployed advanced intrusion detection systems at substations, replaced stolen copper with lower-value alternatives and intensified intelligence-led disruption operations. Despite these interventions, theft of conductors, cabling and network-related equipment resulted in losses of R86 million from 1 333 incidents during the year (2025: R77 million from 1 585 incidents). We continue to collaborate with other state-owned companies, industry stakeholders, the South African Police Service (SAPS) and the National Prosecuting Authority (NPA) to strengthen enforcement and prosecution. These efforts contributed to the decline in incidents and led to 95 arrests during the year (2025: 73 arrests).

DELIVERING CAPACITY EXPANSION

Since the inception of our capacity expansion programme in 2005 to 31 March 2026, we have increased installed generation capacity by 17 127MW. The new build programme is on track for completion by FY2028. We have also extended high-voltage transmission lines by 9 186km and enhanced transmission substation capacity by 46 148MVA since then.

The final unit at Kusile, Unit 6, achieved commercial operation on 29 September 2025, adding installed capacity of 799MW to the grid. Despite the final rated capacity of the unit being 1MW lower than planned, the unit is considered to have been delivered in line with expectations.

We installed 270.8km of transmission lines during the year, less than the 400km target. This was due to a combination of sustained contractor underperformance, contractor financial constraints and procurement delays that led to later than planned contract awards on key projects.

The most significant shortfall was recorded on the Ariadne-Eros 400kV line, where contractor financial constraints and continued contractor underperformance severely restricted progress, achieving only 29km against a planned target of 165km. To address this, the contractor's payment terms were revised to support improved cash flow. Construction teams have been strengthened through enhanced supervision and a structured review of the sequencing of work to ensure efficiency and quality. Parallel execution of the stringing of 50km of transmission lines for this project will be executed by two contractors, each responsible for separate sections.

The transformer capacity installed and commissioned exceeded the target, supported by the successful delivery across both capital and self build programmes at various sites.

Measure and unit	Target 2029[1]	Target 2027	Target 2026	Target met?	Actual 2026	Actual 2025	Actual 2024
Generation capacity installed and commissioned (commercial operation), MW	n/a	n/a	**800**	●	**799**	799	–
Transmission lines installed, km SC	3 360.0	500.0	**423.0**	●	**270.8**	292.6	74.4
Transmission transformer capacity installed and commissioned, MVA SC	30 000	6 000	**3 750**	●	**4 000**	2 620	23

1. The 2029 target is the cumulative capacity or lines to be installed and/or commissioned over the next three years.

Strengthening our infrastructure *continued*

TRANSMISSION DEVELOPMENT PLAN

NTCSA is committed to increasing grid capacity and ensuring grid stability to support the grid connection of much-needed new renewable generation capacity. The TDP sets out the capital investment strategy to facilitate these grid connections and represents the most ambitious infrastructure expansion initiative in Eskom's history.

The plan underscores the urgent need to construct approximately 14 500km of new high voltage transmission lines and the commissioning of 132 650MVA transformer capacity by 2034, a critical step in unlocking grid capacity and enabling the integration of 56GW of new generation capacity. Expansion efforts are being prioritised in regions with the greatest demand and potential.

Under the TDP, the focus remains on accelerating project development and execution through innovative project delivery models, including public-private partnerships and the Independent Transmission Projects programme. These initiatives are designed to attract private investment, share risk and expedite execution, while maintaining system integrity. Capital affordability is influenced by NERSA's decision on the MYPD 6 application, considering the restriction on borrowings under Government's debt relief programme.

GROUP FUNDED CAPITAL EXPENDITURE (EXCLUDING CAPITALISED BORROWING COSTS)

Area, R million	Target 2029[1]	Target 2027	Target 2026	Actual 2026	Actual 2025	Actual 2024
Generation plant	66 114	27 000	**27 953**	**26 654**	26 683	26 531
Transmission network	80 033	10 192	**9 800**	**7 931**	6 473	4 269
Distribution network	31 180	12 056	**8 980**	**6 567**	4 112	2 879
Subtotal: infrastructure investment	177 327	49 248	**46 733**	**41 152**	37 268	33 679
Future coal and nuclear fuel	9 728	3 407	**3 594**	**2 913**	3 011	2 769
Other support areas and intergroup eliminations	4 658	1 870	**1 703**	**922**	855	573
Total group funded capital expenditure[2]	191 713	54 525	**52 030**	**44 987**	41 134	37 021

1. The 2029 target is the cumulative capital expenditure targeted over the next three years. An amount of R54.5 billion is targeted in 2027, with R65.5 billion in 2028 and R71.7 billion in 2029.
2. Capital expenditure includes additions to property, plant and equipment, intangible assets and future fuel, but excludes strategic spares, construction stock and capitalised borrowing costs. Figures noted above are based on internal reporting and do not necessarily align to the movement on property, plant and equipment as disclosed in note 8 in the annual financial statements.

Capital expenditure was R7 billion lower than target due to:

- Under spending on refurbishments, including the smart metering refurbishment programme experiencing several delays due to operational challenges and community disruptions
- Generation experienced procurement delays on several technical plan and refurbishment projects, including the Komati repurposing project and the conversion of OCGTs to gas
- The battery storage project experienced slow progress on site works due to contractor challenges
- NTCSA challenges include delays in appointing owners' engineers for projects, delays in servitude registration at the Deeds Office and delays in payments for the relocation of houses on servitudes

MEDUPI AND KUSILE PROJECT PERFORMANCE

All Kusile units are now in commercial operation. The second phase of the ash dump project was successfully completed to enable ashing space to support all six units in operation. The focus is now on completing the remaining balance-of-plant scope, closing out contracts, resolving contractor claims and disputes.

Medupi Unit 4 was returned to service with a used generator stator on 6 July 2025.

PR For more information on the return to service of Medupi Unit 4, refer to "Full load losses due to major incidents" on page 22 earlier in this section

The main ERA extension was approved for conclusion by December 2026, while the full project finalisation date remains December 2027. A review is in progress to ensure that all projects will be completed within the approved timeframe.

Medupi and Kusile projects concluded negotiations with Mitsubishi Heavy Industries Ltd, the boiler contractor on both projects, to close out the contract during the first half of the year. A settlement agreement was signed on 25 June 2026, which addressed all outstanding claims, disputes, deductions, variations and defect-related matters. As a result, no further payments are required for these matters, and all existing claims and disputes between the parties have been fully and finally resolved. The contractor is currently completing the remaining obligations under the agreement.

OTHER PROJECTS

MEDUPI FLUE GAS DESULPHURISATION RETROFIT

Medupi's business case committed to retrofit wet flue gas desulphurisation (FGD) technology within six years of each of its unit's commissioning, aligned with scheduled general overhaul outages. The installation of this technology will enable Medupi to reduce sulphur dioxide emissions in line with South Africa's atmospheric emission licence requirements.

The project remains in the tendering phase, with the request for proposal for the project and the closing date extended to February 2026 following requests from bidders. As reported previously, the revised cost estimate is R41.7 billion, reflecting inflationary pressures and market dynamics. Tender evaluations are expected to be completed by February 2027, including proactive assurance. The environmental impact assessment for the waste disposal facility is in progress, as is the procurement process to appoint the owner engineer and project management team.

In compliance with the station's Minimum Emission Standards (MES) exemption, Eskom has prepared an updated cost benefit analysis, which was submitted for consideration to the Department of Forestry, Fisheries and the Environment (DFFE) in April 2026. DFFE has requested further modelling to support their review, with the updated report targeted for completion by February 2027. The study shows a high financial cost of FGD compared to relatively limited health benefits. Any changes in the approach to FGD will be discussed with all relevant stakeholders.

PR For more information on the Medupi FGD, refer to "Interacting with the environment – Compliance with Minimum Emission Standards" on page 36 in this report

Strengthening our infrastructure *continued*

The project team maintains regular communication with the World Bank regarding project progress and status. Given that the project is currently scheduled for completion after the deadline contemplated in the World Bank loan arrangements, there remains a risk of a potential breach. We continue to engage constructively with the World Bank, which has indicated that it will undertake a mission review by October 2026 to assess progress, challenges, mitigation measures and potential next steps.

Water for the first three units of Medupi's FGD retrofits will be available from the existing Mokolo Dam. Implementation of the last three FGD units is dependent on an additional water supply line from Thabazimbi, implemented by the Trans-Caledon Tunnel Authority, an agency of the Department of Water and Sanitation. The construction tender for the Mokolo Crocodile Water Augmentation Project (MCWAP) Phase 2A was awarded early in FY2026, with completion of this critical supply line being anticipated by January 2030.

BATTERY ENERGY STORAGE SYSTEMS

Our battery energy storage system (BESS) programme is a central pillar of our strategy to modernise the national grid, enhance system flexibility, and enable greater integration of renewable energy. The initiative is co-financed by the World Bank, the New Development Bank and the African Development Bank and is aligned with South Africa's energy transition objectives.

The BESS programme directly addresses local system challenges, including peak demand, grid congestion and renewable intermittency, while showcasing the feasibility of large-scale storage deployment in support of the national renewable energy strategy. The first phase will deliver over 800MWh of daily storage capacity. Status of the various sites are provided below:

- The Hex, Pongola and Elandskop sites have been commissioned with a daily storage capacity of 292MWh
- In February 2026, all expatriate personnel engaged by the contractor on the Skaapvlei, Graafwater and Paleisheuwel sites (395MWh daily capacity) were deported due to not having valid visas and work permits, and construction at the three sites stopped. Since then, all three project sites remain closed, with the sites at 90%, 70%, and 40% completion respectively. Engagements with the contractor have been held and they are set to resume works at the three sites in FY2027, with completion expected in FY2028. However, significant hurdles remain, so parallel contingency planning is underway to pursue alternate contractual remedies, and possible alternate service providers
- Preferred bidders for the Melkhout and Rietfontein sites (146MWh daily capacity) were issued letters of acceptance. Following receipt of the letters, both bidders submitted requests for substantial amendments, in terms of both contract price, a significant extension of the construction timeline and a relaxation of project stipulations. Our project funders have explicitly stated that they will not accept post-award negotiations. The two preferred bidders declined to proceed under the original tender terms, defaulting on the upfront conditions, and the contracts were consequently cancelled. Revised bidding documents are being prepared, incorporating lessons learned from this and other BESS sites to ensure a robust and successful contract award process

GAS CAPACITY

The Richards Bay gas project is in the development stage as part of Eskom's longer-term generation expansion strategy, with four units totalling 3 000MW being targeted. The envisaged private sector partner is expected to be appointed in FY2028, with commissioning of all four units by FY2031.

Following the Supreme Court of Appeal judgment in September 2025, which set aside the environmental authorisation for the project, the process for the new environmental impact assessment application to DFFE has commenced. Approval of the EIA is anticipated by July 2027.

ESKOM GREEN

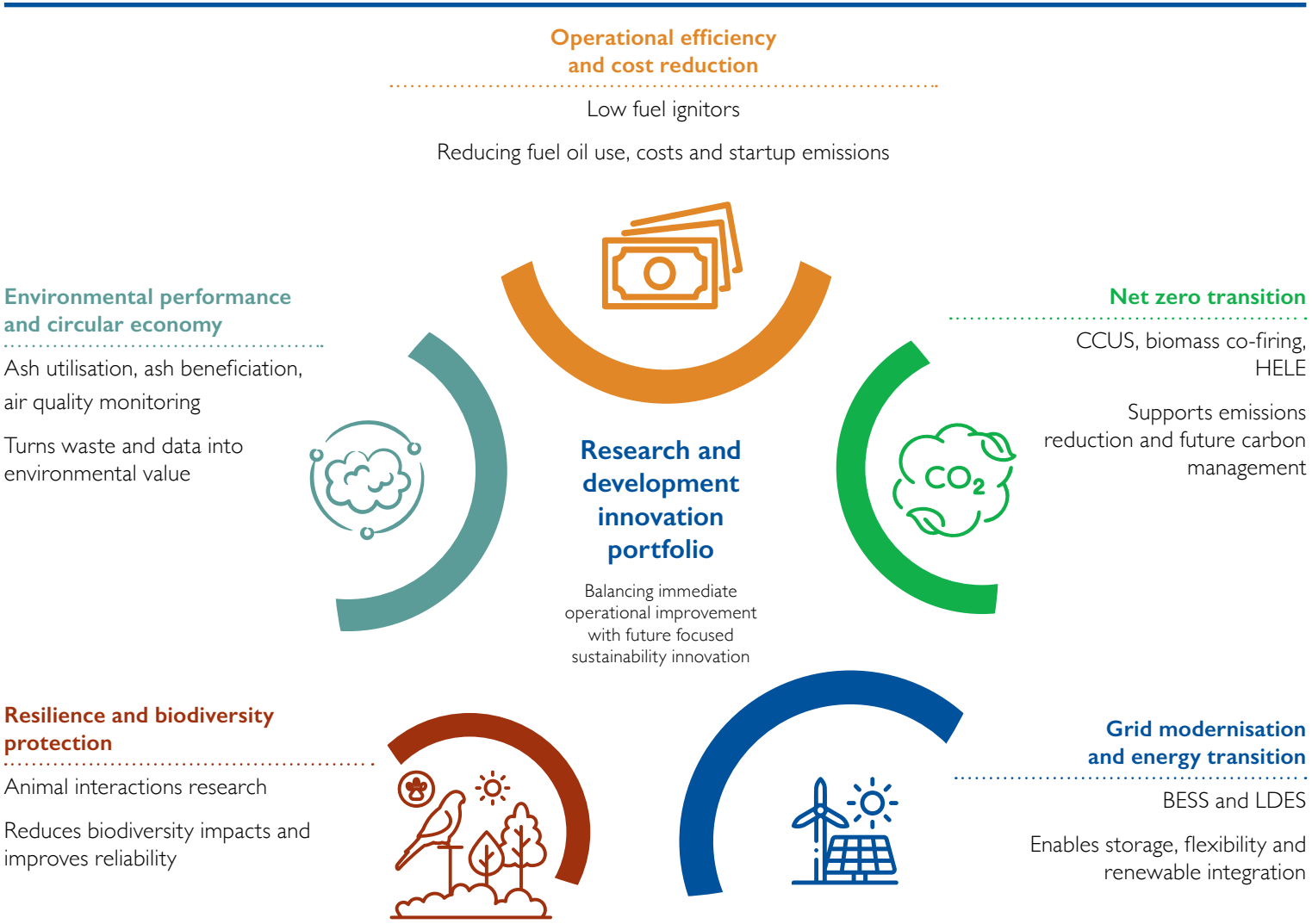
We launched Eskom Green on 9 June 2026 as a dedicated utility-scale renewable energy business to accelerate renewable energy development and support customers in achieving their decarbonisation and energy transition objectives. Eskom Green has been structured to provide the agility, funding flexibility and partnership-based delivery model required for renewable energy development.

The foundation phase will focus on large industrial customers in sectors such as mining and manufacturing, offering renewable energy solutions through direct bilateral PPAs and section 34 IRP allocations. Its pricing model is intended to be transparent, with network, wheeling and regulated wholesale charges passed through at cost and shown separately from the energy price. This will allow customers to distinguish clearly between the cost of energy and the cost of using the network.

Eskom Green's initial pipeline includes 17 high-priority projects across our existing coal-fired power station footprint, leveraging established infrastructure to support faster deployment, cost efficiency and grid resilience. These projects are expected to make about 6GW of carbon-free electricity available by FY2030, with an initial pipeline of 2GW of renewable energy and pumped storage projects expected to advance from FY2027. Over the longer term, Eskom Green is aiming to deliver 32GW of cost-competitive clean energy and storage capacity by FY2040.

PR Refer to "Interacting with the environment – Investing in renewable energy" on page 39 for more information on the launch of Eskom Green

Strengthening our infrastructure *continued*



Targeted research and development investment supports Eskom's transition from research concepts to scalable sustainability solutions. Curve size indicates relative investment value.

RESEARCH AND DEVELOPMENT PROJECTS

Research and development is pivotal to our strategic transformation and long-term sustainability – it ensures that we remain at the forefront of energy technology. Our research agenda is closely aligned with the needs of the core business, prioritising practical solutions that strengthen operations, while also exploring emerging technologies to maintain competitiveness and sustainability.

Our research investment approach follows a 60:30:10 model across short-, medium-, and long-term horizons. In the short term, the focus is on sustained operations and efficiency improvements across generation, transmission, and distribution. Over the medium term, the focus is on the transition to clean coal technologies and a lower-carbon energy mix. In the long term, our aim is to become a leading clean coal and clean energy utility, fostering innovation, sustainability and competitiveness within a transformed electricity sector.

Our high-priority initiatives are outlined below.

GRID-FORMING INVERTERS

Research was concluded on the role of grid-forming inverters to enhanced grid stability in utility-scale renewable integration. Recommendations based on the Finnish specification will be proposed to update the national grid code.

DYNAMIC VOLT-AMP REACTIVE (D-VAR) DEVICES

D-VAR technology is being piloted to manage voltage fluctuations caused by variable solar and wind generation on medium-voltage networks. This will improve power quality and voltage regulation in renewable energy-rich areas.

Strengthening our infrastructure *continued*

INFRASTRUCTURE PROTECTION USING BENEFICIATED ASH

Ash-based concrete, which is fireproof and more durable than traditional cement, is being piloted to protect telecom infrastructure from vandalism and theft. This will enhance infrastructure resilience using sustainable materials sourced from our waste ash.

LONG-DURATION ENERGY STORAGE

Research on the applicability of long-duration energy storage systems to provide dispatchable grid-scale electricity, storage for variable renewable energy, as well as grid inertia to support grid stabilisation. The three initiatives are: the Komati carbon dioxide energy storage system, the Komati pumped thermal energy storage system and the Hendrina gravity energy storage system.

LOW-FUEL IGNITORS

Ignitor systems which are designed to use less fuel oil during start-up and low-load operations are being demonstrated at Duvha and Kriel power stations. Designs for both stations have been completed, and manufacturing for Duvha has commenced. Construction and tie-in are scheduled for March 2027 at Duvha and May 2027 at Kriel.

REAL-TIME MONITORING OF GEOMAGNETICALLY INDUCED CURRENTS

A geomagnetic disturbance disaster refers to a situation where solar storms cause the electricity network to move out of its steady state condition, which can cause loss of critical plant equipment and/or control of the plant, ultimately leading to voltage instability on the national grid. To improved disaster contingency planning, a real-time monitoring system is being developed to help correlate the intensity of solar storms with their impact on large power transformers. We are testing the real-time monitoring of the impact of geomagnetically induced currents on large power transformers tests at four sites on Eskom's network.

DIGITAL SUBSTATION PROCESS BUS TECHNOLOGY

NTCSA is focused on advancing the transition to digital substations in line with its substation modernisation strategy. This includes enabling interoperability between legacy and modern systems, supporting multi-vendor integration, enabling secure remote access and consolidating functions into fewer intelligent electronic devices.

A key enabler of the digital substation is the process bus, which is essential for replacing copper wiring with real-time digital communication, but presents significant challenges for network design, due to high data volumes and stringent availability requirements. The objective of this research project is to evaluate the process bus implementation at a laboratory scale to generate practical insights that will guide the development of NTCSA's digital substation design standards.

The laboratory setup, with a process bus utilising the parallel redundancy protocol and a process bus utilising high-availability seamless redundancy, was completed, along with the configuration of the protection equipment. Configuration of the network switches and laboratory testing is expected to be completed during FY2027.

HYDROGEN FUEL CELL TECHNOLOGY

This project forms part of Eskom's strategic shift towards decentralised, low-emission energy solutions. Fuel cells convert hydrogen into electricity through an electrochemical process, offering various advantages and zero on-site emissions. By leveraging hydrogen fuel cell systems, we aim to pilot a cleaner alternative for off-grid and microgrid applications, particularly for remote sites and critical infrastructure.

A contract was concluded in May 2025 for the installation and commissioning of the hydrogen offloading panel, piping system and fuel cell integration. The final offloading and fuel cell system design incorporates safety elements, ensuring full compliance with Eskom's hydrogen systems standard and South African National Standards. The research report was completed and approved, and the project will now transition into the handover and close out phase.

Once operational, the system will support data gathering to address key research questions including fuel cell efficiency, turn-down ratio, levelised cost of electricity and broader system integration potential.

HIGH-EFFICIENCY LOW-EMISSION (HELE) TECHNOLOGIES

We are assessing the feasibility of repowering coal plants with HELE technologies and piloting the demonstration at power stations to improve plant efficiency and reduce emissions. The first phase of the research project concluded with the recommendation to explore the use of circulating fluidised bed combustion (CFBC) technology for repowering of ageing coal-fired power stations. Demonstration of CFBC technologies for repowering at Duvha, Hendrina and Grootvlei power stations were approved in February 2026, and the project is currently in the commercial phase for the appointment of a technology owner to undertake the engineering development.

CARBON CAPTURE UTILISATION AND STORAGE (CCUS) TECHNOLOGY

The CCUS project focuses on CO_2 capture, utilisation and geological storage. Our CCUS research is at an advanced stage, with Kusile Power Station earmarked for a demonstration plant. Key milestones completed include the review of CO_2 technologies, and the function specification for the Kusile CO_2 post-combustion capture plant. Project delivery will consider the logistical requirements of Kusile's inland location, including transport, infrastructure and industrial demand. CCUS technology research aims to demonstrate the technical viability at coal-fired stations, as well as alignment with clean coal, Just Energy Transition (JET) and CO_2 circular economy objectives.

We continue to collaborate with academic institutions, industry partners and international agencies to accelerate the development and deployment of technologies that support JET, operational improvement, environmental compliance and digital transformation goals.

Interacting with the environment

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, biodiversity and land impacts, as well as ash and other waste streams requiring responsible management. Our 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, air quality offsets, water use, waste management, and biodiversity offsets.

On 5 June 2026, World Environment Day, we launched Eskom's environmental campaign, "Save today, sustain tomorrow", a strategic, leadership-driven initiative aimed at embedding environmental stewardship into daily operations and decision-making across the business.

We achieved a significant reduction in CO_2 emissions, around 16% compared to 2019 levels, contributing to a declining share of national greenhouse gas emissions, now approximately 41%. Our particulate emissions performance worsened compared to last year, due to poor ash handling and electrostatic precipitator performance at five 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 the specific water consumption compared to last year, due to limited use of the older, wet-cooled stations in favour of our dry-cooled stations, Medupi, Kusile, Matimba and Kendal. In addition, the return to service of Medupi Unit 4 and the commercial operation of Kusile Unit 6 has added additional dry-cooled units to the mix, while the return to service of Koeberg Unit 1 also made a positive fresh-water-efficient contribution to the 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 environmental stewardship.

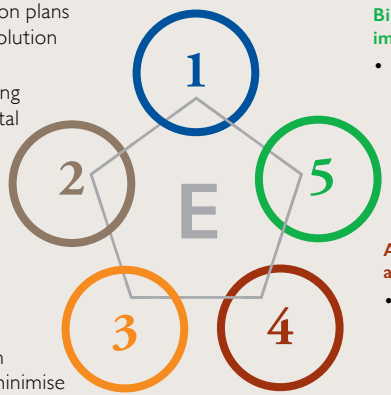
Climate change remains a central concern. In alignment with the Climate Change Act, 2024 which came into effect in March 2025, we implemented divisional and subsidiary climate adaptation plans and strengthened our risk management systems and reporting on greenhouse gas (GHG) emissions. Our GHG emissions 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.

We are also dedicated to embedding the environmental aspect of our environmental, social and governance (ESG) plan into our operations as indicated below.

Climate change mitigation and adaptation
- Develop and implement mitigation plans to address climate change and polution prevention
- Drive repowering and repurposing initiatives to reduce environmental and social impact

Water use, reduction, security of supply and pollution
- Implement water management plan to ensure sustainable water use

Waste reduction and beneficiation
- Execute waste management plan (including ash beneficiation) to minimise waste and promote beneficiation



Biodiversity, land use and impact on wildlife
- Implement land and biodiversity plans to manage land use and wildlife impact

Air pollution, health and air quality management
- Execute the environmental management plan and clean coal technologies to reduce emissions and manage air pollution

SR Refer to our sustainability report for more information on our ESG approach

SECURING OUR RESOURCE REQUIREMENTS

Eskom's electricity generation relies on a diverse mix of primary energy sources: coal, fuel oil, diesel, nuclear fuel and water, together with sun and wind for renewable plant. In FY2026, securing these resources remained critical to ensuring system reliability, affordability and environmental compliance. Our primary energy sourcing approach focused on timely procurement, quality assurance and cost optimisation, while also aligning with our broader strategic objectives of operational recovery, decarbonisation and long-term sustainability.

