

Integrated

ANNUAL REPORT

2025



VISION

To be a major player in energy sector development, nationally and regionally.



MISSION

To meet the needs of our customers in a sufficiently profitable and environmentally sound way through providing reliable and safe power supply of acceptable quality.



CORE VALUES

- ▶ Service Excellence
- ▶ Honesty and Integrity
- ▶ Social Responsibility
- ▶ Respect

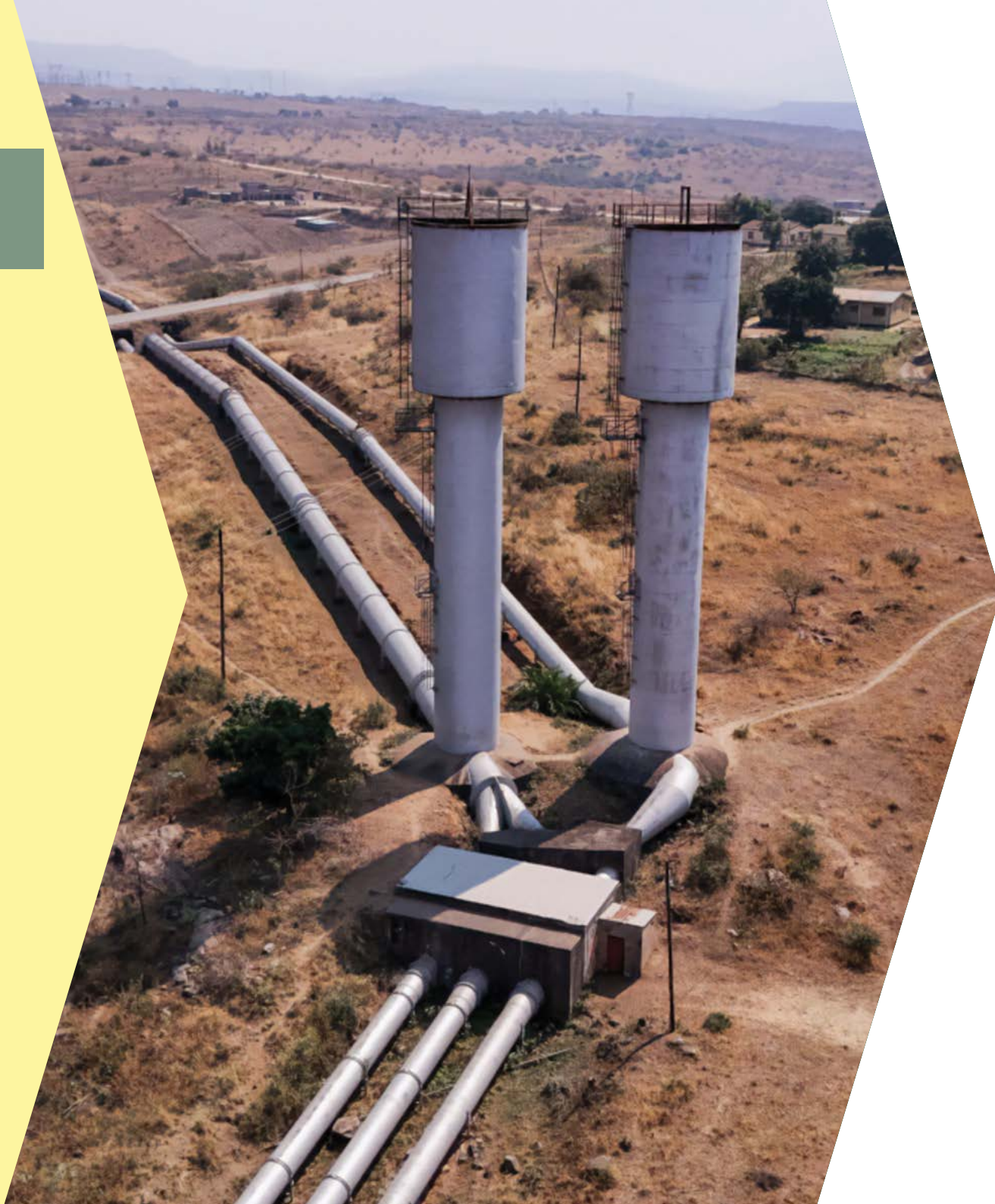
CONTENTS

► OVERVIEW	IFC
Highlights and at-a-glance metrics	1
About this report	2
► WHO WE ARE	6
About EEC	7
Our vision, mission, and values	8
Our material matters	9
Our value-creating business model	10
► CREATING VALUE	12
Chairperson's statement	13
Managing Director's message	14
Stakeholder engagement	16
Strategy	18
Risk management	24
► PERFORMANCE	26
Operations (generation, transmission, distribution)	27
Research and innovation (R&D)	34
Customer service and market outcomes	37
Human capital management	42
Environmental and natural capital performance	46
Social and relationship capital outcomes	50
Support services	59
Finance	63
► GOVERNANCE	66
Board of Directors	67
EEC composition of Committees and Board member attendance	68
Executive management	70
Governance and sustainability	72
► FINANCIAL STATEMENTS	74

OVERVIEW

Highlights and at-a-glance metrics **1**

About this report **2**



HIGHLIGHTS AND AT-A-GLANCE METRICS

Headline financial KPIs

1. Profitability and Earnings:

Net Loss

E80.4 million

(2024: Profit of E101.1 million).

Operating Loss

E247.2 million

(2024: Loss of E69.5 million).

Gross Profit

E148.8 million

(2024: E249.0 million).

Revenue

E3,058 million

up 10.7% from the previous year (E2,774 million). Growth was driven by a 9.08% tariff increase and a slight increase in customers.

2. Cost structure:

Cost of Sales

E2,909 million

(2024: E2,525 million).

Electricity Purchase Costs (Imports)

E2,096 million

(2024: E1,774 million).

3. Cash Flow and Liquidity:

Cash & Cash Equivalents

E28.0 million

(2024: E131.1 million).

Net Cash from Operating Activities

E72.2 million

(2024: E282.6 million).

Dividend Paid

Nil for 2024

(2024: E4.2 million paid for the 2023 year).

4. Financial Position and Leverage:

Total Assets

E6,576 million

(2024: E6,109 million).

Total Borrowings

E914.2 million

(2024: E616.2 million).

5. Equity:

E3,932 million

(2024: E4,010 million).

Headline Non-Financial and Operational KPIs

1. Energy Sales and Volume:

Energy Sold

1,181 GWh

(2024: 1,173 GWh). A slight increase of 0.6%.

Units Sent Out (Total Supply)

1,366 GWh

(2024: 1,356 GWh).

2. Energy Mix and Supply:

Internal Generation

281 GWh

representing 20.6% of total units sent out (2024: 319 GWh). An 11.9% decrease due to drought.

Electricity Imports

978.6 GWh

(2024: 962.1 GWh). Constitutes the majority (~79.4%) of supply.

Local Generation from Ubombo Sugar Ltd (USL)

65.9 GWh

(2024: 61.4 GWh).

3. Operational Efficiency:

System Losses

13.54%

(2024: 13.16%).

4. Capital Investment:

Capital Expenditure

E801 million

(2024: E659 million).

Distribution Lines Investment

E259 million

of the total capex.

OVERVIEW *continued*

ABOUT THIS REPORT

Introduction

EEC is a state-owned enterprise operating in Eswatini's electricity sector. We play a critical role in powering the country's growth and development. Through our core functions in electricity generation, transmission, distribution, and procurement, we strive to deliver affordable, reliable, and sustainable energy solutions.

Whether you are a government representative, funder, employee, customer, or member of the community, this report is designed to give you a holistic understanding of EEC's operations, aspirations, and commitment to creating a positive impact in the Kingdom of Eswatini. We appreciate your interest in EEC and invite you to engage with the contents of this report.

Purpose



TRANSPARENT COMMUNICATION

We believe in transparent and open communication with our stakeholders. Through this report, we aim to present an honest and balanced reflection of our performance – both achievements and areas that require improvement.



STAKEHOLDER ENGAGEMENT

Engaging with our stakeholders is paramount to our success. This report encompasses a detailed analysis of our stakeholder engagements and how feedback and collaboration inform our strategies and operations. This information is found in the "Stakeholder engagement" subsection under "Creating value".



STRATEGIC FOCUS AND VALUE CREATION

The report offers insights into our strategic objectives and how these relate to value creation in the short, medium, and long term. As presented in the "Who we are" and "Creating value" sections, our focus is on how our operations and strategic initiatives contribute to sustainable value creation for all stakeholders.



GOVERNANCE AND RISK MANAGEMENT

The report outlines our governance structures and practices, ensuring that our operations align with our high standards for corporate governance. It also covers how we identify and mitigate risks to ensure the sustainability and reliability of our operations.



OPERATIONAL OVERVIEW

Our report gives you a snapshot of our operational environment, including the challenges and opportunities faced by the electricity sector in Eswatini.



ACCOUNTABILITY AND PERFORMANCE ASSESSMENT

This report serves as a tool for our stakeholders to assess our performance and hold us accountable by presenting our key performance indicators, financial statements, and other relevant data.

Scope

The scope of this report encompasses EEC's core operations, including electricity generation, transmission, distribution, and procurement. It covers all divisions engaged in these activities. The report provides a detailed account of the performance and activities conducted during the reporting period.

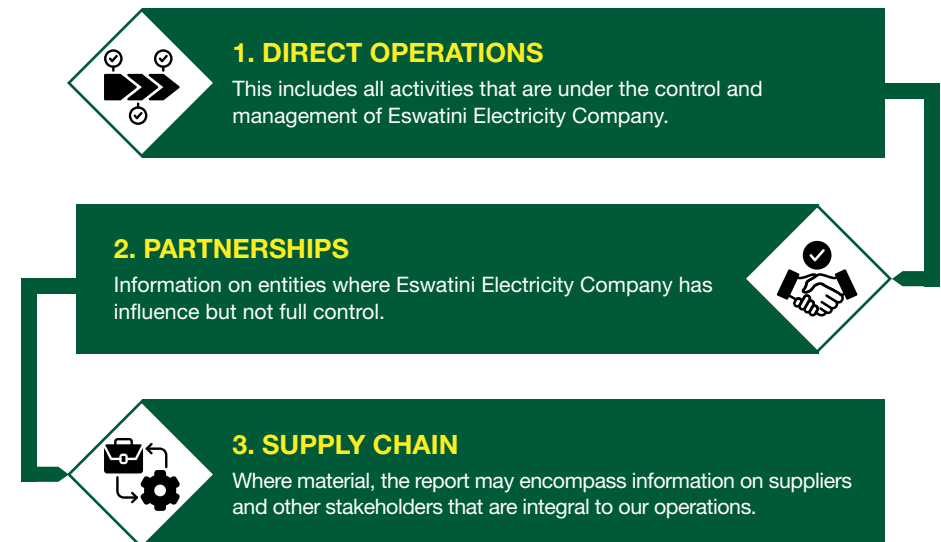
Additionally, the scope covers:



Boundary

The boundary of this report is set to provide information on EEC and its operations in Eswatini during the financial year.

Specifically, the report addresses:



OVERVIEW *continued*

About this report *continued*

Forward-looking statements

This integrated report contains forward-looking statements regarding EEC's operations, financial performance, strategies, and prospects. These statements can be identified by the use of forward-looking terminology such as "expects", "anticipates", "believes", "intends", "estimates", "aims", "plans", "predicts", "will", "should", "could", or similar expressions. Forward-looking statements may also include projections, targets, or information on future trends or industry dynamics that impact EEC's operations.

Please note the following concerning these forward-looking statements:

BASIS OF STATEMENTS

The forward-looking statements are based on current expectations, estimates, forecasts, and projections about the industry in which EEC operates. They also reflect management's beliefs and assumptions based on information currently available to EEC.

INHERENT RISKS AND UNCERTAINTIES

Forward-looking statements are inherently subject to risks, uncertainties, and assumptions, and actual results or outcomes may differ materially from those expressed or implied in such statements. These uncertainties include, but are not limited to, economic conditions, regulatory changes, market demand, competition, technological developments, and various other factors beyond EEC's control.

NO GUARANTEE OF FUTURE PERFORMANCE

While we believe that the expectations reflected in the forward-looking statements are reasonable, there is no guarantee that these expectations will prove to be correct. The actual results could vary significantly from the predictions, and historical performance should not be considered indicative of future performance.

CONTINUOUS EVALUATION

EEC evaluates and updates these forward-looking statements on a regular basis, based on new information, future events, or other pertinent factors. However, EEC undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by local regulation.

Reporting frameworks and standards

As part of EEC's commitment to offering a transparent and comprehensive account of its performance and operations, we have prepared this integrated report to ensure the relevance, reliability, and comparability of the information we present.

The IFRS Foundation's International Integrated Reporting Framework serves as the cornerstone of our integrated report. The framework guides us in effectively presenting information, concentrating on the integration of EEC's strategy, governance, performance, and prospects to show how we create value in the short, medium, and long term. Through this framework, our goal is to concisely communicate the way our resources, relationships, and various activities interact to facilitate the creation of value.

The data presented in this report has been subject to internal assurance processes to ensure accuracy and reliability.

Materiality determination process

In the creation of this integrated report, our materiality determination process played a central role in ensuring that the content and presentation of information are focused on what is most relevant and significant for understanding EEC's ability to create value. Here is how materiality determination was embedded in the report creation process.

INTEGRATION IN PLANNING PHASE



At the outset of the integrated report creation process, we initiated the materiality assessment as a foundational activity. This early integration was aimed at identifying a preliminary set of issues that could guide the structure and content of the report.

PRIORITISATION AND MAPPING



The gathered data was used to prioritise issues based on their relevance and potential impact on value creation. These issues were mapped onto the strategic objectives and capitals of the Company, providing a clear linkage to EEC's value creation process.



DRAFTING THE REPORT WITH MATERIALITY IN FOCUS

With the material issues identified and prioritised, the drafting phase began. Content related to material issues was developed with an emphasis on showing how these issues are managed and how they relate to EEC's ability to create value.



INTERNAL REVIEW FOR COHESIVENESS AND COMPLETENESS

Once a draft of the report was ready, it underwent a thorough internal review process to ensure that material issues were addressed comprehensively and that the report presented an integrated view of EEC's performance and value creation.



BOARD APPROVAL

The report, including the materiality assessment, was presented to the Board of Directors for review and approval, ensuring alignment with the Company's strategic vision.



REPORT PUBLICATION AND STAKEHOLDER FEEDBACK LOOP

After Board approval, the report was published. We also established a mechanism for stakeholders to provide feedback on the report, including the materiality assessment. Stakeholder feedback and lessons learned will be documented for incorporation in future materiality assessments and report creation processes.

We have ensured that this integrated report presents a focused and comprehensive representation of EEC's value creation journey by integrating the materiality determination process throughout the report creation.

Additional information

This integrated report has been designed to provide an intuitive and seamless reading experience. We have implemented various elements to aid readers and ensure easy access to the information.

Infographics and visuals

To enhance readability and provide quick insights, this report includes infographics and visuals. These are designed to present data in an easily digestible format.

Archive of previous reports

For those interested in historical data and trends, an archive of previous reports is available on EEC's website. This resource enables stakeholders to compare and analyse EEC's performance and strategies over time. Visit www.eec.co.sz/aboutus/reports/ to view the archive.

Feedback mechanism

Your feedback is valuable to us. Please share your thoughts and suggestions to EEC's Marketing and Corporate Communications Manager at khaya.mavuso@eec.co.sz. This helps us continually improve the quality and relevance of our reporting.

The Ministry responsible for EEC

The Ministry of Natural Resources and Energy (MNRE) is a government body tasked with the stewardship and sustainable management of Eswatini's natural resources including land, water, minerals, and energy. As a custodian of these vital assets, the Ministry is responsible for formulating and implementing policies that ensure their efficient and effective utilisation, while promoting environmental sustainability and socio-economic development.

Through a combination of regulation, oversight, and strategic partnerships, the Ministry endeavours to create a conducive environment for the responsible exploitation and management of natural resources. This is achieved by providing services such as surveying, mapping, conveyancing, and registration of land rights, as well as facilitating access to water and energy. Upholding values such as integrity, innovation, professionalism, commitment, responsibility, accountability, and transparency, the Ministry plays a pivotal role in balancing the nation's resource needs with environmental conservation and societal well-being.

As a state-owned enterprise forming part of this resource management framework, EEC is committed to supporting the Ministry's vision. Our strategic objectives are in line with the Ministry's goals and include developing a sustainable electricity infrastructure, ensuring access to sustainable energy, and integrating technologies for efficiency. Through focussed endeavours and operations in synergy with the Ministry, EEC aids in steering the Kingdom of Eswatini on a path of sustainability and socio-economic development.



Honourable Minister HRH Prince Lonkhokhela



Principal Secretary Lindiwe Mbingo

WHO WE ARE

About EEC **7**

Our vision, mission, and values **8**

Our material matters **9**

Our value-creating business model **10**



ABOUT EEC

Eswatini Electricity Company (EEC), a state-owned enterprise, is responsible for the procurement, generation, transmission, and distribution of electricity across the Kingdom of Eswatini. Our core mission is to ensure a reliable and adequate supply of electricity, fostering industrialisation and socio-economic advancement.

Our strategic blueprint, the Vutsela 2022–2027 Strategy, sets forth an unambiguous trajectory aimed at establishing EEC as a local electricity generation powerhouse with ambitions of evolving into a net exporter in the foreseeable future. As an integral part of Eswatini's development, we foster strategic alliances with a multitude of stakeholders, encompassing customers, communities, suppliers, the Eswatini Government, industry partners, and funders, whose collective input is invaluable in achieving our mandate.

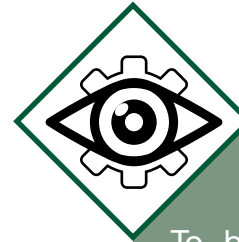
We embrace the principles of integrated thinking, meticulously evaluating the interdependencies among our various capitals. This operational perspective enables us to generate and safeguard value, anchoring the sustainability of the Company on robust financial footing and environmental stewardship.

EEC is forging ahead to not only ensure financial sustainability but also to maintain an ethos of environmental responsibility within the enterprise and the broader community. Through concerted efforts to alleviate climate change impacts, we are strategically transitioning our generation portfolio towards cleaner, renewable energy sources, such as solar and hydro, positioning ourselves as a progressive and responsible contributor to a sustainable future.



WHO WE ARE *continued*

OUR VISION, MISSION, AND VALUES



VISION

To be a major player in energy sector development, nationally and regionally.



MISSION

To meet the needs of our customers in a sufficiently profitable and environmentally sound way through providing reliable and safe power supply of acceptable quality.



CORE VALUES

- ▶ Service excellence
- ▶ Honesty and integrity
- ▶ Respect
- ▶ Social responsibility

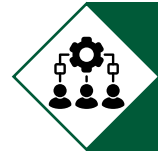


OUR MATERIAL MATTERS



DEPENDENCE ON IMPORTS

Eswatini's strong reliance on energy imports, particularly from Eskom, continuing to be a significant material matter at EEC. Our local electricity demand coupled with potential increased demand from South African electricity users might increase this risk and cause strain on regional supply, threatening energy security in Eswatini.



OPERATIONAL SAFETY

Operational safety in operations encompasses a range of safety priority areas, from transportation to grid operations. Our focus on continuous mitigation of these risks remains an ongoing concern, despite successful strides in safety improvement during 2024/25 and prior years.



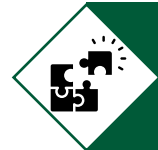
NETWORK VANDALISM

Theft of materials, particularly copper, continues to pose a significant challenge in disrupting the supply of electricity to our customers, while threatening both the economy and jobs throughout Eswatini. We have continued in our efforts to collaborate with security and partners to address this area.



PROFITABILITY

A new material matter in the year was the inability of the Company to recover all its costs from the sale of electricity. EEC is not generating enough gross profit to cover our operating expenditure and, therefore, break even.



LOSS OF KEY STAFF

EEC continues in its endeavours to train and develop talent in our workforce. However, high mobility in particular sectors, such as IT, still presents notable challenges in retaining our personnel.



CLIMATE CHANGE

Climate change has emerged as a significant issue in the year under review, affecting infrastructure across the country with heavy rainfall and other events.



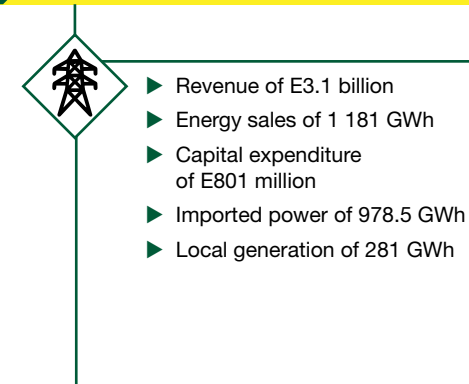
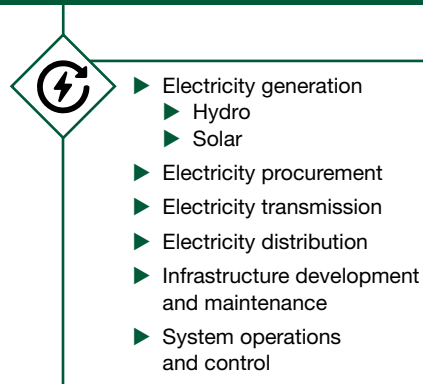
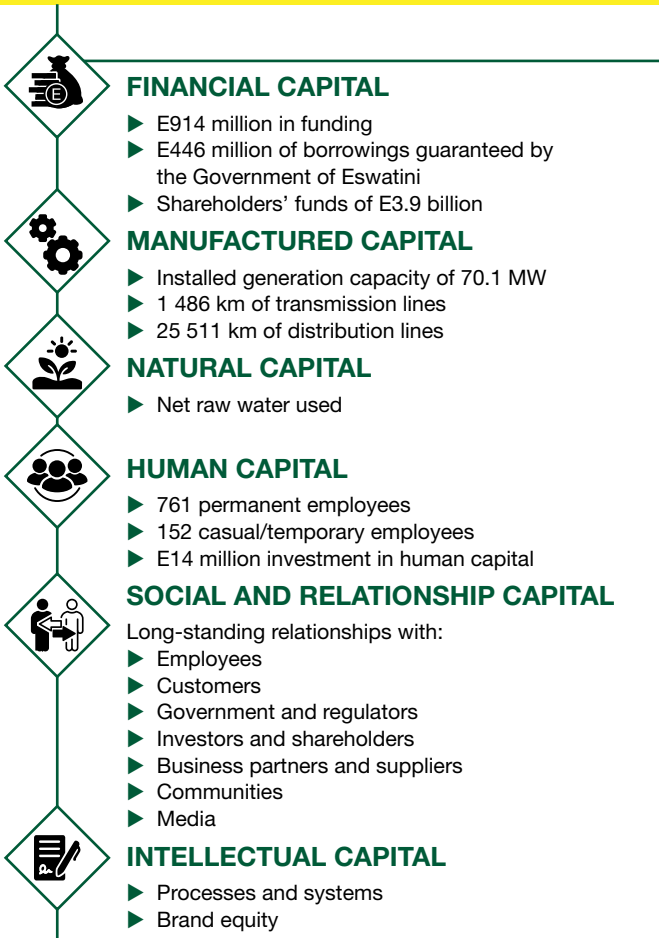
WHO WE ARE *continued*

OUR VALUE-CREATING BUSINESS MODEL

Inputs

Business activities


Outputs




Outcomes

Stakeholders impacted


Trade offs


- 

FINANCIAL CAPITAL

 - ▶ Operating loss of E247 million
 - ▶ 8% Year-on-year increase in total assets to E6.6 billion
 - ▶ 2% year-on-year decrease in shareholders' funds to E3.9 billion
- 

MANUFACTURED CAPITAL

 - ▶ Increase of 12.6% YoY in property, plant, and equipment to E5 billion.
 - ▶ Maintenance of generation capacity, transmission, and distribution infrastructure increased by 8% to E812 million.
- 

NATURAL CAPITAL
- 

HUMAN CAPITAL

 - ▶ 1.67% decrease in staff compliment (2024: 774)
 - ▶ 4.33% decrease in staff turnover.

- 

FINANCIAL CAPITAL

 - ▶ Government and regulators
 - ▶ Investors and shareholders
 - ▶ Business partners and suppliers
- 

MANUFACTURED CAPITAL


 - ▶ Customers
 - ▶ Government and regulators
 - ▶ Investors and shareholders
 - ▶ Business partners and suppliers
 - ▶ Communities
 - ▶ Media
- 

NATURAL CAPITAL

 - ▶ Government and regulators
 - ▶ Communities
 - ▶ Media
- 

HUMAN CAPITAL

 - ▶ Employees
 - ▶ Customers
 - ▶ Government and regulators
 - ▶ Communities

- 

▶ Investment in Power Generation and Power Transmission

▶ Diversification on imports which reduces Capacity Costs towards.

▶ Investment in Motraco which has returns in the form of Dividends.

▶ SAPP membership which yields support in the form of Power Trade and knowledge transfer.

CREATING VALUE

<u>Chairperson's statement</u>	13
<u>Managing Director's message</u>	14
<u>Stakeholder engagement</u>	16
<u>Strategy</u>	18
<u>Risk management</u>	24



CHAIRPERSON'S STATEMENT

Opening remarks and context

Fellow stakeholders, it is my honour to present the Integrated Annual Report of the Eswatini Electricity Company for the financial year ended 31 March 2025. This report reflects our unwavering commitment to powering the nation amidst a challenging operating environment characterised by regional drought, volatile energy markets, and evolving regulatory landscapes. Despite these headwinds, EEC remains steadfast in its mandate to deliver reliable, affordable, and sustainable electricity business and the people of Eswatini.

Strategic direction and value creation

Our strategic direction, anchored on the Vutsela 2022–2027 strategy, continues to guide our efforts to enhance operational excellence, financial sustainability, and social impact. This year, we made significant strides in strengthening our transmission and distribution networks, advancing renewable energy projects, and embedding digital transformation across our operations. We remain focused on creating value for all our stakeholders including funders, our customers, employees, and the communities we serve.

Governance and oversight

The Board has exercised diligent oversight throughout the year, ensuring robust governance practices, ethical leadership, and effective risk management. We have overseen the implementation of key projects, monitored financial performance, and supported management in navigating complex challenges. The Board's committees – Audit and Risk, REMCO, Social and Ethics, and Technical – have played critical roles in providing guidance and ensuring accountability.

Performance review

The past year has been one of both achievement and adversity. Financially, EEC recorded a net loss of E80 million, largely due to unprecedented drought conditions that severely constrained local generation and increased our reliance on high-cost imports. Despite this, we maintained a strong asset base of E6.6 billion and continued investing in critical infrastructure.

Operationally, we commissioned key segments of the Edwaleni – Stonehenge and NRAP transmission projects, connected over 13 000 new customers, and reduced system losses to 11.92%. Our safety performance saw a decrease in incidents, and we expect to maintain our ISO certifications, reflecting our commitment to quality and safety.

Sustainability and stakeholder relationships

EEC is deeply committed to sustainable development. We trained 15 employees in greenhouse gas accounting, supported Earth Hour initiatives, and advanced our geothermal exploration. Our Corporate Social Investment programmes – from livestock donations to educational partnerships – have directly impacted thousands of lives and aligned with multiple UN Sustainable Development Goals.

We engaged extensively with stakeholders – government, regulators, customers, and communities – to ensure transparency, address grievances, and foster collaborative growth. Our ongoing efforts to combat copper theft and enhance grid security further demonstrate our dedication to protecting national assets.

Prospects and outlook

Looking ahead, EEC is poised to accelerate its transition toward a more resilient and sustainable energy future. Key projects such as the Lower Maguduza hydropower plant, geothermal exploration, and the ASCENT electrification programme will enhance our generation capacity and expand access to electricity. We are also advancing negotiations for long-term power purchase agreements with our major suppliers to secure stable and cost-effective energy supplies.

The Board is confident that EEC's strategic investments, coupled with continued operational discipline and stakeholder support, will restore financial stability and drive long-term value for the nation.

Appreciation

I extend my sincere gratitude to the Government of Eswatini, our shareholders, the Board, management, and all EEC employees for their dedication and resilience. Your hard work under challenging conditions is deeply appreciated. I also thank our customers, partners, and communities for their trust and collaboration. Together, we will continue to light up Eswatini and power its future.

Sincerely,



MR. PATRICK MYENI
Chairperson of the Board
Eswatini Electricity Company

CREATING VALUE *continued*

MANAGING DIRECTOR'S MESSAGE

Dear Stakeholders,

The year ended 31 March 2025 was an exciting year for the EEC.

Highlights and challenges

1. We reviewed tariffs for the next two years.

The year under consideration coincided with the need to review the electricity tariff. The EEC spent time in November and December explaining to the public what it means and why we need to review tariffs. The public engagements were invigorating, and the Company enumerated the major projects that were done over the year including, among others, investigation of the potential for geothermal in the country (a project with potential for up to 80 megawatts of geothermal electricity).

2. Transmission infrastructure project achievements.

The Company is expecting several projects to come to completion during the first quarter and the second quarter of the financial year ending March 2026. These projects ensure that the Company provides more reliable electricity supply in the Hhohho, Manzini and Shiselweni Regions.

3. Access to electricity reaches 88%.

The Company, in collaboration with the government, has achieved access to 88% of the households. The Company is grateful that the Government of Eswatini has supported rural electrification over the years and can be counted amongst countries with the highest level of access to electricity. This support includes securing further funding to extend electrification to the remaining population and communities within the Kingdom of Eswatini.

However, the year was not without its challenges.

4. The high electricity costs in the region continue to impact the Company.

The regional electricity supply continues to be constrained due to the drought experienced by the Zambezi River basin and its catchment area. Consequently, several hydro power plants in the region drastically reduced their generation capacity, which traditionally provides cheaper electricity. This led to the region relying on fossil fuel-based generation facilities such as coal and natural gas, and the high demand resulted in higher prices than projected. The rainfall that we received from December to March was welcome; however, the dam levels were so low that it is projected that it will take at least two seasons to restore them to a full.

5. Challenges in securing funding for the projects in the next financial year.

EEC continues to engage with financiers to secure funding for the generation expansion programme to improve security of supply. The Company will continue to import electricity into the foreseeable future. The Company has made progress in ensuring that electricity supply remains available in the country and has secured the extension of the power supply agreement with Eskom; the contract is going to subsist for another 10 years. We are grateful to have collaborated with other national utilities in the region such as EDM and Eskom, who have proven to be

reliable to us over the last 25 years, and we look forward to another productive 10 years. This period will allow the Company to pursue alternative to increase local generation projects.

6. A new material matter in the year was the inability of the Company to recover all its costs from the sale of electricity.

EEC is not generating enough gross profit to cover our operating expenditure and, therefore, break even. This comes because of high costs of imports compared to the revenue collected. Our administration costs are constant and rise below inflation on average.

Energy supply

EEC remains a net importer of electricity. The Company has been able to generate at least 30% of our electricity within the borders of the country, and imported about 70% of electricity from outside of the country, 54% of which has been imported from Eskom.

The context of the power supply industry in the country has changed significantly among the commercial and industrial customers, who have been increasingly installing embedded generators. Solar PV is the dominant technology that is used, which brings challenges in grid management due to intermittency of solar resources. The company sees opportunities to collaborate with the commercial and industrial customers to maintain great stability through adhering to regulations. These come with reforms driven by the Regulator to ensure that there is fairness to access the grid and at the same time new players comply with the national grid code, allowing these commercial and industrial customers to connect to the grid.

During the year, we have reached financial close and started construction of the Lower Maguduza hydro power project. This project is allocated to an independent power producer, and the project is expected to come into commercial operation in early 2027. This project is expected to add 13.5MW of run-of river power to the country and contribute towards reduction of imports.

Strategy

The Company has been able to complete strategic initiatives that we embarked on in the financial year. Due to the financial constraints, the Company reviewed some of the strategic initiatives and delaying implementation of some by a year. Focus has been placed on programmes that are geared to expanding generation; we are strongly considering partnering with potential investors.

EEC created a subsidiary company that enables the Company to enter into partnership with the private sector without changing the structure of the EEC. The subsidiary company is wholly owned by EEC, and it has a mandate to partner with other developers and form a special purpose vehicle (SPV), which will build a power plant and sell back to EEC.

Other strategic initiatives related to transmission infrastructure, environment and safety. The transmission infrastructure provides the EEC with the opportunity to continue collaborating with other businesses on the commercialisation of fibre network in its transmission infrastructure. This is an opportunity to increase revenue for the Company and contribute to a financially sustainable environment.

Part of our strategy involves ensuring that we have sufficient skills within the Company, and we continue to train our people in various skills. Though the Company experienced financial challenges, training to fill skills gaps will continue through sponsored training opportunities made available by our collaborating partners.

Outlook

In the short to medium term, the Company will continue to experience financial pressure due to tariff awards not matching the import price. Tariff awards have been below the import tariff awards over the last couple of cycles, and this has resulted in diminishing reserves. This has raised the need to be innovative and find other areas of business to diversify revenue sources.

In the long term, the outlook is looking good, with a generation project pipeline that will see the integration of new power generation facilities by IPPs. Increasing local generation will have other benefits besides reducing dependence on imports. These include among other things a boost in investor confidence on the country's ability to provide its basic electricity needs. This will also provide opportunities to export power to the international grid through the Southern African Power Pool. Thus, contributing to regional development and expanding our own markets.

Acknowledgements

I would like to thank the staff and management for enduring the challenges that we have faced in the financial year. I would like to thank the Board for the support that they have provided to management in providing solutions to significant challenges. I would also like to thank the Ministry and the Regulator for participating in resolving some of the challenges that the industry faces, and for the Ministry reviewing the policies that drive the industry.

The Company's executive management expresses our gratitude to employees for the industrial harmony that we have maintained over the year. We value the collaboration with our social partners, the Union and the Staff Association, for taking time to resolve issues in an amicable manner; this is a significant milestone for the Company.

We are grateful to the government for the support of the rural electrification project, which has significantly improved access to electricity to the nation, and His Majesty for the good stewardship of the country.



ERNEST MKHONTA
Managing Director
Eswatini Electricity Company

CREATING VALUE *continued*

STAKEHOLDER ENGAGEMENT

EEC remains committed to proactive, transparent, and mutually beneficial engagement with its stakeholders. In line with our stakeholder management strategy, we have implemented a Relationship Management Programme (RMP) aimed at identifying stakeholders, building relationships, understanding their needs, and addressing them effectively. This report presents the 2024/25 stakeholder engagement outcomes and illustrates how EEC has addressed stakeholder interests to support business sustainability and service excellence.

Stakeholder identification and needs

Stakeholder	Needs/expectations	EEC's response/engagement
Government and National Leadership	National development support, infrastructure investment, energy availability	<ul style="list-style-type: none"> ▶ Contribution to National Double Celebrations ▶ King's Golf Cup support ▶ Hosted Their Majesties at Maguga Hydropower Plant ▶ Conducted awareness sessions on NRAP project and drought effects on Luphohlo Dam
Regulators (ESERA)	Regulatory compliance, tariff transparency, renewable energy alignment	<ul style="list-style-type: none"> ▶ Participated in tariff hearings with presentations on tariff adjustment request ▶ Issued weekly FAQs to address public concerns ▶ Worked with ESERA on Embedded Generation launch (#PhehlaSikwati), biomass and wheeling framework ▶ Renewable project updates shared during technical sessions
Municipalities and Local Government	Infrastructure support, service delivery, stakeholder dialogue	<ul style="list-style-type: none"> ▶ Supported Mbabane Mayor's stakeholder management initiatives ▶ Engaged Manzini Municipal Council on tariffs ▶ Visited Shiselweni region with Cabinet Ministers for NRAP evaluation
Development and Financial Partners	Sustainable energy initiatives, investment partnerships	<ul style="list-style-type: none"> ▶ Collaborated with World Bank on digital prep mission ▶ Financing talks with various financial institutions for funding of generation projects
Customers (Residential, Commercial and Industrial)	Reliable service, fair tariffs, prompt communication	<ul style="list-style-type: none"> ▶ Key Client engagements across multiple sectors ▶ Tariff transparency via hearings and public FAQ campaigns ▶ Strengthened communication on fault reporting through the USSD
Educational Institutions and Youth	Skills development, mentorship, CSI support	<ul style="list-style-type: none"> ▶ Engagement with Waterford KaMhlaba on mentorship in engineering ▶ Women's Empowerment Conference sponsorship ▶ Participation in Earth Hour and environmental school events ▶ Supported various organisations through CSI
Corporate and Business Partners	Reliable power supply, technical collaboration	<ul style="list-style-type: none"> ▶ Regular meetings with key clients for close monitoring of service needs and improve service delivery ▶ Project discussions with Kalpataru Projects (substations) ▶ Lower Maguduza collaboration
Civil Society and NGOs	Community empowerment, rural development, partnerships	<ul style="list-style-type: none"> ▶ CSI partnerships with Baphalali Red Cross, World Vision ▶ Rural electrification and housing project support
Parliamentary Committees and Ministries	Institutional alignment, legislative support	<ul style="list-style-type: none"> ▶ Hosted MNRE Portfolio Committee induction and briefings ▶ Presentation of strategic project needs and energy outlook
General Public	Access to information, environmental responsibility	<ul style="list-style-type: none"> ▶ Earth Hour commemoration ▶ World Environment Day tree planting ▶ Weekly public-facing communications on tariffs and Embedded Generation registration

Key outcomes and progress

- ▶ Strengthened multi-level government relationships supporting national priorities.
- ▶ Amplified public understanding of tariffs and energy issues through open hearings and clear messaging.
- ▶ Advanced major generation and infrastructure projects through targeted stakeholder engagement (e.g. NRAP, Lower Maguduza, Geothermal, Solar IPPs).
- ▶ Deepened client relations via structured engagements and CSI project visibility.
- ▶ Fostered environmental and gender empowerment through targeted campaigns and participation.

Challenges and lessons learned

- ▶ Public misinterpretation of tariff processes highlighted the need for continuous, clear, and multi-platform communication.
- ▶ Coordination across divisions for monthly stakeholder activity reporting is improving but needs further systematisation.
- ▶ Deepening partnerships require more sustained follow-through beyond initial engagements.

Forward outlook

To build on the progress of the 2024/25 financial year, the following actions are considered into the new performance period:

- ▶ Enhance monthly stakeholder reporting at divisional level to improve tracking and response.
- ▶ Formalise stakeholder appreciation and onboarding programme for new government and cabinet officials.
- ▶ Facilitate guided Board and media tours of flagship projects (Lower Maguduza, NRAP, CSI sites) to reinforce transparency and impact.
- ▶ Strengthen collaboration with ESERA, KENGEN, World Bank, and other strategic partners to accelerate generation expansion.

EEC recognises that stakeholder engagement is not a one-time event but a continuous journey. We are committed to ensuring that our interactions remain purposeful, respectful, and aligned with our national development mandate and corporate vision. We remain guided by our belief that the right engagement, at the right time, with the right stakeholders, will catalyse sustainable growth for the Company and the Kingdom of Eswatini.



CREATING VALUE *continued*

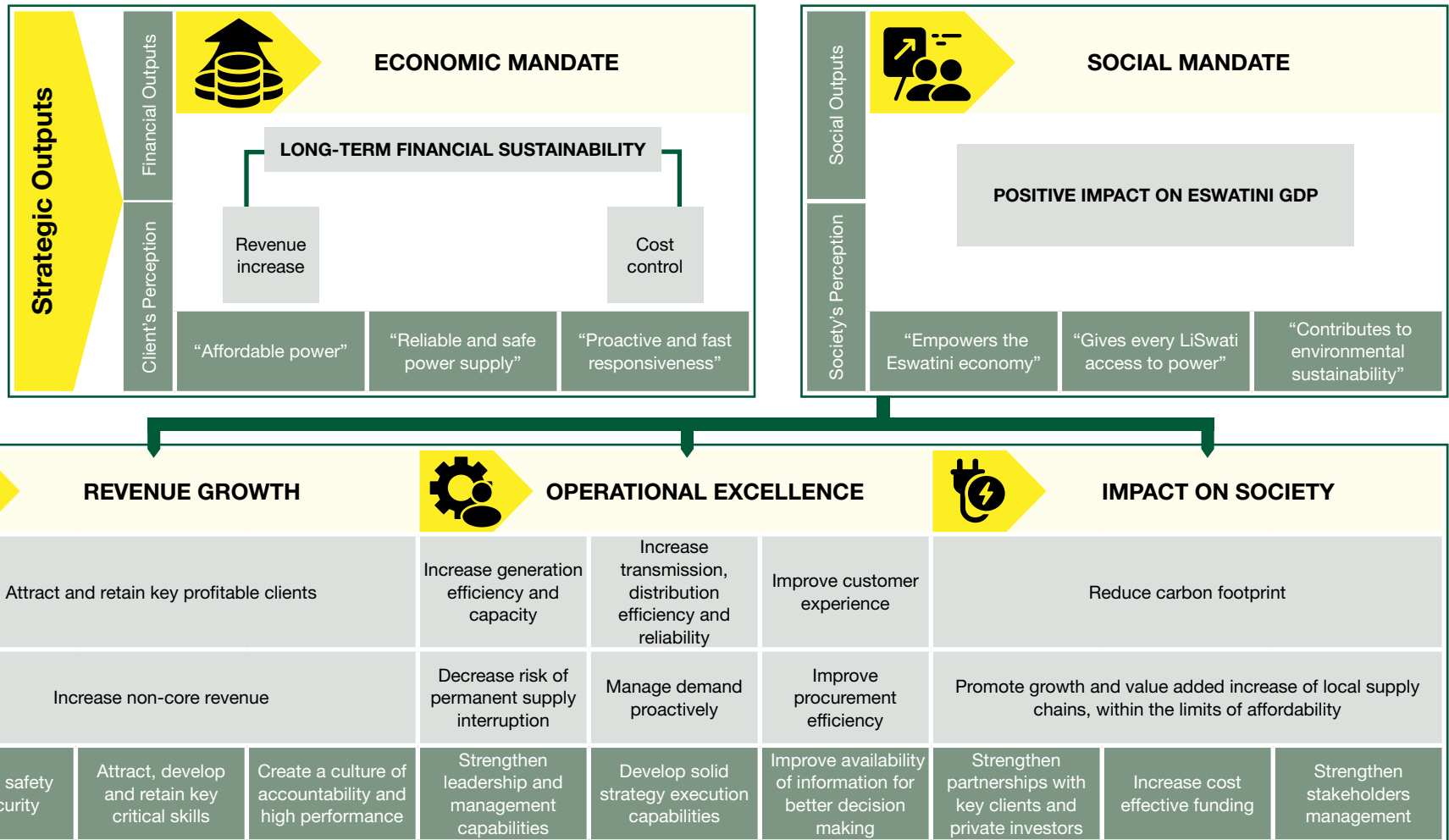
STRATEGY

Vutsele 2022-2027

The infographic below illustrates our strategy map and incorporates the objectives that informed the initiatives reported on in terms of progress so far.



Our strategic map



Vutsela 2022–2027 is built on three foundational pillars: revenue growth, operational excellence, and social impact. Each pillar is underpinned by targeted objectives and KPIs that guide our decision-making and actions.

1. **Revenue growth:** Recognising that robust financial health is essential for sustainability, we are implementing initiatives aimed at diversifying our revenue streams and bolstering sales. This includes the development of alternative energy solutions and collaborative efforts with stakeholders.
2. **Operational excellence:** Operational efficiency is crucial in achieving our socio-economic mandate. By streamlining processes, optimising resource utilisation, and integrating technological innovations, we aim to enhance our operational performance. This not only has direct implications for cost management but also catalyses our ability to adapt and innovate.
3. **Social impact:** As a corporate citizen, we are committed to generating a positive impact on society. This includes, but is not limited to, our efforts in increasing accessibility to electricity, improving the reliability of supply, and actively contributing to the reduction of carbon emissions.

EEC strategy update for 2024/25

In years one to three (2022/23 – 2024/25) of the Vutsela 2022-2027 strategy, the focus was on operational efficiencies, financial sourcing activities for generation expansion projects and FTTx initiative partnerships.

- ▶ Most of the initiatives had two to three year plans and based on the activities for the year, those milestones were achieved.
- ▶ Initiatives were on track and the recurring initiatives were completed timeously.
- ▶ The billing system upgrade project was completed in this financial year.
- ▶ Overall Initiatives performance translated to 3.29 (satisfactory) for the 2024/25 financial year. This is an improvement from 2023/24 which translated to a performance score of 3.11.
- ▶ EEC will continuously strive to deliver sustainable security of supply and a favourable tariff structure that supports economic growth and maintains its financial sustainability.
- ▶ Below is a summary of the progress made in terms of the initiatives as at March 2025. In the previous financial year the completion rate was at 41%. This shows a 2% addition to the completed initiatives over the three-year period considering recurring initiatives that are undertaken annually.



CREATING VALUE *continued*

Strategy *continued*

Status of initiatives that began in 2024/25

Initiative	Initiative completed	Initiative on track	Initiative off track
1. Tariff Structure			
2. Strategic Expenditure (Part 3)			
3. Strategy Execution Capabilities (Part 3)			
4. Strategy Communication (Part 3)			
5. Solar Risks By Client Segments			
6. Smart Metering Pilot			
7. CCGT Feasibility Study			
8. Capital and Strategic Funding			
9. Stakeholder Management (Part 3)			
10. EDM New Contract Structure and Renewal			
11. Eskom New Contract Structure and Renewal			
12. Encroachment			
13. Copper Theft			
14. Safety			
15. Procurement Efficiency			
16. Organisational Efficiency Study			
17. Mining Rights			

Initiative	Initiative completed	Initiative on track	Initiative off track
18. IT Strategy			
19. Customer Experience			
20. Employee Value Proposition			
21. Strategic Risk and Enterprise Risk			
22. Storms Initiative			
23. Network Strengthening			
24. Demand Management			
25. Individual Performance evaluation (Part 3)			
26. Market Rules			
27. Local IPP Programme			
28. Solar Consultancy Research			
29. Identification of Procurement Localisation Opportunities			
30. Optimising Energy Trading			
31. Fibre to the Home			
32. Technical Training Centre Feasibility			
33. Data Management			

Strategy performance summary

Generation expansion projects

There has been some movement observed in terms of these projects monitored under strategy. There have been some delays completing certain milestones as a result of external influences, however, the teams are working hard to catch up on the delay on time where it is possible and for some, revised dates have been provided that are linked to original dates that were previously brought forward. One of the projects being monitored under strategy is the Lower Maguduza Hydro Scheme Project which is an IPP. This project was at construction stage by year end, which was a significant milestone that has been achieved.

Efficiencies within transmission and distribution

Roll out of capital projects and exploration of new technologies available was done. Unfortunately, we required a reprioritisation exercise in terms of activities that had to be done. This was because of the financial constraints that were and are currently being faced by EEC in terms of cashflow.

Cost of supply study

EEC is waiting for further implementation discussions with the Regulator in terms of the cost of supply study so that we can agree on an implementation plan to reduce the subsidy levels that are currently there.

Partnership explorations

EEC is currently in partnership with Ministry of ICT and EPTC in an effort to roll out fibre to schools and health facilities country wide. This is a project being driven by the Ministry of ICT and funding has been sourced from the World Bank. EEC has continued to collect revenue from leasing fibre mainly to EPTC and other Internet Service Providers (ISPs).

Rewards and recognition programme rollout

This initiative has been completed and the rollout of the programme was approved by the EEC Board of Directors and started in the 2024/25 financial year.

Efficiency study

The study was completed in the 2024/25 financial year and was adopted by EEC's Board of Directors. It has been provided to the Regulator and EEC is currently waiting for feedback on the report so that implementation can then happen in a phased approach.



CREATING VALUE *continued*

Strategy *continued*

Strategic targets and KPIs

The tables below highlight EEC's corporate performance for the 2024/25 financial year.

Long Term Financial Sustainability

Net Profit/Loss Margin	▶ -2.54%	▶ -2.63%	📈
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Increase Revenue

Total Sales Revenue	▶ E2.925bn	▶ E2.923bn	📈
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Cost Control

Total Cost excluding Import Costs	▶ E1.210bn	▶ E1.236bn	📈
Unit Cost Excluding Imports	▶ E1.06	▶ E1.05	📈

Positive Impact on Eswatini GDP

Percentage of emaSwati with access to electricity	▶ 91.36%	▶ 92.84%	📈
Total Unit Cost	▶ E2.76	▶ E2.82	📈

Increase Non-Core Revenue

Non-Core Revenue	▶ E2.41m	▶ E3.03m	📈
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Attract and Retain Large Profitable Clients

Number of Large Clients	▶ 934	▶ 962	📈
Large Client Installed Capacity	▶ 128.99 MW	▶ 128.99 MW	📈
Self-Generation Solar Installed Capacity	▶ 18 990 kW	▶ 18 990 kW	📈

Increase Generation Efficiency and Capacity

Unit Cost for Total Generation Mix	▶ E1.54	▶ E1.58	📈
Total cost for EEC Generation	▶ E0.24	▶ E0.23	📈
Savings from Trading	▶ E16m	▶ E28.66m	📈

Increase Transmission Efficiency and Reliability

Total cost for transmission and system operations and control	▶ E201m	▶ E195m	📈
Transmission energy losses	▶ 5.18%	▶ 9.96%	📈
Voltage Stability	▶ 96.00%	▶ 95.40%	📈

Increase Distribution Efficiency and Reliability

Total Cost for Distribution	▶ E478m	▶ E553m	📈
Distribution availability	▶ 99.00%	▶ 99.71%	📈
Distribution energy losses	▶ 6.00%	▶ 3.15%	📈
Voltage stability	▶ 97.25%	▶ 97.50%	📈

Improve Customer Experience

Customer services operating cost per customer	▶ E374.96	▶ E343.40	📈
Quality of service standard	▶ 84.00%	▶ 79.00%	📈
Debtors days	▶ 45 days	▶ 50 days	📈
Commercial energy losses	▶ 1.50%	▶ 0.43%	📈

Reduce carbon footprint

Overall mix carbon footprint	▶ 738 T/U	▶ 714.9 T/U	📈
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Decrease risk of permanent supply interruption

Key energy suppliers diversification	▶ 1	▶ 1	📈
Permanent Interruption Risk Index	▶ 3	▶ 3	📈

Ensure procurement efficiency

Stock value (Inventory value)	▶ E100m	▶ E115m	📈
Turnaround time in service level threshold	▶ 95.00%	▶ 93.30%	📈
Critical stock availability (Items)	▶ 6	▶ 4	📈

Promote growth and value added increase of local supply chains within the limits of affordability

Local procurement spend under local procurement standards	▶ 70%	▶ 81%	📈
Growth in key procurement categories	▶ 10%	▶ 20%	📈

Increase safety and security

DIFR	▶ 1.79	▶ 2.55	📄
Audit findings related to safety remedied.	▶ 90%	▶ 86.33%	📄
Public safety awareness	▶ 15	▶ 31	📄
Subcontractors trained on OHS	▶ 95%	▶ 93.25%	📄
Copper theft & damages	▶ 2.30m	▶ 1.90m	📄

Attract, develop and retain key critical skills

Time to fill critical roles	▶ 4 weeks	▶ 4 weeks	📄
Turnover of critical roles	▶ 22.22%	▶ 0.00%	📄
Adherence to core training	▶ 60.00%	▶ 74.00%	📄
Personal scorecard average score	▶ 3.5	▶ 3.00	📄

Improve availability of information for better decision making

Operational metrics data quality and availability	▶ 98.00%	▶ 99.00%	📄
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Increase Cost Efficient Funding

Funding for strategy and capital projects	▶ E470m	▶ E200m	📄
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Develop solid strategy execution capabilities

Reporting of measures	▶ 98.00%	▶ 99.00%	📄
Initiative management	▶ 98.00%	▶ 99.00%	📄
Initiatives funded (Stratex)	▶ 90.00%	▶ 95.00%	📄
Strategy review meetings	▶ 3	▶ 3	📄
Personal scorecard's reported	▶ 90.00%	▶ 57.00%	📄
Business/Support Units scorecards reported	▶ 90.00%	▶ 75.00%	📄

Strengthen Stakeholders Management

Key categories of stakeholders engaged	▶ 8	▶ 8	📄
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Legend:

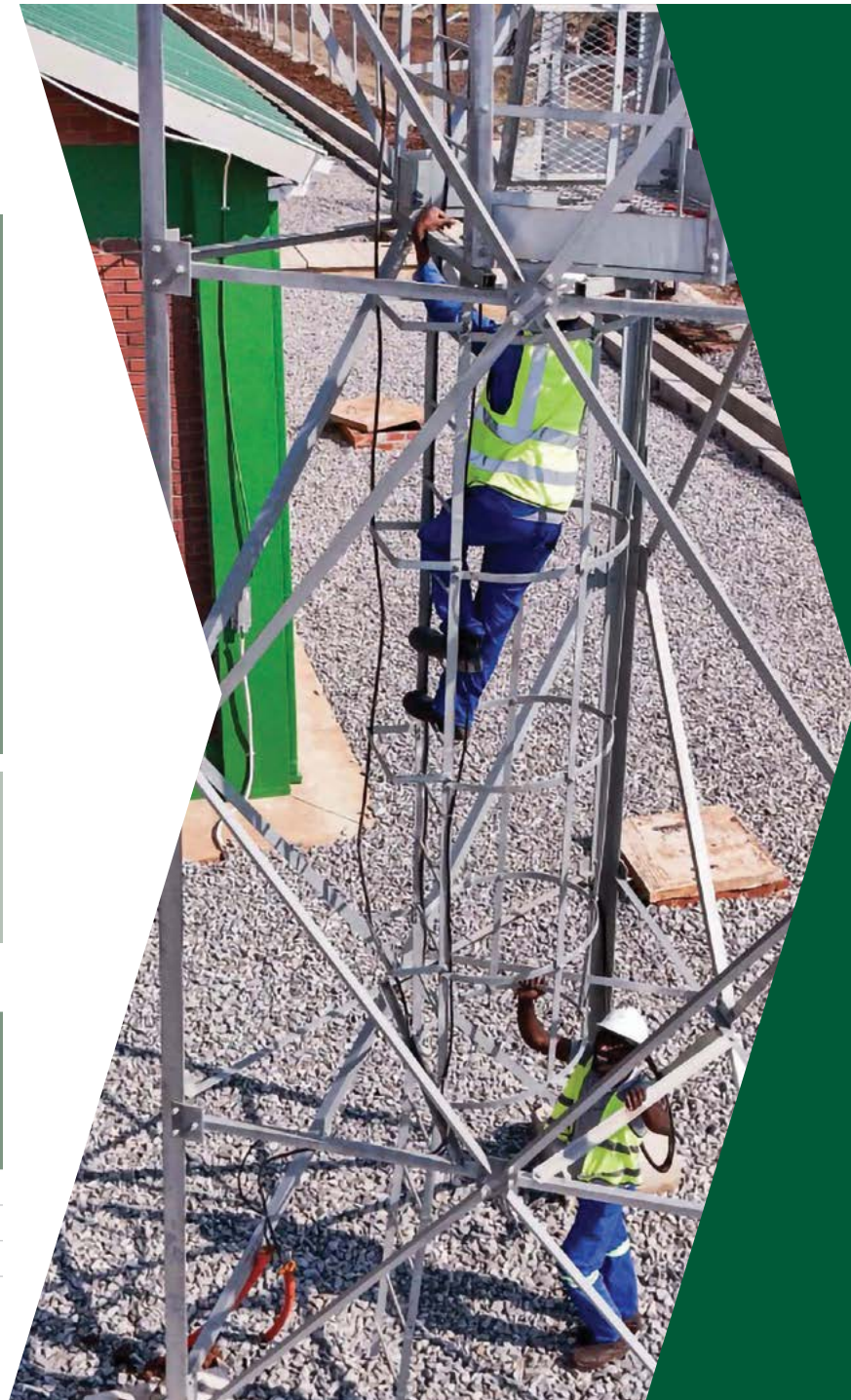
Strategic objectives

Key performance indicator

▶ Target for the year (2025)

▶ Performance for the year (2025)

Exceptional	📄
Above target sensitivity range	📄
Within target sensitivity range	📄
Below target sensitivity range	📄



CREATING VALUE *continued*

RISK MANAGEMENT

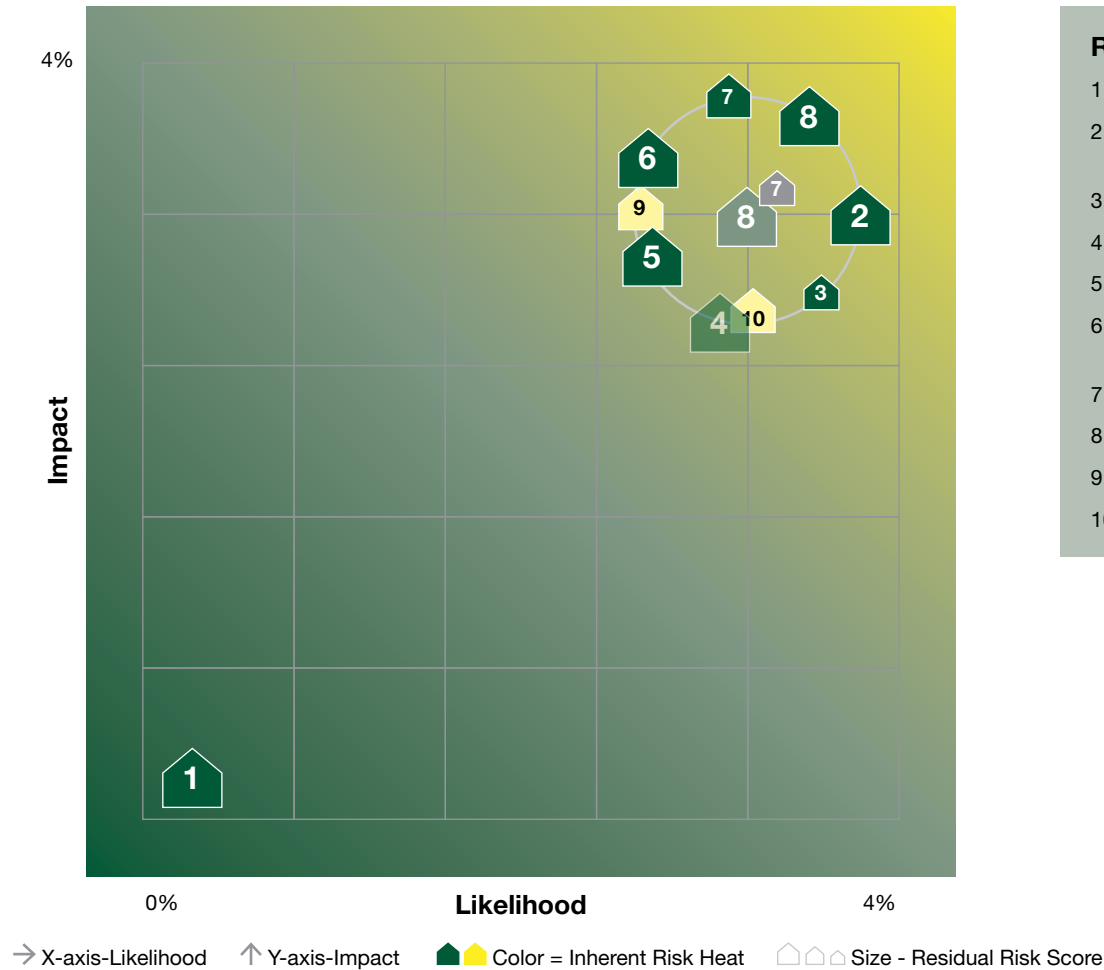
Top risks and opportunities

In the 2024/25 financial year, the audit function continued to facilitate risk reviews and reporting to the Board through the Audit and Risk Committee. To ensure effective integrated risk management and entrench the culture towards combined assurance with risk reporting throughout the Company, the internal audit office carried out a Company-wide change management walkout. This included the introduction of divisional risk champions using Kotter's Change Model. In February 2025, the Company appointed a Risk Specialist, who is now responsible for the enterprise-wide risk management function in the Company, working with divisional risk champions. Internal audit will feature in combined assurance reporting, being the third line of defense.

There was no major change in the risks reported in the previous year, except that some of the risks materialised during the year. These were loss of lives (mainly due to unsafe operation), insufficient working capital, award of non-cost-reflective tariffs due to a government moratorium on tariffs awarded by the regulator, and award of far fewer tariff increases by the regulator against application due to public perception on non-affordable tariffs. Management is working on addressing the impact and improvements to ensure EEC remains sustainable into the future.

Risk No.	Risk Name	Objective	Risk Score (2023/24)		Risk Score (2024/25)		Change
			Inherent	Residual	Inherent	Residual	
1.	National blackout/grid collapse	Source sufficient electricity to meet the demand (optimal trading)	104	104	9.3	2	
2.	Insufficient generation capacity	Financial sustainability	159	6	23.9	3.90	
3.	Lack of capability (systems and processes) of transforming raw data into meaningful business insights	Implement data management and data security (access rights)	New	New	3.2	3.2	
4.	Loss of life/injuries	Ensure safe operations of the network	180	46	2.1	1.7	
5.	1. IT systems may be unavailable to support business 2. Critical system and corporate data may be lost and not available when required	Manage IT continuity and data recovery and backup management	New	New	3.2	3.2	
6.	Insufficient working capital (declining working capital)	Financial management: Ensure organisational sustainability through sound financial control, oversight, and reporting	New	New	3.2	2.6	
7.	The failure of generation capacity projects	Positive impact on Swati GDP	New	New	3.23	3.23	
8.	Unaffordable/non-cost reflective tariffs	Attract and retain key clients	Emerging	Emerging	3.4	2.6	
9.	Fallen distribution line structures	Supply safe and reliable power to all EEC customers efficiency and reliability	New	New	4.4	2.8	
10.	Non-cost reflective tariff awards by the regulator	Attract and retain key clients	Emerging	Emerging	3.4	2.6	

Risk profile for FY 2024/25



Risk Heat Ranking

1. Non-cost reflective tariff awards by the Regulator
2. Critical system and corporate data may be lost and not available with required
3. Failure of generation capacity projects
4. Unaffordable/non-cost reflective tariffs
5. Insufficient working capital (declining working capital)
6. Lack of capability (systems and processes) of transforming raw data into meaningful business insights.
7. National blackout/grid collapse
8. Insufficient local generation
9. Loss of life/Injuries
10. Fallen distribution line structures

PERFORMANCE

(How we performed against strategy and impact on the capitals)

<u>Operations (generation, transmission, distribution)</u>	<u>27</u>
<u>Research and innovation (R&D)</u>	<u>34</u>
<u>Customer service and market outcomes</u>	<u>37</u>
<u>Human capital management</u>	<u>42</u>
<u>Environmental and natural capital performance</u>	<u>46</u>
<u>Social and relationship capital outcomes</u>	<u>50</u>
<u>Support services</u>	<u>59</u>
<u>Finance</u>	<u>63</u>



OPERATIONS (GENERATION, TRANSMISSION, DISTRIBUTION)

System demand in 2024/25

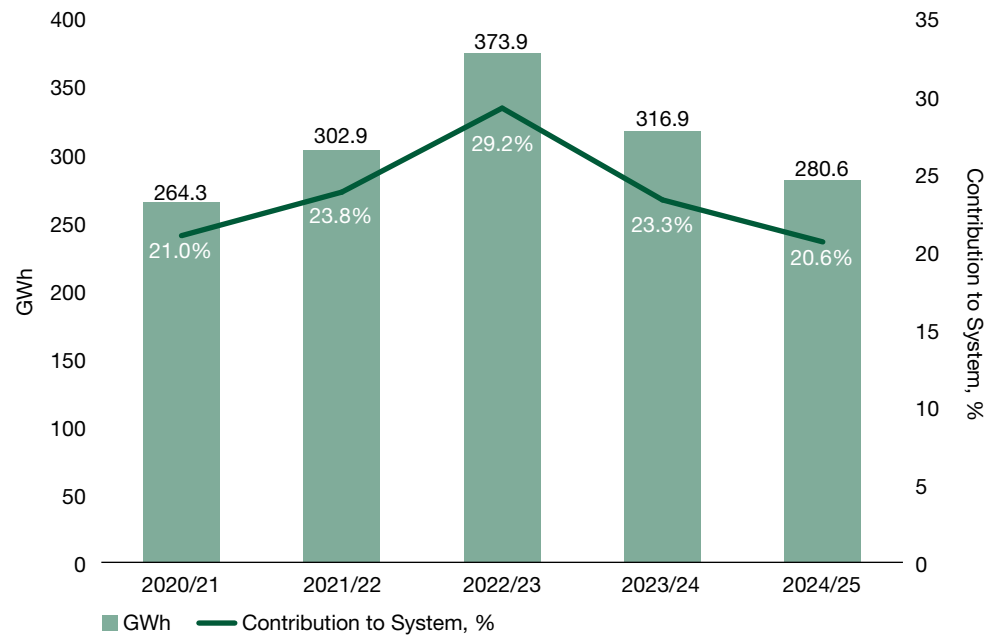
EEC continues to participate as a member of the Southern African Power Pool (SAPP), where it is also recognised as a National Power Utility. The total energy traded in the SAPP markets for the year was 49.41 GWh, accumulated evenly through the year. This is a 64.6% decrease from the 139.57 GWh recorded in the 2023/24 financial year. The energy market clearing prices were especially high, and the available volumes on the market were very limited due to the deficiency across the region. This limited the volumes that could be sourced from the markets throughout the year.

The total energy imported from BPC for the year was 46.69 GWh between May and December 2024. Trading with BPC then reduced to 0 for the rest of the year, owing to the power challenges faced by the BPC.

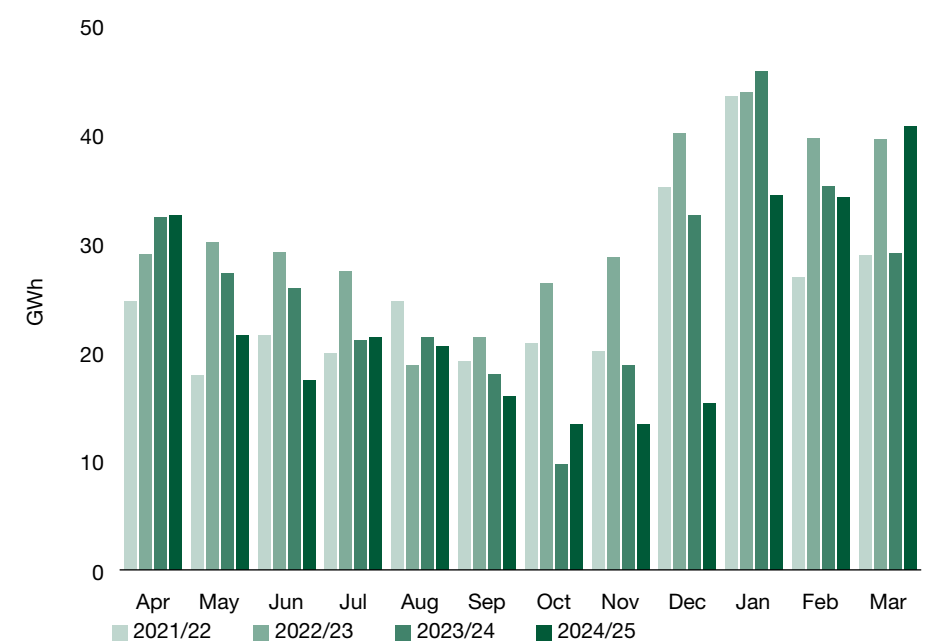
EEC realised savings of about E28.65 million through the trading of energy from the SAPP markets and BPC, which is a significant decrease compared to E91.1 million saved in the previous year.

Generation

Internal generation (GWh) and contribution to system (%)



Total monthly energy generation (GWh)



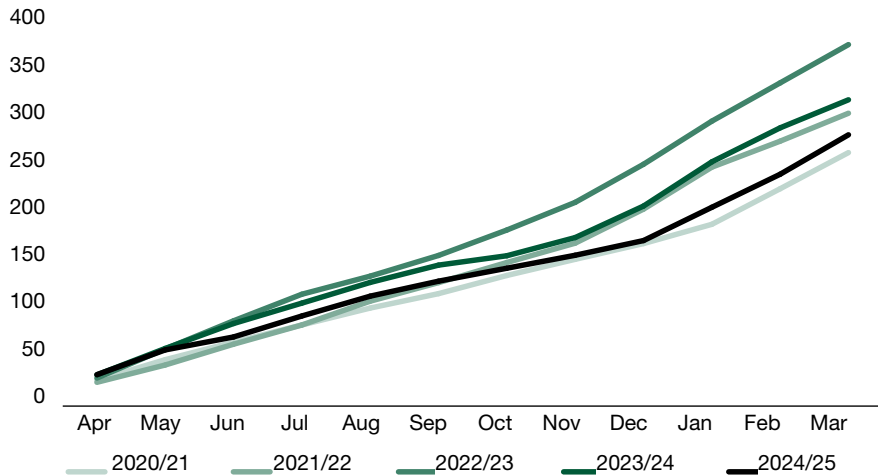
PERFORMANCE *continued*

Operations (generation, transmission, distribution) *continued*

System demand in 2024/25 *continued*

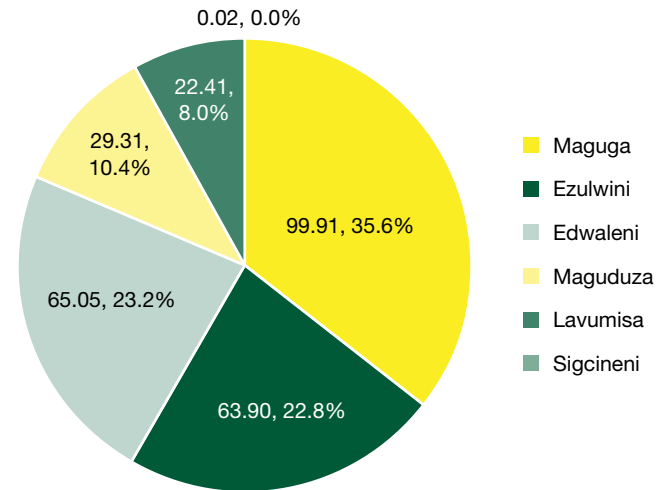
The monthly energy generation bar chart shows that generation was generally lower in nine months of the financial year. However, the first and the last months of the year resulted in good numbers for those periods.

Cumulative energy generated (GWh)



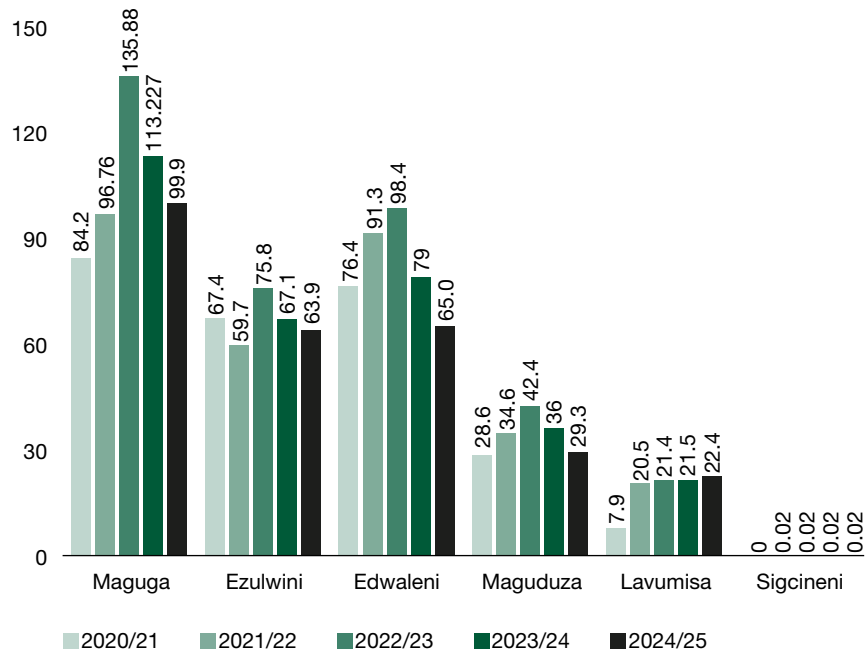
The cumulative energy generation in the above graph shows that electricity generation was good for the first two months of the year. However, there was a drop in June, which persisted until January. The 2024/25 financial year was the second-worst year for cumulative energy generation in the past five years.

Annual plant contribution to internal generation (GWh, %)



The above graph shows the energy contribution by each power station. As per the norm, Maguga Hydro contributed the largest share of internal generation at 35.6%, followed by Edwaleni Hydro at 23.2%. The 10MW Lavumisa PV plant contributed 8%.

Annual generation per station (GWh)



The above graph shows a year-on-year production comparison of the power stations. The graph indicates a declining trend of generated capacity. All the hydro power stations performed poorly in the 2024/25 financial year due to the dry weather conditions and the delayed arrival of the summer rains. However, the dry conditions resulted in the slight improvement in the performance of the Lavumisa Solar PV plant.

Network extension

Compared to the previous financial year, this year saw a significant number of activities on the distribution network extension projects to communities. This is due to the financial capital availed by The Government of Eswatini through micro-projects, Regional Development Fund, World Bank, and the Rural Access Fund. The overall distribution lines increase from 24 909 km to 25 511 km, which is 602 km of new lines. The table below shows the overall extent of the network.

Description	Distance covered (km) in the 2020/21 financial year	Distance covered (km) in the 2021/22 financial year	Distance covered (km) in the 2022/23 financial year	Distance covered (km) in the 2023/24 financial year	Distance covered (km) in the 2024/25 financial year
132kV transmission lines (km)	332	332	332	332	332
66kV transmission lines (km)	1 012	1 012	1 012	1 012	1 012
Total transmission lines (km)	1 344	1 344	1 344	1 344	1 344
11kV distribution lines (km)	11 541	11 894	12 275	12 430	12 700
Low voltage distribution lines (km)	9 699	10 357	10 918	11 135	11 467
Total distribution lines (km)	21 240	22 251	23 193	23 565	24 167
Overall lines (km)	22 522	22 753	24 537	24 909	25 511

PERFORMANCE *continued*

Operations (generation, transmission, distribution) *continued*

System operations and control

The initiatives the Company is undertaking include achieving operational excellence, revenue growth, and creating a positive impact for society.

Operational excellence

A number of sub-initiatives were undertaken for increasing generation, transmission, and distribution efficiency, improving customer experience, managing demand proactively and improving procurement efficiency.

Manage demand proactively

The system maximum demand recorded for the year stands at 244.60 MW, clocked at 19:00 on 11 March 2024. This is lower than the 252.52 MW recorded in the previous year.

Improve power procurement efficiency

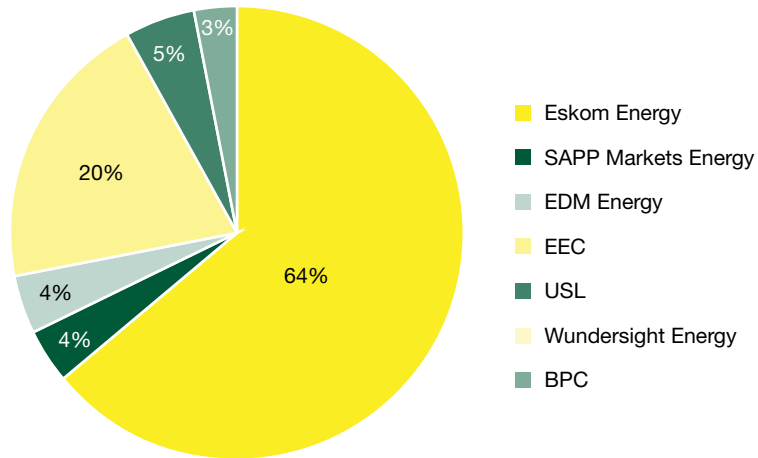
The Company's total electricity imports added up to 1 084.0 GWh (2024: 1 043.5 GWh). The increase of 3.88% on the imported energy was due to the increased demand for energy in the country. The energy imported is a slightly suppressed value as there were periods of loadshedding implemented earlier in the year, primarily to manage energy imports alignment with contractual obligations.

The total costs of the imported power purchases, including wheeling charges, amounts to E1 930 million, compared to E1 773 million in the previous financial year. The significant increase is partly due to the tariff escalations from our international suppliers. The total units sent out for the year amount to 1 364 GWh (2024: 1 360 GWh), met by an EEC internal generation of 289 GWh, with the slight increase indicating to positive economic growth.

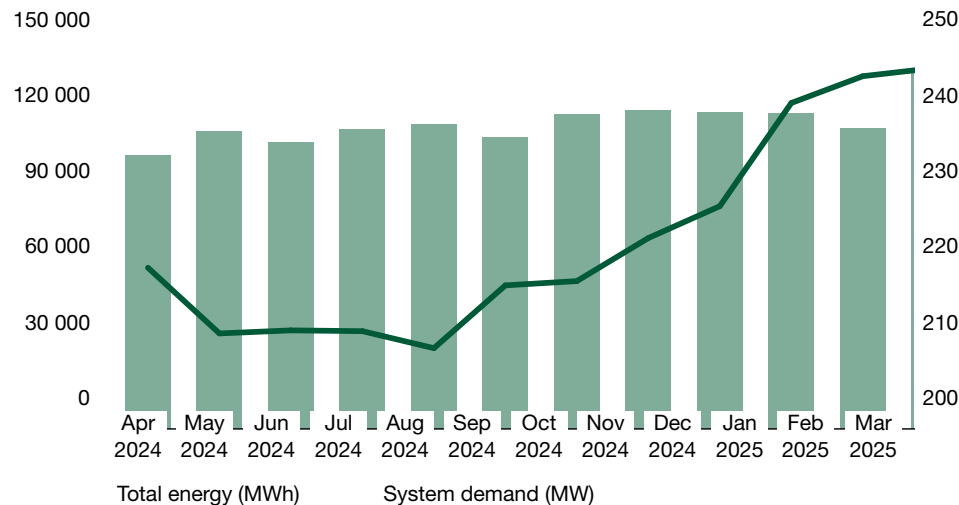
Monthly maximum system demand and energy production

Month	Total energy (MWh)	System demand (MW)
Apr 2024	101 513.69	219.92
May 2024	110 444.01	211.8
Jun 2024	106 311.20	212.18
Jul 2024	110 911.73	212.08
Aug 2024	112 744.27	209.97
Sep 2024	108 133.42	217.74
Oct 2024	116 695.71	218.27
Nov 2024	118 179.18	223.59
Dec 2024	117 455.52	227.53
Jan 2025	116 945.86	240.28
Feb 2025	111 373.24	243.59
Mar 2025	133 763.09	244.60

Supplier energy contribution FY 2024/25



Energy and maximum demand 2024/25



The above bar chart shows a pattern to the power maximum demand throughout the year. The lowest demand was in August and the peak demand for the year was in March.