BALANCING THE QUALITY AND COST OF OUR COAL SUPPLY

TECHNICAL PERFORMANCE

Measure and unit	Target 2029	Target 2027	Target 2026	Target met?	Actual 2026	Actual 2025	Actual 2024
Coal burnt, Mt[1]	93.76	98.16	**99.10**	●	**96.54**	106.18	99.48
Coal purchased, Mt	92.05	97.82	**107.18**	●	**103.79**	107.29	107.45
Coal purchase R/ton, % increase	n/a	13.1	**14.0**	●	**10.1**	2.9	6.6
Coal stock days	94	101	**107**	●	**94**	79	80
Normalised coal stock days, budgeted standard daily burn[2]	32	32	**32**	●	**53**	40	45

1. From 1 April 2022, pre-commissioning burn is no longer capitalised to the asset and instead recognised in primary energy cost. However, pre-commissioning burn is still excluded from the figures reported above. The FY2026 figure excludes 1 085kt coal burnt during the commissioning at Kusile (2025: 416kt).
2. Normalised coal stock days exclude the coal stockpile at Medupi, purchased in terms of the take-or-pay contract from the tied colliery at the time of construction delays when Medupi was being constructed.

Interacting with the environment *continued*

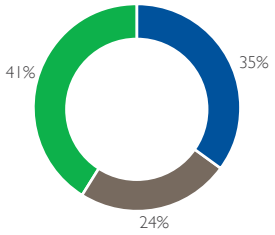
SECURING STABILITY WHILE MANAGING TRANSITION RISK

Coal continues to be the primary fuel in our generation portfolio, representing about 85% of installed capacity and contributing over 90% of energy dispatched in FY2026. With coal procurement accounting for roughly 85% of primary energy costs, it remains critical for both operational stability and financial sustainability to secure a dependable and cost efficient supply of acceptable quality coal.

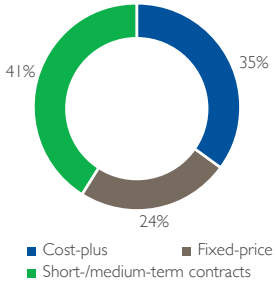
Our coal supply strategy remains focused on securing long-term, cost-effective contracts delivered by conveyor and rail systems, tailored to the specific coal quality requirements of each station. This approach supports the Generation Reliability and Sustainability Plan, enabling a sustained improvement in energy availability and reducing reliance on emergency generation.

The volumes and value of coal purchased over the past year were made up as follows:

Coal volumes



Value of coal purchased



To manage supply risk and stabilise stock levels, we increased procurement from cost-plus contracts, maintaining a disciplined approach to cost. Although the average cost per ton of coal rose by 10.1% year-on-year (2025: 2.9%), the increase in the average coal purchase price was within Eskom's target for the year. This was achieved by improved production from cost-plus mines which lowers the coal unit cost, as well as by procuring short- and medium-term coal at more favourable rates.

At 31 March 2026, no power station had coal stock below its individual minimum stockholding level (March 2025: two stations), and normalised coal stock of 53 days also improved (March 2025: 40 days), with no risks foreseen at these levels.

To meet the medium- and long-term coal needs of our power stations under the coal strategy, we are renewing or extending cost-plus coal supply agreements (CSAs) to align with the lifespan of stations, avoiding surplus coal stock and financial penalties. Requests for proposal (RFPs) have been issued for fixed-price coal supply contracts for various power stations. Further RFPs will be issued to the market based on coal requirements. Key agreements include:

- The new CSA for Matla has been signed commencing on 1 April 2026 and is valid until 2043
- Negotiations are underway to conclude a CSA with the New Largo main mine to supply Kusile. In addition, several CSAs have been concluded, and more are in negotiations
- For the supply of limestone to Kusile from mid-FY2027 onwards, due diligences and negotiations are being finalised with the shortlisted tenderers
- CSAs have been concluded for Camden, Duvha, Grootvlei, Kriel, Matla and Tutuka
- Due diligences and negotiations are in progress with the tenderers for the Majuba RFP

In May 2026, Exxaro Resources officially opened its New Mine 1 operation at its Matla Coal Mine in Mpumalanga. In 2016, the decision was taken to stop production at the old Mine 1 due to deteriorating safety pillars near the shaft infrastructure. This led to the development of the New Mine 1 project to safely access the remaining reserves.

The New Mine 1 forms part of the broader Matla life-of-mine project, a long-term, R5.2 billion mega investment project designed to provide safe and continued access to the remaining coal reserves, improve efficiency and ensure consistent delivery in line with the recently extended CSA with Eskom. The newly concluded agreement commenced is valid until 30 November 2043.

"The reliable supply from Matla ensures that, as the grid is decongested to enable rapid renewables penetration, Eskom maintains operational consistency and security of energy supply needed to support South Africa's developmental and industrial needs." – Dan Marokane, Group Chief Executive

As a cost-plus operation, Eskom is contractually responsible for funding the mine's costs to ensure the lowest possible overall fuel cost. The New Mine 1, which is critical to the reliable operation of Matla Power station, will contribute approximately 4.2 million tonnes of coal annually. This extension also promotes job security in South Africa, as the Matla Coal Mine provides employment to 6 174 employees and contractors.

All supply contracts are actively managed to align with stations' useful lives, supporting both operational continuity and our broader transition objectives by ensuring coal supply remains stable while the energy mix evolves.

Our top 10 coal suppliers are set out below.

Supplier	Contract type
Exxaro Coal	Mix of cost-plus and fixed-price contracts
Seriti Coal	Mix of cost-plus and fixed-price
Universal Coal	Fixed-price
Salungano	Fixed-price
Glencore	Fixed-price
HCI Coal	Fixed-price
Mbuyelo	Fixed-price
Into Africa Mining and Exploration	Fixed-price
Mwelase Mining	Fixed-price
Namane Resources	Fixed-price

Interacting with the environment *continued*

Managing coal quality to enhance reliability and reduce emissions

Coal quality remained a key operational focus in FY2026. The coal-related other capacity loss factor (OCLF) for the year was 0.26% (2025: 0.37%). Matla Power Station remains the main contributor, accounting for 81% of coal-related OCLF, while Duvha, Hendrina, Grootvlei and Kendal contributed the balance. Matla continues to experience fluctuations in the quality of coal supplied, which results in variability in OCLF performance. Eskom remains committed to various initiatives to improve Matla's coal quality, including mixing coal from the New Mine 1 colliery with other higher-quality sources.

Coal quality monitoring and sampling processes ensure that coal supplied meets quality requirements. The comprehensive approach further includes improved mine planning and scheduling; investment in new equipment to capitalise mining sections and improve accessibility; as well as longer-term initiatives for the construction of new coal beneficiation plants.

SUSTAINING GENERATION OPERATIONS THROUGH WATER SECURITY

Water remains a critical resource for Eskom's coal-fired generation fleet, particularly in cooling and demineralisation processes. In FY2026, we continued to prioritise water security through long term supply agreements, infrastructure resilience and proactive engagement with the Department of Water and Sanitation (DWS). Our water strategy supports the broader transition to a lower-carbon energy mix, while safeguarding uninterrupted operations at our wet-cooled stations.

At 31 March 2026, the Integrated Vaal River System storage level was 100.6% at the end of the summer rainfall season. Projections indicate no anticipated water curtailments for Eskom's power stations over the next four years, due to high dam levels and Eskom being designated as a strategic water user. Nevertheless, the Vaal River System will continue to be vulnerable to future water supply deficits until the commissioning of the Lesotho Highlands Water Project Phase 2 in 2029.

The development of the Mokolo Crocodile Water Augmentation Project (MCWAP) Phase 2A is now expected to deliver water by January 2030, with construction having commenced in October 2025. This is critical to supporting the flue gas desulphurisation (FGD) retrofit at Medupi and ensuring long-term water supply to Matimba and Exxaro's Grootegeluk mine (which supplies coal to Medupi). The Mokolo River System, which supplies Matimba and Medupi, remained at full capacity at year end, but the risk of curtailment remains until MCWAP Phase 2A becomes operational.

PR For more information on the Medupi FGD retrofit project, refer to the "Compliance with Minimum Emission Standards" on page 36 later in this section, and to "Strengthening our infrastructure – Delivering capacity expansion" on page 27 in this report

Our water security strategy continues to face challenges from DWS infrastructure constraints, including maintenance delays, prolonged outages and increasingly complex inter-basin transfers. While dam levels remained healthy across key systems, climate variability, localised curtailments and declining water quality required proactive planning and ongoing collaboration with DWS and other stakeholders.

Water quality deterioration in the Usutu-Vaal River System remains a significant concern, necessitating upgrades to water and wastewater treatment infrastructure at several stations to accommodate poorer-quality water. We continue to engage with DWS to mitigate these risks and align with river resource quality objectives and national water reallocation strategies.

To address the growing risk of bulk water supply interruptions, particularly in Gauteng, we implemented water conservation and demand management initiatives across our operations and activated business continuity plans to minimise potential disruptions.

Over the next decade, total water demand is expected to decline as older wet-cooled coal-fired stations are repurposed or repowered and renewable and nuclear capacity expands. However, the operation of FGD systems at Kusile and Medupi will increase water consumption, requiring a careful balance between environmental compliance and resource efficiency.

PR For a discussion of our water usage, refer to "Managing water consumption" on page 37 later in this section

ENSURING KOEBERG'S CONTINUITY THROUGH NUCLEAR FUEL SECURITY

Eskom maintained the security of nuclear fuel supply for the Koeberg Nuclear Power Station throughout FY2026. Long-term contracts for enriched uranium remain in place until 2028, ensuring continuity and flexibility in the nuclear fuel supply chain. Existing contracts with Westinghouse and Framatome ensured the uninterrupted delivery of fabricated nuclear fuel, with the fuel reload for the scheduled February 2027 outage already secured.

The procurement process for new nuclear fuel contracts is underway. The independent assurance has been completed and the procurement governance processes are underway to secure a mandate to enter negotiations. The target is to finalise new fuel contracts by the end of FY2027.

As a contingency to mitigate potential fuel risks for the February 2027 outage, Eskom has submitted a request to modify the existing fuel contracts to include an additional reload. This measure will only be exercised if required, ensuring continuous supply for both of Koeberg's units.

AFS For further information on nuclear fuel balances, refer to note 10 on future fuel supplies and note 13 on inventories in the financial statements

Interacting with the environment *continued*

REDUCING OUR ENVIRONMENTAL FOOTPRINT

We employ several KPIs to measure the effectiveness of our interventions. These include relative particulate emissions, specific water consumption and the number of reported environmental legal contravention incidents.

The environmental interaction of our operations is strategically managed through the implementation of governance oversight plans. These include comprehensive water management strategies, emission reduction initiatives and air quality improvement plans at our generation facilities. Additionally, we are engaged in bird mortality mitigation projects on our operations.

PR Refer to page 79 in the supplementary information of this report for further detail on the environmental implications of using or saving electricity

Measure and unit	Target 2029	Target 2027	Target 2026	Target met?	Actual 2026	Actual 2025	Actual 2024
Particulate emissions, kt[1]	n/a	n/a	**n/a**	n/a	**176.32**	122.94	145.30
Relative particulate emissions, kg/MWh sent out [SC, 2, 3]	0.30	0.35	**0.35**	●	**0.98**	0.64	0.79
Carbon dioxide (CO_2), Mt[1, 4]	n/a	n/a	**n/a**	n/a	**184.0**	204.6	190.4
Nitrous oxide (N_2O), t[1, 4]	n/a	n/a	**n/a**	n/a	**1 291**	1 470	1 382
Methane (CH_4), t[1, 4]	n/a	n/a	**n/a**	n/a	**1 394**	1 567	1 523
Carbon dioxide equivalent (CO_2e), Mt[1, 4]	n/a	n/a	**n/a**	n/a	**184.5**	205.1	190.9
Sulphur dioxide (SO_2), kt[1, 4]	n/a	n/a	**n/a**	n/a	**1 420**	1 591	1 431
Nitrogen oxide (NO_x as NO_2), kt[1, 5]	n/a	n/a	**n/a**	n/a	**695**	772	735
Specific water consumption, ℓ/kWh sent out [SC, 2]	1.33	1.36	**1.37**	●	**1.34**	1.40	1.43
Net raw water consumption, Mℓ[1]	n/a	n/a	**n/a**	n/a	**241 562**	268 638	260 680
Environmental legal contraventions, number[1]	–	–	**–**	n/a	**67**	65	68
Environmental legal contraventions reported as a result of significant failure of business systems, number[6]	–	–	**–**	●	**3**	–	7

1. No target is set for emission volumes, net raw water consumption or environmental legal contraventions.
2. Relative particulate emissions values and specific water consumption exclude Kusile Unit 6, which achieved commercial operation on 29 September 2025. New units are only included one year after achieving commercial operation.
3. At stations with unusually high emission levels, the monitors often exceed their maximum limits. In these instances, methodologies for emission estimations are used.
4. Emission figures are calculated based on coal characteristics and power station design parameters using coal analysis and coal burnt tonnages. Figures include coal-fired and gas turbine power stations, as well as oil consumed during power station start-ups.
5. NO_x reported as NO_2 is calculated using average station-specific emission factors (which are measured intermittently) and tonnages of coal burnt.
6. These relate to specific cases of environmental legal contravention incidents that are of high significance in terms of the impact on the environment and/or on Eskom in that they have a material business impact and illustrate a significant failure of business systems.

SR For further information on air quality and emission, refer to "Air quality and emissions performance" in the sustainability report

LIMITING PARTICULATE AND GASEOUS EMISSIONS

The generation of electricity through burning coal releases greenhouse gases, particularly carbon dioxide (CO_2), which contributes to climate change. Coal-fired power stations also emit other major contributors to air pollution: these are particulate matter (PM) and gaseous emissions such as nitrogen oxides (NO_2) and sulphur dioxide (SO_2).

The National Environmental Management: Air Quality Act, 2004 (NEMAQA) requires the installation of technology to reduce emissions. Since the early 1980s, we have implemented pollution reduction technology to reduce particulate matter and NO_x emissions. Kusile Power Station is our first power station to have FGD installed to reduce SO_2 emissions, while Medupi Power Station is still to retrofit FGD.

PR More information on particulate and gaseous emissions is available in the technical statistical table on page 72 in the supplementary information of this report

RELATIVE PARTICULATE EMISSIONS

Relative particulate emission performance of 0.98kg/MWh sent out has deteriorated since the previous year (2025: 0.64kg/MWh sent out).

It is estimated that coal-fired units have operated in non-compliance with their allowable daily limits for particulate matter emissions on 1 826 operating days (combined for all units) during the year (2025: 1 508 days).

The decline in performance for both measures was primarily due to the ash handling issues at Kendal, Kriel, Lethabo, Matimba and Matla. While progress has been made on the recovery of the ash handling cycle at all these stations during the year, challenges remained at year end at Kriel, Lethabo and Matimba. At Kriel, challenges included the dust-handling plant, overland conveyor breakdowns, and underperforming electrostatic precipitators (ESPs) and SO_3 plant. Repairs to one conveyor line have been completed, which is improving performance. Lethabo Unit 4 has been experiencing recurring periods of extremely poor performance and was shut down on 2 April 2026 for the refurbishment of its ESP; it is due to return from the planned outage by September 2026. Matimba's performance was mainly affected by ash handling challenges, SO_3 plant defects and poor ESP performance. Work to improve ash handling systems at Matimba is ongoing.

Eight of our 14 coal-fired stations – Grootvlei, Kusile, Arnot, Hendrina, Medupi, Camden, Duvha and Majuba – met their internal relative particulate emission targets for FY2026.

COMPLIANCE WITH ATMOSPHERIC EMISSION LICENCES

We are permitted to emit atmospheric pollutants within certain limits, based on atmospheric emission licences (AELs) issued by the authorities to individual power stations.

Coal-fired stations continue to operate in general compliance with emission limits in their AELs, although non-compliance with these limits occurs periodically and are reported to the authorities as required. Our AELs require us to report emergency incidents to the authorities, referred to as NEMAQA section 30 incidents.

PR Incidents reported to the Department of Forestry, Fisheries and the Environment (DFFE) in terms of section 30 of NEMAQA are disclosed under "Reducing environmental legal contraventions" later in this section on page 37

Interacting with the environment *continued*

By year end, eight units were operating in non-compliance with average monthly emission limits (2025: 19), placing 4 616MW at risk of censure or closure by the authorities (2025: 12 735MW). The main contributors were Kendal, Kriel, Lethabo, Matimba and Matla. Causes for operating in non-compliance included underperformance of the electrostatic precipitators and flue gas conditioning (SO_3) plant, malfunctions of the dust handling plant, as well as excessive emission exceedances during unit start-ups.

NO_x emission limits

There were 657 reportable exceedances of NO_x limits by coal-fired power stations during the year, a significant increase compared to the six exceedances in FY2025. The increase was primarily driven by exceedances at Majuba following the introduction in April 2025 of a stricter NO_x minimum emission standard limit, with the station being unable to meet its exemption limit. Majuba is planning NO_x boiler upgrades by 2030, and the authorities have been approached to relax the limit until the upgrades have been completed.

SO_2 emission limits

There were 11 reportable exceedances of daily SO_2 limits by coal-fired power stations during the year (2025: none). Most of the exceedances were recorded at Arnot and Majuba. Those at Arnot were primarily due to poor coal quality.

Increased focus is being placed on resolving NO_x and SO_2 exceedances due to the stricter AEL limit implemented at the beginning of the financial year. Efforts to amend the limit to a more attainable level before the completion of the NO_x burner upgrades are ongoing.

To address the performance challenges, Generation continues to reinforce a culture of environmental compliance. Targeted emission recovery initiatives are being implemented at underperforming units, where units are either operated at partial load or temporarily taken offline for maintenance to improve operational efficiency.

Medupi FGD retrofit

The installation of wet FGD technology will enable Eskom to reduce SO_2 emissions in line with South Africa's AEL requirements and international best practice. Kusile Power Station was commissioned with wet FGD technology already installed. The AEL permits Medupi to retrofit FGD technology within six years of each unit's commissioning. We have, with World Bank funding, committed to the retrofits, aligning the timing with scheduled general overhaul outages.

The Board's Investment and Finance Committee has approved wet FGD as the main technology, with alternatives also allowed. The FGD retrofit project is a longer-term priority and a critical component of our environmental compliance strategy and is a key condition of the World Bank's funding agreement for Medupi Power Station. Our project team maintains regular communication with the World Bank regarding the project progress and status, thereby ensuring transparency.

In compliance with the station's Minimum Emission Standards (MES) exemption, Eskom has prepared an updated cost benefit analysis, which was submitted to DFFE in April 2026 for consideration. DFFE has requested further modelling to support their review, with the updated report targeted for completion by February 2027. The study highlights the high financial cost of FGD compared to relatively limited health benefits – as reported previously, the revised cost estimate is R41.7 billion, reflecting inflationary pressures and market dynamics. Any changes in the approach to FGD will be discussed with all relevant stakeholders.

PR For more information on Medupi FGD, refer to "Strengthening our infrastructure – Delivering capacity expansion" on page 27 in this report

COMPLIANCE WITH MINIMUM EMISSION STANDARDS

The MES require reductions in SO_2, NO_x and particulate emissions to protect health and the environment while allowing sustainable economic and social development. After exemption applications and appeals, the Minister of Forestry, Fisheries and the Environment issued a broadly favourable decision in May 2024 that permits continued operation of Eskom's coal-fired stations under defined conditions.

Stations scheduled for decommissioning by 2030

For Arnot, Camden, Grootvlei, Hendrina, Komati and Kriel (affecting around 10 000MW of installed capacity), DFFE granted a suspension of MES limits, allowing operation at emission levels achievable with existing controls. As requested, Eskom submitted decommissioning and/or repowering and repurposing plans for these stations to DFFE in May 2025 and is preparing additional information subsequently requested.

Stations operating beyond 2030

DFFE issued a generally favourable MES exemption decision on 31 March 2025, in which Lethabo, Tutuka, Kendal, Majuba, Medupi and Matimba were exempted until 31 March 2030, while Duvha and Matla were exempted until 2034. The decision did not require any additional SO_x or NO_x projects beyond Eskom's existing commitments.

The exemption does impose additional obligations, including ambient air quality monitoring and community health support. We have made progress on these requirements and submit regular updates to DFFE. Eskom has developed health awareness programmes and planned health surveys around affected stations; meetings with the Department of Health to facilitate collaboration are underway.

Legal challenges and timing

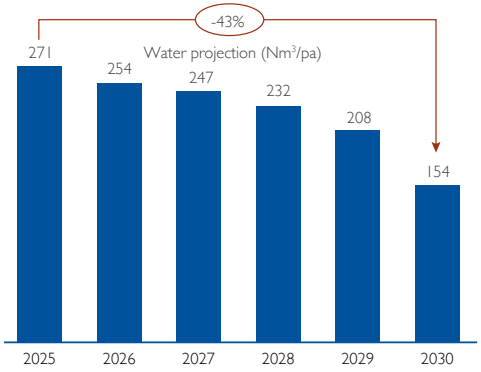
Eskom filed a court application in September 2025 to review the March 2025 MES exemption decision. The review is based on multiple issues, including the limited period covered by the exemption (only five years to March 2030 for six of the stations); the approach taken for Medupi FGD; the strict monthly particulate limits for Tutuka; and the broad nature of the conditions, including the health requirements. The court process is still at the stage of confirming the official record of the decision from the Minister. Progress on this matter is expected only in the latter half of FY2027.

Interacting with the environment *continued*

MANAGING WATER CONSUMPTION

Electricity generation requires significant volumes of water. As a designated strategic water user with assured supply throughout the lifespan of our power stations, we recognise our responsibility to use this resource efficiently in a water-scarce country like South Africa. Over the next five years, the Generation Division is committed to reducing its water consumption by 43%.

Projected annual water use over the medium term



Several interventions are being implemented to improve water consumption, including:

- *Water recycling and reuse:* By maximising recycling and reuse of water within the plant. This includes reusing treated effluent from the sewerage plant for cooling and other operational processes
- *Optimising cooling tower operations:* Enhancing cooling tower efficiency through improved maintenance and operational practices to minimise water losses from evaporation and drift
- *Leak detection and repair:* Conducting regular inspections to identify and promptly repair leaks, reducing unnecessary water wastage

Kendal and Tutuka remain priority sites for reducing water consumption, as both stations are currently experiencing elevated water usage levels and ongoing dam overflows.

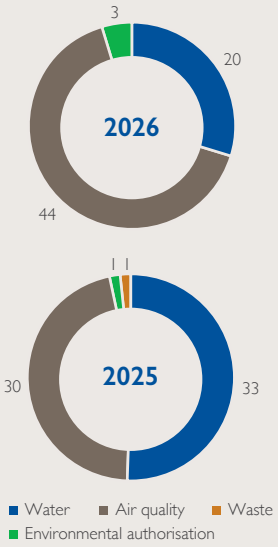
Dry-cooled stations like Medupi, Kusile, Matimba and Kendal use air-cooled condensers instead of water-intensive wet cooling systems. This approach significantly reduces water consumption.

SPECIFIC WATER CONSUMPTION

Specific water consumption was 1.34ℓ/kWh sent out against a target of 1.37ℓ/kWh sent out. This strong performance reflects reduced water usage driven by a favourable energy mix, with 52% of energy generated by the dry-cooled, nuclear and peaking portfolios and 48% by the wet-cooled portfolios.

Operational sites maintained a strong focus on water management through proactive leak repairs during maintenance and outages, dredging silt from dams, preventing ash and oil entering the dams, and ensuring pump availability to recover and reuse wastewater. These measures enhance overall water efficiency and support compliance with the National Water Act, 1998 (NWA) across all sites.

Number of environmental legal contraventions



REDUCING ENVIRONMENTAL LEGAL CONTRAVENTIONS

A total of 67 environmental legal contravention incidents were recorded during the year (2025: 65), including 61 incidents at coal-fired power stations, three at NTCSA and three at Eskom Rotek Industries SOC Ltd (ERI). Notably, the Distribution and Group Capital divisions did not record any environmental legal contraventions during the year.

Eskom has classified three legal contravention incidents as resulting from a significant failure of business systems during the year (2025: none).