13-year annual system maximum demand trend

Financial year	System maximum demand in MW
2010/11	200.768
2011/12	203.73
2012/13	203.46
2013/14	221.18
2014/15	226.25
2015/16	220.12
2016/17	231.99
2017/18	236.06
2018/19	237.58
2019/20	245.12
2020/21	232.92
2021/22	233.949
2022/23	239.783
2023/24	245.52 (252.52)
2024/25	244.60

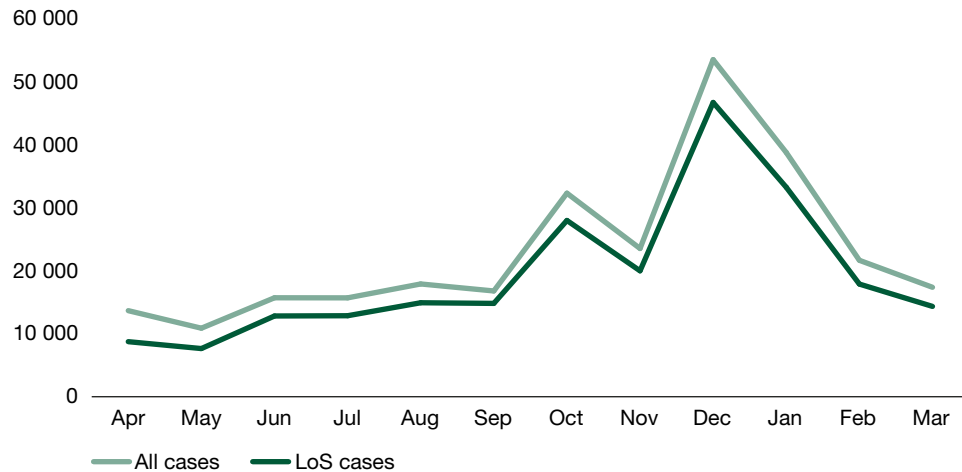
The above table is a record of the annual system maximum demand for the past 14 years. The highest system demand in the 14-year period was recorded in 2024. This shows that the demand is back to pre-COVID levels and is steadily growing.

PERFORMANCE *continued*

Operations (generation, transmission, distribution) *continued*

System operations and control *continued*

Total incidents recorded per month



In the above graph, the number of monthly recorded incidents in the 2024/25 financial year can be seen. Eswatini experienced very harsh weather conditions in December 2024 and January 2025. This is a conventional weather pattern for the country, where storms are experienced between October and January in every financial year.

For the fourth year, December continues to be the month when most incidents are recorded. The total number of incidents recorded in the year was 277 641, compared to 302 453 in the previous year. The total Loss of Supply (LoS) incidents recorded in the year was 231 823, compared to 246 851 in the previous year. This is a 15.7% decrease in the number of recorded incidents.

Strategic initiatives: Security of power supply

NTCSA-EEC power supply contract renewal

The existing 25-year contract power supply agreement with NTCSA (Eskom) is coming to an end in August 2025 and negotiations for a new contract were ongoing.

EDM-EEC long-term contract negotiation

The negotiations for the EDM supply contract continued in the financial year. The intention is to sign a long-term agreement with EDM subject to availability of power as they continue increasing their local generation, which will contribute towards increased exports.

Upgrade of the SCADA system

The SCADA system PowerOn Advantage underwent an upgrade in the 2024/25 financial year. The upgrade was focused on addressing bugs that were identified in the 6.5 version. The new version of the system is called Advanced Distribution Management System (ADMS). The new version is aligned to the goal of integrating with geospatial data, to allow for the technical teams to address customer queries more efficiently.

Non-core revenue generation – fibre leasing

For the 2024/25 financial year, the Company earned just over E2.3 million in revenue from fibre leasing. This shows a drop in the non-core revenue collections compared to the 2023/24 financial year, which was just over E5.4 million. The reduction is due to the revised rates and pricing structure to follow market rates. The Company continues to onboard new clients that show interest where there is capacity of the infrastructure, though the growth is slower than envisaged.

A nationwide fibre deployment project for Tinkhundla and health centres was initiated by the Minister of ICT in the last quarter of the financial year. This will be a collaboration between multiple stakeholders, and the project is expected to go live by mid-2026.

Voltage magnitude — The performance of the system has experienced continual decline as the correction measures are yet to be implemented. There is still overvoltage in the south. The implementation of the North-East Grid Reinforcement Project (NGRP) will be brought in some improvements compared to the present.

Voltage unbalance — This has remained stable within the grid and only exists at Edwaleni 2 Camden, Edwaleni 2 Maputo, and 132kV connected substations such as Stonehenge.

Voltage total harmonic distortion (THD) — The investigations and root causes were established early in the 2023/24 financial year. An action plan was developed in October 2023, and its implementation end date is March 2025.



PERFORMANCE *continued*

RESEARCH AND INNOVATION (R&D)

Transmission network expansion projects

Edwaleni – Stonehenge 132kV transmission project

EEC strives to improve the continuity of supply to its customers by addressing the two components of reliability: system adequacy and system security. A new 52 km, 132kV line from Edwaleni 2 400/132 kV substation to Stonehenge 132/66/11 kV substation was under construction to strengthen the network in Eswatini.

Network Reinforcement and Access Project (NRAP)

The World Bank-funded project's component 1a entails the construction of an 83 km 132kV transmission line from Nhlangano to Lavumisa and associated 132/11kV substations at Nhlangano, Hluthi, Matsanjeni, and Lavumisa. The project was to be completed in January 2025 but suffered delays due to unanticipated wet weather conditions, social, and supply chain issues perpetuated by the Mozambique political unrest in October 2024. The project is reaching its close as the EEC has managed to test and commission the 132kV facilities. The contractors are attending to any snags and should be completed by the end of July 2025.

The NRAP project is intended to supply electricity to 8 000 households under the rural electrification component of the project. To date, EEC has connected 5 308 households and 1 059 were connected through Readyboards. EEC has plans to accelerate the connections to reach the target by the close of the project in December 2025.



ASCENT Eswatini: Accelerating sustainable and clean energy access transformation

For the Kingdom of Eswatini to reach universal access to electricity for all emaSwati by 2030, the World Bank is proposing the ASCENT Eswatini project, under the regional multi-phased approach, to leverage lessons learned from the ongoing NRAP and from other electrification activities in the country, as well as from the World Bank's regional portfolio, to scale up the pace of off-grid connections. It is estimated that about \$100 million is needed under ASCENT Eswatini to maintain the pace of on-grid connections and to scale up the pace of off-grid connections to reach to 50 000 targeted new connections by 2030. EEC, in collaboration with the World Bank, has developed the project, which has been approved by the World Bank Board. The project loan is currently being taken through the approval process by the Ministry of Finance.

North-eastern Grid Reinforcement Project

The project entails the construction of a switchyard at Maliyaduma, a new 2x40 MVA 132/66kV substation at Nkambeni, and a 55 km Maliyaduma – Sihhoye 132kV overhead transmission line. Engineering designs, initial environmental evaluation (IEE), comprehensive mitigation plan (CMP), and resettlement action plan (RAP) have been completed.

This project shall be funded under the proposed World Bank ASCENT Eswatini project.

Tabankulu substation upgrade

EEC intends to upgrade the substation to 2x10MVA transformers with 3x66 kV line bays. The Company is working on the substation designs to proceed with the implementation of the project.

Generation expansion projects

40-80 MW geothermal power plants

EEC, in partnership with the Kenya Electricity Generating Company (KenGen), completed a geoscientific study for geothermal potential in Eswatini. The geoscientific report was concluded in February 2025.

There were seven sites identified for the next stage (exploration drilling of slim wells). There were three sites in the Mkhoba-Ndzingeni area and four sites in the Lobamba-Mvutjini corridor. The Company is currently seeking funding for the exploration drilling after a peer review for the geoscientific study has been completed.

Lubhuku thermal power plant

There was not much progress made on the coal fired project due to the mining right that has not been issued. Following the conclusion of a tendering process, most activities are triggered by the issuing of a coal mining right, hence the minimal progress.

10 MW Maguga Expansion hydropower project

A tender was issued to the market following conclusion of studies that were outside the scope of the feasibility study, like bathymetric studies, geotechnical surveys, and environmental and social studies. Evaluations of the issued tender were completed, but the award of the contract to the successful bidder was halted due to the financial challenges that were faced by the EEC. The project further remains viable, even after changes in the market for steel and copper prices.

Lower Maguduza hydropower plant

The journey to develop this project, which began back in 2007, finally reached its fruition when the project reached its financial close in December 2024. Construction then began in February 2025 and this project is expected to reach financial close in the first quarter of 2027.

The independent power producer (IPP), has subcontracted civil works and non-specialist works to local subcontractors.

Small-scale embedded generation (SSEG)

EEC, in collaboration with the Eswatini Energy Regulatory Authority (ESERA), has been working to operationalise the SSEG framework. EEC received many applications for registration of their systems on the EEC database, which is a requirement for installations in Eswatini. Some of these applications are still being processed.

The SSEG feed-in tariffs are in the final stages of approval by ESERA and embedded generators will be able to feed back into the grid excess power.

Decarbonisation indicator: Grid Emission Factor (GEF)

In the 2024/25 financial year, EEC undertook an assessment of the Grid Emission Factor (GEF), a key metric that quantifies the average carbon dioxide (CO₂) emissions per megawatt-hour (MWh) of electricity generated and delivered through the national grid. The GEF was calculated 0.792 tCO₂/MWh, reflecting the carbon intensity associated with EEC's current generation mix. This baseline indicator plays a critical role in supporting regulatory compliance, informing strategic planning for renewable energy integration, and enhancing transparency for stakeholders. It enables customers, policymakers, and partners to better understand the environmental impact of electricity consumption in Eswatini.

While the GEF does not represent EEC's full corporate carbon footprint, it serves as a valuable proxy for emissions linked to national electricity generation and will be instrumental in tracking progress toward decarbonisation goals.



PERFORMANCE *continued*

CUSTOMER SERVICE AND MARKET OUTCOMES

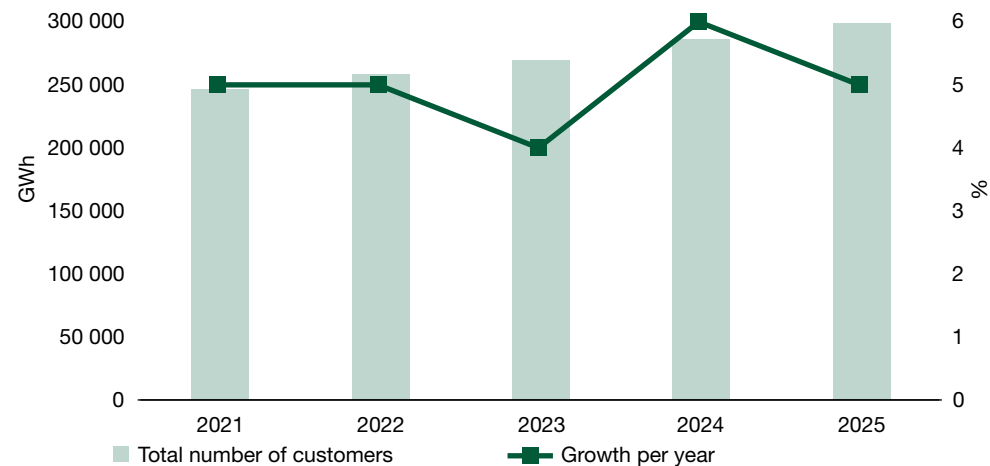
Sales analysis

During the 2024/25 financial year, there was a 5% increase in the number of customers, primarily driven by domestic connections. The overall units consumed grew by 1%, with a notable 11% revenue growth. The proportionate growth among the various categories was relatively similar, at 11% for large commercial customers and 12% for domestic and small commercial customers.

Growth in numbers

The chart below indicates that the customer base increased by 13 080, representing a 5% growth, reaching a total of 298 918 customers.

Number of customer 2021 to 2025



Out of the 13 080 new connections, 12 424 were domestic customers. Additionally, there were 618 small commercials connected during this period, and 38 large customers.

Number of customers by category from 2021 to 2025

	Domestic	Small commercial	Major
2021	227 042	18 184	882
2022	238 698	18 715	891
2023	249 014	19 380	937
2024	264 888	20 026	924
2025	277 312	20 644	962

EEC's strategic collaboration with external funding partners in implementing group schemes under the Rural Electrification Programme has yielded notable outcomes in growing the domestic connections. The rollout and completion of 156 group schemes during the reporting period demonstrate both organisational commitment and effective resource mobilisation.

This substantial growth indicates that the benefits of rural electrification have extended beyond direct participants in the group schemes, likely influencing nearby communities and supporting broader economic activities. The increase suggests improved uptake, stronger community engagement, and possibly enhanced infrastructure that facilitates additional connections. EEC's achievements in this context highlight the value of collaborative, well-structured rural electrification strategies in fostering inclusive growth and bridging development gaps between urban and rural areas.

PERFORMANCE *continued*

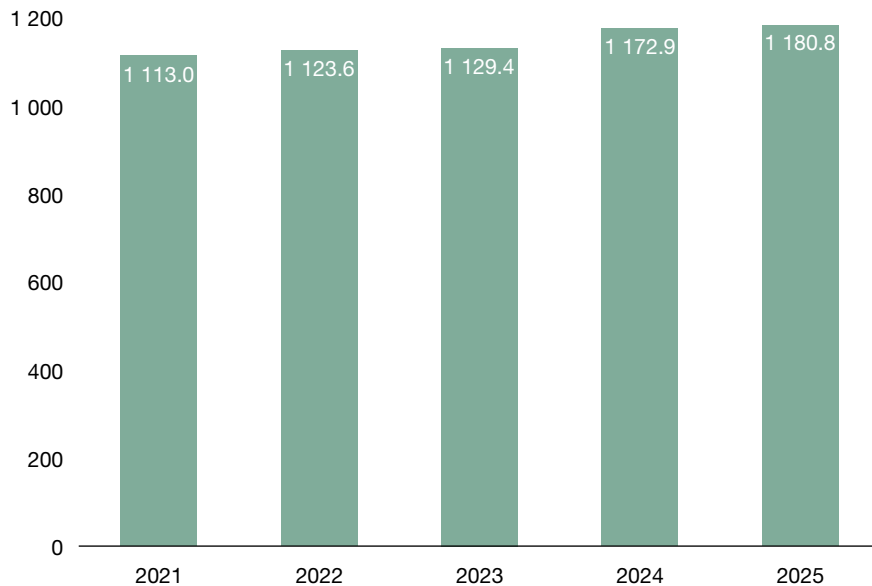
Customer service and market outcomes *continued*

Sales analysis *continued*

Growth in sales units

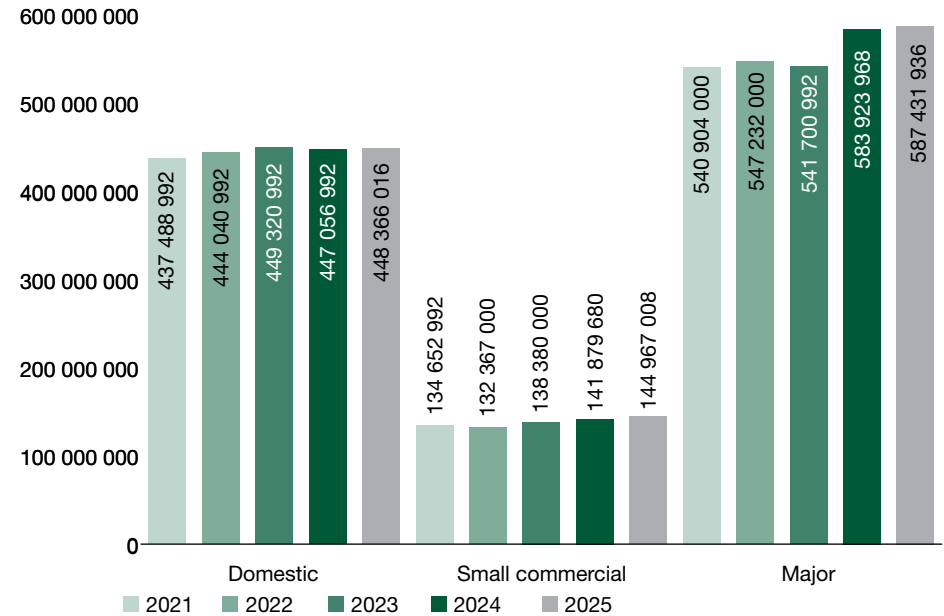
The units sold in the 2024/25 financial year saw growth of 1%, transitioning from a total of 1 172.9 GWh to 1 180.8 GWh.

Annual unit sales growth 2021 to 2025 (MWh)



The consumption of large customers increased by 1%, small commercial customers by 2%, and domestic customers increased by less than 0.3%, despite the 5% growth in the number of customers.

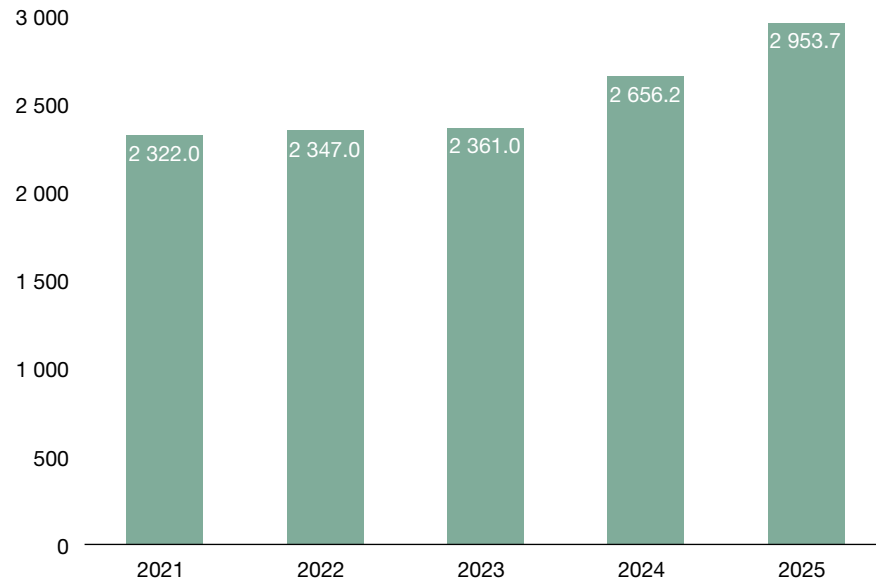
Number of units sold by customers category 2021 to 2025 (MWh)



Growth in sales revenue

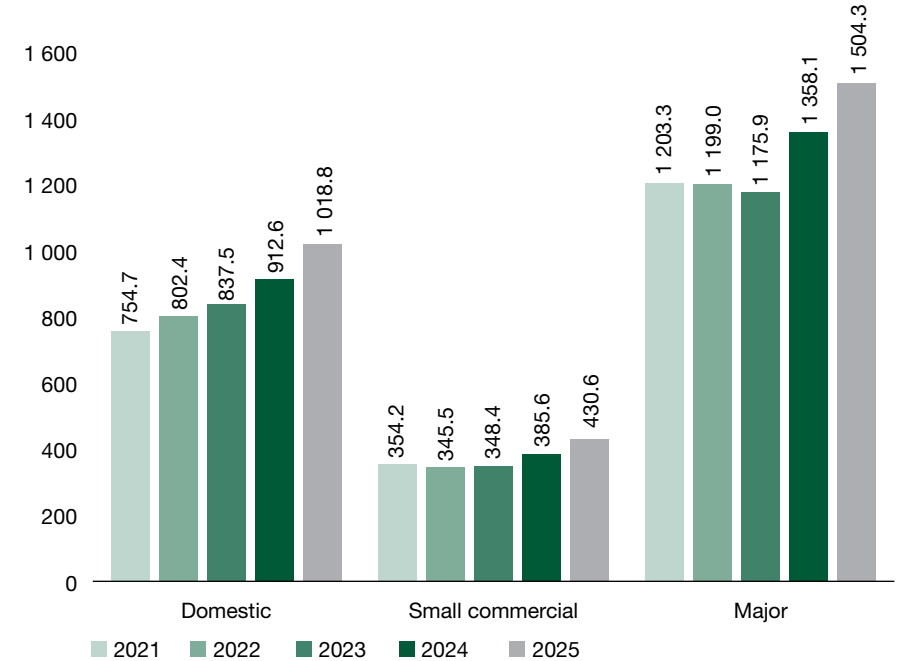
The total sales revenue for the 2024/25 financial year amounted to E2 953.7 million, showing an 11% increase from the previous year's E2 656.2 million, as detailed below.

Annual unit sales revenue 2021 to 2025 (E' million)



The chart above illustrates the trend in revenue consumption for large, domestic, and small commercial customers. During the year under review, the annual sales revenue experienced an 11% increase, with domestic customer sales revenue growing by 12%, major customers' revenue increasing by 11%, and small commercial customers' revenue rising by 12%.

Sales revenue by customers category 2021 to 2025 (E' million)



PERFORMANCE *continued*

Customer service and market outcomes *continued*

Key accounts overview

In the 2024/25 financial year, EEC continued to strengthen its position as a reliable, customer-centric energy partner to large and strategic customers. The number of large customers increased from 924 to 962, reflecting growing trust in our service offerings and alignment with evolving energy needs.

Key performance highlights include an Overall Customer Satisfaction Index of 81.7% and an Experience Rating of 3.79 out of 5, with marked improvements in account management and reliability. Investments in infrastructure, modernisation, and customer engagement programmes have laid a strong foundation for sustainable growth and future-readiness.

Key accounts portfolio snapshot

Metric	2023/24 financial year	2024/25 financial year	Change
Large Customers (Key Accounts)	924	962	+4.1%
Customer Satisfaction Index	78.2%	81.7%	+3.5 pts
Customer Experience Score	3.62	3.79	+4.7%

Our portfolio spans high-value customers across sectors including manufacturing, mining, government, transport, retail, telecommunications, farming, and hospitality, each relying on reliable, affordable, and responsive electricity supply.

Customer satisfaction and engagement overview

Our areas of good performance are:

- ▶ Dedicated account management
- ▶ Overall electricity
- ▶ Service restoration efficiency
- ▶ Long-term confidence in supply
- ▶ Customer engagement events

Areas for improvement from customer feedback:

- ▶ **Faster fault resolution** (quicker response and restoration during unplanned outages)
- ▶ **Improved communication** (proactive, transparent updates, especially during outages and billing periods)
- ▶ **Transparent, affordable billing** (clearer billing breakdowns, predictability, and competitive pricing)
- ▶ **Strategic sustainability support** (advisory on energy efficiency, carbon footprint reduction, and renewable energy options)

Growth and retention strategies

- ▶ **Customer-centric partnerships** (providing tailored energy-saving guidance, including load forecasting and sustainability planning)
- ▶ **Pricing strategy optimisation** (continuously reviewing and adapting Time-of-Use, or TOU, tariffs)
- ▶ **Digital enablement** (expanding smart meter rollout and enhancing mobile app functionality for real-time insights)
- ▶ **Communication and responsiveness** (implementing structured communication protocols and enhancing ticketing for faster fault response)
- ▶ **Sustainability and innovation** (partnering with customers on solar PV, storage, and green energy)
- ▶ **Feedback and continuous improvement** (conducting quarterly mini-surveys and tracking NPS and resolution metrics for service improvement)

Strategic investments and operational excellence

To deliver on customer expectations and enable long-term resilience, EEC invested in workforce training and customer analytics. The Company trained key account managers in embedded generation tariff design, key accounts management, and proactive service planning.

Vending and system losses overview

EEC continued to use various platforms to sell prepaid electricity. The Company upgraded the vending gateway and retail management system to a more advanced version, which has potential to enhance the efficiency of electricity vending in the years ahead.

In our commitment to comply with regulatory standards and align with EEC values, we have expanded our network by incorporating additional vending retailers, thereby significantly increasing access to prepaid electricity for all citizens.

Copper theft, however, remains a significant challenge at the national level, and poses a continued threat to the integrity of the distribution network infrastructure.

Electricity theft continued to be a serious threat to EEC's business. However, commercial losses decreased from 0.82% recorded in the 2023/24 financial year to 0.43% in the reporting period. During the year, though significant effort was invested in the vigorous detection, mitigation, and recovery of revenue from tampering, which was seemingly on the rise, the system losses teams had to simultaneously direct attention to the TID rollover project. The decrease in both commercial and total system losses, despite operational challenges, demonstrates the effectiveness of current strategies and supports the case for their continuation and enhancement.

Total system losses stood at 13.54%, showing an increase from the 13.16% record in the previous year, as shown in the table below.

Financial year	2023/24	2024/25
Technical	12.34%	13.11%
Commercial	0.82%	0.43%
Total losses	13.16%	13.54%

Total system losses over the past five years

Overall, system losses can be seen to settle at around 13%. EEC was yet to employ an electrical engineer that will focus on developing systems to reduce system losses in the short to long term.

Customer service outlook for the 2025/26 financial year

Looking ahead, EEC will build on this year's progress with a focus on:

- ▶ Achieving a Customer Satisfaction Index above 85%
- ▶ Growing the key accounts portfolio to 977+ customers
- ▶ Enhancing digital self-service capabilities
- ▶ Improving billing accuracy and transparency through smart analytics

EEC remains committed to listening, adapting, and innovating to meet the evolving needs of our most valued customers. Through strategic engagement, reliable service delivery, and a strong sustainability focus, we aim to be more than a supplier; we strive to be an ideal energy partner for growth.

PERFORMANCE *continued*

HUMAN CAPITAL MANAGEMENT

FY 2024/25 highlights

Efficiency study

The completed efficiency study was delivered through a collaboration between the University of Eswatini (UNESWA) Consultancy Centre and Intelliskills (South Africa).

Employee recognition and Board

The recognition and reward programme implementation plan commenced through various educational stakeholder engagements. While the implementation of the formal nominations programme is planned for the 2025/26 financial year, EEC immediately adopted celebration of employee birthdays, and this has received positive feedback from employees.

Staff medical surveillances

In compliance to our safety standards, the annual occupational health surveillance was successfully completed in November 2024. The results below indicate a successful wellness programme and case management interventions:

	Fit unrestricted		Conditionally fit		Unfit	
	No.	%	No.	%	No.	%
2023	427	84	66	13	18	4
2024	329	77	86	20	11	3

Fitness levels across the Company in 2023 and 2024

Talent development

- ▶ In support of upcoming talent, we hosted 15 students in our internship programme towards fulfillment of their qualification requirements. Four students were placed on the core operations of the business and 11 were placed in support functions.
- ▶ We hosted five students identified and selected through Junior Achievers (JA) Eswatini for job shadowing.
- ▶ Ten technical trainees have been recruited for development of our technical talent pool through a two-year in-house development programme.
- ▶ Six engineers in training were recruited for the engineering talent pool.

Strategic role recruitment

The Head of Projects recruitment was a replacement, and the incumbent joined in January 2025. The Risk Specialist is a new role in response to the growing corporate risk portfolio, and the incumbent joined in February 2025.

HR policies review

EEC's human capital management policies have a lifespan of two years. Of the 26 policies, 12 were reviewed and only one new policy was introduced. The review was undertaken through a consultative process with relevant stakeholders.

Growing our people

Upward mobility is part of EEC's offering to high-potential employees in continuously encouraging a high-performance culture. In total, 16 employees were promoted to supervisory and managerial positions.

FY 2024/25 challenges

SESMAWU vs EEC

Cost of living negotiations with SESMAWU in 2024 culminated in an unresolved dispute that has subsequently been filed with the Industrial Court.

Death of employees

In 2024, EEC suffered the tragic loss of four employees due to various health issues. This is the highest death rate experienced in over 10 years.

HR administration statistics for the 2024/25 financial year

Manpower levels

The table below shows a breakdown of the full-time employment complement by division and gender.

Division	2023/2024			2024/2025		
	Male	Female	Total	Male	Female	Total
MD's Office	6	9	15	8	7	15
Corporate Service	15	13	28	14	13	27
Support Services	21	5	26	24	5	29
Finance	35	17	52	33	16	49
Operations	448	77	525	438	76	514
Customer Service	58	60	118	61	57	118
Research & Development	6	4	10	4	5	9
Total	589	185	774	582	179	761

Headcount of full time employees per division

The table above illustrates a 1.67% decrease in the Company's staff complement in the 2024/25 financial year compared to the previous period. Staff complement as at 31 March 2025 totaled 761.

Recruitment

The table below shows recruitment activity by division and gender.

Division	2023/2024		2024/2025	
	Male	Female	Male	Female
MD's Office	0	1	3	1
Corporate Service	1	2	0	1
Support Services	1	0	4	1
Finance	7	6	0	0
Research & Development	1	0	1	1
Operations	50	3	47	3
Customer Service	10	6	6	2
Total	70	18	61	9

The table above shows a slight decrease in recruitment for the 2024/25 financial year compared to the previous year.

Promotions

Upward mobility is part of EEC's offering to high potential employees to encourage a high-performance culture throughout the Company.

Division	2023/2024			2024/2025		
	Male	Female	Total	Male	Female	Total
MD's Office	0	0	0	1	0	1
Corporate Service	0	2	2	0	0	0
Support Services	0	0	0	0	1	1
Finance	2	5	7	0	0	0
Research & Development	1	0	1	1	0	1
Operations	4	0	4	13	0	13
Customer Service	2	1	3	0	0	0
Total	9	8	17	15	1	16

Promotions for the 2024/25 financial year

The table above shows a slight decrease in promotions in the 2024/25 financial year compared to the previous period. This is attributed to the limited number of open vacancies in the period.

At the end of the 2024/25 financial year, there were six engineers-in-training and 10 technical trainees in the Company, who form part of the talent pool, subject to successful completion of their training programmes.

Category	2023/2024			2024/2025		
	Male	Female	Total	Male	Female	Total
Technical Trainees	8	2	10	8	2	10
Engineers-in-training	1	0	1	5	1	6
Total	9	2	11	13	3	16

Talent pipeline placements by gender

PERFORMANCE *continued*

Human capital management *continued*

HR administration statistics for the 2024/25 financial year *continued*

Turnover

Financial year	Manning levels/year	Turnover (resignation/ retirement/dismissal/deceased)	Turnover (%)
2014/15	603	17	2.8
2015/16	673	8	1.9
2016/17	694	12	1.73
2017/18	674	24	3.56
2018/19	682	23	3.37
2019/20	701	20	2.85
2020/21	708	16	2.25
2021/22	733	26	3.55
2022/23	766	12	1.56
2023/24	774	26	3.36
2024/25	761	34	4.47

Staff turnover trend over the past 11 years

The table above shows the Company's staff turnover of 4.33% at the end of the 2024/25 financial year. This is an increase compared to the previous reporting period. There were four retirements, 23 resignations, three dismissals, and four deceased for the 2024/25 financial year.

Human capital investment

For the year under review, the Lilangeni/employee invested in the training of employees increased by 10% (see the table below on training costs analysis). The increase was due to the acceleration and strengthening of technical capacity in keeping our employees up-to-date with industry trends and technological advancements that will help enhance the Company's efficiency and drive innovation. Skill development interventions focused on core business training needs, strategy initiatives requirements, and compliance with ISO standards, including operational safety training requirements.

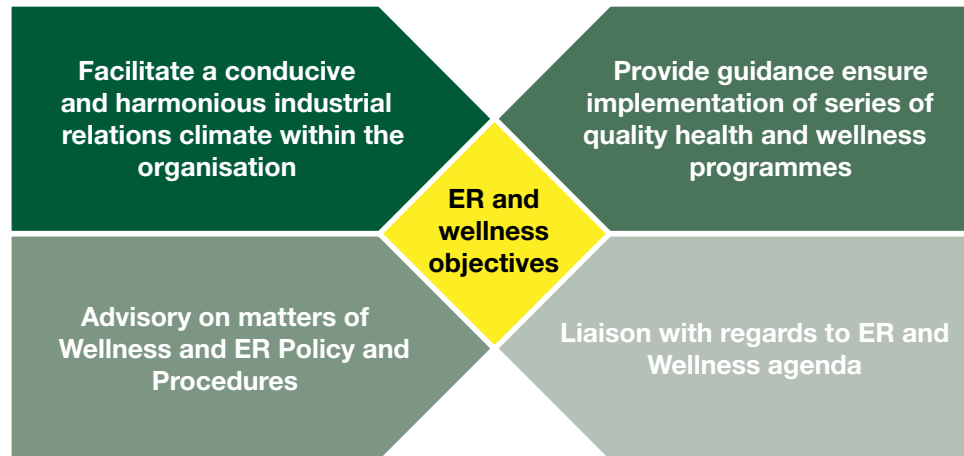
Period	2023/24	2024/25
Headcount	769	761
Total annual training costs	12 404 862	13 659 735
*Average training costs/employee	16 132	17 950
Increase/decrease in costs	1%	10%

Training costs analysis

*Assuming training was accessed by all permanent and fixed-term employees

During the 2024/25 financial year, there were 20 employees furthering their studies on Company-sponsored programmes that include leadership, technical, and support training. Three Company-sponsored employees completed their formal development programmes.

Employee relations (ER) and wellness



Collective bargaining issues in the reporting period are summarised below.

- ▶ Cost of living negotiations in the 2024/25 financial year were concluded with NESMASA in May 2024. Parties signed off 4% agreements, effective 1 April 2024.
- ▶ Cost of living negotiations with SESMAWU reached a deadlock on the issue of a 1% lump sum payment, which is still pending. The 4% adjustment was paid out in March 2025.
- ▶ Payment towards the cost of living adjustment for NESMASA and non-affiliated employees was effected in July 2024.

Employee wellness programme – Sponsored gym membership

There are 287 EEC employees who are confirmed beneficiaries of the employee sponsored gym membership countrywide. This is for employees at sites where EEC has not provided gym facilities. In the event of non-compliance with the attendance requirements, there is a penalty fee equivalent to the money paid per employee, as charged by the respective sponsored gym facilities.

Financial wellness reviews

The Company successfully conducted one-on-one counselling and coaching sessions for 17 employees under the personal financial wellness and rehabilitation programme.

Pre-retirement training

Part of our employee wellness programmes is ensuring that employees are prepared for the post-work life. This intervention starts at the age of 50.

Mental health management development

In rolling out the mental health management programme, it was imperative to ensure that line management and supervisors were capacitated to identify and effectively handle cases.

Corporate wellness day activities – Aerobics

In promoting physical fitness during the corporate wellness week, we facilitated 18 instructors from Fitness Zone Gym to lead aerobics sessions across EEC sites.

World AIDS Day commemoration campaign

EEC joined the country and the world in commemoration of World AIDS Day virtually, under the theme “NKWE! Eswatini Taking the Right Path in Ending AIDS”. This theme emphasises the crucial role of human rights in the fight against HIV and AIDS, and is in line with UNAIDS’ “THE WORLD CAN END AIDS – IF EVERYONE’S RIGHTS ARE PROTECTED”.

PERFORMANCE *continued*

ENVIRONMENTAL AND NATURAL CAPITAL PERFORMANCE

EEC is committed to meeting the needs of customers in a sufficiently profitable and environmentally sound way through providing reliable and safe power supply of acceptable quality. The Company implements an environmental management system based on the requirements of ISO 14001:2015 Environmental Management System (EMS) to enhance environmental performance, fulfil compliance obligations and meet environmental objectives. The EMS is embedded in EEC's operational planning and project execution, ensuring that environmental considerations are factored into investment decisions, risk management, and performance monitoring. This integration supports the Company's strategic goals of quality and security of supply while safeguarding long-term environmental sustainability.

Interaction with the environment and interventions

The Company interacts with the environment when executing its mandate and implements various environmental measures. Generally, the significant environmental impacts from EEC include the following:

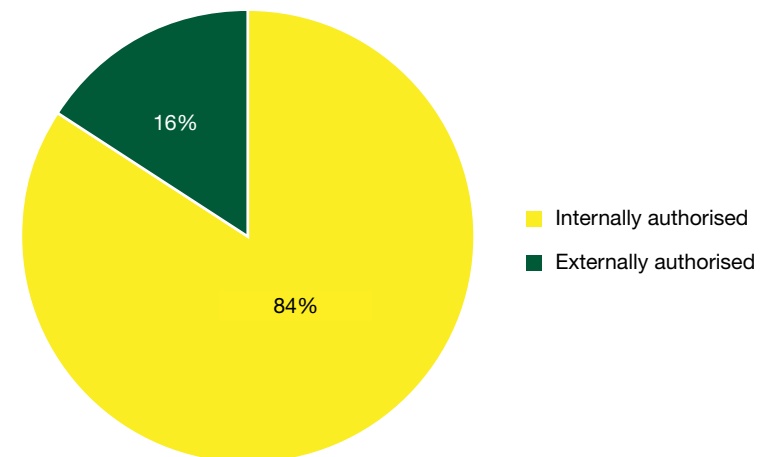
- ▶ Degradation from construction works
- ▶ Loss of vegetation
- ▶ Habitat loss
- ▶ Generation of waste
- ▶ Pollution of land, water, air
- ▶ Consumption of resources (water, energy, materials, and fuel) resulting in resource depletion
- ▶ Visual impacts
- ▶ Release of greenhouse gasses

Environmental impact assessment

Environmental and social assessments overview

During the reporting period, the Company undertook 146 environmental and social assessment processes. These included 123 internally authorised projects, mainly short-distance distribution line extension, and 23 projects requiring formal authorisation from the environmental regulator. This increase from the previous year demonstrates the Company's structured and risk-based approach to project development. These efforts directly support Eswatini's national electrification goals and align with global sustainable development objectives, particularly SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action).

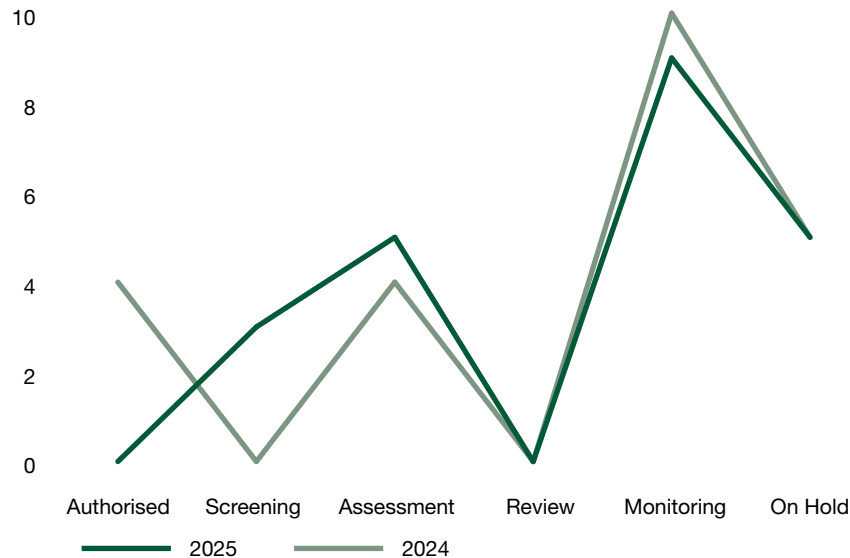
Environmental and social assessments overview (%)



External environmental authorisation overview

Of the 23 externally authorised projects, four have received approval, four are currently under review, 10 are undergoing environmental monitoring, and five are temporarily on hold. These projects represent key infrastructure developments and are being managed in alignment with national environmental legislation and global sustainability commitments.

External authorisation comparison FY2023/24 and FY2024/5



Climate change

Greenhouse gas accounting and resource management

The Company is committed to reduce its carbon footprint and has trained 15 employees on greenhouse gas accounting. This team has developed a plan that will see the Company quantifying and reporting the greenhouse gas emissions associated with its activities.

Earth Hour initiative

Earth Hour 2025 was commemorated under the theme #CreateTheBiggestHourForEarth, reinforcing the Company’s alignment with SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action). The event attracted 2 941 participants and 30 partner organisations, an increase from the previous year. Activities included a national symposium on climate justice and regional clean-up campaigns in all four regions. During the main commemoration event, 682 kg of waste was successfully diverted from landfill. The symbolic 26.6 MWh electricity saving highlighted growing environmental awareness, while the distribution of 1 000 solar lamps promoted the shift toward renewable energy and low-carbon lifestyles.

The Company remains committed to achieving zero harm to the environment, maintaining full legal compliance with no fines or penalties, and strengthening environmental stewardship through expanded awareness initiatives. These include participation in global campaigns such as Earth Hour 2026, as well as ongoing contractor and employee engagement programmes focused on sustainability.

PERFORMANCE *continued*

Environmental and natural capital performance *continued*

Sustainability disclosure topics and metrics

Topic:	Metric:	Comment:	Topic:	Metric:	Comment:
Greenhouse Gas Emissions & Energy Resource Planning	Gross global Scope 1 emissions Percentage covered under: (1) emissions-limiting regulations, and (2) emissions reporting regulations Greenhouse gas (GHG) emissions associated with power deliveries	Green House Gas accounting and Resource Management The Company is committed to reduce its carbon footprint and has trained 15 employees on greenhouse gas accounting. This team has developed a plan that will see the organisation quantifying and reporting the greenhouse gas emissions associated with its activities.	Water Management	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Number of incidents of non-compliance associated with water quality permits, standards and regulations
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets			Description of water management risks and discussion of strategies and practices to mitigate those risks	
	Grid Emission Factor (GEF)	The GEF was calculated at 0.792 tCO ₂ /MWh, reflecting the carbon intensity associated with EEC's current generation mix.	Coal Ash Management	(1) Amount of coal combustion products (CCPs) generated, (2) percentage recycled	Description of coal combustion products (CCPs) management policies and procedures for active and inactive operations
Air Quality	Air emissions of the following pollutants: (1) NOx (excluding N ₂ O), (2) SOx, (3) particulate matter (PM10), (4) lead (Pb), and (5) mercury (Hg); percentage of each in or near areas of dense population		Energy Affordability	Average retail electric rate for (1) residential, (2) commercial, and (3) industrial customers	(1) Residential customers = E 2.2722 (2) Commercial customers = E 2.9702 (3) Industrial customers = E 2.5608
				(1) Number of residential customer electric disconnections for non-payment, (2) percentage reconnected within 30 days	
				Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	

Topic:	Metric:	Comment:
Workforce Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	
End-Use Efficiency & Demand	Percentage of electric load served by smart grid technology Customer electricity savings from efficiency measures, by market	
Nuclear Safety & Emergency Management	Total number of nuclear power units, broken down by results of most recent independent safety review	N/A
	Description of efforts to manage nuclear safety and emergency preparedness	N/A
Grid Resiliency	Number of incidents of non-compliance with physical or cybersecurity standards or regulations (1) System Average Interruption Duration Index (SAIDI), (2) System Average Interruption Frequency Index (SAIFI), and (3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days	
Activity metrics	Number of: (1) residential, (2) commercial, and (3) industrial customers served	The total number of customers was 298,918 (1) Residential customers = 277,312 (2) Commercial customers = 20,644 (3) Industrial customers = 962

Topic:	Metric:	Comment:
Activity metrics <i>continued</i>	Total electricity delivered to: (1) residential, (2) commercial, (3) industrial, (4) all other retail customers, and (5) wholesale customers	Total electricity sales consumption (1) Residential = 448 366 238 kWh (2) Commercial = 144 967 066 kWh (3) Industrial = 587 431 919 kWh Total sales consumption stood at 1 180 765 223 kWh Total electricity sales revenue (1) Residential = E1 018 762 822 (2) Commercial = E 430 581 864 (3) Industrial = E 1 504 315 511 Total sales revenue was E 2 953 660 197
	Length of transmission lines	<ul style="list-style-type: none"> • 2024/2025 transmission line lengths for 132kV are still 332km. • However, in July 2025 NRAP 132kV line (83km) and in August 2025 Edwaleni 2/Stonehenge 132kV line (52km) were commissioned. That means at the moment and for future financial reports the line length for 132kV stands at 467km. • 400kV = 142km • 132kV = 467km • 66kV = 1012km
	Length of distribution lines	The overall distribution lines increase from 24,909 to 25,511 which is 602 km of new lines
	Total electricity generated, percentage by major energy source, percentage in regulated markets	
	Total wholesale electricity purchased	

PERFORMANCE *continued*

SOCIAL AND RELATIONSHIP CAPITAL OUTCOMES

Corporate social investment (CSI)

Creating value for a sustainable future

At EEC, our commitment to powering the future goes beyond energy provision. It is grounded in the belief that access to affordable, reliable, sustainable, and modern energy is fundamental to achieving inclusive socio-economic development. This vision aligns closely with the United Nations Sustainable Development Goals (SDGs), which guide our long-term planning and community engagement strategies.

Through a dedicated focus on expanding energy access and reinforcing infrastructure, we are helping to rebuild resilient communities and support economic recovery in a post-pandemic era. Our network expansion and core operations serve as catalysts for progress, enabling us to contribute meaningfully to both national and global development objectives.

EEC's corporate social investment (CSI) strategy reflects our duty to give back to the communities we serve. Anchored in our core value of corporate social responsibility, the Company allocates an annual budget to high-impact CSI programmes. This effort is further bolstered by contributions from Motraco, in which EEC holds a shareholding interest, allowing us to extend the reach and effectiveness of our initiatives.

Strategic focus areas

In the 2024/25 financial year, EEC invested in priority areas that directly contribute to sustainable development and social upliftment. Our interventions were strategically distributed across the following sectors:

- ▶ Education
- ▶ Health
- ▶ Environment
- ▶ Social and economic development
- ▶ Safety and security

Driving economic inclusion and empowerment

Our investment in socio-economic development is twofold: direct community sponsorships and job creation through our operational value chain. During the year under review, EEC facilitated over 1 050 indirect employment opportunities through distribution line construction and maintenance projects. These contracts generated E120 million in revenue shared among 70 electrical contractors and 30 outsourced service providers, spanning GIS surveying, security, catering, and cleaning services.

Additionally, our Network Reinforcement and Access Project (NRAP) gained momentum with the installation of 900 ready boards, improving energy access in underserved areas. We also delivered targeted training programmes aimed at strengthening contractor management and promoting adherence to Safety, Health, and Environment (SHE) standards.

Building resilience through leadership

Throughout the reporting period, EEC worked hand-in-hand with public, private, and civil society partners to tackle complex societal challenges. Whether supporting continued learning for vulnerable students or helping organisations adapt to shifting operational landscapes, our CSI initiatives remained focused on impact, resilience, and long-term sustainability. Reflecting on this year's milestones, we reaffirm our commitment to being a responsible corporate citizen, empowering communities, protecting the environment, and promoting prosperity for all.

CSI highlights in 2024/25

Below are some of the supported CSI initiatives in the reporting period, amounting to a total investment of E1.3 million:

Beneficiary	Description	Alignment with UN Sustainable Development Goals (SDGs)
World Vision	<p data-bbox="461 464 999 485">Goat donation and livelihood empowerment initiative</p> <p data-bbox="461 517 1534 675">EEC remains steadfast in its commitment to making a positive, measurable difference in the lives of communities we serve. A notable example of this impact is the goat donation and livelihood empowerment initiative, a flagship CSI programme aimed at advancing rural livelihoods through sustainable agriculture. In 2023, EEC donated 300 goats to targeted rural households as part of an income-generating and nutritional support initiative. Within just over a year, this initiative has achieved a nearly fourfold return on investment, demonstrating high social return and clear developmental value.</p> <p data-bbox="461 707 763 727">Project outcomes and benefits:</p> <ul data-bbox="461 730 1514 943" style="list-style-type: none"> <li data-bbox="461 730 1514 783">▶ Reproductive success. Beneficiaries successfully began the second kidding cycle, significantly increasing livestock numbers and long-term sustainability. <li data-bbox="461 786 1514 839">▶ Capacity building. Communities received sustained training in structured livestock management, animal health, and breeding practices. <li data-bbox="461 842 1514 895">▶ Economic empowerment. Households have reported improved income generation through goat sales and related by-products. <li data-bbox="461 898 1514 943">▶ Food security. The project contributes directly to improved dietary diversity and nutritional outcomes in recipient households. <p data-bbox="461 986 1464 1034">EEC will continue monitoring the progress of the goat donation initiative, with plans to expand its reach to additional communities.</p>	<p data-bbox="1554 427 2152 448">Alignment with UN Sustainable Development Goals (SDGs)</p> <ul data-bbox="1554 464 2152 863" style="list-style-type: none"> <li data-bbox="1554 464 2152 539">▶ SDG 1: No Poverty — EEC helps lift families out of extreme poverty by supporting asset-based income generation. <li data-bbox="1554 542 2152 617">▶ SDG 2: Zero Hunger — The goats provide a sustainable food source, contributing to household nutrition and food security. <li data-bbox="1554 620 2152 695">▶ SDG 3: Gender Equality — Many project beneficiaries are women, who now have access to independent income and greater participation in household financial decisions. <li data-bbox="1554 699 2152 774">▶ SDG 8: Decent Work and Economic Growth — EEC supports inclusive economic growth in rural areas by promoting small-scale farming and entrepreneurship. <li data-bbox="1554 777 2152 863">▶ SDG 12: Responsible Consumption and Production — Training promotes sustainable livestock practices, animal welfare, and efficient resource use.

PERFORMANCE *continued*

Social and relationship capital outcomes *continued*

Corporate social investment (CSI) *continued*

CSI highlights in 2024/25 *continued*

Beneficiary	Description	Alignment with UN Sustainable Development Goals (SDGs)
Junior Achievement (JA)	<p>Partnership with Junior Achievement Eswatini</p> <p>EEC is proud to report its continued support to Junior Achievement (JA) Eswatini during the 2024/25 financial year, reinforcing our commitment to youth empowerment and education through impactful partnerships.</p> <p>Project highlights:</p> <ul style="list-style-type: none"> ▶ Entrepreneurship exposure. EEC-sponsored student teams participated in the Company Programme and Innovation Camps, where they established real business and competed at national level. ▶ Career development. Students received mentorship from EEC professionals on energy careers, corporate ethics, and innovation. ▶ Financial literacy. Through JA's curriculum, learners gained practical skills in budgeting, saving, and responsible financial planning, which are critical for long-term financial independence. ▶ STEM empowerment. EEC's engagement included sessions promoting interest in science, technology, engineering, and mathematics (STEM), aligning with national development priorities. <p>EEC continues to build a pipeline of capable, ethical, and skilled young professionals ready to contribute meaningfully to Eswatini's socio-economic development by investing in Junior Achievement Eswatini. Our partnerships equip the youth with tools for success and secures a future workforce aligned with national growth sectors, including energy, technology, and entrepreneurship.</p>	<ul style="list-style-type: none"> ▶ SDG 4: Quality Education — Supporting educational initiatives that promote lifelong learning opportunities, entrepreneurship, and vocational readiness. ▶ SDG 8: Decent Work and Economic Growth — Empowering youth with skills that enhance employability and create pathways to entrepreneurship. ▶ SDG 10: Reduced Inequalities — Providing marginalised youth in underserved areas with access to quality training and mentorship. ▶ SDG 17: Partnerships for the Goals — Strengthening multi-sector collaboration for national youth development outcomes.

Beneficiary	Description	Alignment with UN Sustainable Development Goals (SDGs)
Enactus	<p>Support to Enactus Eswatini</p> <p>As part of its commitment to youth development and innovation, EEC proudly supported Enactus Eswatini during the 2024/25 financial year. This partnership reflects our strategic focus on cultivating the next generation of socially responsible leaders and entrepreneurs through education, innovation, and community-focused projects.</p> <p>Project highlights:</p> <ul style="list-style-type: none"> ▶ National competition support. EEC sponsored Enactus' flagship National Competition, where student teams presented entrepreneurial projects solving social, environmental, and economic challenges. ▶ Mentorship engagement. EEC professionals served as business advisors and judges, offering technical insights and industry perspectives to enhance project viability and impact. ▶ Sustainable innovation. Projects supported through this partnership included clean energy access, agri-tech solutions, and sustainable business ventures aligned with local development needs. <p>EEC's support to Enactus has helped foster a culture of social entrepreneurship and responsible leadership among Eswatini's youth. Through this partnership, we have contributed to sustainable community development while inspiring innovative thinking that aligns with our values and national socio-economic goals. This investment in human capital is a testament to EEC's ongoing commitment to creating shared value and building a more inclusive and resilient Eswatini.</p>	<ul style="list-style-type: none"> ▶ SDG 4: Quality Education — Empowering university students with experiential learning opportunities and real-world entrepreneurial practice. ▶ SDG 7: Affordable and Clean Energy — Promoting access to clean energy solutions through innovation-driven student projects. ▶ SDG 8: Decent Work and Economic Growth — Encouraging youth-led enterprises and economic participation. ▶ SDG 9: Industry, Innovation, and Infrastructure — Advancing grassroots innovation and inclusive infrastructure development. ▶ SDG 17: Partnerships for the Goals — Strengthening collaboration between corporate, academic, and youth sectors.
SOS Children's Village	<p>Support to SOS Children's Village — Ebuhleni House</p> <p>In pursuit of its mission to positively impact society and nurture the next generation, EEC has continued its longstanding partnership with SOS Children's Village, providing dedicated support to Ebuhleni House, a home that accommodates vulnerable children within the village.</p> <p>Throughout 2024, EEC upheld its commitment to the welfare of the children by providing annual financial support for the maintenance and daily needs of the house. This support extends beyond monetary contributions. EEC employees, including professionals from various departments, volunteered their time to mentor, coach, and inspire the children, nurturing their aspirations and equipping them with life skills that will support their growth into responsible and empowered adults.</p> <p>Key areas of contribution:</p> <ul style="list-style-type: none"> ▶ Annual financial sponsorship of Ebuhleni House to assist with upkeep, supplies, and essential services. ▶ Employee mentorship and coaching programmes to provide guidance, emotional support, and career inspiration. ▶ Ongoing engagement with the children and caretakers to foster a nurturing, stable environment. <p>EEC's enduring commitment to Ebuhleni House within the SOS Children's Village reflects the Company's deep-rooted values of compassion, equity, and shared growth. EEC is investing in futures by offering financial, emotional, and developmental support. This helps shape confident, cared-for children into resilient adults who will one day contribute meaningfully to the nation.</p>	<ul style="list-style-type: none"> ▶ SDG 1: No Poverty — Supporting basic needs and reducing the vulnerability of orphaned and abandoned children. ▶ SDG 3: Good Health and Well-being — Contributing to a safe, healthy living environment for children. ▶ SDG 10: Reduced Inequalities — Promoting social inclusion and equal opportunity for underprivileged children. ▶ SDG 17: Partnerships for the Goals — Strengthening community development through cross-sector collaboration.