- Arnot Power Station exceeded its SO_2 daily average limit of 2 500mg/Nm³ on numerous occasions in June and July 2025, thus contravening its AEL licence; it was issued with a compliance notice by the Nkangala District Municipality. The station has since responded to the authorities and the censure has been closed
- At Hendrina Power Station, an ash spillage occurred onto a Transnet servitude resulting in a compliance notice being issued by the Nkangala District Municipality in February 2026. Two open actions relate to submission of the impact report and implementation of remedial action. The impact assessment report will be submitted to the municipality for approval once finalised
- At Kendal Power Station, a public complaint was laid in May 2025 regarding excessive dust emissions from the stack due to faulty dust-handling plant, affecting the community of Phola. In October 2025, Kendal was formally issued with a directive in terms of section 28 of the National Environmental Management Act, 1998. The independent specialist report was submitted to Nkangala District Municipality in June 2026 as required One open action relating to accelerating the procurement of spares is in progress

A total of nine NEMAQA section 30 incidents has been reported to DFFE (2025: 17), seven of which were recorded in Generation, one in Distribution and one in ERI. A total of 19 NWA section 20 incidents were reported to DWS (2025: 41), 17 of which were recorded in Generation, one in ERI and one in Group Capital. The NWA section 20 incident previously reported for NTCSA was rejected by the authorities, with NTCSA now reflecting no incidents.

Interacting with the environment *continued*

During the year, the Arnot, Kendal, Matimba, Medupi and Tutuka power stations experienced extended periods of polluted water discharge into the environment, in contravention of the NWA and the conditions of their water use licences. The dam overflows at Arnot and Tutuka power stations were successfully stopped in September 2025 and January 2026 respectively. Plans to stop the overflows at Kendal, Matimba and Medupi have been identified:

- Medupi stopped the overflow in July 2026 and has identified mitigation measures to maintain dam levels within acceptable limits during the rainy season
- At Matimba, the installation of pumps at the Metsimaholo pollution control dam is progressing; this will optimise dust suppression and ash dump irrigation. In addition, Matimba is also targeting a waste-water recovery project, which is in its early stages
- At Kendal, the overflow is expected to stop by the end of November 2026. The station continues to dredge the dirty-water dam when required, to improve its ability to manage dam water levels

DFFE has accepted the audit report submitted by Eskom on the phasing out of polychlorinated biphenyls (PCBs). This achievement assists South Africa in meeting its international obligations under the *Stockholm Convention on Persistent Organic Pollutants*, specifically relating to the elimination of PCBs.

Eskom's Environmental Steering Committee, together with the Generation Environmental Compliance Steering Committee, provides active oversight of our responses to compliance notices issued by regulatory authorities. In parallel, the Board's Social, Ethics and Sustainability Committee monitors management's progress in meeting environmental compliance commitments. To uphold our duty of care to the environment, we have adopted an integrated approach that emphasises governance, performance management, and continuous skills development. Detailed operational plans have been implemented to address risks and underlying causes of non-compliance incidents, particularly those related to particulate emissions, water use, and the discharge of polluted water from power stations.

PR Detail on the disposal of ash, asbestos as well as used nuclear fuel and nuclear waste is set out in the technical statistics on page 70 in the supplementary information of this report

PROMOTING RESPONSIBLE ENVIRONMENTAL STEWARDSHIP

SUPPORTING BIODIVERSITY

Our operations impact and are affected by biodiversity. We perform environmental impact assessments, habitat restoration and conservation initiatives to scientifically assess biodiversity risks and protect vulnerable species.

Red data bird mortalities recorded during the year reduced slightly to 182 (2025: 210), although the actual figure may be higher.

SR For more information on our partnerships and efforts to mitigate the risk of our operations to vulnerable birdlife, refer to "Biodiversity and natural capital" in the sustainability report

We have established integrated responsible land and biodiversity management practices to minimise the impact of our activities on ecosystems and to enhance ecosystem services. These mitigation interventions are often undertaken in collaboration with conservation organisations, local communities and other stakeholders.

Eskom has declared three nature reserves, at Koeberg, Ingula and Majuba power stations, focusing on conserving biodiversity and promoting environmental sustainability. These initiatives contribute to the protection of natural habitats and species, supporting South Africa's biodiversity heritage and the United Nations Sustainable Development Goals. We also manage land under conservation practices at Thyspunt, Bantamsklip, Grootvallei, Majuba and Sere.

Through innovation, partnerships and sustainable land management, we seek to ensure that sustainable power does not come at the cost of biodiversity. We believe that energy and ecology can coexist through science-led approaches and responsible stewardship.

ENHANCING WASTE MANAGEMENT

We are committed to protecting the health of citizens and the environment by reducing pollution and ecological degradation through effective waste management. A fundamental principle in this regard is to manage waste as close to the source as possible, while investigating and implementing ways to reduce, reuse, recycle and recover waste in line with DFFE's waste hierarchy.

We achieve this by integrating circular economy principles into our operations. Circularity is realised through various initiatives, including:

- Recycling various waste streams
- Selling ash and gypsum from coal-fired power stations for reuse
- Beneficiation initiatives such as ash-based road construction
- Mine backfilling using ash
- Replacing wooden poles with geopolymer poles made from ash
- Soil amelioration projects

Several ash beneficiation projects are undertaken to drive waste reduction and minimise the volume of ash being disposed of in ash facilities to prevent the accumulation of legacy ash and its associated environmental risks. These efforts reflect our commitment to reducing landfill dependency and promoting resource efficiency and sustainability across our operations.

PROVISIONS FOR ENVIRONMENTAL RESTORATION AND REHABILITATION

We have made provision for our environmental obligations related to the decommissioning of:

- Nuclear plant, including the rehabilitation of the associated land and the management of spent nuclear fuel assemblies and radioactive waste
- Other generating plant, including the rehabilitation of the associated land
- Cost-plus mines and historic defunct coal mines, where we are contractually or financially obligated to reimburse coal suppliers. This covers the estimated rehabilitation, care and maintenance, and closure costs, as well as including the rehabilitation of the associated land together with pollution control

We have raised the following provisions relating to environmental rehabilitation and restoration:

R millions	Actual 2026	Actual 2025	Actual 2024
Power station-related environmental restoration – nuclear plant	**18 223**	16 068	23 679
Power station-related environmental restoration – other generating plant	**20 656**	17 635	16 086
Mine-related closure, pollution control and rehabilitation	**16 336**	14 240	13 280
Total	**55 215**	47 943	53 045

AFS Refer to notes 4.5 and 28 in the financial statements for more information

Interacting with the environment *continued*

INVESTING IN RENEWABLE ENERGY

Our renewable generating capacity currently consists of one wind facility and six small hydroelectric stations. Although we operate three pumped storage schemes with total installed capacity of 2 732MW, these stations are net consumers of electricity, pumping water to upper storage dams during periods of low consumption and releasing water through the hydro-electric turbines to generate electricity at peak times.

During the year, our Sere Wind Farm contributed 284GWh to the national grid (2025: 332GWh). It maintained an average load factor of 30.98% (2025: 36.33%), which aligns to expectations for wind-based renewable plant, and recorded an average availability factor of 93.64% (2025: 96.70%).

We purchase renewable energy from independent power producers (IPPs), mainly from wind and solar projects, alongside smaller contributions from biomass, landfill gas and small hydro technologies. Renewable IPPs contributed 18 421GWh during the year (2025: 17 420GWh), constituting 8% of energy available for distribution for the year (excluding wheeling). Furthermore, most of our imported power is supplied by Hidroelèctrica de Cahora Bassa, a hydroelectric station in neighbouring Mozambique.

PR For information on the capacity of our power stations and a breakdown of capacity supplied by IPPs, refer to page 75 in the supplementary information in this report

On 9 June 2026, we launched Eskom Green, a dedicated renewable energy business designed to accelerate the development of utility-scale renewable energy projects and support larger power user customers in achieving their decarbonisation and energy transition objectives.

The insights indicate that the development of renewable energy projects requires agile decision-making, access to diverse sources of capital, partnership-based delivery models, and bankable project structures. These differ materially from Eskom's legacy vertically integrated generation model.

"Eskom Green is a utility-scale renewable energy business that rapidly accelerates the options available to South Africa's industries to decarbonise and transition industrial and productive capacity to maintain export competitiveness. The business is set to increase the supply of renewable energy to enable customers to lower the carbon footprint of their energy consumption." – Rivoningo Mnisi, Group Executive: Renewables.

"Today's announcement is not simply about carbon content compliance but delivering leading-edge solutions at scale to enable our customers to implement their decarbonisation strategies. This new entity is built on decades of power generation skills and expertise which the nation has invested in, and Eskom Green reflects successful adaptation to new technologies within Eskom. We have been playing in this space for some time, and we are now putting a stake in the ground – this is a development that South Africa can be proud of." – Dan Marokane, Group Chief Executive.

In aggregate, 11.7% of the power supplied during the year was sourced from renewable energy sources in the form of solar, wind and hydro, with 82.1% being supplied by coal and diesel, and 5.7% by nuclear (2025: 11.3%, 84.2% and 3.9% respectively). The balance of 0.5% was derived from other sources (2025: 0.6%).

While our direct investment in renewable generating capacity has been modest to date, this is set to change following the launch of Eskom Green in June 2026.

PR For more information on Eskom Green, refer to "Strengthening our infrastructure – Delivering capacity expansion" from page 27 in this report

SR Additionally, refer to "Transitioning to cleaner energy" in the sustainability report

Sustaining communities

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.

We deliver this mandate through our socio-economic transformation plan – a coordinated framework of several initiatives across five focus areas. Together they turn our capital investment, procurement spend and operations into measurable outcomes for communities.

Universal energy access	Human capital and skills development	Corporate social responsibility	Just Energy Transition	Supplier development, localisation and industrialisation
Expanding grid, off-grid and microgrid solutions to reach every community	Building a future-ready workforce for a modernising energy sector	High-impact investments in education, health, food security and enterprise	Supporting workers and communities as we shift to a lower-carbon future	Growing local industry, black-owned enterprises and industrial capacity

Aligned to NDP 2030 | FY2027 – FY2031 delivery framework

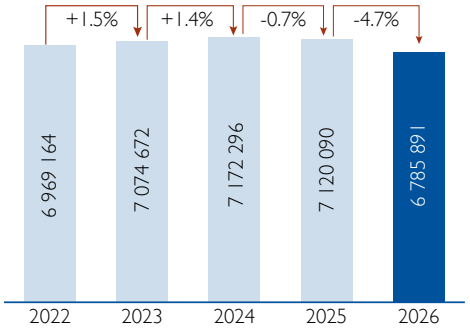
The past year reflected steady, measured progress, from expanding access in remote communities and giving young suppliers their first meaningful contracts, to supporting workers and communities most exposed to the energy transition. This section shows how these commitments came to life during the year, and where we are heading next.

CUSTOMER CENTRICITY

Customer centricity remains fundamental to how we retain relevance, grow value and fulfil our developmental mandate in a rapidly evolving electricity market. As customers increasingly generate their own power, new competitors enter a liberalising industry and digital expectations rise, we are transforming our business model, refreshing how we serve our customers and improving the reliability and quality of supply, while continuing to extend access to those in South Africa who are still without electricity.

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 to keep pace with a changing market.

Number of customers



Electricity sales declined by 6.2% during the year, continuing a longer-term structural trend driven by economic pressure in energy-intensive industries, large customer curtailments, the growing impact of behind-the-meter self-generation and, most recently, our largest cross-border smelter customer entering care and maintenance in March 2026. This trend represents one of the most material long-term risks to our revenue sustainability and, by extension, to the developmental value which our revenue underpins.

In response, we have moved from passively managing sales erosion to actively growing and diversifying revenue. During the year, we introduced negotiated pricing agreements (NPAs) for distressed industrial customers, approved by NERSA, to help retain critical demand. These agreements aim to preserve approximately 13TWh of at-risk demand per year, along with the employment opportunities, tax base and export earnings these industries generate for South Africa. At 30 June 2026, we had 11 long-term NPAs active across the aluminium, ferrochrome and silicon-manganese sectors to sustain these customers and the jobs and broader value chains that rely on them, and ensure that South Africa derives greater economic value, employment opportunities and industrial growth from its natural resources. Going forward, we will apply a proactive, time-bound, case-by-case approach to applications, enabling us to tailor pricing and contractual structures to the specific commercial circumstances of each customer, while ensuring transparency, fairness and regulatory alignment for all customers.

Alongside this, we are pursuing structural demand growth through an emerging data centre and flexible-load capacity customer pipeline. We are also strengthening customer retention in a liberalising market through customer wheeling optimisation, renewable energy offerings by Eskom Green, expanded electric vehicle charging and demand response initiatives. Together with our reintroduced demand management programme, which delivered material savings during the year by shifting consumption off-peak, these initiatives are expected to stabilise sales over the next five years and position Eskom to grow in a more competitive environment.

PR Further detail on the concessionary tariff interventions to support two ferrochrome customers and interventions to address the declining sales trend are set out in "Enhancing financial sustainability – Sales and revenue" on page 54 of this report

CUSTOMER SERVICE

We measure customer satisfaction continuously through perception-based surveys, complemented by service performance indicators for contact centre performance, call resolution and planned outage management.

Measure and unit	Target 2029	Target 2027	Target 2026	Target met?	Actual 2026	Actual 2025	Actual 2024
Key Customer Delight, %	86.0	85.0	**80.0**	●	**90.5**	86.8	88.1
Customer Delight, index [SC]	n/a	n/a	**3.60**	●	**3.77**	4.07	4.40

Both our customer satisfaction indices comfortably exceeded target for the year. The Key Customer Delight score for large industrial customers reached a recent high of 90.5%, with every service dimension above target except reliability of supply, reflecting the unplanned outages and load curtailment felt by these customers during the year. Our large customers continue to value the personal service from their key account executives but have asked for faster outage feedback and shorter turnaround times on technical investigations. We are addressing both through a review of our outage management process.

Sustaining communities *continued*

The broader Customer Delight index exceeded target, supported by the growing traction of our digital channels, including Alfred, our AI-enabled chatbot, the MyEskom Customer app and Hubs-on-Wheels, our mobile customer contact centres which are bringing service closer to communities. Enhancements to our Interactive Voice Response system have further improved responsiveness. We remain mindful that these gains need to be sustained; work items not completed within target times remain an area of focus, and we are prioritising root cause analysis and self-service capability to sustain the improvement.

It should be noted that Deloitte has qualified the results of the Customer Delight index, having been unable to obtain sufficient and appropriate audit evidence for aspects which collectively contribute 2.04 to the overall index. This was due to insufficient audit evidence associated with customer surveys and the performance of customer care channels used in the calculation.

IR Refer to the discussion in "Sustainability indicators selected for reasonable assurance" on page 103 of the integrated report for further information on the circumstances surrounding the challenges leading to Deloitte's qualification and management's response

The qualification relates to the verifiability and formalisation of specific data inputs and not to the underlying quality of our customer service or the strength of our commitment to customers. We are comfortable that we gathered sufficient evidence for the purposes of managing the underlying processes. Nevertheless, we have responded decisively to the audit finding. Management has already implemented targeted remedial actions, including enhanced survey design and respondent validation, formalisation of the calculation methodology and improved recordkeeping of customer interactions.

We remain focused on improving the customer experience, responding to the evolving needs of our customers and providing convenient access to customer care through digital, self-service and on-the-ground channels. In the year ahead, our focus turns to completing the rollout of an AI-enabled customer relationship management system, further scaling digital service channels and expanding service points to deliver faster, more responsive support across our customer base. Alongside service quality, cyber and data protection on our customer platforms will receive dedicated focus as digital adoption continues to grow.

SR For further detail on our customer service programmes and community service initiatives, refer to "Bringing services directly to communities" in our sustainability report

Sustaining communities *continued*

EVOLVING OUR BUSINESS MODEL

To compete effectively in a liberalising industry, we are transforming the group to be ready for the South African Wholesale Electricity Market (SAWEM). Central to this is our retail tariff plan, which is unbundling tariffs into their underlying cost components and preparing the ground for dynamic pricing that will reward flexible consumption.

Preparations are also underway to participate in SAWEM as a competitive retailer, supported by refreshed customer segmentation, digital service platforms and product innovation. The external launch of this market was deferred from April 2026 to the latter part of FY2027 to allow the market code, tariff frameworks and cost-recovery rules to be finalised, giving us additional time to ready our systems, tariffs and customer offerings for a competitive market. We regard this as a disciplined sequencing decision rather than a loss of momentum.

Underpinning this is our broader network and metering modernisation programme. Through the advanced metering infrastructure (AMI) programme, we are progressively replacing conventional and prepaid meters with smart meters that improve theft detection, provide real-time outage visibility and enable dynamic pricing, as well as integration of data concentrators, head-end systems and meter data management. Together with enhanced controls on our online vending system and the key revision number (KRN) rollover project, these interventions protected revenue that would otherwise have been eroded through theft and non-technical losses.

PR For further information on efforts to address non-technical energy losses, refer to "Strengthening our infrastructure – Curbing non-technical losses" on page 27 of this report

ROOFTOP SOLAR SYSTEMS FOR ORANGE FARM SCHOOLS

In communities such as Orange Farm in Gauteng, persistent electricity infrastructure theft and vandalism have disrupted education for thousands of learners. Through the Eskom Development Foundation NPC (the Foundation), we installed rooftop solar systems at five local schools – Radipabi Primary, Aha-Thuto Secondary, Laus Deo Primary, Moyisela Primary and Mphethi Mahlatsi Secondary – providing them with the resilience to continue teaching and learning through supply disruptions and freeing up funds for educational resources.

These installations are a tangible investment in the future of young South Africans, ensuring that infrastructure challenges do not become barriers to opportunity.

Load reduction has historically affected communities in high-loss, high-theft areas, undermining service quality, revenue collection and customer trust. Eradicating load reduction is therefore both a customer commitment and a strategic priority, and progress over the past year was tangible. At the date of publication of the report, seven provinces are load-reduction free and more than 1.2 million customers nationally (around 58% of our eradication target) had been relieved of load reduction. The remaining exposure is concentrated in Gauteng and KwaZulu-Natal, where illegal connections, meter tampering and non-payment continue to present the greatest challenge. Our aspiration is to eradicate load reduction nationally by March 2027.

Importantly, success depends as much on the strength of our community partnerships as on the technology we deploy. Sustained progress relies on safe access for our teams, protection of infrastructure and the support of the communities we serve, which is where our community engagement and enforcement against theft come together.

PR For further information on load reduction refer to "Strengthening our infrastructure – Progress on efforts to eradicate load reduction" on page 26 of this report

PUBLIC SAFETY

Public safety is critical to our value of Zero Harm. During the year, we sustained our nationwide public safety campaigns, using every opportunity to help communities understand the risks associated with electricity and the responsibility we all share in keeping people safe. Our messaging remained focused on the dangers of illegal connections and overloaded circuits and the risks of purchasing prepaid electricity from unauthorised vendors. We continued to call on the public to report low-hanging power lines, meter tampering and any signs of vandalism.

Regrettably, we recorded 11 public recordable fatality incidents (PRFIs), comprising seven electrical contact incidents and four from other causes (2025: 15 PRFIs, comprising 12 electrical contact and three from other causes). Every fatality is subject to a formal safety investigation, with findings used to strengthen controls. While the reduction in incidents reflects sustained community engagement and infrastructure protection, every public fatality remains one too many.

Coal haulage remains an area of heightened focus given the associated road safety and infrastructure risks, particularly on the corridors linking Mpumalanga-based coal mines to our power stations. We promoted driver and vehicle safety, participated in national road safety campaigns and worked with contractor operators to reinforce compliance with speed, fatigue and roadworthiness standards. This will remain a priority as production stabilises.

Through our quarterly Public Safety Forum, we worked alongside partners including Sasol, Transnet, PRASA, the Railway Safety Regulator and SANRAL to turn cross-industry learning into practical safety improvements. In parallel, we advanced engagements with the Department of Employment and Labour and the City of Mbombela Local Municipality on community encroachment within our distribution servitudes, which poses direct safety risks to residents as well as technical risks to our network.

In the year ahead, we will turn our public safety focus to sustaining the reduction in public fatalities, extending community awareness campaigns into higher-risk areas, deepening our infrastructure crime response through smart metering and law enforcement partnerships, and continuing to strengthen coal haulage safety.

Every fatality prevented, every act of infrastructure crime disrupted, and every network protected is a direct contribution to the communities we serve.

OUR CONTRIBUTION TO SUPPLIER DEVELOPMENT

Our procurement spend is one of the greatest levers we possess to create value beyond our own operations. Through preferential procurement, supplier development, and enterprise development and localisation, we translate our operational spend into jobs, skills and broader participation in the sectors that support our activities, strengthening the social and economic fabric on which our long-term sustainability depends.

We were independently verified as a level 3 B-BBEE contributor. Our strongest performance came in skills development, supported by one of the largest learner pipelines in our history and a significant investment in learning. Participation in the Youth Employment Service (YES) programme contributed to this outcome, as did continued development of artisans, engineers, technicians and plant operators. Sustained investment in enterprise and supplier development, socio-economic contributions and procurement transformation supported our overall rating. We continue to work towards achieving level 2 B-BBEE status by FY2029, in line with the shareholder's expectations.

Sustaining communities *continued*

GROUP PROCUREMENT EQUITY

Measure and unit	Target 2029	Target 2027	Target 2026	Target met?	Actual 2026	Actual 2025	Actual 2024
Preferential procurement, % of total measured procurement spend (TMPS) SC	90.00	90.00	**80.00**	●	**94.58**	93.21	74.35
Procurement from black-owned (BO) suppliers, % of TMPS	40.00	40.00	**40.00**	●	**58.69**	51.02	38.82
Procurement from black women-owned (BWO) suppliers, % of TMPS	12.00	12.00	**12.00**	●	**18.02**	11.60	8.29
Procurement from black youth-owned (BYO) suppliers, % of TMPS	2.00	2.00	**2.00**	●	**6.04**	5.17	4.53
Procurement spend with suppliers owned by black persons with disabilities (BPwD), % of TMPS	1.00	1.00	**1.00**	●	**0.54**	0.42	0.10
Procurement spend with qualifying small enterprises (QSE), % of TMPS	15.00	15.00	**15.00**	●	**8.18**	7.54	4.50
Procurement spend with exempted micro enterprises (EME), % of TMPS	15.00	15.00	**15.00**	●	**7.23**	7.03	4.65

During the year, we demonstrated measurable progress against our shareholder compact commitments and national transformation objectives, with strong performance across preferential procurement from several categories of suppliers, together with localisation, supplier development and enterprise support. We use procurement to help create jobs and build the small and black-owned businesses that broaden participation in the economy.

Preferential procurement remained strong, with most of our measured spend directed to B-BBEE-compliant suppliers. Procurement from black-owned, black youth-owned and black women-owned suppliers was particularly robust, reflecting a deliberate shift from simply including emerging enterprises in our procurement activities to positioning them to grow and compete.

We recognise that participation remains uneven across the supplier base. Spend with suppliers owned by black persons with disabilities as well as qualifying small and exempted micro enterprises has been slower to improve. Routing sufficient volume through these smaller, more specialised categories remains a challenge, compounded by the delay in finalising the regulations to the Public Procurement Act, 2024.

In response, we are advancing targeted interventions through our SME Indaba, enterprise and supplier development (ESD) walk-in centres, expanded market-access initiatives and focused supplier development support for BWO businesses, emerging enterprises and other designated groups. As the enabling framework matures, these measures will help broaden participation and strengthen the contribution of procurement to inclusive socio-economic transformation.

BRINGING SUPPLIERS INTO THE ROOM

During the year, more than 450 small, medium and micro enterprises (SMMEs) participated in supplier forums hosted across our operating units, giving entrepreneurs direct access to our procurement teams to assist in addressing queries and challenges. The forums help suppliers understand our requirements, strengthen governance and compliance, improve tender readiness and identify opportunities within our supply chain – a practical mechanism for building a broader, more competitive supplier base.

ENTERPRISE AND SUPPLIER DEVELOPMENT

Enterprise and supplier development is where our procurement spend translates most directly into economic participation. We invested R10.52 million in enterprise development, more than double our target. We also directed R7.66 billion to supplier development, exceeding our R6 billion target, driven largely through subcontracting and localisation-linked procurement, with Generation and NTCSA contributing the largest share. Enterprise development activity focused on building capability among small suppliers through business skills training, tender guidance and support to register on National Treasury's central supplier database (CSD).

FROM TRAINING ROOM TO SUBCONTRACTING: THE SELMOT PROJECTS STORY

Selmot Projects, an SMME based in Bodibe Village in North West, participated in our supplier development programme and received support with CSD registration. This enabled Selmot to secure a subcontract on our smart meter replacement programme, installing 500 smart meters over one month – a practical example of how supplier development activity translates into tangible work for local businesses.

Building on this foundation, we are advancing a broader industrialisation and localisation agenda that connects our procurement to South Africa's manufacturing base. In FY2027, we plan to invest around R211 million in enterprise development and R423 million in supplier development, focused on SMME incubation, funding partnerships, compliance and certification training as well as market-access initiatives.