PERFORMANCE *continued*

Social and relationship capital outcomes *continued*

Corporate social investment (CSI) *continued*

CSI highlights in 2024/25 *continued*

Beneficiary	Description	Alignment with UN Sustainable Development Goals (SDGs)
Hope House	<p>Support to Hope House Palliative and Holistic Care Centre</p> <p>EEC remains committed to improving the quality of life for all emaSwati, particularly the most vulnerable. In 2024, EEC continued its support for Hope House, a vital palliative care and rehabilitation facility that serves individuals with terminal illnesses, disabilities, and complex medical needs.</p> <p>EEC's contribution was aimed at supporting daily operations and enhancing the holistic care provided to clients. Hope House delivers critical medical and emotional support services to individuals suffering from conditions including HIV/AIDS, strokes, cancer, epilepsy, and mental illness. The donation helped facilitate access to essential medical supplies, physiotherapy, counseling, and dignified end-of-life care for patients and their families.</p> <p>Beyond financial support, EEC acknowledges the importance of community solidarity. Our support to Hope House reflects our value of compassion and collective well-being, and it strengthens the network of care for those often left behind.</p> <p>Notable outcomes in 2024:</p> <ul style="list-style-type: none"> ▶ Rehabilitation assistance. This is for several clients recovering from strokes and major surgeries. ▶ Supported care for orphaned and vulnerable children. This includes those with HIV/AIDS and developmental disabilities. ▶ Enabled pain management and spiritual support for terminally ill patients. This contributes to dignified and comfortable end-of-life experiences. ▶ Helped sustain staffing and essential nursing services. This was particularly amid ongoing demand for home-based care and school-based vaccination efforts. <p>EEC's contribution to Hope House exemplifies our belief that true progress must include the vulnerable and marginalised. Our support enables care that is not only medical but also deeply human, rooted in dignity, love, and shared responsibility. We honour the tireless caregivers, volunteers, and families who, together with Hope House, create a community of hope and healing.</p>	<p>Alignment with UN Sustainable Development Goals (SDGs)</p> <ul style="list-style-type: none"> ▶ SDG 3: Good Health and Well-being — Supported recovery, palliative care, and holistic health services for patients with chronic and terminal conditions. ▶ SDG 10: Reduced Inequalities — Ensuring equitable access to medical care and psychosocial support geared less of economic status or family circumstance. ▶ SDG 17: Partnerships for the Goals — Strengthening public—private collaboration to meet urgent social and health care needs.

Beneficiary	Description	Alignment with UN Sustainable Development Goals (SDGs)
Cheshire Homes	<p>Support to Cheshire Homes Eswatini</p> <p>EEC is proud to continue its enduring partnership with Cheshire Homes Eswatini, a non-governmental organisation committed to delivering essential rehabilitation services to People with Disabilities (PWDs) across the country. For over a decade, EEC has stood as a steadfast “friend” to Cheshire Homes, working alongside caregivers and professionals to rebuild lives, restore dignity, and empower individuals with disabilities.</p> <p>In 2024, EEC maintained its support through financial contributions and advocacy for inclusive development. This support played a crucial role in sustaining outreach and therapy programmes for children and adults living with physical, developmental, and neurological disabilities. The impact of this partnership has extended beyond therapy, contributing to social inclusion, caregiver relief, and long-term well-being.</p> <p>Over the past five years alone, Cheshire Homes has provided quality rehabilitation services to more than 5 000 people, a milestone made possible through collaborative efforts with longstanding partners like EEC.</p> <p>Key outcomes in 2024:</p> <ul style="list-style-type: none"> ▶ Expansion of community-based rehabilitation services, especially in underserved rural areas. ▶ Provision of mobility aids, physiotherapy, and occupational therapy to clients with severe disabilities. ▶ Increased outreach and support for caregivers through training and psychosocial interventions. ▶ Continued advocacy for accessibility and disability rights across Eswatini. <p>EEC’s support to Cheshire Homes reflects our deep commitment to building a more inclusive and equitable society. We affirm the value of every life and help ensure that no one is left behind on the path to national development by investing in disability rehabilitation. We look forward to continuing this impactful journey, side by side with our partners and communities.</p>	<ul style="list-style-type: none"> ▶ SDG 3: Good Health and Well-being — Enhancing access to vital rehabilitation services for persons with long-term health challenges. ▶ SDG 4: Quality Education — Supporting inclusive education readiness for children with disabilities through early intervention. ▶ SDG 10: Reduced Inequalities — Promoting social and economic inclusion for people with disabilities through community-based support. ▶ SDG 17: Partnerships for the Goals — Strengthening public–private partnerships to reach and serve marginalised populations.

PERFORMANCE *continued*

Social and relationship capital outcomes *continued*

Corporate social investment (CSI) *continued*

CSI highlights in 2024/25 *continued*

Beneficiary	Description	Alignment with UN Sustainable Development Goals (SDGs)
Eswatini Breast and Cervical Cancer Network	<p>Support to Eswatini Breast and Cervical Cancer Network (EBCCN)</p> <p>As part of its commitment to advancing public health and wellness in Eswatini, EEC proudly partnered with the Eswatini Breast and Cervical Cancer Network (EBCCN) in support of the 2024 International Breast Cancer Awareness Month. EEC's support formed part of a broader national effort led by the Ministry of Health to mark the conclusion of the three-year global campaign under the theme "Closing the Cancer Care Gap".</p> <p>The 2024 theme, "Together, Let's Close the Cancer Care Gap", called for unified and collective action to ensure all emaSwati have equitable access to life-saving cancer information, early screening, treatment, and palliative care services. EEC contributed to this impactful campaign by supporting awareness events, community outreach programmes, and screening activities designed to empower women and families with knowledge and tools for early detection and prevention.</p> <p>Key areas of support and impact:</p> <ul style="list-style-type: none"> ▶ Sponsorship of national awareness events and outreach campaigns during Breast Cancer Awareness Month. ▶ Support for rural-based mobile screening efforts to expand access to underserved areas. ▶ Dissemination of educational materials to raise awareness about breast and cervical cancer symptoms and the importance of regular checkups. ▶ Advocacy for early detection as a life-saving intervention. <p>EEC recognises that health is foundational to the well-being and productivity of our society. The Company contributes to stronger, healthier Eswatini (where no one is left behind in the fight against cancer) by supporting EBCCN and the Ministry of Health in cancer awareness and care initiatives. Together, we are helping to close the care gap and foster a future of hope, equity, and resilience.</p>	<p>Alignment with UN Sustainable Development Goals (SDGs)</p> <ul style="list-style-type: none"> ▶ SDG 3: Good Health and Well-being — Promoting early detection and improving cancer care outcomes through awareness and prevention. ▶ SDG 5: Gender Equality — Supporting women's health initiatives and reducing gender-based disparities in access to healthcare. ▶ SDG 10: Reduced Inequalities — Ensuring equitable access to cancer care services, particularly for rural and underserved populations. ▶ SDG 17: Partnerships for the Goals — Strengthening collaboration with government and civil society for sustainable health outcomes.

Beneficiary	Description	Alignment with UN Sustainable Development Goals (SDGs)
Mphelandzaba High School	<p data-bbox="461 368 976 395">Mphelandzaba High School Agriculture Laboratory</p> <p data-bbox="461 424 1525 528">In 2024, EEC continued its commitment to educational and rural development by partnering with Motraco to co-fund the construction of a modern Agriculture Laboratory at Mphelandzaba High School in Nhlngano. The project, which aims to enhance practical agricultural learning, directly supports the development of 300 learners and strengthens Eswatini's broader agricultural education infrastructure.</p> <p data-bbox="461 557 1525 692">While Motraco contributed 70%, EEC provide a vital top-up of 30% after revised government specifications for agriculture labs required significant adjustments to the project scope. EEC's responsive funding ensured that construction reached 95% completion, including roofing, despite unforeseen costs due to the change in government-issued building plans. The Company's intervention helped cover critical shortfalls in materials needed to align the laboratory with updated educational infrastructure standards.</p> <p data-bbox="461 721 1525 772">The school has since committed to mobilising additional support from parents to complete the remaining elements, demonstrating a shared responsibility model between public, private, and community stakeholders.</p> <p data-bbox="461 801 607 828">Key outcomes:</p> <ul data-bbox="461 828 1525 906" style="list-style-type: none"> <li data-bbox="461 828 1525 855">▶ Construction of a nearly complete agriculture lab to support practical science-based education. <li data-bbox="461 855 1525 882">▶ Creation of a facility that aligns with latest government standards for agricultural training. <li data-bbox="461 882 1525 906">▶ Empowerment of local students with relevant technical and vocational skills for the agricultural sector. <p data-bbox="461 951 1525 1053">EEC believes that empowering the youth with the right infrastructure and knowledge is key to building a prosperous Eswatini. The Mphelandzaba Agriculture Lab is a step toward nurturing the next generation of agricultural innovators, bridging the gap between theory and practice, and laying the foundation for food security and rural development.</p>	<ul data-bbox="1552 368 2170 639" style="list-style-type: none"> <li data-bbox="1552 368 2170 419">▶ SDG 4: Quality Education — Strengthening STEM and vocational learning opportunities for rural learners. <li data-bbox="1552 419 2170 470">▶ SDG 2: Zero Hunger — Supporting education that promotes sustainable agriculture practices. <li data-bbox="1552 470 2170 549">▶ SDG 9: Industry, innovation, and Infrastructure — Investment in resilient school infrastructure that meets evolving national standards. <li data-bbox="1552 549 2170 639">▶ SDG 17: Partnerships for the Goals — Demonstrating impactful collaboration between the private sector, government, and communities.

PERFORMANCE *continued*

Social and relationship capital outcomes *continued*

Corporate social investment (CSI) *continued*

CSI highlights in 2024/25

Beneficiary	Description	Alignment with UN Sustainable Development Goals (SDGs)
Jilobi Community Trust	<p>Jilobi Community Campsite Development</p> <p>In 2024, EEC continued to demonstrate its unwavering support for rural development, biodiversity conservation, and community empowerment through a significant partnership with the Jilobi Community Trust. The Trust, a collaboration between the communities of Maphungwane, Tikhuba, and Lukhetseni, is spearheading the transformation of the Jilobi Forest Reserve (a biologically rich and culturally significant landscape on the Lubombo Plateau) into a sustainable community-owned ecotourism destination.</p> <p>EEC proudly contributed towards the development of a reception block with a museum and the connection of electricity infrastructure at the Jilobi Campsite. These investments are crucial for creating a fully operational, low-impact campsite that serves as the base for the annual Jilobi Challenge Walk and a gateway for nature-based tourism in the region.</p> <p>The Jilobi Forest, spanning 3 000 hectares, is home to critically endangered species, medicinal plants, and sacred ancestral sites. Through this initiative, EEC has helped preserve a unique ecosystem that contributes to both ecological resilience and community livelihoods through conservation-linked employment and entrepreneurship.</p> <p>Key outcomes:</p> <ul style="list-style-type: none"> ▶ Advancement of community-driven conservation and ecotourism in Lubombo. ▶ Development of tourism infrastructure to attract local and international visitors. ▶ Support for environmental education through the planned museum and storytelling documentation. ▶ Empowerment of rural communities through employment and sustainable income generation. <p>EEC is proud to walk alongside the communities of Maphungwane, Tikhuba, and Lukhetseni in their bold journey to conserve nature, share heritage, and uplift rural economies. More than a conservation area, the Jilobi Forest is a symbol of what communities can achieve when they unite to protect their legacy and build a sustainable future.</p>	<ul style="list-style-type: none"> ▶ SDG 13: Climate Action — Promoting nature-based solutions that enhance community resilience to climate change. ▶ SDG 15: Life on Land — Supporting the conservation and sustainable use of terrestrial ecosystems and biodiversity. ▶ SDG 8: Decent Work and Economic Growth — Creating sustainable livelihoods through eco-tourism. ▶ SDG 11: Sustainable Cities and Communities — Strengthening rural cultural and natural heritage. ▶ SDG 17: Partnerships for the Goals — Enabling multi-stakeholder collaboration for sustainable development.

SUPPORT SERVICES

Integrated management system (IMS)

The Company commits to continuously and effectively maintain IMS certification to the ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 standards to realise the EEC vision and strategic direction. As part of the Vutsela Strategy 2022–2027 to improve safety culture, the Company has reviewed its IMS strategic objectives to align with the strategy. From 16 to 25 June 2025, the certification body, DQS, conducted a recertification audit. EEC was subsequently recommended for recertification, pending the effective closure of 18 non-conformities. Currently, respective departments are addressing these findings through the NCR Tracking System. Evidence for closure of non-conformities is to be submitted to the certification body (DQS Group PTY/LTD) by 31 July 2025.

Several conformities were identified, including the distribution initiative to review the Hazard Identification and Risk Assessment (HIRA) process for more specific applications, such as projects. This initiative was commended as a drive towards continuous improvement. Similarly, the training facilities and training canteen (LCC) were well-maintained, with canteen operations and housekeeping standards observed to be commendable. Training remains a strong process within EEC, and the waste separation practices were of a high standard, especially considering the shared use of the facilities by students. The top management's walkabout on the Vutsela Strategy further reflects strong leadership and proactive engagement with key stakeholders, which is highly commendable.

In the area of billing and revenue collection, best practices were identified, where the handling of hostile customers during disconnection/reconnection was effectively addressed. This risk was also documented in the risk and opportunities register, with a clear mitigation plan incorporated into the procedure. Within Generation, the effective implementation of the incident reporting and investigation process highlighted commendable participation and consultation, supported by top management and enabling the necessary resources to conduct thorough investigations.

Non-conformities identified included that the Company faces several challenges that require immediate attention to strengthen its risk management and operational effectiveness. These issues are currently being addressed.

Safety management

The Occupational Health and Safety Management System serves as a central pillar in ensuring a safe, compliant, and responsive operational environment across EEC and its contractor ecosystem. It combines strategic oversight with hands-on coordination to uphold Occupational Health and Safety (OHS) standards and drive continuous improvement.

Behavioural-based safety promotion

For EEC, behavioural-based safety remains a foundational priority, driving the development of a genuinely proactive safety culture that minimises loss and enhances resilience.

Safety culture

EEC drives a safety culture and awareness through the following:

- ▶ **Leadership commitment.** Safety is championed from the top, with EXCO and senior management being ultimately responsible for the prevention of incidents and the provision of resources to maintain a safe workplace. Site managers and section heads are responsible for Health and Safety Committees and chair meetings on a regular basis.
- ▶ **Employee involvement.** Workers and contractors, at various levels, are empowered to take ownership of their safety, reporting all types of hazards, and to contribute to safe solutions, as per the requirements of the ISO 45001:2018 standard. This is done through weekly, monthly, and quarterly safety meetings, where critical aspects of the Safety Management System are discussed by all workers.
- ▶ **Continuous training and awareness.** Regular health and safety training, coaching, and incident reviews are done throughout the Company to foster continual improvement. The training is selected to cover all levels of EEC's operations while ensuring compliance to all legal requirements.

PERFORMANCE *continued*

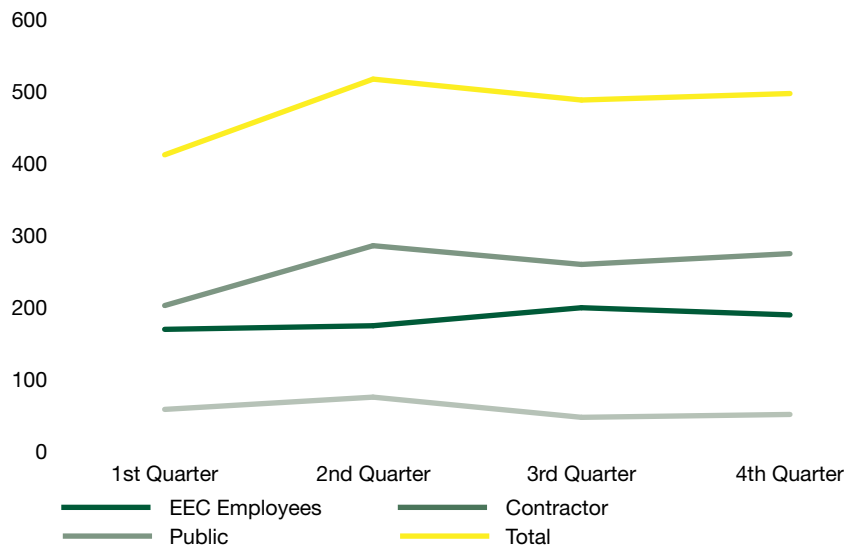
Support services *continued*

Safety management *continued*

Overall incident occurrence

Quarterly comparison

Overall incident occurrence in each quarter



Public awareness on electricity safety

The Company continues to increase its methods of reaching out to the public for education on the safe use of electricity.

- ▶ **Electricity safety radio shows.** The Company was involved in the EEC Radio Show, focusing on poor wiring, illegal connection, overloading leading to electrical fires, and malfunctioning electrical appliances.
- ▶ **School visits.** In an effort to improve public safety education, the Company has undertaken numerous school visits to educate learners on critical aspects of safety, such as the dangers associated with electricity infrastructure (low hanging conductors and mini substations), as well as illegal connections, wiring, damaged cables, and appliances.

Consultation and participation

EEC Safety Indaba 2024

The inaugural EEC Safety Indaba 2024 was held on 19 September 2024. The theme was “Zero Fatalities! Zero Tolerance to Incidents! Safety First!”, with 150 EEC contractor participants, over 60 from EEC and industry partners. This meeting is a testament to the commitment to promoting workplace safety and health, preventing accidents, and enhancing overall wellbeing. Critical topics discussed on the day included contractor management, root causes in incident investigations, psychological safety, and many others.

Safety culture survey 2025

The safety culture survey was conducted to establish a baseline assessment of the Company’s current stance on safety, including its challenges, concerns, and existing safety practices. This assessment served as a foundation for identifying areas that require improvement and developing targeted strategies to enhance the overall safety culture within EEC. A total of 625 participants took part in the survey, composed of EEC personnel and external partners. The feedback gathered through this survey serves as a crucial tool for fostering a proactive safety culture. Addressing the identified gaps will not only improve compliance but also reinforce employee confidence in the Company’s commitment to workplace safety.

The Company also improved safety of employees through the training of EEC’s staff and contractor employees on the line construction manual and pole handling. Furthermore, the Generation department has commenced the review of specific operational safety rules to incorporate the water ways permit system. The Company has also published safety educational videos and emergency evacuation videos for EEC sites. In addition, the inspection programme has been launched to assess and report immediately any deviation or non-conformance to Company SHERQ commitments. Finally, EEC launched the safety culture survey Company-wide to assess the status of safety attitude and prescribe interventions where required.

Going forward, EEC aims to strengthen prevention strategies and enforcement of SHERQ legal requirements to minimise incidents. Additionally, EEC will conduct a document review in consultation with operational teams for effective system implementation.

Security

EEC commits to keep a secured and safe place for persons entering and leaving its premises. The Company also commits to improve its security management system by continuing with implementing preventative strategies to safeguard all its assets and resources from danger, theft, and damage.

In the 2024/25 financial year, the Company received a total of 272 theft cases (mostly copper theft), and 18 suspects were arrested by the Royal Eswatini Police Service; all arrested suspects appeared before the different Magistrate Courts in the country. There were 12 completed cases, and the suspects were prosecuted, while some cases are still pending in the Courts.

This financial year, the Company has incurred an estimated total loss of E1.89 million, excluding labour costs, revenue losses, and opportunity costs, because of these criminal cases encountered. Overhead and underground copper cables are still the main targets for the criminals due to their demand in the ever-increasing market. Vandalism of HT Underground Crossing copper cables was the most experienced crime in the Company, followed by Airdac copper cables, during this financial year. The security unit has conducted crime prevention campaigns to combat this crime, together with the Royal Eswatini Police Service, community leaders, and community police in the high-risk areas where copper cable theft is rife.

The Company continued to implement strategies to combat copper theft by engaging technological solutions companies to provide technology that will assist the Company to minimise vandalism of the network infrastructure. The Company continued with raising copper theft awareness with other stakeholders, such as Eswatini Post and Telecommunication Corporation and the Royal Eswatini Police Service, by engaging the communities through roadshows and community meetings. EEC has also used media houses such as Eswatini Television, Eswatini Broadcasting Information Service (EBIS), and Voice of the Church (VOC) through a programme named “Tase Magesini” as part of raising awareness among the public. EEC held a Copper Theft Indaba and various major stakeholders were invited to present strategies to curb copper theft.

The Company continues to safeguard its property through physical security and electronic security systems. The Company has outsourced physical security to five security services providers to man its sites. EEC has continued with constructing guard houses for the security guards to have a proper shelter in compliance with the Occupational Health and Safety Act. CCTV surveillance cameras and weapon systems have been installed in various depots’ service centres and substations. The security unit attended a SAPP Crime Prevention Working Group physical meeting in Gaborone, Botswana, where all vandalism of network infrastructure issues are deliberated and preventative strategies are outlined for all the utilities.

EEC is part of the National Committee to draft the Prevention of Critical Infrastructure Bill, 2025. The Company also formed an internal copper theft committee, which will ensure that strategies are in place to reduce copper theft, in line with the copper theft initiative.

Land acquisition, restrictions on land use, and involuntary resettlement

EEC recognises that 132kV line projects-related land acquisition and restrictions on land use can have adverse impacts on communities and people. This involves physical displacement (relocation, loss of residential land, or loss of shelter), economic displacement (loss of land, assets, or access to assets, leading to loss of income sources or other means of livelihood), or both. EEC is committed to avoiding involuntary resettlement, but where unavoidable, the Company continues to mitigate severe economic, social, and environmental risks related to the implementation of such big projects. The Company has developed and implemented two Resettlement Action Plans (RAP) for the Edwaleni — Stonehenge project and the Network Reinforcement and Access Project (NRAP). Below is a summary of the number of people affected, and funds utilised, under each project thus far. Further, EEC continues to rely on the support and intervention of the department of Deputy Prime Minister’s Office – Social Welfare section on how vulnerable people, such as mentally challenged people affected by projects, are compensated.

Number	Name of project	Number of affected people	Budget (E)
1	Edwaleni — Stonehenge	79	3 196 390.13
2	NRAP	238	11 398 676.95

Number of people affected and funds utilised under each project

Labour and working conditions

EEC is committed to prioritising the social well-being of all workers, including contractor workers, by ensuring contractors’ compliance with national labour laws and fostering safe and equitable working conditions, especially in remote areas. EEC has also engaged community liaison officers to safeguard issues of encroachment during project planning and implementation phase. The officers report directly to the Social Standards Unit. This has contributed positively to communities where projects are conducted. Below is a summary of the Company’s positive contribution to society for the different projects.

Number	Name of project	Number of CLOs	Number of affected communities
1	Edwaleni — Stonehenge	5	5
2	NRAP	13	13
3	NGRP	14	14

Number of affected communities and CLOs for each project

PERFORMANCE *continued*

Support services *continued*

Labour and working conditions *continued*

EEC continues to encourage its contractors to positively contribute and share skills with communities where projects are being implemented by using local labour and skills being transferred to locals in the process. Below is a summary of community workers engaged under the NRAP and Edwaleni — Stonehenge project.

Number	Project name	Number of local workers engaged
1	Edwaleni — Stonehenge	40
2	NRAP	200+

Grievance redress mechanism

EEC continuously tracks grievances reported by communities affected by projects and strives to resolve such grievances timeously. Below is a summary of ongoing group grievances from the different projects.

Number	Grievance	Status	Name of project
1	Issue of access road for the community at Hluthi substation.	In progress — contractor has already been introduced to traditional leadership.	NRAP
2	Revival of a canal that was affected by the construction of Malkerns substation.	In progress	Edwaleni — Stonehenge
3	Replacement of the community soccer ground (Hhohho Emuva)	In progress	NRAP

Gender-based violence (GBV)

Gender-based violence (GBV) includes sexual exploitation, abuse, and harassment. EEC is committed to preventing the occurrence of any of these cases among contractor workers and in the communities where projects are implemented. Contractor workers are sensitised on the national Sexual Offences and Domestic Violence Act and are made to sign codes of conduct. Further, communities are also sensitised on GBV with the assistance of our GBV service provider in projects, Nhlanguano AIDS Training Information and Counselling Centre (NATICC). Referrals are made to this NGO for case management and case investigations are conducted with NATICC's assistance. Over 300 contractor workers have been sensitised on this, including workers for main contractors and rural electrification/local contractors.

Stakeholder engagement and information disclosure

EEC is committed to engaging communities and individuals affected by projects. These engagements are done through local traditional authorities. This is managed through the relevant plan developed by EEC for each project. Below is a summary of community engagements that took place in the financial year under review.

Number	Type of engagement	Stakeholders
1	RAP-related engagements	All NRAP and Edwaleni — Stonehenge affected communities, inner councils and community members, Shiselweni Regional Administrator, Manzini, and Hhohho regional administrators
2	Projects' introductory meetings	<ul style="list-style-type: none"> ▶ All regional administrator offices in relation to the geothermal project ▶ Mbuluzi Loop Project communities ▶ Lower Maguduza Project communities
3	Project update and closure meetings	All NRAP and Edwaleni — Stonehenge project communities
4	Transmission lines and substations safety	All NRAP communities

For more on stakeholder engagement at EEC, refer to page 16.

FINANCE

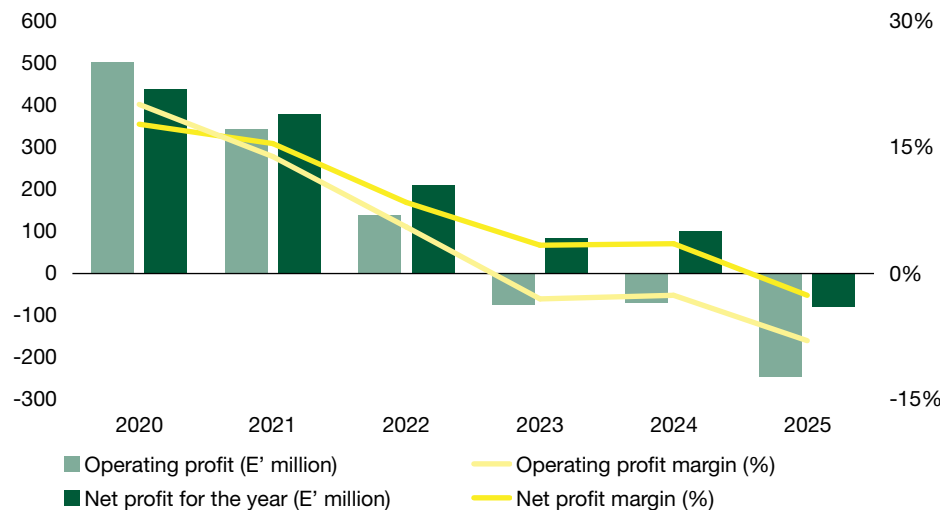
Financial performance

For the financial year ended 31 March 2025, EEC recorded an unprecedented net loss of E80 million (2024: E101 million profit) and an operating loss of E247 million (2024: 70 million). The Company's performance was severely impacted by a regional drought that disrupted local electricity generation and limited the availability of affordable imports from the Southern African Power Pool (SAPP). As a result, Day-Ahead Market (DAM) purchases fell sharply from 139.6 GWh to just 49 GWh in the current year, thus severely constraining EEC's supply options.