In parallel, we will finalise our industrialisation strategy in FY2027 in partnership with the Department of Trade, Industry and Competition (the dtic) and the Industrial Development Corporation of South Africa (IDC). The strategy aims to localise the manufacture and supply of key components across our value chain, creating jobs, developing skills, reducing import dependency and strengthening supply chain resilience at a time when global supply chain risk is on the rise. In doing so, we intend the energy transition to be a jobs and economic transition as much as a technical one, ensuring that communities and designated groups share in the opportunities it creates.

SR Further detail on our enterprise and supplier development is set out in the sustainability report

Sustaining communities *continued*

MAXIMISING OUR SOCIO-ECONOMIC CONTRIBUTION

Measure and unit	Target 2029	Target 2027	Target 2026	Target met?	Actual 2026	Actual 2025	Actual 2024
Total electrification connections, number [SC]	121 812	33 810	**41 340**	●	**67 578**	83 031	114 800
Corporate social investment committed spend, R million [SC]	600.00	200.00	**146.10**	●	**153.25**	146.20	93.10
Corporate social investment, number of beneficiaries	5 300 000	1 500 000	**600 000**	●	**1 510 540**	1 203 566	272 217

1. The 2029 target is the cumulative target over the next three years.

Our socio-economic contribution reaches beyond procurement into the daily lives of the communities we serve. Through electrification, corporate social investment and community upliftment aligned to our developmental mandate, each connection, learner and project delivered represents social value created, and often restored, where reliable electricity underpins economic participation.

ELECTRIFICATION

Under the Government-funded electrification programme, we continued to connect previously underserved households across Eskom's licensed areas of supply, in support of South Africa's goal of universal access by 2030. Beyond infrastructure, this work improves welfare, enables economic participation and supports inclusive growth.

During the year, we exceeded our target for connecting households to the grid, delivering both new connections in partially served communities and completing rollovers from prior years. In areas where grid extension is impractical because of distance, terrain or cost, we expanded access through distributed energy solutions, energising 2 119 off-grid connections. The majority of these came through our flagship smart village microgrid project in the Vhembe District of Limpopo, complemented by containerised microgrids commissioned in the Northern Cape, Mpumalanga, Limpopo and Gauteng.

SMART VILLAGE MICROGRID PROJECT

In December 2025, the Minister of Electricity and Energy officially launched our smart village microgrid project for the Madimbo and Mavhete communities in the Vhembe District of Limpopo. This is an Eskom-funded, solar-powered microgrid delivering reliable clean electricity to a remote rural community.

What it delivers:

- Reliable electricity to more than 700 households, a primary school and a local clinic
- High-mast lighting which improves public safety after dark
- Free Wi-Fi at local government facilities, unlocking access to digital services, education and small business opportunities

The project shows how solar generation, storage and digital infrastructure can be integrated to serve communities where grid extension is not economically feasible. It forms the national blueprint for rural electrification, with plans to replicate the model across around 50 villages over the next four years.

Affordability is central to the value this programme creates. Through Government's free basic electricity (FBE) programme we support qualifying indigent households with a monthly free allocation, delivered in partnership with municipalities. At year end, more than 493 000 of the 571 000 registered beneficiaries were actively collecting their allocation, easing cost-of-living pressures for vulnerable customers. Improving uptake and strengthening the FBE framework in collaboration with DEE remains a priority.

We remain focused on the headwinds ahead: a persistent backlog, demand for connections outpacing our capacity to roll out, and affordability pressures on indigent customers. This year's connections, while ahead of target, were lower than the figure delivered in the prior year, reflecting constraints around grant funding and site readiness. In response, we are scaling distributed energy solutions where grid delivery is impractical, standardising rooftop solar designs and processes with DEE, as well as expanding our eMobility footprint with electric vehicle tariffs that reward off-peak charging, extending access while advancing decarbonisation.

CORPORATE SOCIAL INVESTMENT

The Eskom Development Foundation, our wholly owned subsidiary, leads the delivery of our corporate social investment (CSI) strategy, translating our developmental mandate into tangible community impact. The strategy is structured around six focus areas covering education, health, environmental sustainability, enterprise development, food security and rural development.

Sustaining communities *continued*

R153 million	1.5 million	950 SMMEs	R27.3 million
Committed across 74 projects	Beneficiaries reached across the year	Supported through enterprise development	Directed to clean energy under Light Up SA

Education | **Health** | **Environmental sustainability** | **Enterprise development** | **Food security** | **Rural development**

During the year the Foundation and Eskom divisions approved 74 projects with total committed CSI spend of R153.25 million, reaching more than 1.5 million beneficiaries and supporting 950 SMMEs. These numbers are guided by a firm goal: investment where it has the most direct effect on people's lives. Education and skills development remained a priority, with science, technology, engineering, mathematics and innovation (STEMI) school support programmes rolled out across all nine provinces, with continued sponsorship of the Eskom Expo for Young Scientists. Support of SMMEs reinforced our contribution to inclusive economic participation, while our Light Up SA programme extended reliable clean electricity to strategic and underserved communities, complementing our broader electrification agenda. A total of R27.3 million was directed towards clean energy infrastructure initiatives in support of this objective.

We also concluded strategic partnerships during the year to extend the reach of our CSI activities, most notably in collaboration with the Government of the Netherlands and the Mpumalanga Provincial Government to establish the Grootvlei Climate Smart Horticulture Centre, a flagship Just Energy Transition (JET) project discussed further in the JET section below.

On 29 January 2026, we officially launched the Grootvlei Climate Smart Horticulture Centre at Grootvlei Power Station. The centre is a practical example of how the transition from a high-carbon economy can be linked directly to local economic opportunity, climate-smart food production and skills development. Short-course training has commenced, with the site progressing into a smart demo training centre targeting 60 agripreneurs annually, alongside commercial horticulture and mushroom production.

Mid November 2026

Mid November 2025

Mid April 2025

SR Refer to the Corporate Social Responsibility (CSR) section of sustainability report, which highlights a selection of our flagship CSI projects

As we look ahead, our CSI focus remains anchored in our developmental mandate and our JET strategy. Priority initiatives include support for community electrification programmes, expanded development of SMMEs and localisation in support of B-BBEE, and continued investment in coal-dependent communities as we advance our transition pathway. Meeting the cumulative CSI committed spend target of R600 million by FY2029 will require sustained annual investment and continued mobilisation of external partnerships, an ambition which depends as much on the strength of those partnerships as on our own contribution.

Sustaining communities *continued*

JUST ENERGY TRANSITION

Our JET strategy is anchored in a simple but demanding ambition: to move South Africa towards a lower-carbon economy without compromising energy security or affordability, or the communities that have long powered it. The transition must be more than technological, it must be human, ensuring that the workers, families and communities most affected by the retirement of ageing coal-fired power stations are supported through new skills, new jobs and new economic opportunities. This is where our social and relationship capital is most directly at stake, and where the value we create or erode will be felt for a generation. Our 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.

During the year, we strengthened alignment between our transition pathway and the Integrated Resource Plan (IRP) 2025. Since year end, we have taken a significant step to accelerate this transition. On 9 June 2026, we launched Eskom Green SOC Ltd, a dedicated utility-scale renewable energy business. We secured the section 54(2) approvals under the Public Finance Management Act, 1999 (PFMA) on 16 July 2026 to establish Eskom Green as a wholly owned subsidiary. By repowering and repurposing our coal-fired station sites, Eskom Green is designed to sustain economic activity in affected regions, support skills transition and anchor new local economies around clean energy, reinforcing the people-centred ambition at the heart of our transition.

KOMATI POWER STATION FY2026 MILESTONES – OUR JET PILOT IN ACTION

Five key milestones achieved during the year as we repower, repurpose and create lasting value for our people, our communities and our country

Training centre refurbished and handed over	**Containerised microgrids assembly progressed**	**Grootvlei climate-smart horticulture facility commissioned**	**Copper recycling plant at 52.5% completion**	**800 individuals trained – 447 community members and contractors and 353 Eskom employees**
Supporting skills development for a Just Energy Transition	Advancing off-grid solutions to extend reliable, clean energy to communities	Creating local opportunities through sustainable agriculture and skills development	Supporting re-industrialisation, local value creation and job opportunities	Building the skills and capability needed for a sustainable, low-carbon future

Looking ahead: over **1 000** new jobs and more than **1 000** site-based training opportunities over the next five years

Behind these milestones sits a consistent thread: real skills, real jobs and real economic opportunities for the communities most exposed to the transition. Our R&R programme is targeting around a thousand new jobs in coal-dependent communities across the priority sites, with a deliberate focus on local employment, skills transfer and enterprise participation. Progress has been made, though not without setbacks that we are managing openly. Our Komati copper recycling plant reached 52.5% completion against the project milestones set by the shareholder, with construction not yet started at year end, having been delayed by the late appointment of an owner's engineer and uncertainty over recoverable copper volumes. Rather than commit prematurely, we paused implementation and we're recalibrating the business case to incorporate alternative feedstocks and sources beyond Komati, so that the project delivers sustainable value.

IR Further detail on the progress of the Komati copper recycling plant is disclosed in "Sustainability indicators selected for reasonable assurance" on page 104 of the integrated report

During the year, we extended our R&R programme into the Climate Investment Fund (CIF) blended financing envelope to include Kriel and Arnot alongside Camden, Grootvlei and Hendrina. This unlocks additional multilateral, development finance institution (DFI) and private-sector funding to accelerate delivery over the next five years, reinforcing the credibility of Eskom's transition pathway with international partners.

REPOWERING AND REPURPOSING

Building on the socio-economic impact assessments completed at our coal-fired stations, we continued to prioritise repowering and repurposing (R&R) at Komati, Camden, Grootvlei, Hendrina, Arnot and Kriel. R&R activities remain decoupled from station operations and decommissioning schedules, allowing us to transition responsibly without compromising security of supply.

Komati continues to serve as our pilot – the site where our approach is tested, refined and shaped into a blueprint we can scale across the fleet. The five milestones we delivered during the year are highlighted below.

Sustaining communities *continued*

Over the next five years, we plan to scale R&R across our priority sites, including:

- Komati: new commercial facilities including microgrid assembly and battery integration
- Camden: tyre recycling facility supporting circular-economy outcomes
- Grootvlei: fully operational smart demo training centre progressing from short-course training to full commercial horticulture and mushroom production
- Hendrina: liquefied petroleum gas manufacturing and SMME development
- Arnot and Kriel: preparation of repurposing plans supported through the extended CIF financing envelope following stakeholder engagement and socio-economic assessment

In parallel, our clean coal programme continues to advance high-efficiency low-emissions technologies, carbon capture pilots, direct sorbent injection and long-duration energy storage demonstrations through our Research, Testing and Development Department. Together, these initiatives strengthen the technical and commercial credibility of Eskom's transition pathway across the full coal value chain.

PR Further information on these initiatives is provided under "Strengthening our infrastructure – Research and development projects" from page 30

The credibility of our transition depends on the confidence and involvement of the communities most affected by it. During the year, we continued to engage affected communities in close collaboration with local and provincial government, ensuring that our transition remains people-centred and that those most affected are supported through every step of the journey. Engagement covered workforce transition planning, local enterprise opportunities, skills development pathways and the social investment initiatives that support community resilience during the transition period. This sustained engagement is how we preserve the social licence on which the entire transition depends, and we are candid that where engagement falls short, as the lessons from Komati have shown, the risk is not only to timelines but to community trust.

SR Further detail on social initiatives in repowering and repurposing (R&R) is disclosed under "Social Initiatives in Repowering and Repurposing (R&R)" in our sustainability report

3

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 "Enhancing financial sustainability – Financial performance" from page 53 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" from page 62 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

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.

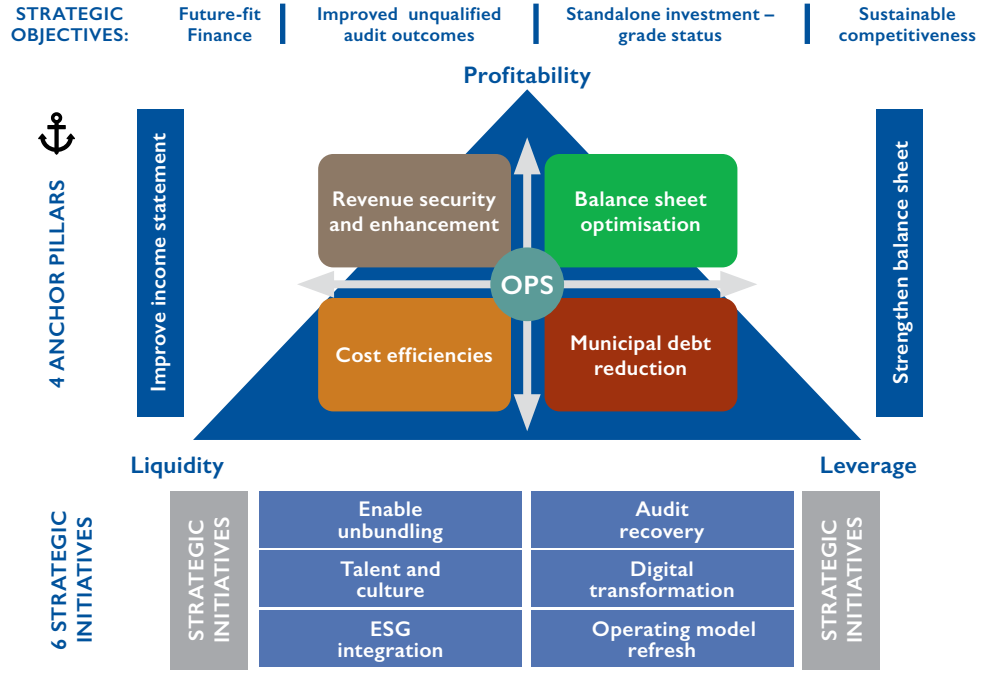
To improve cash flows on a standalone basis, without reliance on further Government support, will require sustained improvements in operational performance and continued cost discipline, as well as effectively addressing structural constraints impacting revenue, including defaulting municipalities, the declining sales trend and the lack of a long-term tariff path.

Enhancing financial sustainability

Financial capital is managed through an integrated approach that links operations, investment priorities and financing decisions, within the bounds of 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 needed to execute our strategy and sustain operational improvements.

Over the past year, we have sustained the gains first seen in FY2025, achieving further improvements in plant performance and system reliability. A higher tariff supported revenue growth, while the improved operating environment enabled efficiencies and continued cost discipline. Together, these contributed to enhanced financial performance, with the group delivering improved profitability and strengthened liquidity in FY2026, laying a solid foundation from which to advance our strategic priorities.

Our financial strategy places operations at the centre, supported by four interdependent pillars – revenue security, cost efficiencies, balance sheet optimisation and municipal debt reduction – underpinned by key strategic enablers to enable long-term sustainability.



Financial sustainability cannot be achieved through any single intervention; it requires a coordinated response to structural pressures affecting revenue, costs, liquidity and the balance sheet, while ensuring readiness for a reformed and increasingly competitive electricity market.

While progress has been made in stabilising liquidity, with support from Government's debt relief programme, the group continues to operate in a constrained financial environment. An uncertain long-term tariff path, a constrained sales environment and escalating municipal arrear debt are key structural pressures which have limited Eskom's ability to service our significant debt balance at an appropriate pace and fully recover our costs. At the same time, the broader energy landscape is evolving, with regulatory reform and the transition toward a competitive market fundamentally changing how revenue is generated and recovered, while also presenting further opportunities for growth.

Against this backdrop, our financial strategy is focused on stabilising performance in the near term while building financial sustainability and resilience – positioning the group to achieve standalone investment-grade status over time. This is anchored on:

- Securing and enhancing revenue by retaining and growing electricity demand, diversifying revenue streams in preparation for market reform, strengthening revenue collection and improving tariff structures to enable better cost recovery – recognising that structural reform is key to sustainable revenue
- Driving structural cost efficiencies through the Cost Optimisation and Revenue Enhancement (CORE) programme, to reduce our cost base in a sustainable manner and support targeted improvements in the EBITDA margin
- Optimising the balance sheet by improving cash generation, strengthening liquidity and working capital discipline, and progressing toward a sustainable capital structure that is not reliant on Government support or guarantees
- Resolving municipal debt at a structural level in collaboration with key stakeholders, shifting from collection-focused approaches to revenue protection and reforms that address the root causes of non-payment

These pillars are supported by critical strategic enablers – including our audit recovery programme, digital transformation, enhanced integration of environmental, social and governance (ESG) principles, unbundling readiness and a refreshed operating model – to enable more effective financial and operational management in a complex and evolving environment.

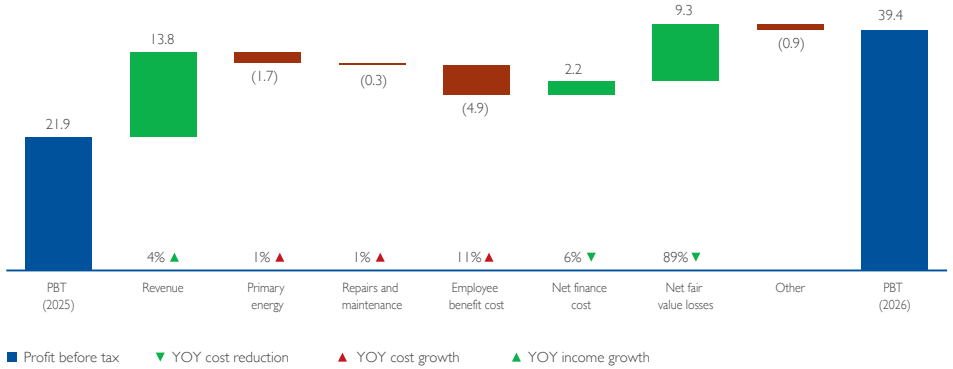
Collectively, these actions aim to improve earnings quality, strengthen cash generation and liquidity, as well as support a more sustainable long-term capital structure. This is essential to fund operational requirements and future investment in maintaining and expanding our infrastructure, to strengthen financial independence and, ultimately, to deliver consistent, reliable and cost-effective electricity.

Enhancing financial sustainability *continued*

FINANCIAL PERFORMANCE

We achieved a profit before tax of R39.4 billion for the year (2025: R21.9 billion, restated) driven by an improved EBITDA margin, which was supported by a 12.74% standard tariff increase together with improved operational performance and cost discipline, mostly linked to reduced spend on open-cycle gas turbines (OCGTs). Overall, we delivered substantial improvements in our financial ratios and cash flows.

Major contributors to the improvement in profitability, R billion



Notably, performance in FY2025 benefitted 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 – of R14.2 billion in FY2025 and R1 billion in FY2026 – primary energy costs in fact declined by R11.5 billion (around 7% year-on-year), mainly due to the reduction in OCGT expenditure.

The net fair value and foreign exchange loss reduced to R1.1 billion (2025: R10.4 billion), a largely non-operational movement based on the remeasurement of embedded derivatives, foreign-denominated debt and hedging instruments. The fair value loss on embedded derivatives reduced by R4.9 billion year-on-year, reflecting firmer commodity price assumptions, together with revised consumption forecast for smelter customers with negotiated pricing agreements (NPAs). This was driven by NERSA's relaxation of take-or-pay terms and approval of temporary tariff relief measures for industrial smelter customers (discussed in further detail under "Sales and revenue" below). The fair value adjustment on foreign debt and related cross-currency hedges also improved, supported by a stronger Rand and favourable interest rate, credit risk and hedge effectiveness adjustments.

AFS Refer to note 39 in the financial statements for further detail on net fair value losses. The critical accounting estimates and assumptions relating to embedded derivatives are disclosed in note 4.1

Enhancing financial sustainability *continued*

FINANCIAL RATIOS

Measure and unit	Target 2029	Target 2027	Target 2026	Target met?	Actual 2026	Actual 2025	Actual 2024
Gross electricity revenue per kWh (including environmental levy), c/kWh (Eskom company)	237.60	213.23	**206.34**	●	**212.37**	187.98	165.43
Electricity operating costs, c/kWh	179.56	157.91	**145.83**	●	**138.30**	128.16	137.71
EBITDA, R million[SC]	95 094	92 974	**90 020**	●	**108 648**	98 012	43 410
EBITDA margin, %	23.01	24.96	**25.09**	●	**30.63**	28.75	14.67
Current ratio[1]	1.12	1.20	**1.34**	●	**1.03**	1.02	0.98
Free funds from operations (FFO), R million	109 049	106 272	**99 425**	●	**118 991**	106 073	53 975
FFO after net interest paid, R million	90 938	85 010	**73 565**	●	**93 584**	74 926	19 830

1. Refer to the glossary of terms on page 68 for detail on the calculation of the current ratio.

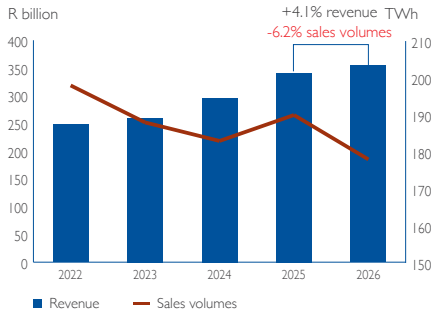
All financial ratios exceeded the target for the year, except for the current ratio, which was negatively affected by the recognition of an obligation for the short-term incentive (STI) scheme based on FY2026 results. The target did not provide for the STI scheme, as the scheme is self-funded and only triggered through improved operational and financial performance during the year. The related employee STI obligation was recognised as a current liability at year end, thereby negatively affecting the current ratio; the benefit of improved operational performance impacted the income statement and cash flows for the year.

SALES AND REVENUE

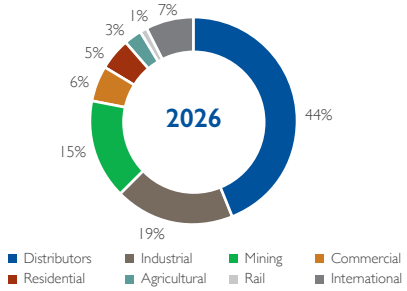
Revenue for the group increased by 4.1% to R354.7 billion (2025: R340.9 billion), driven by a standard tariff increase of 12.74% for the year, partially offset by a 6.2% decline in sales volumes to 178TWh (2025: 189.7TWh).

Excluded from revenue are amounts billed to municipal and residential customers that could not be recognised in terms of IFRS Accounting Standards due to non-collectability, amounting to R30.1 billion for the year (2025: R23.8 billion). Of this, R14.3 billion (around 47% of the amounts not meeting collectability criteria for the year) was recognised as revenue on a cash basis once payment was received (2025: R11.9 billion).

Sales volumes and revenue



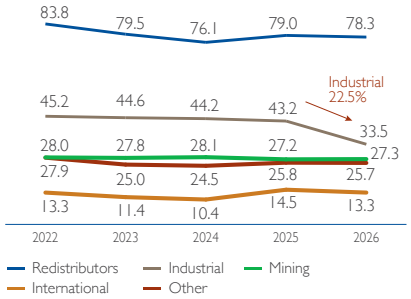
Sales volumes per customer category, %



PR Refer to page 78 for the number of customers as well as electricity sales volumes and revenue by category for the past five years

Sales volumes have shown an overall declining trend over the past decade, decreasing by around 2% per year. The decline is driven by depressed economic conditions; reduced consumption by energy-intensive industries; demand lost to energy efficiency initiatives and embedded self-generation (mainly rooftop solar installations across many sectors, estimated at 7.7GW at year end); as well as customer wheeling initiatives.

Sales trend by major customer category, TWh



Declining sectors in FY2026	
Industrial	**▼ 9.7TWh (22.5%)**
International	**▼ 1.2TWh (8.3%)**
Redistributors	**▼ 0.7TWh (0.9%)**
Agricultural	**▼ 0.3TWh (5.7%)**
Commercial	**▼ 0.1TWh (0.9%)**

Growth sectors in FY2026	
Residential	**▲ 0.3TWh (3.0%)**
Rail	**▲ 0.03TWh (1.7%)**
Mining	**▲ 0.03TWh (0.1%)**

In FY2026, local sales declined by 10.5TWh primarily due to lower demand from industrial customers. Several ferrochrome smelters declared hardship and halted production due to poor market conditions, or otherwise experienced unplanned plant breakdowns during the year.

International sales volumes also declined due to extended outages at Mozal in Mozambique as well as the termination of sales to Zimbabwe due to non-payment. However, international sales were higher than planned due to improved generation availability, which enabled increased supply to cross-border customers, with revised power supply agreements concluded with Botswana and Namibia during the year.

The Mozal operations went into care and maintenance during March 2026, resulting in a significant reduction in electricity demand from FY2027. The loss of these sales remains one of the most significant challenges affecting the near-term sales and revenue outlook, reinforcing the need to accelerate initiatives aimed at retaining strategic load and developing new sources of demand. We are engaging with Mozal and the Industrial Development Corporation of South Africa to find a viable solution to this latest challenge.

PR For further information on international power supply agreements refer to "Strengthening our infrastructure – Cross-border power imports and exports" from page 24

Enhancing financial sustainability *continued*

TARIFF RELIEF MEASURES IMPLEMENTED FOR SMELTER CUSTOMERS

We supply approximately 33TWh to the smelting industry annually, which represents about 20% of local sales, making smelters a strategically important customer segment for revenue stability, power system utilisation and industrial employment.

In response to the economic pressures faced by the ferrochrome smelter sector and the resulting structural decline in their electricity demand – with sustained consumption by these customers reducing to approximately 10% of normal operating levels – we implemented targeted tariff relief interventions to retain this strategic industrial load, prevent job losses and support broader economic stability.

In January 2026, we secured NERSA approval for a temporary 35% reduction in the NPA tariffs of two smelter customers. This was aimed at providing short-term relief at a revised tariff of 87.74c/kWh for 12 months to enable restoration of operations. However, this intervention was insufficient to sustain full production, prompting further engagement with the affected smelters on a commercially viable tariff structure.

In April 2026, we concluded negotiations for a 62c/kWh tariff with Samancor Chrome for five years and Glencore-Merafe Chrome for three years, subject to NERSA approval. The amended agreements provided a medium-term solution as part of a broader NPA framework for energy-intensive industries to be applied on a case-by-case basis. Following a public consultation process, NERSA approved the amended NPA framework, including the interim concessionary pricing arrangement for these ferrochrome smelters to be applied from 1 June 2026.

From a financial perspective, the intervention was designed to stabilise and recover electricity sales volumes, with retained demand expected to reach approximately 13TWh per year. This supports liquidity by improving revenue certainty and by optimising utilisation of coal-fired generation capacity, thereby avoiding underutilisation of assets and under recovery of fixed costs, as well as mitigating contractual exposure to take-or-pay clauses in existing coal supply agreements. By supporting base-load demand, this intervention also enhances overall power system utilisation and contributes to financial stability without requiring higher tariffs across our customer base.

Beyond supporting Eskom's financial sustainability, the intervention is intended to protect employment and industrial capability within the ferrochrome value chain, given the sector's strategic importance to South Africa's mining, beneficiation and export industries. We acknowledge the sensitivity regarding electricity affordability and emphasise that the approved NPA framework balances industrial support with regulatory oversight, ensuring that relief measures remain transparent and time-bound, without imposing additional costs on other customers. The revenue variance associated with the interim concessionary tariff is ring-fenced and cannot be recovered through future tariff mechanisms or NERSA's regulatory clearing account (RCA) process.

Looking ahead, we will continue to apply a structured, time-bound, case-by-case approach to similar interventions for energy-intensive customers, while avoiding subsidisation by other customers and maintaining an appropriate balance between competitiveness, financial sustainability and regulatory compliance.

For further information, refer to www.eskom.co.za/eskom-notes-nersa-approval-of-interim-concessionary-pricing-framework-for-ferrochrome-smelters/

At the same time as sales volumes declined, improved generation availability has created surplus capacity of between 2–3GW. A widening mismatch between supply and demand presents a material risk to cost recovery and asset utilisation – also posing challenges to managing power system integrity – but also creates a strategic opportunity to meet emerging demand in new markets and drive revenue growth that is not dependent on tariff increases.

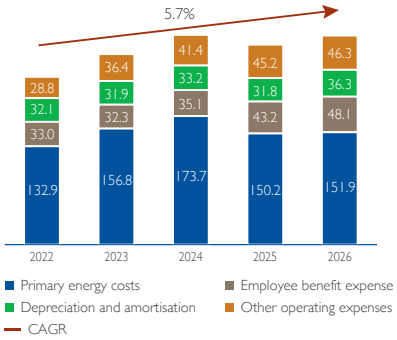
To address the declining sales trend, we are implementing a structured portfolio of short-, medium- and long-term initiatives, including:

- Smelter tariff interventions discussed above to stabilise and recover approximately 13TWh in ferrochrome demand and a further 2.7TWh in ferroalloy and iron and steel demand per year
- Flexible load activation to absorb surplus capacity, including a Bitcoin mining pilot. Capacity is expected to scale up to 1.3GW by FY2028, equivalent to approximately 8TWh demand per year
- Structural demand growth through data centres, with a secured pipeline of projects which will see 2GW connected by FY2029, with demand growing to around 13TWh per year by FY2031
- Developing South Africa's role as a regional electricity hub and facilitating export sales into regional markets, supported by cross-border power supply agreements, expanded participation in the Southern African Power Pool, as well as the development of regional transmission interconnections to unlock new international sales opportunities
- Other measures to retain customers in a liberalising market, including wheeling revenue optimisation, renewable energy power purchase agreements through Eskom Green, charging of electric vehicles as well as new products and services

Based on these initiatives, sales volumes are expected to stabilise over the medium term, supported by improved generation availability, development of new sales opportunities, retention of firm industrial demand and expansion of export sales. The longer-term demand outlook continues to be reviewed to reflect evolving market conditions, embedded generation trends and developments affecting major energy-intensive customers.

OPERATING COSTS

Operating expenses, R billion



PRIMARY ENERGY

Primary energy costs increased by 1.1% to R151.9 billion (2025: R150.2 billion). However, the prior year included once-off favourable adjustments of R14.2 billion due to the resolution of the fuel levy dispute with SARS, while only R1 billion in fuel levy refunds were recognised in FY2026. Excluding the impact thereof, primary energy costs have decreased by 7% year-on-year.

Production was 6.3% lower than the prior year, in response to the lower demand. Cost efficiencies were achieved through optimisation of the production mix and reduced reliance on peaking generation sources. Given the lower system demand, together with Eskom's improved generation availability and increased renewable energy production from IPPs, generation dispatch was increasingly focused on the lowest-cost available resources, although this gave rise to periods where renewable energy output exceeded system requirements and certain renewable IPPs had to be curtailed to maintain system balance and security.

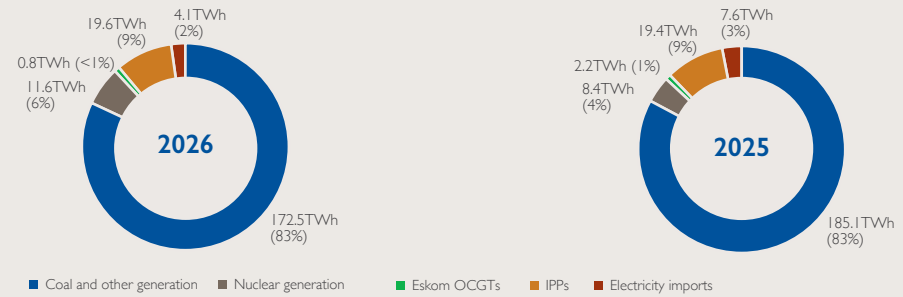
Enhancing financial sustainability *continued*

Improved performance at coal-fired power stations and higher production from Koeberg Nuclear Power Station – following the return to service of both units after long-term outages – enabled a substantial reduction in production from expensive OCGT sources. A combined R7.1 billion was incurred to produce 1.1TWh from Eskom-owned and IPP OCGTs, before fuel levy adjustments (2025: R17.7 billion to produce 2.8TWh).

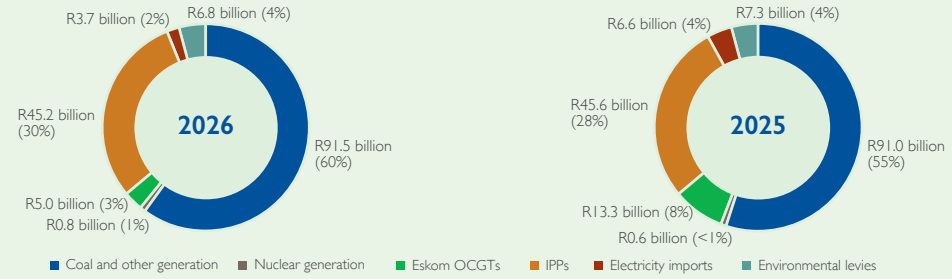
Spend on international purchases also reduced due to a decline in imports, driven by supply constraints at Hidroelèctrica de Cahora Bassa (HCB) due to drought conditions, as well as outages on the high-voltage transmission line connecting the station.

Coal generation costs, excluding environmental levies, grew by 0.5% despite a 7.8% decline in production from coal-fired stations. This was primarily due to a 10.1% increase in the average coal purchase price, driven by contractual price escalations linked to the input costs of mines, as well as higher coal take-or-pay obligations arising from lower demand and the resultant reduction in coal-fired generation. These cost pressures were partially offset by favourable coal efficiency and coal mix variances, supported by a more efficient coal burn rate and optimisation of production to lowest-cost stations.

Primary energy production breakdown, %



Primary energy cost breakdown (before fuel levy refunds), %



Unit cost, R/MWh	2026	2025	% change
Coal	**591**	546	8 ▲
Nuclear	**109**	107	2 ▲
Eskom-owned OCGTs[1]	**5 935**	6 084	2 ▼
IPPs[2]	**2 304**	2 357	2 ▼
IPP OCGTs[3]	**6 048**	5 870	3 ▲
Renewable IPPs[2]	**2 175**	2 189	1 ▼
Other IPP programmes[2]	**3 242**	2 446	33 ▲
International purchases[2]	**897**	866	4 ▲

1. The unit cost of OCGTs is calculated based on the gross fuel cost (excluding the diesel levy rebates) for comparability purposes. The unit cost excludes storage and demurrage costs but includes environmental levies.
2. The unit cost of IPPs and international purchases is based on the full cost of operation, including operating and capacity charges, whereas the unit cost of Eskom-owned generation is based only on the primary energy cost. Given that IPP and international purchases are treated as a variable cost in Eskom's accounts, this is considered appropriate.
3. The unit cost is calculated on the net amount spent on energy, excluding operating and capacity charges, and after the lease accounting adjustment, for better comparability to the cost of Eskom-owned OCGTs.

EMPLOYEE BENEFIT EXPENSE

Employee costs increased by 11.4% to R48.1 billion (2025: R43.2 billion), driven by an average remuneration adjustment of 7% granted to employees, combined with a 3% growth in headcount.

Production bonuses of R1.6 billion were awarded, mainly to employees in the Generation Division, linked to improved operational performance (2025: R1.2 billion). Eskom's STI scheme was continued in FY2026, with a total obligation (including a mandatory 13.5% pension contribution) of R5.1 billion recognised at year end (2025: R4.2 billion).

The increase in incentives is directly linked to the measurable performance gains achieved during the year. These incentive schemes are structured to reward employees for delivering sustained operational improvements 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.

GR For further detail on the STI scheme, refer to "Ensuring fair remuneration" in the governance and remuneration report

Furthermore, we completed the process to address income differentials in March 2025, to ensure fairness in accordance with our commitment to organised labour, which led to increases for certain employees to close historical pay gaps. The exercise commenced in FY2018, in response to income disparities identified at the time by the then Department of Labour.

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 operational and financial performance, not just employee costs. 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.

Enhancing financial sustainability *continued*

DEPRECIATION AND AMORTISATION

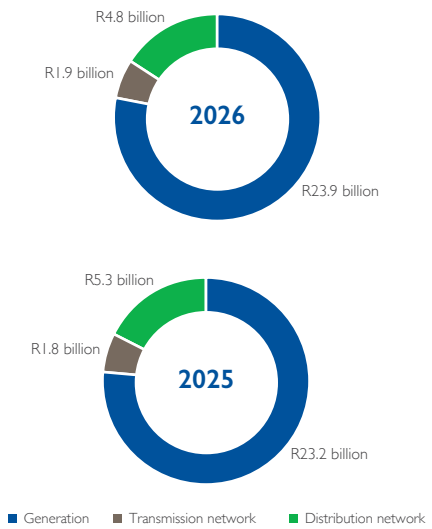
Depreciation and amortisation expense increased by 14.4% to R36.3 billion, largely due to the commissioning of additional generating units through the new build programme (2025: R31.8 billion). Kusile Unit 5 achieved commercial operation on 30 June 2024 and was therefore in operation for the full year, as opposed to a portion of FY2025. Kusile Unit 6 achieved commercial operation on 29 September 2025.

OTHER OPERATING EXPENSES

Other operating expenses increased by 2.5% to R46.3 billion in part due to inflationary pressures (2025: R45.2 billion, restated). Furthermore, a R1 billion net loss was recognised in respect of payment arrangements implemented for municipalities in FY2026 – this loss was raised upon derecognition of the trade receivables and recognition of the related loan receivables.

Repairs and maintenance spend increased to R30.5 billion to address unplanned generation plant losses as well as planned outages through the Generation Reliability and Sustainability Plan (2025: R30.3 billion). While planned maintenance on both the transmission and distribution network remained stable, the distribution network recorded lower unplanned maintenance for the year.

Repairs and maintenance spend



NET FINANCE COST

Reconciliation of net finance cost, R billion	2026	Restated 2025	% change
Debt securities and borrowings	**31.1**	33.8	8 ▼
Derivatives held for risk management	**5.4**	4.7	15 ▲
Provisions	**4.3**	4.0	7 ▲
Other[1]	**4.1**	4.5	10 ▼
Gross finance cost	**44.9**	47.0	4 ▼
Cost of borrowings capitalised to assets	**(4.6)**	(6.1)	26 ▼
Finance cost	**40.3**	40.9	1 ▼
Finance income	**(8.4)**	(6.8)	23 ▲
Net finance cost	**31.9**	34.1	6 ▼

1. Includes finance costs on employee benefit obligations, lease liabilities as well as trade and other payables.

Finance costs reduced due to a decline in debt securities and borrowings as well as a lower average cost of borrowing, resulting from favourable interest rate movements across global markets and strengthening of the Rand. This was partially offset by lower capitalisation of borrowing costs to property, plant and equipment, with the commissioning of new build units reducing assets under construction and the portion of finance costs eligible for capitalisation. Finance income grew due to our strengthened cash and investment balances.

Average cost of debt **9.98%** ▼ (2025: 10.36%)
Average investment return **7.31%** ▼ (2025: 8.37%)

Given our improved financial results, R1 billion has been recognised in fees payable to the National Revenue Fund in terms of the Guarantee Framework Agreement (GFA), based on meeting financial covenant thresholds outlined in the GFA (2025: R1 billion, restated). These fees are recognised in finance costs related to debt securities and borrowings. In April 2026, the Minister of Finance approved the deferral of the payment of these fees to March 2027.

AFS Refer to notes 40 and 41 in the financial statements for further detail on finance income and finance cost

ADDRESSING THE TARIFF PATH AND TARIFF STRUCTURES

The inadequate tariff path has been an ongoing challenge since 2006; it is one of the main reasons for our historic financial constraints, together with operational challenges and the reliance on debt to fund our new build programme – which in itself was a result of the inadequate tariff, because insufficient operating cash flows had been generated to fund capital expenditure without significant borrowings.

The allowable revenue determined by NERSA must be sufficient to cover the prudent and efficient costs that we incur to supply electricity to customers, while also providing a fair return on assets to cover our weighted average cost of capital. Therefore, the migration towards a more cost-reflective tariff path, while considering customer affordability and safeguarding vulnerable sectors, has been a key priority for turning around financial performance.

TARIFF PATH

NERSA announced the allowable revenue determination under the sixth multi-year price determination (MYPD 6) in January 2025, resulting in approved standard tariff increases of 12.74%, 5.36% and 6.19% for FY2026 to FY2028. This outcome was significantly lower than our application, primarily due to data input errors in NERSA's calculations, as well as misapplication of the MYPD methodology and non-compliance with a previous court ruling relating to the valuation of the regulatory asset base (RAB).

> MYPD 6 allowable revenue was approved based on a gradual increase in our return on assets to 4%, 5% and 6% for FY2026 to FY2028, to minimise the impact to customers over time. However, these returns remain below our cost of capital of almost 11% (pre-tax real).

We lodged a review application with the High Court in June 2025 to challenge NERSA's decision. In August 2025, we concluded a settlement agreement with NERSA, providing for an additional R54 billion in allowable revenue to correct for NERSA's calculation errors. However, the settlement was challenged in court by AfriForum and the Minerals Council South Africa. In December 2025, the High Court declined to make the settlement between Eskom and NERSA an order of court and directed NERSA to redetermine Eskom's RAB and allowable revenue after following another public consultation process.

Enhancing financial sustainability *continued*

Following this process, NERSA approved additional allowable revenue of R54.7 billion in February 2026, to be recovered on a phased basis as follows:

Year	NERSA's original revenue decision	Adjustment	NERSA's revised revenue decision
2027	R409.5 billion (5.36% tariff increase)	▲ R12 billion (additional 3.4%)	R421.5 billion (8.76% tariff increase)
2028	R436.9 billion (6.19% tariff increase)	▲ R23 billion (additional 2.64%)	R459.9 billion (8.83% tariff increase)

The phased implementation limits the impact to single digit increases in FY2027 and FY2028 and avoids any retrospective adjustment for FY2026, in line with the court ruling. The remaining R19.7 billion will be recovered beyond the MYPD 6 period, subject to future determination by NERSA.

In June 2026, AfriForum launched another urgent court application to review and set aside NERSA's latest decision, citing NERSA's failure to provide the reasons for the decision within 90 days of the decision, and further alleging that the decision is irrational and unlawful. The application has no retrospective effect on the validity of the tariffs for FY2026 and FY2027. We filed a motion to oppose this review; NERSA issued its reasons for decision in July 2026 and the matter was struck off the urgent court roll but may proceed on a non-urgent basis.

The absence of a published tariff outlook beyond the three-year MYPD 6 period limits the ability to plan over an extended horizon. This continues to pose a risk to financial sustainability and the development of appropriate financial strategies – not just for Eskom, but also for our customers.

Although a formal long-term price path has not yet been published, significant policy and regulatory reforms are underway. The Electricity Regulation Amendment Act, 2024 is driving the transition towards a competitive electricity market, supported by the development of new pricing frameworks and market mechanisms. In parallel, 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 public consultation process on the revised 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 the transformation of the sector. We continue to engage with NERSA, DEE and other stakeholders to support the development of an appropriate long-term pricing framework that balances Eskom's financial sustainability with customer affordability.

RCA DECISIONS RELATING TO PREVIOUS FINANCIAL YEARS

As discussed in previous reports, recent RCA decisions by NERSA have not aligned to the principles of the MYPD methodology. Eskom has lodged several review applications with the courts to challenge these determinations.

The legal processes for the review applications relating to RCA decisions from FY2015 to FY2021 have been underway for several years. In May 2025, NERSA agreed to a settlement amount of R40.2 billion to finalise these review applications, which was subsequently endorsed through a court order. NERSA will determine the recovery of the settlement amount through its governance processes, but it is only expected from FY2029 at the earliest. In our RCA submission for FY2025, we proposed the recovery of this amount in a phased manner that minimises the impact to customers. This proposal will also form part of the public consultation process for the FY2025 RCA application.

Progress on the RCA applications for FY2022 to FY2025 is summarised below.

Eskom application	NERSA decision	Progress
RCA decision for FY2025 (MYPD 5)		
R8.9 billion in favour of customers (submitted in March 2026)	Awaiting decision	The RCA application is in favour of customers, mainly caused by underspend on IPPs and international purchases as well as lower depreciation, partially offset by overspend on operating expenses and other primary energy costs. NERSA published the application for public consultation in June 2026, with the public hearing scheduled for September 2026
RCA decision for FY2024 (MYPD 5)		
R15.5 billion in favour of Eskom (submitted in October 2025)	Awaiting decision	The RCA application is in favour of Eskom due to overspend on operating expenses and primary energy costs, partially offset by underspend on IPPs, lower depreciation as well as revenue variances in favour of consumers. NERSA published the application for public consultation in December 2025. The public hearing planned for February 2026 did not take place due to limited public interest. Eskom is awaiting NERSA's decision
RCA decision for FY2023 (MYPD 5)		
R9 million in favour of Eskom (submitted in January 2024)	R232 million in favour of customers (approved in March 2025)	NERSA published its reasons for decision in May 2025, although NERSA has yet to determine the timing of the RCA liquidation. In its reasons for decision, NERSA disallowed all outage and technical plan capital expenditure in Generation's assets under construction and disallowed the full international arrear debt applied for
RCA decision for FY2022 (MYPD 4)		
R23.9 billion in favour of Eskom (submitted in April 2023)	R8.1 billion in favour of Eskom (approved in July 2024)	NERSA published its reasons for decision in March 2025, although NERSA has yet to determine the timing of the RCA liquidation. In its reasons for decision, NERSA disallowed all of Generation's maintenance cost variance, arguing this to be inefficient due to a lack of improvement in plant reliability, low energy availability and high unplanned maintenance. For similar reasons, NERSA disallowed most of the variance arising from Eskom's power station start-up fuel costs and OCGT costs

Enhancing financial sustainability *continued*

RESTRUCTURING OF TARIFFS

Historically, tariff structures have not fully reflected the underlying cost drivers of electricity supply, particularly the allocation between fixed and variable costs. However, significant progress has been made in recent years in modernising tariffs to align with our evolving operating model, the unbundling of Eskom and broader electricity sector reforms.

Following the submission of a revised retail tariff plan to NERSA in September 2024, the regulator approved the restructuring of Eskom's tariffs in February 2025, with phased implementation over three years commencing from 1 April 2025. The revised retail tariff plan is designed to improve cost reflectivity by aligning tariffs more closely with the generation, transmission and distribution component costs of electricity supply, and by rebalancing tariffs between fixed and variable charges.

A key element is the phased implementation of the generation capacity charge (GCC), which is intended to enhance the recovery of fixed costs associated with maintaining a reliable and available generation fleet. The GCC was approved at a reduced level of 20% of the amount Eskom applied for in FY2026 and 30% of the amount applied for in FY2027 and FY2028. The result of this decision is that the recovery of fixed costs incurred by Eskom – which is necessary to provide energy security for all customers – continues to be recovered largely through the variable energy charge.

Similarly, service and administration charges for residential tariffs (*Homepower* and *Homeflex*) continue to be phased in over a three-year period, starting at one-third for FY2026 and increasing to two-thirds in FY2027.

The phased implementation of the GCC and service and administration charges reflect a shift towards the recovery of fixed costs, with a corresponding reduction in variable energy charges to maintain the overall approved tariff increase. We have also introduced *Easy Electricity* purchase options to improve accessibility of prepaid electricity products and customer understanding of tariff structures.

For tariff analysis and calculation tools, and to access the schedule of standard prices and tariff rates, please visit https://www.eskom.co.za/distribution/tariffs-and-charges/

Going forward, our proposed structural reforms to the tariff intend to address:

- Further advancement towards unbundled tariffs, reflecting the underlying cost components of generation, transmission and distribution, which would also support the unbundling process and market reforms
- Introducing foundational wholesale pricing arrangements, including the development of an NTCSA tariff, as part of the transition towards a competitive electricity market structure
- Enhanced price signalling mechanisms, including market-aligned and time-of-use pricing adjustments, to better reflect system conditions and incentivise more efficient consumption patterns

These reforms will support the efficient integration of alternative energy sources, enable more effective demand-side management and position the group to operate within a more competitive and dynamic electricity supply industry, while maintaining the necessary support for vulnerable customer segments.

DRIVING EFFICIENCIES

A significant focus area of our financial strategy is to strengthen financial performance through disciplined cost optimisation and improved revenue performance. This is being advanced through the Cost Optimisation and Revenue Enhancement (CORE) programme, which supports the identification, measurement and delivery of initiatives that improve EBITDA and operating cash flows.

The CORE programme reported strong performance in FY2026, recording savings and revenue contributions of R22.4 billion, exceeding the R21 billion stretch target. These contributions were delivered through a portfolio of high-impact initiatives, supported by stronger governance and improved initiative measurement disciplines.

The main contributors to FY2026 performance were additional revenue from higher international sales and lower energy losses relative to the financial plan baseline, as well as savings from lower usage of coal, OCGTs and IPPs. These were underpinned by efficiencies as well as optimisation of the production mix due to improved generation performance and lower overall demand. CORE initiatives contributed meaningfully to Eskom's improved financial performance for the year and demonstrate the continued conversion of operational and commercial improvements into measurable financial benefits.

The credibility and sustainability of reported results remained a key focus area during the year. We have implemented corrective actions to address prior year audit findings relating to the financial plan baselines, measurement consistency and insufficient audit evidence. These included strengthening financial rules and obtaining independent external verification of reported savings and revenue enhancements. These measures are aimed at ensuring that CORE results are credible, repeatable and linked to sustainable performance improvements, rather than once-off gains.