This shortfall forced the Company to rely more heavily on high-cost electricity imports from NTCSA, especially during the peak winter demand period. Although EEC implemented a 9.08% tariff increase during the year, this was not enough to offset NTCSA's 13.24% price hike, thus worsening the financial strain on the Company's operating performance.

As a result, the Company's cash reserves reduced significantly, from E131 million to E28 million by year-end, reflecting growing pressure on liquidity and financial sustainability.

Profitability over the past six years (E' millions)



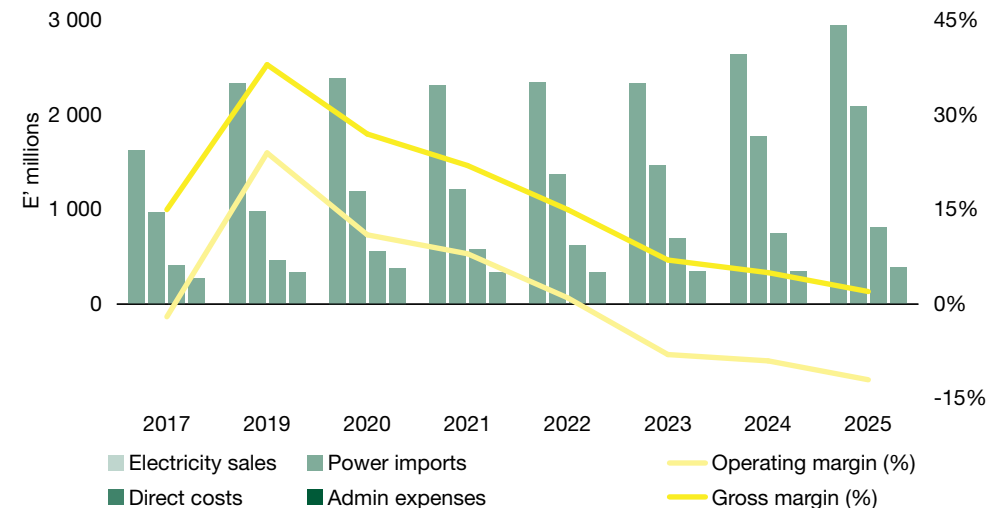
Income statement

Revenue

Total revenue for the year reached E3.1 billion, reflecting an 11% increase from the E2.8 billion reported the previous year. Revenue from electricity sales rose to E3 billion, up from E2.6 billion in 2024, representing an 11.7% increase. This growth was primarily driven by a 9.08% tariff increase approved by the Regulator (ESERA) for the 2023/24 and 2024/25 financial years under a multi-year award, along with a 1% increase in sales volumes.

Despite this improvement, EEC continues to face challenges in achieving sustainable sales growth due to lack of meaningful load growth in the profitable customer segment of the market. Over the past six years, a series of adverse tariff decisions foisted on the Company have significantly limited revenue expansion, whilst cost of sales continued to rise significantly faster than revenue, placing pressure on the Company's financial sustainability.

EEC operating performance trend (E' millions)



Electricity units sold during the year stood at 1 181 GWh (2024: 1 173 GWh). The lack of meaningful growth in energy units is indicative of the prevailing sluggish economic condition in the country.

PERFORMANCE *continued*

Finance *continued*

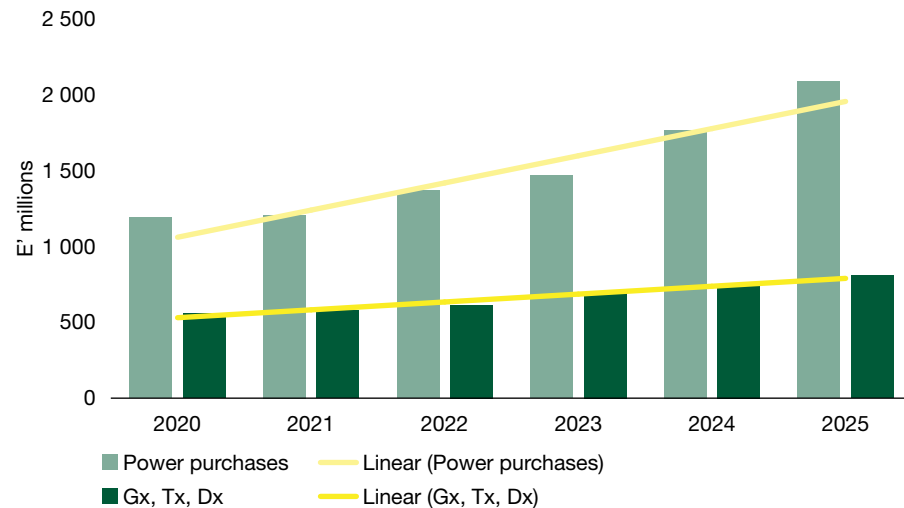
Income statement *continued*

Cost of sales

Cost of sales for the year amounted to E2.9 billion; a 16% increase from the E2.5 billion incurred in the previous year. The high cost of imported electricity, especially from NTCSA during the winter season, was the main contributor to the increased cost of sales. Power purchases and wheeling charges accounted for 72% of cost of sales. The aggregate increase on electricity purchases from all sources during the year was 18% whilst power generation, transmission, and distribution costs increased by 8%.

The Company continued to mitigate the cost of sales expenditure through internal generation and trading vigorously on the SAPP's Day-Ahead Market (DAM). However, the power trading in DAM during the year was very subdued due to severe supply constraints in the market, which emanated from the lingering drought conditions in the country and the SADC region.

Cost of sales trend (E' millions)



Operating expenses

Total operating expenses increased by 22% to E443 million in 2025, up from E364 million in the previous year. This rise is primarily attributed to costs associated with a geothermal study undertaken during the year. Additionally, the reversal of provisions created in prior years has affected the current year's figures, as the actual costs related to these expenses were recognised in the current period. EEC continues to intensify its drive to implement cost containment initiatives within its operations while trying not to compromise both the quality of supply and service to customers.

Profit

The Company posted an operating loss of E247 million, a significant increase from the E70 million loss recorded in the previous year. This has been an exceptionally challenging year for EEC, particularly in managing and containing import costs. The Southern African region was experiencing a severe drought, which greatly disrupted power supply within the Southern African Power Pool (SAPP) market. As a result, EEC was forced to rely heavily on electricity imports from the NTCSA, a subsidiary of Eskom Ltd. This dependency was especially pronounced during the high demand winter season from June to August 2024.

Unfortunately, the cost of electricity purchased from NTCSA far exceeded EEC's retail tariffs across all customer categories, particularly for residential customers. This disparity led to substantial financial losses during the peak demand time, from which the Company was unable to recover over the remainder of the year.

Net financing cost during the year was E14 million versus E5 million in the previous year, due to a decrease in short-term investments coupled with a significant increase in borrowings during the year, including the utilisation of an overdraft facility amounting to E135 million. The Company's share of profits from Motraco decreased to E101 million (2024: E113 million) driven mainly by unfavourable exchange rate (USD/SZL) movements during the year.

The Company ended the year with a net loss after tax of E80 million, a significant decline compared to a profit after tax of E101 million in the previous year. The net loss was partially affected by an E80 million tax credit (2024: E63 million), resulting from deferred tax adjustments mainly due to a reduction in the corporate tax rate from 27.5% to 25%.

Operating costs remain under strict control as cost containment measures remains a key survival strategy for the Company.

Financial position

The Company's total assets value at the end of the year stood at E6.6 billion; an increase of 8% from latter year's reported position of E6.1 billion. Non-current assets increased by 11% from E4.921 billion to E5.463 billion. The increase in non-current assets is mainly due to the Company's continued investment in the supply network infrastructure projects.

The Company's investment in Motraco decreased by 2% to E465 million (2024: E474 million). The decrease is due to the combined effect of share of profits and foreign exchange gains recognised during the year, which was more than offset by dividends received from this investment.

Current assets as at 31 March 2025 stood at E1.113 billion (2024: E1.189 billion) which includes cash amounting to E28 million, short-term investments of E136 million, trade receivables of E473 million and inventories at E127 million. The trade receivables saw a 23% increase as a result of delayed grant receivables. Government and some state-owned enterprise accounts have long overdue debts; a situation that adversely impacts the Company's cash flow. EEC continues to pursue various strategies to ensure working capital efficiencies for the business.

Total liabilities show a 24% increase from E2.1 billion to E2.6 billion. The increase is mainly due to a new E200 million loan facility from STANLIB, additional drawdown from the World Bank loan and rural electrification grants received during the year which have been recognised under deferred income. The Company also saw an increase in trade payables due to delays in meeting month-end obligations; a situation stemming from cash flow management issues.

The Company's net asset (shareholder's equity) value stood at E3.9 billion (2024: E4.0 billion); an overall decrease of 3% from the previous year. The decrease in shareholders' equity is a result of the loss recognised during the year. During the year under review, no dividend payment was made, as dividends were not declared for the 2024 financial year due to the deepening liquidity challenges.

Liquidity position

The Company closed the year with a positive cash balance of E28 million (2024: E131 million). This E104 million net decrease in cash is mainly due to increased operational costs, while inflows remained stagnant. Additionally, the Company continued to invest in several capital projects, which required significant outflows. As of year-end, the current ratio stood at 1.4 times, and the acid-test ratio at 1.2 times, indicating a tightening of liquidity. In comparison, the previous year's ratios were 2.5 and 2.2 times, respectively.

Despite closing the period with a positive cash position, the Company remains heavily reliant on a E135 million overdraft facility to fund its operational working capital requirements. This facility is typically cleared at month-end when payments from key customers are received. The resulting shortfall during the month has led to delays in meeting certain obligations, with payments often deferred until the first week of the following month.

Going concern

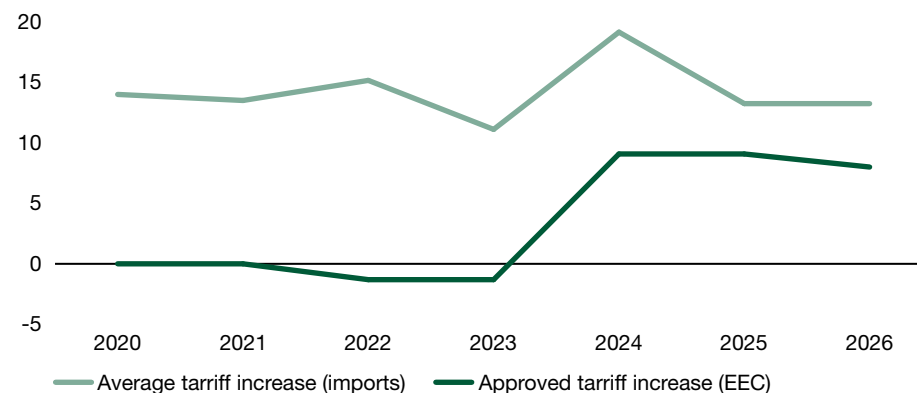
EEC's ability to continue as a going concern in the foreseeable future has been assessed and the use of the going concern basis of accounting was found appropriate for the period under review. The going concern assessment has considered both the prevailing country's depressed economic condition as it impacts on electricity demand and the rapidly changing market dynamics within the power supply industry in the region.

Notwithstanding the conclusion that EEC is going to continue in operational existence for the foreseeable future, the following matters continue to seriously threaten the Company's going concern.

Tariff decisions

Over the past six years, EEC has received adverse and/or stringent pronouncements by the Regulator, as depicted in the below graph. These unfavourable tariffs have had a declining effect on the operating profit and further negatively affected our cash reserve. The recent intervention by the shareholder which restricted tariff increases to 8% for FY 2025/26, while import tariffs increased by over 13%, will only exacerbate the Company's liquidity challenges.

Approved tariff increase vs NTCSA increase



Major shift in market dynamics in the region

Factors (such as severe drought in some parts of the SADC region) have drastically altered the power market landscape to create a situation where demand outstrips supply. Consequently, import tariffs have increased exponentially, especially during the high season (June to August), and the NTCSA bills of late have reached unaffordable and unsustainable levels. Appropriate tariff levels are critical to the long-term sustainability of the Company.

GOVERNANCE

<u>Board of Directors</u>	<u>67</u>
<u>EEC composition of Committees and Board member attendance</u>	<u>68</u>
<u>Executive management</u>	<u>70</u>
<u>Governance and sustainability</u>	<u>72</u>



In the 2024/25 financial year, the Board performed its duties in full adherence to the law, the Memorandum and Articles of Association, Public Enterprise Unit (PEU) Circulars, King IV Good Governance Code, Board Charter, and Committee Terms of Reference. Management was monitored and held accountable on the basis of comprehensive written and oral reports submitted to the Board at meetings convened at the end of every quarter of the year.

Through these meetings and reports, the Board was kept up to date on, amongst other matters, planned and undertaken projects, awarded tenders, the Company's financial position, risks, and business sustainability strategies.

BOARD OF DIRECTORS



MR PATRICK MYENI

CHAIRMAN

First appointment: 06/04/2023 to 05/04/2025

Renewed: 06/04/2025 to 05/07/2025

2 years

Area of expertise

- ▶ Agriculture, operations, and private sector management



MR ERNEST MKHONTA

MANAGING DIRECTOR

First appointment: 01/11/2021

3 years

Area of expertise

- ▶ Corporate strategy and vision, capital allocation, and team building



MS THANDAZILE DLAMINI

Initial appointment: 18/03/2020

Latest and last renewal: 01/06/2024 to 30/05/2026

5 years

Area of expertise

- ▶ Engineering and public sector management



MS VELILE DLAMINI

Initial appointment: 18/03/2020

Latest and last renewal: 01/06/2024 to 30/05/2026

5 years

Area of expertise

- ▶ Electrical engineering and utility services management



HRH PRINCESS SIBAHLE

First appointment: 06/04/2021 to 05/04/2023

Latest and last renewal: 06/04/2025 to 05/04/2027

4 years

Area of expertise

- ▶ Entrepreneurship and public sector management



MR VUSI DLAMINI

Initial appointment: 01/06/2024 to 30/05/2026

1 year

Area of expertise

- ▶ Corporate finance, accounting and entrepreneurship



MS HLOB'SILE NDZIMANDZE

Initial appointment: 18/03/2020

Latest and last renewal: 01/06/2024 to 30/05/2026

5 years

Area of expertise

- ▶ Law and public sector management



MR MDUDUZI C GINA

First appointment: 06/04/2025 to 05/04/2027

3 months

Area of expertise

- ▶ Law and trade unionism

GOVERNANCE *continued*

EEC COMPOSITION OF COMMITTEES AND BOARD MEMBER ATTENDANCE

The work of the Board continued to be executed through the following Committees, whose composition and the number of times meetings were held are reflected in the table below.

C = Chairperson



Finance

Mandate

Oversee the establishment and monitoring of financial, banking and cashflow, insurance, acquisition and divestiture management

Meeting dates: 19/07/2024, 23/10/2024, 23/01/2025, 03/03/2025, 24/04/2025

Member's name	Attendance
Mr Vusi Dlamini (C)	23/10/24, 23/01/25, 03/03/25, 24/04/25
Mr Mduduzi Gina	24/04/25
Ms Velile Dlamini	19/07/24, 23/10/24, 23/01/25, 03/03/25, 24/04/25
Ms Thandazile Dlamini	19/07/24, 23/10/24, 23/01/25, 03/03/25, 24/04/25
Mr Henry Shongwe retired on 31 October 2024	19/07/24, 23/10/24

Important items discussed include:

- ▶ Quarterly Management Accounts, cash management and Public Enterprise Unit (PEU) Report



Audit and Risk

Mandate

Amongst other matters, oversee risk management, external and internal audit, combined assurance efficacy of internal controls as well as financial and integrated reporting

Meeting dates: 19/07/2024, 23/10/2024, 23/01/2025, 24/04/2025

Member's name	Attendance
Ms Hlob'sile Ndzimandze (C)	19/07/24, 23/10/24, 23/01/25, 24/04/25
Mr Vusi Dlamini	23/01/25, 24/04/25
HRH Princess Sibahle Dlamini	19/07/24, 23/10/24, 23/01/25, 24/04/25
Mr Mduduzi Gina	24/04/25
Mr Henry Shongwe retired on 31 October 2024	19/07/24, 23/10/24

Important items discussed include:

- ▶ Top 10 and emerging company risks
- ▶ IT Risk Management
- ▶ Internal Controls and Combined Assurance



REMCO

Mandate

Amongst other oversee the establishment and monitoring of human capital development, performance and remuneration.

Meeting dates: 17/07/2024, 21/10/2024, 21/01/2025, 22/04/2025

Member's name	Attendance
Ms Winnie Stewart (C) retired on 5 April 2025	17/07/24, 21/10/24, 21/01/25
Ms Hlob'sile Ndzimandze	17/07/24, 21/10/24, 21/01/25, 22/04/25
Mr Vusi Dlamini	21/10/24, 22/04/25
Ms Thandazile Dlamini	17/07/24, 21/10/24, 21/01/25, 22/04/25

Important items discussed include:

- ▶ Contract Renewals and Remuneration
- ▶ Human Capital Development and Wellness
- ▶ Human Capital Performance and Corporate Performance



Social & Ethics

Mandate

Oversee and monitor the establishment of an appropriate ethical and equality culture, prevention of corruption and that EEC is an exemplary corporate citizen

Meeting dates: 17/07/2024, 21/10/2024, 21/01/2025, 22/04/2025

Member's name	Attendance
Ms Velile Dlamini (C)	17/07/24, 21/10/24, 21/01/25, 22/04/25
Ms Hlob'sile Ndzimandze	17/07/24, 21/10/24, 21/01/25, 22/04/25
HRH Princess Sibahle Dlamini	17/07/24, 21/10/24, 21/01/25, 22/04/25
Ms Winnie Stewart retired on 5 April 2025	17/07/24, 21/10/24, 21/01/25

Important items discussed include:

- ▶ Approve and Monitor CSI initiatives
- ▶ Monitor procurement activities
- ▶ Monitor ethical culture and stakeholder management



Technical

Mandate

Amongst other matters, oversee and monitor operational performance, adherence to technical and prudent operating standards, assess if operating model is fit for current and future purpose from an electricity generation, transmission and supply perspectives

Meeting dates: 18/07/2024, 22/10/2024, 28/10/2024, 22/01/2025, 23/04/2025

Member's name	Attendance
Ms Thandazile Dlamini (C)	18/07/24, 22/01/25, 28/10/24, 23/04/25
HRH Princess Sibahle	18/07/24, 22/10/24, 28/10/24, 22/01/25, 23/04/25
Ms Velile Dlamini	18/07/24, 22/10/24, 28/10/24, 22/01/25, 23/04/25
Mr Mduduzi Gina	23/04/25
Mr Henry Shongwe retired on 31 October 2024	18/07/24, 22/10/24, 28/10/24
Ms Winnie Stewart retired on 5 April 2025	18/07/24, 22/10/24, 28/10/24, 22/01/25

Important items discussed include:

- ▶ Monitor system performance and trading
- ▶ Monitor implementation of strategic initiatives
- ▶ Monitor the conceptualisation and development of local baseload generation projects
- ▶ Monitor implementation of generation, transmission, distribution and network reinforcement projects.
- ▶ Approve and monitor implementation of Power Purchase Agreements



Board

Mandate

Amongst other matters, provide strategic direction and oversight, ensure establishment and monitor effectiveness of internal control system, ethical culture and sustainable operations

Meeting dates: 25/07/2024, 30/10/2024, 30/01/2025, 05/02/2025, 07/05/2025

Member's name	Attendance
Mr Patrick Myeni (C)	25/07/25, 30/10/25, 30/01/25, 05/02/25, 11/03/25, 07/05/25
Ms Hlob'sile Ndzimandze	25/07/25, 30/10/25, 30/01/25, 05/02/25, 11/03/25, 07/05/25
HRH Princess Sibahle	25/07/25, 30/10/25, 30/01/25, 05/02/25, 11/03/25, 07/05/25
Ms Thandazile Dlamini	25/07/25, 30/10/25, 30/01/25, 05/02/25, 11/03/25, 07/05/25
Ms Velile Dlamini	07/05/25
Mr Vusi Dlamini	25/07/25, 30/10/25
Mr Mduduzi Gina	25/07/25, 30/10/25, 30/01/25, 05/02/25, 11/03/25
Mr Henry Shongwe retired on 31 October 2024	
Ms Winnie Stewart retired on 5 April 2025	

Important items discussed include all those emanating from the Board Committees



GOVERNANCE *continued*

EXECUTIVE MANAGEMENT



MR ERNEST MKHONTA

MANAGING DIRECTOR

Nationality: Liswati

Gender: Male

Date of appointment: 1 November 2021

- ▶ Masters in Engineering (Engineering Management) – University of Pretoria – South Africa
- ▶ MBA – University of Stellenbosch – South Africa
- ▶ Advanced Management Programme (INSEAD – France)
- ▶ Leading Strategic Innovation – University of Eswatini (UNISWA), Eswatini
- ▶ BSc Engineering – University of Witwatersrand South Africa

RESPONSIBILITIES:

Corporate strategy, vision, capital allocation, and team building.



MS NONCEDO MAMBA

GENERAL MANAGER CORPORATE SERVICES

Nationality: Liswati

Gender: Female

Date of appointment: 6 July 2015

- ▶ B. Comm Management Sciences – University of Eswatini (UNISWA), Eswatini
- ▶ Leadership Development Programme – GIBS Business School, South Africa
- ▶ Certified Global Remuneration Practitioner – (GRP)
- ▶ Leading Change (LCOR) – Harvard Member IPM (SA) and (SD)

RESPONSIBILITIES:

Facilities management, human capital management, development, and employee relations.



MR THABISO MASINA

LEGAL COUNSEL & COMPANY SECRETARY

Nationality: Liswati

Gender: Male

Date of appointment: 1 February 2021

- ▶ Admitted Attorney, Conveyancer & Notary Public of the High Court of Eswatini
- ▶ Masters of Philosophy in Taxation – University of Pretoria, South Africa
- ▶ BA Law - University of Swaziland (UNESWA), Eswatini
- ▶ LLB – University of Swaziland (UNESWA), Eswatini
- ▶ Certified Accounting Technician Certificate (intermediate level) – ACCA

RESPONSIBILITIES:

Legal, compliance, and company secretaryship



MR PATRICK MATHUNJWA

GENERAL MANAGER FINANCE

Nationality: Liswati

Gender: Male

Date of appointment: 17 September 2018

- ▶ BA (Honours) – Accounting and Finance – United Kingdom
- ▶ Master of Business Administration - United Kingdom
- ▶ Executive Development Programme – INSEAD, France
- ▶ Fellow Certified Chartered Accountant (FCCA) – United Kingdom
- ▶ Registered Accountant (SD)

RESPONSIBILITIES:

Finance, information technology, and procurement



MR MPHUMUZI MAZIYA

GENERAL MANAGER RESEARCH AND DEVELOPMENT

Nationality: Liswati

Gender: Male

Date of appointment: 1 March 2022

- ▶ Professional Engineer - Engineering Council of South Africa (ECSA)
- ▶ MSc in Electrical Engineering – University of Cape Town
- ▶ MSc Project Management – Cooperbelt University
- ▶ BSc (with Hons) with Electrical Engineering – University of Cape Town
- ▶ Advanced Diploma in Business Project Management – University of Cape Town

RESPONSIBILITIES:

Research and development (R&D), innovation, system planning, project management, and network and generation expansion.



MS ELIZABETH MABUZA

HEAD OF INTERNAL AUDIT

Nationality: Liswati

Gender: Female

Date of appointment: 7 December 2012

- ▶ MBA – GIBS Business School (University of Pretoria), South Africa
- ▶ B.com Accounting – University of Swaziland (UNISWA), Eswatini
- ▶ Fellow Certified Chartered Accountant (FCCA)
- ▶ Chartered Accountant Eswatini – CA (SD)
- ▶ Fellow Certified Internal Auditor (FCIA)

RESPONSIBILITIES:

Evaluation of controls in governance and risk management process.



MR VUSIE GAMA

GENERAL MANAGER OPERATIONS

Nationality: Liswati

Gender: Male

Date of appointment: 11 June 2018

- ▶ MBA – GIBS Business School (University of Pretoria), South Africa
- ▶ BSc Electrical Engineering – University of Cape Town, South Africa
- ▶ BSc Physics and Maths – University of Swaziland (UNISWA), Eswatini
- ▶ Executive Development Programme – INSEAD, France

RESPONSIBILITIES:

System Operations, Generation, Transmission and Distribution.



MR JAMES MABUNDZA

GENERAL MANAGER CUSTOMER SERVICES

Nationality: Liswati

Gender: Male

Date of appointment: 1 March 2022

- ▶ MBA - University of Cape Town, South Africa
- ▶ Post-Graduate Diploma in Management Practice – University of Cape Town, South Africa
- ▶ Customer Service Management - University of South Africa, (UNISA), South Africa
- ▶ BA Social Science (Econ & ACC) – University of Swaziland (UNISWA), Eswatini

RESPONSIBILITIES:

Customer service, key accounts, marketing and corporate communications, and billing and revenue protection.



MR BHEKI MOTSA

GENERAL MANAGER SUPPORT SERVICES

Nationality: Liswati

Gender: Male

Date of appointment: 1 March 2022

- ▶ PGD Business Management – University of Kwa-Zulu Natal, South Africa
- ▶ Programme in Association of Accounting Technician – University of Swaziland (UNISWA), Eswatini
- ▶ MBA – University of South Africa (UNISA), South Africa
- ▶ Member of the CIPS Chartered Institute of Purchasing & Supply

RESPONSIBILITIES:

SHERQ management, GIS and survey, fleet management, and outsourced services.