CORE remains a central lever to delivering on our financial strategy and supports the achievement of Eskom's long-term financial objectives. At inception, the programme targeted cumulative savings and revenue contributions of R112 billion from FY2026 to FY2030. To support this, our FY2027 Corporate Plan incorporates base reductions in operating expenditure of R5 billion per year, which are already embedded in the budget to drive immediate cost discipline. Beyond this, CORE is collaborating with business units to identify and deliver 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. Given the strong delivery by CORE in FY2026, the phasing of these targets is being reassessed to maintain a sustainable pipeline of interventions over the next five years.

The programme will continue to focus on primary energy cost optimisation, procurement and supply chain efficiencies, operational improvements across the value chain, digital transformation, capital productivity and revenue growth opportunities, including the reduction of energy losses and strengthening of sales. These initiatives are expected to support EBITDA and operating cash flows, both directly and indirectly, over the medium to long term.

Through CORE, we are committed to institutionalising cost discipline as a permanent way of operating. Targets are being integrated into divisional performance commitments to ensure accountability from executive leadership through to the operational teams responsible for delivery.

Enhancing financial sustainability *continued*

OPTIMISING ESKOM'S BALANCE SHEET

SOLVENCY RATIOS

Measure and unit	Target 2029	Target 2027	Target 2026	Target met?	Actual 2026	Actual 2025	Actual 2024
FFO as % of gross debt, %	28.91	26.55	**21.10**	●	**23.79**	21.82	10.74
FFO (after net interest) as % of gross debt, %	24.11	21.24	**15.61**	●	**18.71**	15.42	3.94
Cash interest cover, ratio[SC]	5.51	3.85	**2.88**	●	**3.80**	2.76	1.18
Debt service cover, ratio[SC, 1]	1.21	1.06	**1.69**	●	**1.55**	1.11	0.46
Gross debt/EBITDA, ratio	3.97	4.31	**5.24**	●	**4.60**	4.96	11.58
Debt/equity (including long-term provisions), ratio	0.60	0.68	**1.00**	●	**0.93**	1.46	1.99

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.

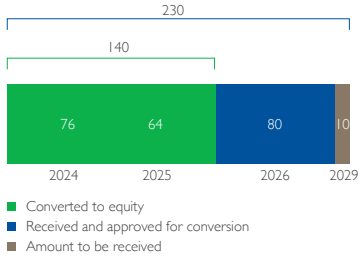
Our solvency ratios have improved significantly compared to the prior year, largely due to the improvement in EBITDA performance and operating cash flows, as well as the reduction in external debt supported by Government's debt relief. Strengthening the balance sheet over time is a key component of our financial strategy to ensure Eskom's long-term financial sustainability.

Government's debt relief support has been a key enabler for deleveraging our balance sheet, by providing certainty of meeting debt servicing obligations, so that operating cash flows can be made more readily available for operational and capital expenditure requirements. As the debt relief package nears completion, with R10 billion due to be received in FY2029, sustaining these gains will increasingly depend on maintaining strong operational and financial performance, generating improved operating cash flows and allocating capital prudently.

GOVERNMENT SUPPORT

The Eskom Debt Relief Amendment Act, 2025 was implemented from September 2025 to amend the phasing of the debt relief support and reduce the total debt relief package from the R254 billion originally envisaged to R230 billion, based on our improved financial position. The R70 billion support originally planned for FY2027 was withdrawn, while the support for FY2026 increased from R40 billion to R80 billion to assist with the settlement of the ES26 bond on 2 April 2026.

Debt relief support, R billion



We received the R80 billion support for FY2026 in March 2026. Given that it would only be assessed for compliance with the strategic conditions attached to the support in early FY2027, it was recognised as a liability in the financial statements at year end. In August 2026, the Minister of Finance approved the conversion of this amount to equity based on Eskom's continued compliance with the conditions, further strengthening the group's capital structure.

A reconciliation of the movements in the loan from the shareholder is shown below.

Movements in loan from the shareholder	R billion
Balance at 31 March 2025	**56.1**
Conversion of prior year loan to equity	**(56.0)**
Government debt relief support received during the year	**80.0**
Interest recognised	**0.9**
Interest paid	**(0.9)**
Balance at 31 March 2026	**80.1**

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

Our focus remains on ensuring continued adherence to the conditions attached to the debt relief support, to enable conversion of the shareholder loan to equity. This is critical to realise the full benefit of the support and deleverage our balance sheet, thereby reducing debt service costs over time.

By 31 March 2026, we had received a total of R220 billion in support since implementation of Government's debt relief package. The final R10 billion to be received in FY2029 will assist with the redemption of the EL28 domestic bond in May 2028.

DEBT SECURITIES AND BORROWINGS

Our gross debt securities and borrowings balance (excluding the loan from the shareholder) has decreased to R356.2 billion (2025: R372.7 billion), mainly due to debt servicing activities aided by Government support, coupled with the restriction on new borrowings under the debt relief conditions. The strengthening of the Rand also had a favourable impact on the balance of foreign-denominated borrowings.

Year-end EUR/ZAR **19.58** ▼ (2025: 19.81)
Year-end USD/ZAR **16.94** ▼ (2025: 18.31)

The net debt balance at year end was comprised of the following.

Net debt, R billion	2026	2025	% change
Debt securities and borrowings	**356.2**	372.7	4 ▼
Loan from the shareholder[1]	**80.1**	56.1	43 ▲
Lease liabilities	**6.9**	7.7	11 ▼
Cash and cash equivalents[2]	**(124.9)**	(63.8)	96 ▲
Payments made in advance[2]	**(0.3)**	(0.3)	–
Net derivatives held for risk management[2]	**(4.7)**	(13.8)	66 ▼
Net debt	**313.3**	358.7	13 ▼

1. A total of R64 billion was received during FY2025, of which R8 billion had been approved for conversion to equity by 31 March 2025. The remainder was approved for conversion in June 2025. A total of R80 billion was received in FY2026, with approval for conversion to equity awaited at 31 March 2026. Approval was subsequently granted in August 2026.
2. In the table above, assets are reflected as negative amounts.

The conditions of the Eskom Debt Relief Act allow Eskom to continue to draw down on existing facilities in place at 31 March 2023, with any additional financing beyond this being subject to approval from the Minister of Finance. To effectively deleverage our balance sheet, any incremental borrowings will need to be restricted based on the strength of Eskom's financial position, without placing reliance on further Government guarantees.

Total drawdowns from existing facilities with development financing institutions (DFIs) amounted to R1.4 billion for the year (2025: R8.7 billion). Furthermore, a notable achievement for the year was the conversion of an existing R20.1 billion CDB facility from USD to CNY, which also moved the debt from a floating interest rate to a lower fixed interest rate.

Enhancing financial sustainability *continued*

A reconciliation of the movements in gross debt securities and borrowings is shown below.

Movements in gross debt securities and borrowings	R billion
Balance at 31 March 2025	**372.7**
Debt raised[1]	**21.5**
Debt repaid[1]	**(36.8)**
Net fair value and foreign exchange movements	**(8.8)**
Other[2]	**7.6**
Balance at 31 March 2026	**356.2**

1. Includes conversion of the R20.1 billion CDB facility from USD to CNY, which is reflected on a gross basis in terms of IFRS Accounting Standards. Excluding the conversion, debt raised through drawdowns from existing DFI facilities amounted to R1.4 billion, while debt repaid amounted to R16.8 billion.
2. Mainly comprises interest accruals.

Over the next five years, we are targeting a drawdown programme of R13.1 billion from existing committed DFI and export credit agency (ECA) facilities linked to ongoing capital projects, the execution of which influences the phasing of the drawdowns. Additionally, should external funding be required, we are considering raising around R25 billion in incremental debt annually from FY2028 onwards.

Borrowing programme, R billion	2027	2028	2029	2030	2031
Committed facilities: DFIs and ECAs	3.6	3.3	2.7	2.2	1.3
Aspirational incremental funding	–	25.0	25.0	25.0	–
Government debt relief support	–	–	10.0	–	–
Total	**3.6**	**28.3**	**37.7**	**27.2**	**1.3**

These incremental borrowings will be used to fund capital expenditure required for transmission network expansion, emission reduction and renewable energy generation capacity. We intend to source this funding in part through sustainability-linked bonds in domestic and international debt capital markets. We are developing an ESG funding framework to support the issuance of green financing and sustainability-linked funding instruments, with JPMorgan and Rand Merchant Bank as arrangers.

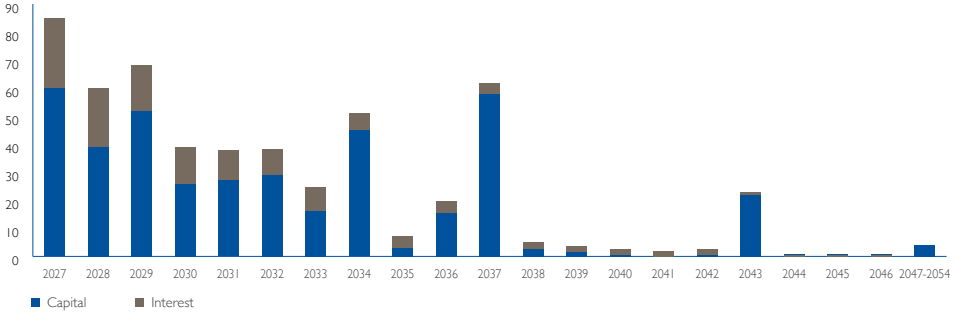
The group's cash position increased to R124.9 billion (2025: R63.8 billion), bolstered by stronger operating cash flows and the Government support received in March 2026. Of this, R21.3 billion has been earmarked for decommissioning activities and clean energy projects, comprising R4.3 billion for nuclear decommissioning, R7.2 billion for coal decommissioning and R9.8 billion for clean energy initiatives.

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.

Improving operating cash flows to fund our debt servicing requirements on a standalone basis remains a priority. Net operating cash flows increased to R96.6 billion (2025: R85.9 billion), supported by improved EBITDA performance.

Cash outflows to settle capital and interest obligations (excluding the conversion of the CDB facility) amounted to R46.7 billion for the year (2025: R79.8 billion). Due to the timing of the debt relief support, we settled these obligations from available liquidity as they became due during the year. We received the R80 billion Government support in March 2026, which assisted with the settlement of the ES26 bond on 2 April 2026, representing an immediate outflow of liquidity in FY2027.

Projected debt maturity profile (net of swaps and excluding future borrowings) at 31 March 2026, R billion



Debt repayments of R203.9 billion and interest payments of R86 billion are due over the next five years, based on the existing debt book. Debt service outflows (capital and interest) of R85 billion are expected in FY2027 alone, with R38 billion linked to the redemption of the ES26 domestic bond in April 2026. The sizeable debt servicing obligations in FY2029 are linked to the redemption of the EL28 domestic bond in May 2028, with another R10 billion due in Government support towards the settlement.

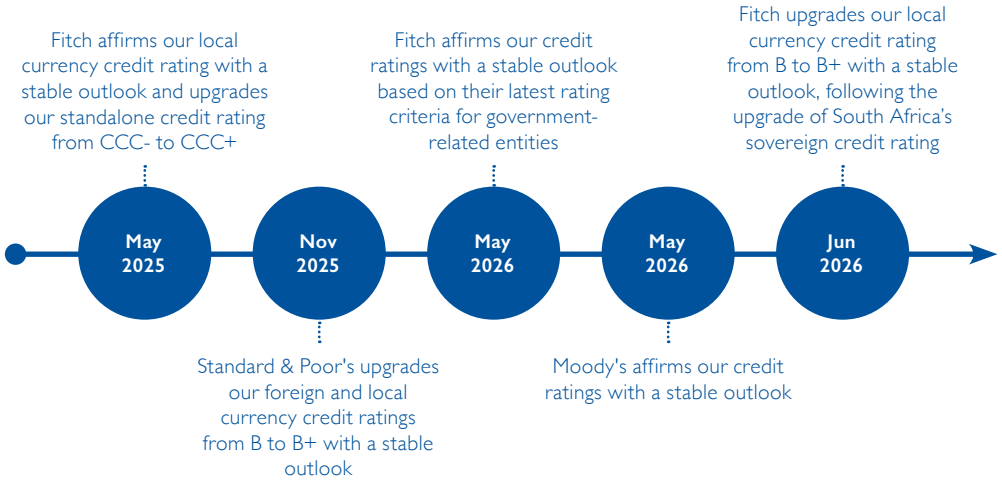
Based on financial modelling in the latest Corporate Plan for FY2027 to FY2031, our gross debt securities and borrowings (including incremental debt from the borrowing programme) is expected to reduce to a more sustainable level of around R300 billion over the next five years, which will deleverage the balance sheet to a debt/equity ratio of around 0.5. Following the debt relief period, Eskom still has sizeable redemption obligations which will have to be serviced from improved operating cash flows, which are highly dependent on an adequate tariff path, maintaining cost discipline and addressing the escalating arrear municipal debt challenge.

Enhancing financial sustainability *continued*

CREDIT RATINGS

LATEST CREDIT RATINGS

Rating	Standard & Poor's	Moody's	Fitch: local currency
Foreign currency Local currency Standalone	B+ B+ CCC	B2 B2 Caa1	n/a B+ CCC+
Outlook	Stable	Stable	Stable
Last rating action	Upgrade	Affirmed	Upgrade
Last action date	24 November 2025	29 May 2026	12 June 2026



The positive credit rating actions over the past year reflect rating agencies' view that our creditworthiness has strengthened on the back of improved operating performance and a stabilising financial position, backed by Government's debt relief package and broader sovereign support. Rating agencies have also cited the strong link between Eskom's credit ratings and South Africa's sovereign ratings. Eskom's improved operational performance has contributed to a stronger economic outlook for South Africa, supporting recent sovereign rating upgrades, which in turn have reinforced Eskom's own credit profile.

Despite the recent progress, Eskom's standalone ratings remain several notches below investment grade. Sustaining these improvements will depend on maintaining operational gains, strengthening long-term liquidity and reducing reliance on Government support and guarantees. Critical to our long-term financial sustainability and further improvement in our credit profile are reducing non-payment by municipalities and addressing other structural constraints impacting revenue, which continue to place financial pressure on the group.

DISPOSAL OF SUBSIDIARIES

Divestment of non-core assets remains part of our financial strategy, with net proceeds from any such disposals earmarked for debt and interest settlement in terms of the Eskom Debt Relief Act.

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. 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. We are assessing the most suitable way forward in consultation with the shareholder and National Treasury.

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 and its subsidiaries to the South African Nuclear Energy Corporation SOC Ltd (Necsa), subject to PFMA and other regulatory approvals.

MANAGING MUNICIPAL DEBT

KEY DEBT MANAGEMENT INDICATORS AT 31 MARCH 2026

Measure and unit	Target 2029	Target 2027	Target 2026	Target met?	Actual 2026	Actual 2025	Actual 2024
Arrear debt as % of revenue, %	10.36	8.69	**7.89**	●	**5.58**	6.28	3.95
Average debtors days (including municipalities, Soweto and international customers), days[1]	n/a	136.31	**122.35**	●	**120.78**	107.04	100.03
Debtors days – municipalities, average debtors days[1]	n/a	268.94	**252.17**	●	**236.36**	215.65	212.64
Debtors days – large power top customers excluding disputes, average debtors days[1]	n/a	16.28	**16.27**	●	**15.35**	15.13	15.47
Other large power user debtors days (<100GWh p.a.), average debtors days[1]	n/a	15.88	**15.60**	●	**14.91**	14.86	16.48
Debtors days – small power users excluding Soweto, average debtors days[1]	n/a	50.07	**47.82**	●	**47.22**	45.89	45.19
Total payment levels, %	90.00	91.50	**92.00**	●	**93.95**	93.86	94.91

1. Debtors days are based on amounts processed on our billing system and are shown before considering adjustments relating to non-collectability. Therefore, the amounts may not agree with those disclosed in the financial statements. No targets have been approved for FY2029, and these are therefore shown as not applicable.

AFS For details of debtors by category, including impairment and carrying values, refer to notes 5.1.1 and 20 in the financial statements

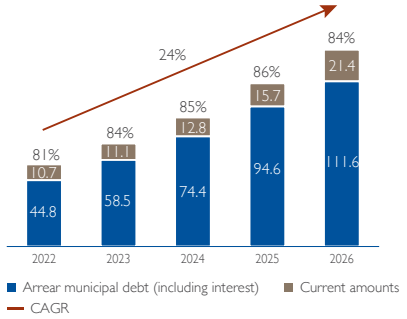
Enhancing financial sustainability *continued*

Municipalities account for 44% of our sales; consequently, poor payment levels and defaulting on accounts by this customer segment substantially affects both our revenue and overall financial sustainability. Municipal payment challenges remain a systemic risk for the entire electricity industry. To address this, we have pursued a multi-pronged strategy, including negotiating payment arrangements with defaulting municipalities; pursuing our legal rights in court and applying the Promotion of Administrative Justice Act, 2000 (PAJA) process; collaborating with intergovernmental platforms to resolve the culture of non-payment by municipalities; assisting struggling municipalities through National Treasury's municipal debt relief programme and, more recently, concluding distribution agency agreements (DAAs). We continue to collaborate with our shareholder and National Treasury to implement sustainable solutions.

Regrettably, arrear municipal debt has continued to escalate to R111.6 billion at year end (2025: R94.6 billion). Despite the substantial increase, the position at year end was better than the balance of R130 billion assumed in our FY2026 financial plan, due to improved municipal capital payment levels, which improved to 89.74% (2025: 88.88%), as well as payment arrangements concluded with key metros. Municipal arrear debt has continued to escalate after year end, reaching R119.9 billion by June 2026.

Arrear municipal debt is estimated to increase to R358 billion by FY2031, assuming capital growth can be restricted to lower than the assumed tariff path. Resolving the historic arrear debt challenge, collecting the revenue owed to us and preventing future growth in overdue amounts are critical to improving operating cash flows and, ultimately, our financial sustainability.

Invoiced municipal debt (including interest) and percentage of invoiced debt in arrears, R billion



Municipal debt has increased by an average of 24% per year from FY2022 to FY2026, far outpacing revenue growth which averaged around 10% per year. The number of municipalities with an arrear debt balance of more than R100 million has increased to 76 at 31 March 2026 (2025: 75). Around 75% of the arrear debt is owed by municipalities and metros in Mpumalanga (28%), the Free State (27%) and Gauteng (20%).

SUPPORTING THE MUNICIPAL DEBT RELIEF PROGRAMME

National Treasury initiated its municipal debt relief programme from 1 June 2023. The programme aims to address poor payment levels of municipalities and improve the settlement of their current accounts over time, which will ultimately lead to an improvement in Eskom's operating cash flows. Regrettably, the programme has delivered disappointing results. By 31 March 2026, 60 out of the 71 municipalities participating in the programme were still failing to settle their current accounts as they fall due (2025: 63).

Once a municipality has completed 12 consecutive months on the programme, National Treasury assesses the municipality's compliance with the conditions of the programme and, if satisfied, requests Eskom to write off one-third of the municipality's ring-fenced arrear debt balance that was outstanding at 31 March 2023. If complied with, the programme aims to fully write off the arrear municipal debt over a period of three years.

The top 10 defaulting municipalities and metros owed arrear debt of R60.7 billion at year end, which constituted around 54% of total arrear municipal debt.

Municipality, R million		2026	2025	% change
1.	Emalahleni Local Municipality, Mpumalanga	**12 255**	10 280	19 ▲
2.	Maluti-a-Phofung Local Municipality, Free State	**9 558**	8 823	8 ▲
3.	Emfuleni Local Municipality, Gauteng	**7 982**	8 227	3 ▼
4.	Matjhabeng Local Municipality, Free State	**7 332**	6 433	14 ▲
5.	Govan Mbeki Local Municipality, Mpumalanga	**6 570**	5 483	20 ▲
6.	City of Tshwane Metropolitan Municipality, Gauteng	**4 144**	5 655	27 ▼
7.	City of Johannesburg Metropolitan Municipality, Gauteng	**3 660**	4 402	17 ▼
8.	Lekwa Local Municipality, Mpumalanga	**3 316**	2 670	24 ▲
9.	Ngwathe Local Municipality, Free State	**2 968**	2 428	22 ▲
10.	City of Mbombela Local Municipality, Mpumalanga	**2 959**	2 164	37 ▲

By 31 March 2026, National Treasury had requested Eskom to write off one-third of the ring-fenced arrear debt for 24 municipalities, totalling R4.2 billion, based on National Treasury's assessment of compliance for the first 12-month cycle of the programme. Of this, R547 million was accounted for in FY2025 and R3.6 billion in FY2026. These amounts were written off following Eskom's governance processes.

MUNICIPAL DEBT RELIEF WRITE-OFFS ACCOUNTED FOR BY YEAR END

FY2025	FY2026	
Rand West City	Amahlathi	Mangaung
Beaufort West	Ramotshere Moiloa	Msunduzi
Bela-Bela	Ubuntu	Raymond Mhlaba
Cederberg	Umsobomvu	Siyancuma
Dawid Kruiper	City of Matlosana	Sol Plaatje
Kannaland	City of Mbombela	Ulundi
Matzikama	Emfuleni	
Mogale City	Endumeni	
Nama Khoi	Makana	
R547 million	**R3 625 million**	

In May and June 2026, National Treasury requested Eskom to write off one-third of the arrear debt for a further 21 municipalities, totalling R4 billion. Of these, 19 municipalities had completed their second 12-month cycle, while two municipalities received approval for their first write-off. Governance processes are underway before these write-offs will be processed in FY2027.

Enhancing financial sustainability *continued*

Regrettably, the municipal debt relief programme is not achieving the expected improvement in current account payment levels by most of the participating municipalities. We have issued breach notifications to the non-compliant municipalities in terms of National Treasury's conditions. We have also sought support from National Treasury to engage with municipalities to implement remedial action or remove them from the programme should they fail to rectify the breach. In the interim, our debt management strategy has been focused on concluding DAAs with defaulting municipalities, failing which appropriate legal action is being pursued through the PAJA process.

In February 2026, National Treasury issued termination letters to 13 municipalities that have failed to settle their accounts for 18 or more months despite them participating in the municipal debt relief programme. National Treasury extended a final opportunity for the municipalities to conclude a DAA to remain on the programme.

In March 2026, we issued PAJA notice-of-intent letters to these 13 municipalities, affording them the option to conclude a DAA, failing which we would proceed with credit control measures. These may include interrupting electricity supply at predetermined times as permitted by law or implementing prepaid supply limitations. Several municipalities have committed to payment arrangements or indicated an intention to conclude a DAA.

Those opting for a DAA were instructed by National Treasury to provide supporting council resolutions and complete the processes under section 78 of the Municipal Systems Act, 2000 (MSA) by September 2026. The majority of these municipalities have obtained the required council resolutions. To avoid delays, we are engaging with them to improve current payment levels while the section 78 process is underway.

Final notices to interrupt supply were issued to Dr Beyers Naude, Kai !Garib and Mamusa as they did not submit viable proposals to resolve their arrear debt in response to the PAJA notice. Dr Beyers Naude and Kai !Garib submitted urgent court applications to suspend the interruption, while interruption to Mamusa proceeded as planned. Mamusa subsequently provided a council resolution supporting the DAA and the interruption was suspended, while the court ordered Kai !Garib to conclude a DAA; engagements with both municipalities are ongoing. Eskom was restrained from terminating supply to Dr Beyers Naude until the matter is heard in court.

After year end, National Treasury issued a second round of termination letters to a further 14 municipalities, requiring them to obtain council resolutions and complete the section 78 process by November 2026; initial engagements have commenced with these municipalities. We will continue to enforce our legal rights and consider PAJA processes on a case-by-case basis for individual municipalities.

PAJA PROCESS FOR TERMINATION OR LIMITATION OF SUPPLY TO DEFAULTING MUNICIPALITIES

The PAJA governs the exercise of administrative action by public entities. Where Eskom is considering the limitation or termination of electricity supply to defaulting municipalities, such actions constitute administrative decisions affecting communities at scale which require strict adherence to lawfulness, reasonableness and procedural fairness.

Any such actions must be undertaken within a defined governance framework, including PAJA and the Constitution, the Electricity Regulation Act, 2006 and licence conditions issued by NERSA, as well as the Intergovernmental Relations Framework Act, 2005 that requires cooperative engagement across spheres of Government.

We follow a structured process before implementing a supply limitation or interruption to affected municipalities:

- *Identification of default and risk assessment:* Persistent non-payment is identified and the financial, service delivery and community impacts are assessed
- *Pre-engagement and cooperative governance:* Eskom engages municipalities and key stakeholders, including National Treasury and provincial authorities, to seek resolution through payment arrangements or other remedial measures
- *Notice of intention:* A formal notice is issued outlining the extent of arrears, the proposed action and the legal basis, inviting affected parties to make representations
- *Public participation:* Municipalities and affected stakeholders are afforded an opportunity to respond, ensuring procedural fairness
- *Consideration of submissions:* Eskom evaluates all representations to ensure that all relevant factors, including the impact on essential services and vulnerable communities, are appropriately considered
- *Final decision:* Eskom communicates its decision with reasons, together with implementation details and any mitigating measures
- *Implementation:* Where justified, supply limitation or interruption is implemented in a controlled manner, in line with regulatory requirements and licence conditions
- *Recourse and review:* Affected parties may request reasons and, where applicable, pursue judicial review of the decision

We apply key safeguards in implementing PAJA processes, including favouring load limitation over full disconnection where feasible, issuing clear and documented communication throughout the process, as well as applying consistent and standardised credit control processes across municipalities.

The implementation of supply disruptions through the PAJA process forms a critical component of our approach to enforcing credit discipline among municipalities. It balances constitutional obligations, which include the protection of essential services to communities, with the need to maintain Eskom's financial sustainability.

Enhancing financial sustainability *continued*

DISTRIBUTION AGENCY AGREEMENTS AND THE SECTION 78 PROCESS

We have implemented DAAs to support municipalities facing systemic challenges that hinder their ability to adequately fulfil the duties of their electricity distribution licence. Under these agreements, Eskom will assume responsibility for managing the municipal electricity function on a temporary and defined basis, with a strong focus on skills transfer and establishing a sustainable, ring-fenced electricity service within the municipality. Interventions include operation and maintenance of electricity infrastructure, revenue management and retail services, as well as initiatives to reduce energy losses and strengthen revenue collection.

At year end, three agreements were in place with Emfuleni, Maluti-A-Phofung and Merafong municipalities. As mentioned, several municipalities have since adopted council resolutions to proceed with DAAs and are moving ahead with the required statutory processes.

In November 2025, the Minister of Finance announced in the Medium-Term Budget Policy Statement that defaulting municipalities will transition to DAAs as an interim measure, to stabilise municipal cash flows and improve municipal service delivery and financial discipline. National Treasury indicated that this interim measure does not rule out stronger interventions where failures persist. Concurrently, National Treasury will undertake longer-term structural reforms in the local government fiscal framework.

In terms of National Treasury circular 132 (issued in December 2025), the implementation of DAAs is subject to compliance with section 78 of the MSA. That mandates a municipality to formally assess alternative service delivery mechanisms, based on financial, technical, legal and capacity considerations. The process requires public consultation and a council resolution to appoint an external service provider. In addition, municipalities must engage National Treasury, provincial treasuries and the Department of Cooperative Governance and Traditional Affairs to demonstrate that the proposed DAA will support the municipality's compliance with the municipal debt relief conditions.

The section 78 process is complex and can be time-consuming, with no prescribed statutory timeframes, which has contributed to delays in the implementation of DAAs and limited the pace of scaling this intervention.

DAAs remain a critical mechanism to support municipalities in delivering sustainable local electricity services, while improving our financial sustainability through enhanced revenue collection and reduced energy losses. We continue to engage with National Treasury and municipalities to advance these processes.

Government has intensified its efforts to address the financial sustainability of municipalities and improve compliance. In July 2026, National Treasury invoked section 216(2) of the Constitution and temporarily withheld equitable share payments to 69 municipalities due to persistent non-compliance with the Municipal Finance Management Act, 2003. Of these, 36 are participating in the municipal debt relief programme. National Treasury highlighted that ongoing failure by these municipalities to meet statutory obligations were threatening the financial sustainability of bulk service providers, including Eskom. Transfers were reinstated following National Treasury's assessment of municipalities' compliance with specified conditions, including the conclusion of payment agreements with key creditors such as Eskom, where applicable. This intervention represents a significant step towards strengthening accountability and reinforcing municipal payment discipline, supporting our collective efforts to address this challenge.

The continued growth in municipal arrear debt remains a significant risk to our financial sustainability and undermines broader Government efforts to reform the electricity supply industry. It also jeopardises Eskom's unbundling, by threatening the financial viability of the separate Distribution company. If not addressed decisively, this will require an extension of the timelines for unbundling, limit Eskom's ability to strengthen its standalone credit profile and may result in ongoing reliance on Government guarantees or Government support beyond the debt relief period.

Addressing this challenge requires a multi-stakeholder approach. This includes enforcing compliance within the municipal debt relief programme, implementing stronger remedial mechanisms for persistently defaulting municipalities and enabling the accelerated implementation of DAAs. We will continue to support municipalities in improving service delivery and revenue collection, while actively engaging across intergovernmental platforms to drive sustainable reform of the electricity distribution industry.

ADDRESSING GAUTENG METRO DEBT

Of concern in recent years has been the growth in arrear debt from Gauteng metros, which do not participate in the municipal debt relief programme. We are engaging with these metros and pursuing our legal rights in court.

City of Tshwane and Eskom concluded a five-year payment arrangement plan which was made an order of the court in November 2024. The metro is honouring the arrangement; by year end, this has resulted in a R2.5 billion reduction in their arrear debt since implementation.

We also reached an agreement with City of Johannesburg in June 2025 for a four-year payment arrangement, which was subsequently made an order of the court in November 2025. Despite initially complying with the arrangement, the metro has since defaulted on its payment obligations. The metro was requested to remedy the breach by April 2026, which they failed to do. In May 2026, Eskom issued a notice of intent to reduce, interrupt and/or terminate electricity supply in terms of the PAJA process.

By 30 June 2026, the arrear debt owing by City of Johannesburg had increased to R5.1 billion, from R3.7 billion at year end. The metro requested a deferment of its obligations under the payment arrangement and proposed terms to settle the R5.1 billion in August 2026, which was accepted. Following the release of its equitable share by National Treasury, the metro fully settled its arrear debt by 21 August 2026. As a result, the PAJA process was withdrawn.

The arrear debt of City of Ekurhuleni increased to R2.6 billion by year end (2025: R0.5 billion). In March 2026, we issued a notice of intent to reduce or interrupt supply in terms of the PAJA process. An 18-month payment arrangement was subsequently concluded for the outstanding balance and the PAJA process was withdrawn.

4

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

Technical statistics

Measure and unit	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Safety										
Employee lost-time injury rate (LTIR) – group, index[1]	**0.18**[RA]	0.23[RA]	0.29[RA]	0.26[RA]	0.24[RA]	0.22[RA]	0.30[RA]	0.31[RA]	0.24	0.39
Fatalities (employees and contractors), number	**7**	3	5	5	6	11	9	7	14	10
Employee fatalities, number	**4**	1	2	2	4	3	–	3	3	4
Contractor fatalities, number	**3**	2	3	3	2	8	9	4	11	6
Customer statistics										
Number of Eskom customers	**6 785 891**	7 120 090	7 172 296	7 074 672	6 969 164	6 857 029	6 716 201	6 497 372	6 258 616	5 976 557
Key Customer Delight, %[2]	**90.5**	86.8	88.1	88.4	85.0	86.2	81.5	81.7	79.5	107.0
Arrear debt as % of revenue, %	**5.58**	6.28	3.95	4.80	3.91	3.24	3.69	4.30[RA]	2.73[RA]	2.42
Debtors days – municipalities, average debtors days	**236.4**	215.7	212.6	179.3	149.6	140.7	116.1	94.3[RA]	76.6[RA]	53.3[RA]
Debtors days – large power top customers excluding disputes, average debtors days	**15.4**	15.1	15.5	14.5	14.6	15.0	14.6	13.5[RA]	13.9[RA]	15.3[RA]
Debtors days – other large power users (<100 GWh p.a.), average debtors days	**14.9**	14.9	16.5	16.3	17.5	17.5	17.0	17.2[RA]	16.6[RA]	16.8[RA]
Debtors days – small power users (excluding Soweto), average debtors days	**47.2**	45.9	45.2	46.2	47.7	50.1	44.1	42.6[RA]	43.4[RA]	48.8[RA]
Sales and revenue										
Total sales, GWh[3]	**178 032**	189 723	183 311	188 401	198 281	191 852	205 635	208 319	212 190	214 121
(Decline)/growth in GWh sales, %	**(6.2)**	3.5	(2.7)	(5.0)	3.4	(6.7)	(1.3)	(1.8)	(0.9)	(0.2)
Electricity revenue, R million	**353 079**	338 901	294 061	257 837	244 461	202 644	197 307	177 312	174 905	175 094
Growth/(decline) in revenue, %	**4.2**	15.2	14.0	5.5	20.6	2.7	11.3	1.4	(0.1)	8.3
Electricity output										
Power sent out by Eskom stations, GWh	**184 966**	195 702	184 576	191 307	205 688	201 400	214 968	218 939	221 936	220 166
Coal-fired stations, GWh	**165 431**	179 426	166 607	171 131	184 568	183 553	194 357	200 210	202 106	200 893
Nuclear power station, GWh	**11 618**	8 409	8 172	9 803	12 355	9 903	13 252	11 580	14 193	15 026
Pumped storage stations, GWh	**4 406**	4 649	4 386	4 081	4 743	4 795	5 060	4 590	4 479	3 294
Gas turbine stations, GWh	**811**	2 176	3 634	3 018	1 826	1 457	1 328	1 202	118	29
Hydroelectric stations, GWh	**2 416**	710	1 448	3 060	1 943	1 387	688	1 029	709	579
Wind energy, GWh	**284**	332	329	214	253	305	283	328	331	345
IPP purchases, GWh	**19 596**	19 365	20 183	17 957	15 973	13 526	11 958	11 344	9 584	11 529
Energy imports from SADC countries, GWh	**4 090**	7 570	9 150	8 654	8 500	8 812	8 568	7 355	7 731	7 418
Wheeling, GWh	**3 103**	2 028	2 449	2 904	2 499	2 310	2 491	2 750	2 266	2 910
Total electricity available (generated by Eskom and purchased), GWh	**211 755**	224 665	216 358	220 822	232 660	226 048	237 985	240 388	241 517	242 023
Consumed by pumped storage stations, GWh[4]	**(5 762)**	(6 064)	(5 710)	(5 504)	(6 434)	(6 625)	(6 629)	(5 981)	(6 031)	(4 808)
Total available for distribution, GWh[3]	**205 993**	218 601	210 648	215 318	226 226	219 423	231 356	234 407	235 486	237 215
Supply and demand										
Peak demand (all contracted generation and demand side resources), MW	**31 902**	33 485	33 873	34 666	35 005	34 155	34 510	35 345	35 769	34 913
Peak demand (Eskom generation only), MW	**29 739**	31 416	27 854	30 808	31 953	31 470	32 948	34 256	35 457	34 122
Loadshedding implemented, number of days	**4**	13	329[RA]	280[RA]	65	47	46	30	0	0

1. The employee LTIR includes occupational diseases and fatalities.
2. This measure was introduced in FY2020 and is calculated on a 12-month moving average. Prior to FY2020, the comparatives are for Eskom KeyCare.
3. The difference between electricity available for distribution and electricity sold is mainly due to energy losses.
4. Used by Eskom for pumped storage facilities and synchronous condenser mode of operation.

[RA] Reasonable assurance provided by the independent assurance provider for the respective year. Refer to pages 105 to 106 of the integrated report for the independent sustainability assurance report relating to the FY2026 figures.

Technical statistics *continued*

Measure and unit	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Infrastructure										
Total Eskom power station capacity – installed, MW	**53 995**	53 193	52 451	52 451	51 866	51 115	49 517	48 029	48 039	46 407
Total Eskom power station capacity – nominal, MW	**47 378**	46 866	46 788	46 788	47 145	46 466	45 117	44 172	45 561	44 134
Total IPP power station capacity – nominal, MW	**8 565**	7 495	7 495	7 110	6 831	6 083	5 206	4 981	4 779	5 027
Total transmission lines, km	**33 691**	33 367	33 367	33 234	33 233	33 198	33 027	32 698	31 951	32 220
Total transmission transformer capacity, MVA	**161 423**	161 223	160 748	160 468	160 148	159 127	153 135	152 415	151 105	147 415
Total distribution lines and underground cables, km	**377 564**	377 814	375 760	371 979	371 625	366 388	358 757	354 935	349 643	352 492
Total distribution transformer capacity, MVA	**148 241**	147 387	146 927	146 073	146 131	155 623	153 814	145 097	134 632	129 168
Asset creation										
Generation capacity installed and commissioned, MW	**799**	799[RA]	0[RA]	799[RA]	794[RA]	1 598[RA]	1 588[RA]	0[RA]	2 387[RA]	1 332[RA]
Transmission lines installed, km	**270.8[RA]**	292.6[RA]	74.4[RA]	326.1[RA]	180.5[RA]	65.6[RA]	127.9[RA]	378.7[RA]	722.3[RA]	585.4[RA]
Transmission transformer capacity installed and commissioned, MVA	**4 000[RA]**	2 620[RA]	23[RA]	–[RA]	1 065[RA]	750[RA]	250[RA]	540[RA]	2 510[RA]	2 300[RA]
Total capital expenditure – group (excluding capitalised borrowing costs), R billion	**45.0**	41.1	37.0	33.9	30.2	23.9	23.4	33.9	48.0	60.0
Plant performance										
Energy availability factor (EAF), %[1]	**65.16[RA]**	60.60[RA]	54.56[RA]	56.03[RA]	62.02[RA]	64.19[RA]	66.64[RA]	69.95[RA]	78.00[RA]	77.30[RA]
Planned capability loss factor (PCLF), %[1]	**11.55[RA]**	12.76[RA]	12.04[RA]	10.39[RA]	10.23[RA]	12.26[RA]	8.92[RA]	10.18[RA]	10.35[RA]	12.14[RA]
Unplanned capability loss factor (UCLF), %[1]	**22.88[RA]**	26.05[RA]	32.34[RA]	31.92	25.35	20.04	22.86	18.31	10.18	9.90
Other capability loss factor (OCLF), %[1]	**0.41[RA]**	0.59[RA]	1.06[RA]	1.66	2.40	3.51	1.58	1.56	1.47	0.66
Unit capability factor (UCF), %[1]	**65.57**	61.18	55.62	57.69	64.42	67.70	68.22	71.51	79.47	78.00
Generation load factor, %[1]	**44.0**	47.2	44.6	45.7	49.5	49.0	52.6	54.4	55.9	57.9
OCGT load factor, %	**3.9**	10.3	17.2	14.3	8.7	6.9	6.3	5.7	0.6	0.1
Unplanned automatic grid separations (UAGS trips), number[1]	**570**	699	593	736[RA]	697[RA]	527[RA]	594[RA]	517	333	444
Integrated Eskom system load factor (EUF), %[1]	**67.6**	77.8	81.8	81.5	79.8	76.3	79.0	77.8	71.6	75.0
Network performance										
Total system minutes lost for events <1, minutes	**3.10[RA]**	4.37[RA]	3.29[RA]	4.71[RA]	2.88[RA]	3.48[RA]	4.36[RA]	3.16[RA]	2.09[RA]	3.80[RA]
Major incidents ≥1 minute, number	**2**	4[RA]	1	1	2	2	3	3	0	0
System average interruption frequency index (SAIFI), events[2]	**11.72[Q]**	11.70	11.69	11.80	12.34[RA]	13.22[RA]	14.44[RA]	14.87[RA]	18.71[RA]	18.87[RA]
System average interruption duration index (SAIDI), hours[2]	**35.09[Q]**	34.91[RA]	34.88[RA]	35.51[RA]	35.46[RA]	35.36[RA]	36.88[RA]	37.99[RA]	38.68[RA]	38.89[RA]
Technical and other losses, GWh	**23 921**	25 339	23 502	23 879	24 811	25 078	23 457	23 292	21 086	21 399
Total energy losses, %	**12.4**	12.3	12.0	11.8	11.5	11.8	10.4	10.2	9.1	9.3
Transmission energy losses, %	**2.2**	2.4	2.2	2.3	2.3	2.3	2.2	2.2	2.0	2.2
Distribution energy losses, %	**10.5[RA]**	10.4[RA]	9.9[RA]	9.7[RA]	9.6[RA]	10.1[RA]	8.8[RA]	8.5[RA]	7.7[RA]	7.6[RA]
Primary energy										
Coal stock, days	**94**	79	80	65	76[RA]	82	81	67	68	74
Coal purchased, Mt	**103.8**	107.3	107.5	98.4	108.7	110.0	119.3	118.3	115.3	120.3
Coal burnt, Mt	**96.5**	106.2	99.5	102.4	110.3	104.9	108.6	113.8	115.5	113.7
Average calorific value, MJ/kg	**19.76**	19.89	19.62	19.42	19.64	19.82	19.08	19.24	19.81	20.05
Average ash content, %	**31.00**	30.96	31.79	32.13	31.39	31.24	29.65	30.98	30.92	28.62
Average sulphur content, %	**0.78**	0.80	0.77	0.79	0.83	0.82	0.78	0.84	0.87	0.84
Overall thermal efficiency, %[3]	**31.20**	30.39	30.71	30.56	30.05	30.61	30.65	30.99	31.22	31.20
Diesel and kerosene usage for OCGTs, Mℓ	**256.6**	679.1	1 129.5	937.5	580.4	458.7	426.2	385.0	37.8	10.0

1. The calculation of KPIs include all units at Medupi as well as Kusile Units 1 to 5. Units are only included one year after achieving commercial operation, therefore Kusile Unit 6 is still excluded. Kusile Unit 5 has been included since 1 July 2025.
2. SAIDI and SAIFI are reported after allowing for exclusions defined in the National Regulated Standards adopted from 1 April 2018.
3. Only power stations where all units have been in commercial operation for one year are included in the calculation. Therefore, Kusile Power Station is excluded from this KPI.

[RA] Reasonable assurance provided by the independent assurance provider for the respective year. Refer to pages 105 to 106 of the integrated report for the independent sustainability assurance report relating to the FY2026 figures.

[Q] Qualified by the independent assurance provider for the respective year. Refer to pages 105 to 106 of the integrated report for further detail on the qualification of the FY2026 SAIFI and SAIDI figures.

Technical statistics *continued*

Measure and unit	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Environmental statistics										
Emissions										
Relative particulate emissions, kg/MWh sent out[1, 2, 3]	**0.98**[RA]	0.64[RA]	0.79[RA]	0.70[RA]	0.34[RA]	0.38[Q]	0.47[RA]	0.47[RA]	0.27[RA]	0.30[RA]
Carbon dioxide (CO_2), Mt[2]	**184.0**[RA]	204.6[RA]	190.4[RA]	187.5[RA]	207.2[RA]	206.8[RA]	213.2[RA]	220.9[RA]	205.5[RA]	211.1[RA]
Carbon dioxide equivalent (CO_2e), Mt[2]	**184.5**	205.1	190.9	187.9	207.7	207.3	214.0	221.7	–	–
Sulphur dioxide (SO_2), kt[2]	**1 420**	1 591	1 431	1 449	1 671	1 604	1 721	1 853	1 802	1 766
Nitrous oxide (N_2O), t[2]	**1 291**	1 470	1 382	1 438	1 561	1 527	2 826	2 844	2 642	2 782
Nitrogen oxide (NO_x) as NO_2, kt[4]	**695**	772	735	743	822	804	851	890	859	885
Methane (CH_4), t[2]	**1 394**	1 567	1 523	1 483	1 466	1 442	–	–	–	–
Particulate emissions, kt	**176.32**[RA]	122.94[RA]	145.30[RA]	129.32	66.65	71.35	94.92	99.87	57.13	65.13
Water										
Specific water consumption, ℓ/kWh sent out[1]	**1.34**[RA]	1.40[RA]	1.43[RA]	1.39[RA]	1.45[RA]	1.42[RA]	1.42[RA]	1.41[RA]	1.30[RA]	1.42[RA]
Net raw water consumption, Mℓ	**241 562**	268 638	260 680	256 430	283 610	270 736	286 553	292 344	276 335	307 269
Waste										
Ash produced, Mt	**28.00**	30.24	29.27	30.20	32.90	30.84	32.04	33.23	31.65	32.61
Ash sold, Mt	**2.9**	4.1	2.5	2.6	2.8	3.1	2.9	2.8	2.7	2.8
Ash recycled, %	**10.3**	13.4	9.0	12.0	11.0	10.1	9.1	8.4	8.6	8.5
Asbestos disposed, tons	**570.2**	19 825.6	143.6	171.1	39.5	22 475.8	59.8	464.1	144.9	383.0
Material containing polychlorinated biphenyls thermally destroyed, tons[5]	**n/a**	n/a	5.1	96.2	46.5	134.3	238.3	43.1	26.3	61.9
Nuclear										
Public individual radiation exposure due to effluents, mSv[6]	**0.0014**	0.0010	0.0012	0.0022	0.0010	0.0014	0.0004	0.0026	0.0012	0.0005
Low-level radioactive waste generated (steel drum), cubic metres	**99.4**	151.6	188.2	164.6	158.9	147.6	159.3	188.3	164.2	162.9
Low-level radioactive waste disposed of, cubic metres	**99.0**	296.6	415.1	348.3	98.1	117.0	98.3	99.0	118.8	108.0
Intermediate-level radioactive waste generated (concrete drum), cubic metres	**18.3**	29.6	43.2	18.3	34.2	31.2	22.3	20.8	20.8	11.4
Intermediate-level radioactive waste disposed of, cubic metres	**215**	136	168	192	88	18	38	0	0	0
Used nuclear fuel, number of elements discharged[7]	**0**	60	56	48	56	116	48	56	116	60
Used nuclear fuel, number of elements discharged, cumulative figure	**2 845**	2 845	2 785	2 729	2 681	2 625	2 509	2 461	2 405	2 289
Legal contraventions										
Environmental legal contraventions, number	**67**	65	68	105	65	81	59	24	30	29
Environmental legal contraventions reported as a result of significant failure of business systems, number[8]	**3**	0	7	10	7	7	5	2	2	0

1. The calculation of KPIs include all units at Medupi as well as Kusile Units 1 to 5. Units are only included one year after achieving commercial operation, therefore Kusile Unit 6 is still excluded. Kusile Unit 5 has been included since 1 July 2025.
2. Figures are calculated based on coal characteristics and power station design parameters using coal analysis and coal burnt tonnages. Figures include coal-fired and gas turbine power stations, as well as oil consumed during power station start-ups.
3. At power stations with unusually high particulate emission levels, the monitors often exceed their maximum limits. In instances where these ranges are exceeded, particulate emissions will be reported at the maximum of the monitor range. From February 2019, it is possible that actual emissions exceeded reported emissions based on measurements.
4. NO_x reported as NO_2 is calculated using average station-specific emission factors (which are measured intermittently) and tonnages of coal burnt.
5. Material containing polychlorinated biphenyls was phased out in compliance with legislation by 31 December 2023. Consequently, after FY2024, there was no such material left to be destroyed.
6. The limit set by the National Nuclear Regulator is ≤0.25mSv.
7. The gross mass of a nuclear fuel element is approximately 670kg, with Uranium mass typically between 462kg and 464kg.
8. Specific cases of environmental legal contravention incidents that are considered to be of very high significance in terms of their impact on the environment and/or on Eskom are recorded as incidents as a result of a significant failure of business systems.

[RA] Reasonable assurance provided by the independent assurance provider for the respective year. Refer to pages 105 to 106 of the integrated report for the independent sustainability assurance report relating to the FY2026 figures.

[Q] Qualified by the independent assurance provider for the respective year.

Non-technical statistics

Measure and unit	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Finance[1]										
Gross electricity revenue per kWh sold (Eskom company only), c/kWh	**212.37**	187.98	165.43	141.38	127.32	111.04	101.86	90.01	85.06	83.60
Electricity operating costs, c/kWh	**138.30**	128.16	137.71	120.17	98.19	89.51	79.10	71.29	62.24	65.20
EBITDA, R million	**108 648**[RA]	98 012[RA]	43 410[RA]	34 565[RA]	52 954[RA]	32 608[RA]	36 816[RA]	31 417	45 359	37 532
EBITDA margin, %	**30.63**	28.75	14.67	13.32	21.39	15.96	18.46	17.46	25.57	21.19
Current ratio	**1.03**	1.02	0.98	0.89	0.90	0.95	0.82	1.00	1.03	0.85
Cash interest cover, ratio	**3.80**[RA]	2.76[RA]	1.18[RA]	1.29[RA]	1.69[RA]	0.85[RA]	0.94[RA]	0.94	1.22	1.73
Debt service cover, ratio[2]	**1.55**[RA]	1.11[RA]	0.46[RA]	0.58[RA]	0.76[RA]	0.30[RA]	0.52[RA]	0.47	0.87	1.37
Gross debt/EBITDA, ratio	**4.60**	4.96	11.58	13.92	8.54	13.98	14.43	15.73	9.74	10.84
Debt/equity (including long-term provisions), ratio	**0.93**	1.46	1.99	1.88	1.81	2.03	2.44	3.17	2.58	2.11
Gearing, %	**48**	59	67	65	64	67	71	76	72	68
Free funds from operations, R million	**118 991**	106 073	53 975	43 847	63 795	42 972	41 120	29 047	40 022	47 571
Free funds from operations after net interest paid, R million	**93 584**	74 926	19 830	11 567	31 904	6 496	2 606	(5 940)	9 147	21 148
Free funds from operations as % of gross debt, %	**23.79**	21.82	10.74	9.12	14.11	9.42	7.74	5.88	9.06	11.69
Building skills										
Headcount (including fixed-term contractors)	**43 274**	42 030	40 625	39 601	40 421	42 749	44 772	46 665	48 628	47 658
Learner intake – Artisans, number[3]	**296**	196	173[RA]	135[RA]	106[RA]	0[RA]	91[RA]	0	1 815	2 155
Learner intake – Engineers, number[3]	**543**	362	184[RA]	144[RA]	58[RA]	0[RA]	16[RA]	10	1 241	1 480
Learner intake – Technicians, number[3]	**326**	214	184[RA]	105[RA]	51[RA]	0[RA]	11[RA]	3	838	1 209
Total learner enrolment (including plant operators)[3]	**1 293**[RA]	952[RA]	806	474	335	0	118	21	726[Q]	3 048[Q]
Transformation										
Socio-economic contribution										
Corporate social investment committed spend, R million	**153.2**[RA]	146.2[RA]	93.1[RA]	63.0[RA]	75.1[RA]	67.4[RA]	123.8[RA]	132.4[Q]	192.0[RA]	225.3
Corporate social investment, number of beneficiaries	**1 510 540**	1 203 566	272 217	438 094	785 085	802 635	1 479 395	933 139	1 116 044	841 845
Total number of electrification connections, number[4]	**67 578**[RA]	83 031[RA]	114 800[RA]	102 590[RA]	97 947[RA]	106 669[RA]	163 613[RA]	191 585[RA]	215 519	207 436
Employment equity										
Disabilities, number of employees	**1 452**	1 308	1 201	1 171	1 188	1 252	1 348	1 416	1 441	1 396
Employment equity – disability, %	**3.36**	3.11	2.96	2.96	2.94	2.93	3.01	3.03	2.96	2.93
Racial equity in senior management, % black employees	**83.12**	81.32	78.89	76.92	76.67	73.72	71.00	69.80	68.31	65.80
Gender equity in senior management, % female employees	**41.82**	42.58	42.52	42.01	43.33	41.99	41.73	39.85	38.20	36.58
Racial equity in professionals and middle management, % black employees	**88.31**	86.88	85.11	83.59	81.68	80.10	78.04	76.22	75.27	73.50
Gender equity in professionals and middle management, % female employees	**44.23**	43.20	42.03	40.92	39.91	38.95	38.24	37.89	37.47	35.98

1. Financial ratios impacted by restatements in the annual financial statements have been restated where applicable.
2. 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.
3. The definition of learners was changed from 1 April 2018, to account for learners only once at the time they sign up, and not continuously for the duration of their contract. The comparatives up to FY2024 are Eskom company figures only. The reporting boundary for FY2025 included NTCSA, to ensure comparability with the prior year when the activities of the Transmission Division formed part of the Eskom company. From FY2026, the reported value is for the Eskom group.
4. Electrification connections includes farmworker connections.

[RA] Reasonable assurance provided by the independent assurance provider for the respective year. Refer to pages 105 to 106 of the integrated report for the independent sustainability assurance report relating to the FY2026 figures.

[Q] Qualified by the independent assurance provider for the respective year.

Non-technical statistics *continued*

Measure and unit	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Procurement equity										
Local content contracted – Eskom-wide (Eskom company only), %[1]	**83.93**[RA]	93.79	90.72	87.02	86.89	65.99[Q]	92.84[Q]	91.51[RA]	87.16[RA]	73.37[Q]
Local content contracted – new build (Eskom company only), %	**95.11**	75.48	97.05	73.08	57.53	56.94	88.53	81.14[RA]	85.59[RA]	85.78[Q]
B-BBEE attributable expenditure, R billion	**226.2**	205.4	178.8	150.1	134.2	100.4	101.7	84.5	102.3	127.7
Black-owned expenditure, R billion	**140.3**	112.4	93.3	87.6	83.2	53.8	46.9	52.1	57.6	53.9
Black women-owned expenditure, R billion	**43.1**	25.6	19.9	14.9	16.4	19.0	15.6	18.8	20.9	19.4
Black youth-owned expenditure, R billion	**14.4**	11.4	10.9	8.8	9.5	5.4	4.1	3.5	3.9	2.0
Procurement from B-BBEE compliant suppliers (preferential procurement), % of total measured procurement spend (TMPS)	**94.58**[RA]	93.21[RA]	74.35	72.80	75.89	64.51	65.97	58.66	80.25	98.25
Procurement from black-owned (BO) suppliers, % of TMPS	**58.69**	51.02	38.82	42.48	47.08	34.60	30.38	36.17	45.20	41.49
Procurement from black women-owned (BWO) suppliers, % of TMPS	**18.02**	11.60	8.29	7.21	9.26	12.24	10.10	13.07	16.41	14.92
Procurement from black youth-owned (BYO) suppliers, % of TMPS	**6.04**	5.17	4.53	4.26	5.40	3.46	2.65	2.41	3.05	1.52
Procurement spend with suppliers owned by black persons with disabilities (BPwD), % of TMPS	**0.54**	0.42	0.10	0.18	0.16	0.22	0.17	0.22	0.20	0.02
Procurement spend with qualifying small enterprises (QSE), % of TMPS	**8.18**	7.54	4.50	4.39	4.91	4.29	4.08	5.17	8.86	8.91
Procurement spend with exempted micro enterprises (EME), % of TMPS	**7.23**	7.03	4.65	5.86	7.88	8.07	9.77	14.01	10.21	11.24

1. Local content is measured as procurement of locally manufactured/produced goods and services as a percentage of total contracts awarded for all procurement at Eskom company level.

[RA] Reasonable assurance provided by the independent assurance provider for the respective year. Refer to pages 105 to 106 for the independent sustainability assurance report relating to the FY2026 figures.

[Q] Qualified by the independent assurance provider for the respective year.

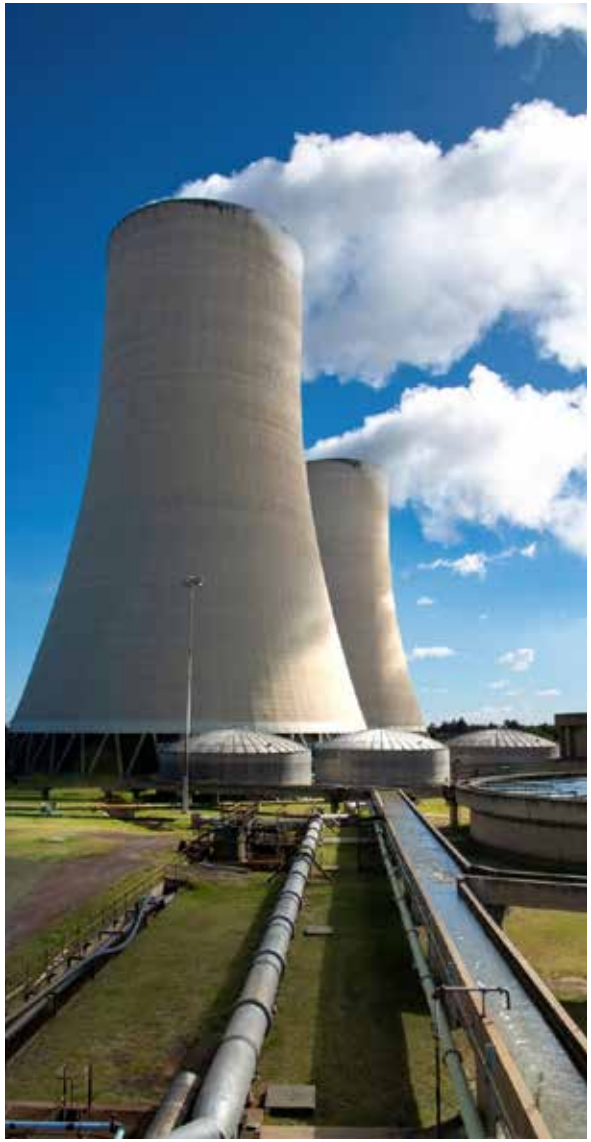
Plant information

POWER STATION CAPACITIES

at 31 March 2026

The difference between installed and nominal capacity reflects auxiliary power consumption and reduced capacity caused by the age of the plant.

Name of station	Location	Years commissioned, first to last unit	Number and installed capacity of generator sets MW	Total installed capacity MW	Total nominal capacity MW
Base-load stations					
Coal-fired (15)				**46 139**	**39 692**
Arnot[1]	Middelburg	Sep 1971 to Aug 1975	6x370	2 220	1 750
Camden[2, 4]	Ermelo	Mar 2005 to Jun 2008	3x200; 1x196; 2x195; 1x190; 1x185	1 561	1 481
Duvha[3]	Emalahleni	Aug 1980 to Feb 1984	5x600	3 000	2 875
Grootvlei[2, 4]	Balfour	Apr 2008 to Mar 2011	4x200; 2x190	1 180	570
Hendrina[4]	Middelburg	May 1970 to Dec 1976	3x200; 1x195; 1x191; 4x170	1 666	1 041
Kendal[5]	Emalahleni	Oct 1988 to Dec 1992	6x686	4 116	3 840
Komati[2, 6]	Middelburg	Mar 2009 to Oct 2013	4x100; 4x125; 1x90	990	–
Kriel	Bethal	May 1976 to Mar 1979	3x430; 3x500	2 790	2 640
Kusile[5]	Ogies	Aug 2017 to Sep 2025	6x799	4 794	4 320
Lethabo	Vereeniging	Dec 1985 to Dec 1990	6x618	3 708	3 558
Majuba[5]	Volksrust	Apr 1996 to Apr 2001	3x657; 3x713	4 110	3 807
Matimba[5]	Lephalale	Dec 1987 to Oct 1991	6x665	3 990	3 690
Matla[7]	Bethal	Sep 1979 to Jul 1983	6x600	3 600	2 875
Medupi[5, 8]	Lephalale	Aug 2015 to Jul 2021	5x794; 1x790	4 760	4 320
Tutuka[9]	Standerton	Jun 1985 to Jun 1990	6x609	3 654	2 925
Nuclear (1)					
Koeberg[10]	Cape Town	Jul 1984 to Nov 1985	2x980	**1 960**	**1 880**
Peaking stations					
Gas/liquid fuel turbine stations (4)				**2 397**	**2 380**
Acacia	Cape Town	May 1976 to Jul 1976	3x57	171	171
Ankerlig	Atlantis	Mar 2007 to Mar 2009	4x149.2; 5x148.3	1 338	1 327
Gourikwa	Mossel Bay	Jul 2007 to Nov 2008	5x149.2	746	740
Port Rex	East London	Sep 1976 to Oct 1976	2x57; 1x28	142	142
Pumped storage schemes (3)[11]				**2 732**	**2 724**
Drakensberg	Bergville	Jun 1981 to Apr 1982	4x250	1 000	1 000
Ingula	Ladysmith	Jun 2016 to Feb 2017	4x333	1 332	1 324
Palmiet	Grabouw	Apr 1988 to May 1988	2x200	400	400
Hydroelectric stations (2)[12]				**600**	**600**
Gariep	Norvalspont	Sep 1971 to Mar 1976	4x90	360	360
Vanderkloof	Petrusville	Jan 1977 to Feb 1977	2x120	240	240
Total used for capacity management purposes				**53 828**	**47 276**



Plant information *continued*

Name of station	Location	Years commissioned, first to last unit	Number and installed capacity of generator sets MW	Total installed capacity MW	Total nominal capacity MW
Renewable energy					
Wind energy (1)[13]					
Sere	Koekenaap	Mar 2015	46x2.2	**106**	**100**
Total capacity including renewable energy				**53 934**	**47 376**
Other hydroelectric stations (4)[13]				**61**	**2**
Mbashe[14]	Mbashe River		3x14	42	–
First Falls[14]	Umtata River		2x3	6	–
Ncora	Ncora River		2x0.4; 1x1.6	2	2
Second Falls[14]	Umtata River		2x5.5	11	–
Total Eskom power station capacities (30)				**53 995**	**47 378**
Nominal capacity available to the grid – Eskom-owned					**87.75%**
Nominal capacity of Eskom-owned power stations					**47 378**
Independent power producers (IPP) capacity					**8 565**
Biomass					25
Concentrating solar power					600
Gas/liquid fuel					1 005
Hydroelectric					18
Landfill					8
Renewable with battery storage (RMIPPPP)					205
Solar PV energy					2 661
Wind					4 043
Total nominal capacity available to the grid – Eskom and IPPs					**55 943**

1. Arnot Unit 2 was placed in extended inoperability and removed from the nominal base for reporting purposes from 1 September 2025 until the end of December 2026.
2. Former moth-balled power stations that have been returned to service. The original commissioning dates were:
   - Camden was originally commissioned between August 1967 and September 1969
   - Grootvlei was originally commissioned between June 1969 and November 1977
   - Komati was originally commissioned between November 1961 and March 1966

   Due to technical and/or financial constraints, some units at these stations have been derated.
3. The Duvha Unit 3 recovery project was cancelled and the unit was removed from the installed base in FY2018.
4. Certain units are under reserve storage and their capacity removed from the nominal base.
5. Dry-cooled unit specifications based on design back-pressure and ambient air temperature.
6. All of Komati's units have been shut down, with the last unit shut down by 1 November 2022. The station is being repowered and repurposed as part of Eskom's Just Energy Transition initiative.
7. Matla Unit 6 was placed in extended inoperability and removed from the nominal base for reporting purposes from 1 July 2025 until the end of August 2026.
8. Medupi Unit 4 was placed in extended inoperability and removed from the nominal base from 1 October 2022. It was once again included in the nominal base from 1 June 2025 and synchronised to the grid on 6 July 2025.
9. Tutuka Unit 6 was placed in extended inoperability and removed from the nominal base from 1 August 2024 until the end of July 2026.
10. Following the replacement of Koeberg's steam generators, the nominal capacity of both units was rerated to 940MW in March 2026 (from 924MW for Unit 1 and 930MW for Unit 2).
11. Pumped storage facilities are net users of electricity. Water is pumped during off-peak periods so that hydroelectricity can be generated during peak periods.
12. Use is restricted to periods of peak demand, dependent on the availability of water in the Gariep and Vanderkloof Dams.
13. Installed and operational, but not included in the calculation of technical performance KPIs.
14. Small hydro stations were placed in reserve storage from 1 April 2021.

Plant information *continued*

POWER LINES AND SUBSTATIONS IN SERVICE

at 31 March 2026

Category	2026	2025	2024	2023	2022
Power lines					
Transmission power lines, km[1]	**33 691**	33 367	33 367	33 234	33 233
765kV	**2 784**	2 784	2 784	2 784	2 784
533kV DC (monopolar)	**1 032**	1 032	1 032	1 032	1 032
400kV	**20 360**	20 036	20 036	19 916	19 916
275kV	**7 395**	7 395	7 395	7 395	7 342
220kV	**1 352**	1 352	1 352	1 352	1 352
132kV	**728**	728	728	714	766
Below 132kV	**40**	40	40	40	40
Distribution overhead power lines, km	**369 068**	369 342	367 335	363 603	363 286
132kV and higher	**28 065**	27 855	27 474	27 378	27 265
44 to 88kV	**22 272**	22 414	22 535	22 219	22 359
33kV	**4 100**	4 110	4 061	3 879	3 851
1 to 22kV	**314 631**	314 963	313 264	310 127	309 811
Distribution underground cables, km	**8 496**	8 472	8 425	8 376	8 339
132kV and higher	**72**	71	70	70	97
44 to 88kV	**205**	205	205	205	215
33kV	**336**	330	330	330	323
1 to 22kV	**7 883**	7 866	7 820	7 771	7 704
Total all power lines, km	**411 255**	411 181	409 128	405 213	404 858
Total transformer capacity, MVA	**309 664**	308 610	307 675	306 541	306 279
Transmission, MVA[2]	**161 423**	161 223	160 748	160 468	160 148
Distribution and reticulation, MVA	**148 241**	147 387	146 927	146 073	146 131
Total transformers, number	**420 656**	418 521	415 367	415 351	414 632
Transmission, number[2]	**517**	517	518	516	515
Distribution and reticulation, number	**420 139**	418 004	414 849	414 835	414 117

1. Transmission power line lengths are included based on distances from the Geographic Information System.
2. In the past, only transmission lines with a primary voltage ≥132kV and transmission transformers rated ≥30MVA were reported. In an effort to align internal and external reporting, transmission lines and transformers with a lower voltage or rating have been included from FY2025. Comparatives were restated accordingly.

Customer information

Category	2026	2025	2024	2023	2022
Number of Eskom customers					
Redistributors	**789**	792	799	799	799
Industrial	**2 480**	2 501	2 516	2 560	2 601
Mining	**882**	889	894	906	926
Commercial	**49 028**	49 183	49 968	50 846	52 736
Residential[1]	**6 666 383**	6 997 657	7 046 042	6 944 488	6 833 928
Agricultural	**65 922**	68 658	71 666	74 608	77 692
Rail	**394**	398	400	454	471
International	**13**	12	11	11	11
	6 785 891	7 120 090	7 172 296	7 074 672	6 969 164
Electricity sales per customer category, GWh					
Redistributors	**78 275**	78 993	76 102	79 480	83 831
Industrial[2]	**33 457**	43 153	44 231	44 635	45 220
Mining	**27 268**	27 239	28 072	27 843	28 030
Commercial	**9 977**	10 071	9 427	9 376	9 872
Residential[1]	**9 043**	8 776	8 559	9 177	10 520
Agricultural	**4 987**	5 286	4 911	4 785	5 382
Rail	**1 701**	1 673	1 647	1 668	2 128
International	**13 324**	14 532	10 362	11 437	13 298
	178 032	189 723	183 311	188 401	198 281
International sales to countries in southern Africa, GWh	**13 324**	14 532	10 362	11 437	13 298
Botswana	**1 013**	771	179	370	851
Eswatini	**796**	871	710	609	713
Lesotho	**654**	794	370	416	341
Mozambique	**7 674**	7 873	7 662	8 228	8 215
Namibia	**1 212**	1 079	423	622	1 653
Zambia	**1 002**	1 847	83	25	6
Zimbabwe	**62**	1 083	927	1 152	1 456
Short-term energy market[3]	**911**	214	8	15	63
Electricity revenue per customer category, R million					
Redistributors	**161 422**	145 299	124 302	111 414	105 369
Industrial[2]	**54 730**	63 509	61 367	53 269	48 204
Mining	**60 078**	52 761	47 923	39 958	36 630
Commercial	**26 815**	24 869	20 900	17 622	16 723
Residential[1]	**24 759**	22 161	19 317	18 052	18 680
Agricultural	**17 399**	16 291	13 858	11 660	11 600
Rail	**4 514**	4 333	3 835	3 374	3 477
International	**19 205**	21 611	11 457	10 699	11 450
Gross electricity revenue	**368 922**	350 834	302 959	266 048	252 133
Less: Revenue not recognised[4]	**(30 112)**	(23 797)	(17 245)	(15 774)	(14 215)
Add: Revenue recognised on the cash basis[5]	**14 269**	11 864	8 347	7 563	6 543
Electricity revenue per note 32 in the annual financial statements	**353 079**	338 901	294 061	257 837	244 461

1. Prepaid electricity and public lighting are included under the residential category.
2. IPP network consumption is included under industrial sales.
3. The short-term energy market consists of all the utilities in the southern African countries that form part of the Southern African Power Pool. Energy is traded on a daily, weekly and monthly basis as there is no long-term bilateral contract.
4. The principle of only recognising revenue if it is deemed collectable at the date of sale, as opposed to recognising the revenue and then impairing the customer debt when conditions change, has been applied since 2015. External revenue of R30 112 million was thus not recognised at 31 March 2026.
5. Under IFRS 15 *Revenue from Contracts with Customers*, certain supplies to redistributors were recognised on the cash basis, due to uncertainty around collectability at the time of sale.

Environmental implications of using or saving electricity

FACTOR 1

Figures are calculated based on total electricity sales by Eskom, which is based on the total available for distribution (including purchases), after excluding losses through transmission and distribution (technical losses), losses through theft (non-technical losses), our own internal use and wheeling. Thus to calculate CO_2 emissions per MWh, divide the quantity of CO_2 emitted by electricity sales:

184Mt of CO_2 ÷ 178 032GWh sales = 1.03 tons per MWh

FACTOR 2

Figures are calculated based on total electricity generated by Eskom, which includes coal, nuclear, pumped storage, wind, hydro and gas turbines, but excludes the total consumed by Eskom. Thus, divide the quantity of CO_2 emissions by (electricity generated less Eskom's electricity consumption for pumped storage stations):

184Mt of CO_2 ÷ (184 966GWh generated less 5 762GWh own consumption for pumping) = 1.03 tons per MWh

Figures represent the 12-month period from 1 April 2025 to 31 March 2026.

	Factor 1 (total energy sold)	Factor 2 (total energy generated)	If electricity consumption is measured in:			
			kWh	MWh	GWh	TWh
Coal use	**0.54**	**0.54**	kilogram	ton	thousand tons (kt)	million tons (Mt)
Water use[1]	**1.36**	**1.35**	litre	kilolitre	megalitre (Mℓ)	thousand megalitres
Ash produced	**157**	**156**	gram	kilogram	ton	thousand tons (kt)
Particulate emissions	**0.99**	**0.98**	gram	kilogram	ton	thousand tons (kt)
CO_2 emissions[2, 3]	**1.03**	**1.03**	kilogram	ton	thousand tons (kt)	million tons (Mt)
SO_x emissions[2]	**7.98**	**7.92**	gram	kilogram	ton	thousand tons (kt)
NO_x emissions[4]	**3.90**	**3.88**	gram	kilogram	ton	thousand tons (kt)

1. Volume of water used at all Eskom power stations.
2. Calculated figures based on coal characteristics and power station design parameters. Sulphur dioxide and carbon dioxide emissions are based on coal analysis and using coal burnt tonnages. Figures include coal-fired and gas turbine power stations, as well as oil consumed during power station start-ups and, for carbon dioxide emissions, the underground coal gasification pilot plant.
3. This calculated figure should not be considered an official grid emission factor. While Eskom has taken reasonable care in collecting and analysing data, Eskom is not responsible for any loss that may result from the use of this information. Before making any business decisions, interested parties are advised to refer to grid emission factors published by DFFE.
4. NO_x reported as NO_2 is calculated using average station-specific emission factors, which have been measured intermittently, and tonnages of coal burnt.

Multiply electricity consumption or saving by the relevant factor in the table above to determine the environmental implication.

Example 1: Water consumption

Using Factor 1
Used 90MWh of electricity
90 x 1.36 = 122.4
Therefore 122.4 kilolitres of water used

Using Factor 2
Used 90MWh of electricity
90 x 1.35 = 121.5
Therefore 121.5 kilolitres of water used

Example 2: CO_2 emissions

Using Factor 1
Used 90MWh of electricity
90 x 1.03 = 92.7
Therefore 92.7 tons CO_2 emitted

Using Factor 2
Used 90MWh of electricity
90 x 1.03 = 92.7
Therefore 92.7 tons CO_2 emitted

Corporate information

ESKOM HOLDINGS SOC LTD
Incorporated in the Republic of South Africa
Registration number 2002/015527/30

REGISTERED OFFICE
Eskom Megawatt Park 2 Maxwell Drive Sunninghill Sandton 2157
PO Box 1091 Johannesburg 2000
Switchboard +27 11 800 8111
Customer call centre 08600 ESKOM or 08600 37566

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

FOR MORE INFORMATION

INVESTOR RELATIONS
Lerato Mufuma-Mashinini
InvestorRelations@eskom.co.za

MEDIA ENQUIRIES
Daphne Mokwena
MediaDesk@eskom.co.za

GROUP CHIEF EXECUTIVE
Dan Marokane
CEcorrespondence@eskom.co.za

GROUP CHIEF FINANCIAL OFFICER
Calib Cassim
OfficeoftheCFO@eskom.co.za

QUERIES OR FEEDBACK ON OUR REPORTS
IntegratedReporting@eskom.co.za

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 capable 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 this report have not been reviewed or reported on by the group's independent auditors.

www.eskom.co.za