GOVERNANCE *continued*

GOVERNANCE AND SUSTAINABILITY

IT governance

Audit assurance and consulting services

In line with the mandate of the audit function in the Company, as well as Internal Auditing Standards for Professional Practice and Good Corporate Governance Principles, assurance and consulting services were provided to the Company on controls, risk, and governance. The activities were guided by the Risk Based Audit plan that was approved by the Board through the Audit and Risk Committee. The Committee continued to provide its oversight role of the function through quarterly meetings to consider its activities, resources and effectiveness. As per the charter and policy, audit types carried out include departmental, operational, financial, contracts, and compliance, as well as fraud and irregularity on assets, all of which are linked to the sustainability of the Company under the Vutsela Strategy. Compliance and operational audits included environmental audits. Through collaboration with the SHERQ department, the audit also conducted audits evaluating compliance with the requirements of the ISO standards that the company is certified for, i.e., Environmental, Quality and Operational & Safety. The major objective is to ensure that the Company delivers on its economic and social mandates. Fraud types emanated predominantly from management requests and alleged misconduct incidents reported on the fraud hotline.

By year end, progress on the execution of the plan was at 79% against a target of 80%. Major contributing factors include diversion of audit resources to validate (investigate) allegations reported on the whistleblowing line or from other platforms as well as loss of two team members through resignation and death. No control breakdowns or major deficiencies were noted except in some areas where improvements were noted and corrective actions agreed with management for implementation. In most cases strengthening application and adherence to controls is required; closure of issues raised by both internal and external auditors is done through the audit systems where notifications are set and weekly reminders are emailed to process owners and supervisors.

Corporate governance

The Company aligns to the principles of Good Corporate Governance, including being a corporate citizen as per the King IV report. Separation between management (executive) and the nonexecutive directors of the Board was maintained and approvals followed the delegation of authority hierarchy. The audit function continued to be accountable to the office of the Managing Director administratively, and to the Board through the Audit and Risk Committee functionally, to ensure independence of the function in provision of assurance services in line with the Internal Auditing Standards for Professional Practice. During the financial year, management established the Risk Function headed by the Risk Specialist to ensure that Internal Audit focuses on evaluating effectiveness of the risk management process in the Company for achievement of strategic and key operational objectives in an effective and efficient manner. The Company lives its corporate citizen status through the corporate social investment (CSI) policy by ploughing back to the Eswatini citizens in various socio-economic areas.

Ethics governance

Leadership of the Company continues to be intolerant to fraudulent and corrupt activities, hence the establishment of the anonymous whistleblowing line 8009010 for reporting all incidents of unethical conduct linked to the Company. There was significant reporting activity on the line by employees with eight incidents being reported. In line with the ethical standing of Company leadership, management investigates all such activities, mainly through the Internal Audit Office, and where required, such incidents are escalated to the law enforcement agencies in the country. Incidents relating to violation of policies and procedures are handled through internal structures. Most of the reported incidents were still under investigation to validate the allegations. The investigations will inform the next action; corrective action was yet to be taken by relevant management where allegations were confirmed positive.



FINANCIAL STATEMENTS

for the year ended 31 March 2025

<u>Directors' responsibility statement</u>	75
<u>Independent auditor's report</u>	76
<u>Directors' report</u>	78
<u>Statement of comprehensive income</u>	81
<u>Statement of financial position</u>	82
<u>Statement of changes in equity</u>	83
<u>Statement of cash flows</u>	84
<u>Notes to the financial statements</u>	85
Unaudited information for discussion purposes only	
<u>Re-formatted income statement</u>	152



DIRECTORS' RESPONSIBILITY STATEMENT

for the year ended 31 March 2025

The directors of the Company are responsible for the preparation and fair presentation of the financial statements of Eswatini Electricity Company Limited comprising of the statement of financial position as at 31 March 2025, the statements of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, the notes to the financial statements, including material accounting policy information and the directors' report, in accordance with IFRS[®] Accounting Standards and in a manner required by the Companies Act of the Kingdom of Eswatini.

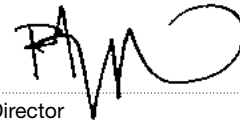
The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements are presented fairly in accordance with IFRS Accounting Standards, and in a manner required by the Companies Act of the Kingdom of Eswatini.

Approval of the financial statements

The financial statements of Eswatini Electricity Company Limited as identified in the first paragraph were approved by the board of directors on 30 July 2025 and are signed on its behalf by:



Director



Director

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Eswatini Electricity Company Limited

Opinion

We have audited the financial statements of the Eswatini Electricity Company Limited (“the Company”) set out on pages 78 to 152, which comprise the statement of financial position as at 31 March 2025, and the statements of comprehensive income; the statement of changes in equity and the statement of cash flows for the year then ended and the notes to the financial statements, including a material accounting policy information and the report of the directors.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Eswatini Electricity Company Limited as at 31 March 2025, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies Act of Eswatini.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Eswatini Institute of Accountants Code of Professional Conduct (ESIA Code) together with the ethical requirements that are relevant to our audit of financial statements in Eswatini. We have fulfilled our other ethical responsibilities in accordance with the ESIA Code. The ESIA code is consistent with the International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the directors' responsibility statement attached to the financial statements and the detailed statement of comprehensive income. Other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB and in the manner required by the Companies Act of Eswatini, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report *continued*

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

SNG Grant Thornton

SNG Grant Thornton Chartered Accountants (Eswatini)

31 July 2025

DIRECTORS' REPORT

for the year ended 31 March 2025

1. Nature of business

The Eswatini Electricity Company Limited (EEC) is engaged in the business of generation, transmission, and distribution of electricity in the country. Customers include agricultural, industrial, commercial, and residential households.

The Eswatini Electricity Company Limited is governed by the four enabling pieces of legislation namely, The Electricity Company Act, 2007, The Energy Regulatory Act, 2007, The Electricity Act, 2007 as well as the Public Enterprises Unit (Control and Monitoring) Act, 1989.

2. Business issues

The EEC closed the financial year ended 31 March 2025 with a net loss of E80 million, and a significantly larger operating loss of E247 million. This has been an exceptionally challenging year, particularly in managing and containing import costs. The Southern African region experienced a severe drought, which greatly disrupted power supply within the Southern African Power Pool (SAPP) market. As a result, the EEC was forced to rely heavily on electricity imports from the National Transmission Company of South Africa (NTCSA), a subsidiary of Eskom Ltd. This dependency was especially more during the high demand winter season from June to August 2024. Unfortunately, the cost of electricity purchased from NTCSA far exceeded EEC's retail tariffs, particularly for residential customers. This disparity led to substantial financial losses during the peak demand times, losses from which the company was unable to recover over the remainder of the year.

Compounding the situation, local electricity generation was severely constrained due to the drought. The drying up of dams caused delays in commencing local generation operations, further increasing reliance on high-cost imports.

The profit for EEC has been trending downward over the past 6 years mainly due to the cumulative effect of adverse tariff decisions while absorbing very high increases from electricity import tariffs. The EEC was granted an average tariff increase of 9.08% for the financial years 2023/24 and 2024/25. However, this increase was offset by the NTCSA increase for the year of 13.24%.

The Day Ahead Market (DAM) power trading platform experienced significant challenges due to the prevailing drought conditions, which led to a reduction in energy purchases from 139.6 GWh to 49 GWh. This decline resulted in the forfeiture of access to the typically more affordable power rates that had been secured in the previous year. In response to the rising energy costs imposed by Electricidade de Moçambique (EDM), strategically scaled down our electricity purchases, reducing demand from 20 MW to 5 MW. This measure aligns with our ongoing efforts to optimise operational efficiency and manage costs.

The Company closed the financial year with a positive cash balance of E28 million. This reflected a huge decrease of E103 million from prior year closing cash position of E131 million.

To ensure financial sustainability and growth, the company continues to intensify its drive to implement cost containment initiatives within its operations. The Company always seeks to control operational costs without compromising both the quality of supply and service to its customers. The company also progressed with the implementation of strategic initiatives that are aimed at improving the stability and reliability of supply.

EEC maintains good corporate governance in terms of keeping a clean and safe environment. The company also celebrated the Earth hour where the public and other stakeholders were educated on how to manage and preserve electricity.

Revenue and expenditure

Electricity sales turnover for the period under review amounted to E2 954 million representing an increase of 11.7% from the prior year figure of E2 644 million. This can be attributed to the tariff increase awarded by the Regulator, averaging 9.08% for the 2024/25 financial year. We also noted a slight increase in the energy sold in the year resulting from additional customers being added to the grid. Actual energy sold during the year was 1 181 GWh (2024: 1 173 GWh), an increase in energy sales of 0.6%.

Costs of sales for the year were E2 909 million (2024: E2 525 million). The increased cost of sales was attributable to the increase in import tariffs, with the major supplier, NTCSA, increasing by 13.24% during the year. Coupled with this price increase in NTCSA, there was a significant increase in the units purchased from NTCSA in the year as a result of supply challenges in the SAPP market due to drought in the region and reduction of power requirement from EDM from 20MW to 5MW due to unsustainable price increases.

3. Technical performance

Internal generation by the Company for the year stood at 281 GWh representing 20.6% of total units sent out; a decrease of 11.9% from the 319 GWh from previous year. Local generation from Ubombo Sugar Limited (USL) stood at 65.9 GWh (2024: 61.4 GWh). The Company's total electricity imports were 978.6 GWh (2024: 962.05 GWh). The total cost of these power purchases was E2 096 million (2024: E1 774 million) including wheeling charges. The increased cost of imports was as a result of the tariff increases effected by the suppliers. Moreover, as a result of the drought experienced in the region, the company was obligated to buy additional units from NTCSA during the high season including during peak hours where NTCSA prices are generally at their highest.

Total units sent out during the period were 1 366 GWh (2024: 1 356 GWh) and units sold were 1 181 GWh (2024: 1 173 GWh) resulting in system losses of 13.54% (2024: 13.16%). Management continues to focus on reducing system losses as a means of improving revenue.

Directors' Report *(continued)*

for the year ended 31 March 2025

4. Capital expenditure

Capital projects total cost incurred during the year amounted to E801 million (2024: E659 million). Most of the capital projects were to improve the transmission and distribution networks. E259 million (2024: E201 million) of total capital projects were related to additional distribution lines.

5. Cash flow for the year

Cash and cash equivalents at the end of the financial year decreased to E28 million from E131 million in the previous year. This was mainly due to the increased import costs from NTCSA in the current year.

6. Motraco Joint venture

During the year under review the joint venture company declared a dividend. The company's net share of the dividends was US\$ 4.8 million or E89 million (2024: US\$4.8 million or E95 million), after deducting 20% withholding tax as per the Mozambican tax legislation.

7. Corporate governance issues

In compliance with good corporate governance principles, the company has operated and maintained the following board committees: Audit and Risk Committee, Finance Committee, Remuneration Committee, Ethics Committee, and the Technical Committee. These committees remained effective throughout the financial year.

Environmental Responsibility

In compliance with the relevant legislation, all projects undertaken by the company are carried out after full compliance with the Environmental Act of 2002. Hazardous substances are disposed-off in full compliance with safety standards and environmental requirements as stipulated by the act.

Social Responsibility

EEC is supportive of socio-economic development to ensure investment towards enterprise development. Not only does EEC provide for socio-economic development through direct sponsorships but contributes through job creation (sub-contractors).

EEC continues to offer assistance to organisations that are dedicated to the betterment of communities in Eswatini. EEC managed to extend support to initiatives in health, education, environment, social & economic development as well as safety & security.

8. Share capital

The share capital of the company amounts to E433 493 841 made up of 433 493 841 shares of E1 each.

9. Dividend

The company declared a dividend of E Nil for the 2024 financial year. An amount of E4,173,335 was paid during the 2024 financial year in respect of the dividend declared for the 2023 financial year.

10. Subsequent events

There are no events which have occurred between the statement of financial position date and the date of this report which have a material impact on these financial statements.

11. Going concern

The directors are of the opinion that the company will continue to operate as a going concern for the next 12 months. The company has assessed the going concern and the ability of the company to continue in business. Management has considered the liens on its financial liabilities and there is no foreseen prospect of default. Management has also intensified its austerity measures given the state of the economy. The company is still within its major lender liens, being Inhlonhla and the World Bank. Although the company has breached certain debt covenants stipulated by Stanlib, this is not currently considered a significant threat to its going concern status. Debt obligations have been serviced appropriately to date, and this trend is expected to continue into the foreseeable future.

Power supply is secured through multiple channels, including soon to be finalised negotiations with NTCSA for a 10-year agreement, short- and long-term deals with EDM and BPC, and increased participation in the Southern African Power Pool. Domestic generation is being expanded through projects like Lower Maguduza (13 MW), Maguga (10 MW), geothermal exploration, and the planned Lubhuku Thermal Plant (300 MW).

Tax and legal risks are minimal, with EEC expecting a tax credit of close to E200 million relating to the 2007-2011 income tax assessment.

With no threats to continued operation, and ample ability to honour major liens, the directors believe the going concern approach is appropriate for presentation of this year's financial statements.

12. Management commentary on internal control deficiencies

Management follows a zero tolerance to fraud and is committed to world class standards of internal controls. Management noted that there were lapses in internal controls within the procurement process and corrective measures are being implemented.

Directors' Report *(continued)*

for the year ended 31 March 2025

13. Directors

The Directors are appointed by the Minister responsible for Natural Resources and Energy. The following directors served on the board during period under review:

Non-executive directors

Chairperson

Mr Patrick Myeni

Appointed

07 April 2023 – 06 January 2026 (Reappointed)

Directors

HRH Princess Sibahle	07 April 2023 – 05 April 2027 (Reappointed)
Ms Winnie Stewart	07 April 2023 – 06 April 2025
Ms Hlob'sile Ndzimandze	01 June 2024 – 31 May 2026
Ms Velile Dlamini	01 June 2024 – 31 May 2026
Ms Thandazile Dlamini	01 June 2024 – 31 May 2026
Mr Henry Shongwe	02 November 2022 – 01 November 2024
Mr Vusi H. Dlamini	01 June 2024 – 31 May 2026
Mr Mduduzi C. Gina	06 April 2025 – 05 April 2027 (Appointed)

Executive Director

Managing Director

Mr Siphon E. Mkhonta

01 November 2021

Secretary

Mr. Thabiso Masina

01 February 2021

14. Bankers

The following financial institutions were the bankers of the company during the year:

Standard Bank Eswatini Limited P O Box 667 Mbabane Eswatini	Nedbank Eswatini Limited P O Box 70 Mbabane Eswatini	Swaziland Building Society P O Box 300 Mbabane Eswatini
First National Bank of Eswatini Limited P O Box A267 Eveni Eswatini	Eswatini Development and Savings Bank P O Box 285 Mbabane Eswatini	

15. Business and postal address of the company

Business address

Eluvatsini House
Mhlambanyatsi Road
Mbabane
Eswatini

Postal address

P O Box 258
Mbabane
H100
Eswatini

16. Auditors

The auditors of the company are:

Business address

SNG Grant Thornton Chartered Accountants (Eswatini)
Umkhiwa House
Kal Grant Street
Mbabane
Eswatini

Postal address

P O Box 331
Mbabane
H100
Eswatini

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2025

	Notes	2025 E	2024 E
Revenue from contracts with customers	4	3 058 134 907	2 773 837 085
Cost of sales	5	(2 909 286 234)	(2 524 844 639)
Gross profit		148 848 673	248 992 446
Other income	6	50 145 418	50 937 458
Expenses	7	(442 773 020)	(363 567 900)
Net impairment gains/ (losses) on financial assets		13 991 424	(22 213 187)
Administrative expenses		(456 764 444)	(341 354 713)
Other losses	8	(3 444 394)	(5 897 207)
Operating loss		(247 223 323)	(69 535 203)
Net finance costs	9	(14 253 455)	(4 770 794)
Finance costs	9	(34 193 519)	(30 819 676)
Finance income	9	19 940 064	26 048 882
Share of profit of joint venture	12	100 981 728	112 752 575
(Loss)/ profit before income tax		(160 495 050)	38 446 578
Income tax charge	10	80 126 842	62 630 823
(Loss)/ profit for the year		(80 368 208)	101 077 401
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Foreign exchange gains on translation of foreign joint venture	13	820 910	17 767 319
Income tax relating to these items	10	(164 182)	(3 553 464)
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit asset	17	2 423 886	1 592 599
Income tax relating to these items	10	(605 972)	(437 965)
Other comprehensive income for the year – net of tax		2 474 642	15 368 489
Total comprehensive (loss)/ income for the year		(77 893 566)	116 445 890

STATEMENT OF FINANCIAL POSITION

as at 31 March 2025

	Notes	2025 E	2024 E
Assets			
Non-current assets			
Property, plant and equipment	11	4 982 950 340	4 424 670 108
Right of use asset	11.1	4 165 766	5 724 799
Investment in joint venture	12	465 379 649	474 475 611
USL electricity prepayment	15	–	10 000 000
Retirement benefit asset	17	3 905 517	1 627 089
Embedded derivative asset	23(d)	6 757 783	4 138 727
		5 463 159 055	4 920 636 334
Current assets			
Inventories	16	127 479 428	125 276 181
Trade and other receivables	14.1	472 745 507	384 885 789
USL electricity prepayment	15	10 000 000	10 000 000
Current income tax assets	20.1	281 657 929	302 722 003
Financial assets	14.7	135 884 529	97 870 052
Restricted cash	14.2	57 396 641	136 918 440
Cash and cash equivalents	14.3	27 979 296	131 107 515
		1 113 143 330	1 188 779 980
Total assets		6 576 302 385	6 109 416 314
Equity and liabilities			
Equity attributable to owners of the company			
Ordinary shares	18	433 493 841	433 493 841
Foreign currency translation reserves	13	236 598 725	235 941 997
Retained earnings		3 262 177 356	3 340 727 650
		3 932 269 922	4 010 163 488
Liabilities			
Non-current liabilities			
Deferred grant income	19.1	789 935 441	538 262 364
Other deferred income	19.2	57 396 641	136 918 440
Borrowings	14.5	868 512 835	565 899 558
Lease liability	14.6	3 057 025	4 591 196
Deferred income tax liabilities	20.2	128 713 965	242 734 899
		1 847 615 907	1 488 406 457
Current liabilities			
Borrowings	14.5	45 641 736	50 287 895
Lease liability	14.6	1 534 172	1 316 729
Trade and other payables	14.4	692 005 467	503 624 826
Provisions for employee benefits	21	9 331 008	13 001 919
Contract liabilities	19.3	47 904 173	42 615 000
		796 416 556	610 846 369
Total liabilities		2 644 032 463	2 099 252 826
Total equity and liabilities		6 576 302 385	6 109 416 314

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2025

	Notes	Share capital E	Foreign exchange translation reserves E	Retained earnings E	Total E
Balance at 1 April 2024		433 493 841	235 941 997	3 340 727 650	4 010 163 488
Total comprehensive income for the year		–	656 728	(78 550 294)	(77 893 566)
Loss for the year		–	–	(80 368 208)	(80 368 208)
Other comprehensive income for the year		–	656 728	1 817 914	2 474 642
Balance at 31 March 2025		433 493 841	236 598 725	3 262 177 356	3 932 269 922
		Note 18	Note 13		
Balance at 1 April 2023		433 493 841	221 728 142	3 242 668 950	3 897 890 933
Total comprehensive loss for the year		–	14 213 855	102 232 035	116 445 890
Profit for the year		–	–	101 077 401	101 077 401
Other comprehensive income for the year		–	14 213 855	1 154 634	15 368 489
Dividends to equity holders of the company	18.1	–	–	(4 173 335)	(4 173 335)
Balance at 31 March 2024		433 493 841	235 941 997	3 340 727 650	4 010 163 488
		Note 18	Note 13		

STATEMENT OF CASH FLOWS

for the year ended 31 March 2025

	Notes	2025 E	2024 E
Cash flows from operating activities			
Cash generated by operations	22	86 412 484	287 401 115
Tax paid	20.1	–	–
Interest received	9	19 940 064	26 048 883
Interest paid	9	(34 193 519)	(30 819 676)
<i>Net cash generated from operating activities</i>		72 159 029	282 630 322
Cash flows from investing activities			
Additions to property, plant and equipment to maintain operating capacity	11	(800 989 623)	(660 321 316)
Proceeds from disposal of property, plant and equipment		–	4 339 040
Additions to investments	14.7	(101 172 780)	(534 631 607)
Proceeds from disposal of investments	14.7	70 000 000	603 500 000
Grants received	19	150 682 611	59 198 549
Dividends received from Motraco Joint Venture	12	88 718 880	94 554 720
<i>Net cash utilised in investing activities</i>		(592 760 912)	(433 360 614)
Cash flows from financing activities			
Proceeds from borrowings	22.1	346 151 399	125 216 821
Repayment of borrowings	22.1	(51 044 826)	(28 664 216)
Payment of lease liability		(1 900 249)	(1 609 505)
Proceeds from/ (utilised in) other assets		124 267 340	(18 653 726)
Dividends paid	18.1	–	(4 173 335)
<i>Net cash inflows from financing activities</i>		417 473 664	72 116 039
Net decrease in cash and cash equivalents		(103 128 219)	(78 614 253)
Cash and cash equivalents at beginning of the year		131 107 515	209 721 768
Cash and cash equivalents at end of the year	14.3	27 979 296	131 107 515

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2025

1. Basis of preparation

Reporting entity

Eswatini Electricity Company Limited is engaged in the business of generation, transmission, and distribution of electricity in the country. Customers include agricultural, industrial, commercial, and residential households. The company is incorporated and domiciled in the Kingdom of Eswatini. The registered address of the company is Eluvatsini House, Mhlambanyatsi Road, Mbabane. The company is a state-owned entity and controlled by the Government of Eswatini.

The financial statements were authorised for issue by the board of directors on 30 July 2025.

(a) Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting standards. The financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

- ▶ Derivative financial instruments – measured at fair value.
- ▶ Embedded derivative asset and liability – measured at fair value
- ▶ Defined benefit pension plans – plan assets measured at fair value
- ▶ Revenue and customers contributions – measured at fair value

(c) Functional and presentation currency

These financial statements are presented in Eswatini Lilangeni, which is the company's functional currency. All financial information presented in Emalangeneni has been rounded to the nearest one Lilangeni, except as otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in Note 3.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the company's next financial statements are included in Note 3.

2. Summary of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Changes in accounting policy and disclosures

Summary of new standards amendments effective

There were no new standards and or interpretations that were effective in the current financial year that were adopted and had a material impact on the operations of the company.

Summary of new standards amendments and interpretations not yet effective

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning 1 April 2025 and earlier application is permitted. However, the Company has not early adopted the new and amended accounting standards in preparing these financial statements for the year ended 31 March 2025.

Classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7)

In May 2024, the International Accounting Standards Board (IASB) issued *Amendments to the classification and measurement of financial instruments* which amended IFRS 9 and 7.

The requirements will be effective for annual reporting periods beginning on or after 1 January 2026 (1 April 2026 for the Company), with early application permitted, and are related to:

- ▶ settling financial liabilities using electronic payments system; and
- ▶ assessing contractual cash flow characteristics of financial assets, including those with sustainability-linked features.

The Company is in the process of assessing the impact of the new amendments.

IFRS 18 Presentation and disclosure in financial statements

IFRS 18 will replace *IAS 1 Presentation of financial statements* and applies for annual periods beginning on or after 1 January 2027 (1 April 2027 for the Company). The new standard introduces the following key new requirements:

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

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

2.1 Changes in accounting policy and disclosures *(continued)*

- ▶ Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities net profit will not change.
- ▶ Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- ▶ Enhanced guidance is provided on how to group information in the financial statements.
- ▶ In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Company is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Company's profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as other.

2.2 Joint venture

Joint ventures are contractual arrangements whereby two or more parties undertake an economic activity that is subject to joint control.

Investments in joint ventures are accounted for using the equity method of accounting and are initially recognised at cost in the financial statements of the company.

The company's share of its joint ventures post acquisition profits or losses are recognised in profit or loss, and its share of post-acquisition movement in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. When the company's share of losses in joint venture equals or exceeds its interest in the joint venture, including any other un-securable receivables, the company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

When the financial statements of the joint venture are prepared as of a date different from that of the parent's financial statements, adjustments shall be made for the effects of significant transactions or events that occur between that date and the date of the parent's financial statements. However, the difference between the end of the reporting period of the joint venture and that of the parent shall be no more than three months.

Unrealised gains on transactions between the Company and its joint ventures are eliminated to the extent of the company's interest in the joint ventures. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Company.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Emalangi' (E), which is the company's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in other comprehensive income.

(c) Joint venture translations

The value of the joint venture in foreign currency is translated at year end and differences in translation are recognised in other comprehensive income and accumulated in the foreign exchange translation reserves.

2.4 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Freehold land is not depreciated.

Buildings on freehold land, plant, equipment and motor vehicles are depreciated on a straight-line basis over their current anticipated useful lives.

The rates of depreciation used are based on the following estimated current useful lives:

Canal, weirs, conduits and valves	50 years
Dam and spillway	50 years
Power station civil works	50 years
Buildings and staff housing	40 years
Generation plant	40 years
Leasehold buildings	30 years
Substations, transformers and switchgear	25 years
Distribution and transmission	25 years
Radio and communication equipment	10 years
Computer equipment	3 years
Motor vehicles	5 years
Office furniture and equipment	10 years

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

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

2.4 Property, plant and equipment *(continued)*

The costs of improvements to leasehold buildings are written off over the lesser of the periods of the leases or their useful lives.

The basis of depreciation, useful lives and residual values are assessed annually.

Work-in-progress on capital projects is included at cost and is not depreciated until the relevant asset is available for use. Borrowing costs incurred in financing work-in-progress on qualifying capital projects are included in the cost of the project until the project is substantially completed.

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense.

Profits and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss within other income.

2.5 Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the recoverable amount could be less than the carrying amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.6 Share capital

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

2.7 Financial assets and liabilities

The Company classifies its financial assets in the following categories:

- ▶ at fair value through profit or loss
- ▶ amortised cost

Accounting for financial instruments

Financial instruments comprise derivative instruments (including investment in sinking fund), embedded derivative instruments, loans receivable, trade and other receivables (excluding prepayments), cash and cash equivalents, restricted cash, borrowings, other non-current liabilities (excluding provisions), bank overdrafts and trade and other payables.

Financial assets are classified as current if expected to be realised or settled within 12 months from the reporting date; if not, they are classified as non-current. Financial liabilities are classified as non-current if the Company has an unconditional right to defer payment for more than 12 months from the reporting date.

Financial instrument classification

The Company classifies financial assets on initial recognition as measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL) on the basis of the Company's business model for managing the financial asset and the cash flow characteristics of the financial asset.

The classification is dependent on the purpose for which the financial instruments were acquired. Management determines the classification of financial instruments at initial recognition. Financial instruments comprise trade and other receivables (excluding prepayments), cash and cash equivalents, borrowings, other non-current liabilities (excluding provisions and deferred income) and trade and other payables.

Financial assets carried in the statement of financial position are classified as follows:

- ▶ Amortised cost: The asset is held within a business model with the objective to collect the contractual cash flows, and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.
- ▶ Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. This includes derivative and embedded derivative financial instruments.

Financial liabilities are classified as measured at amortised cost, except for derivative and embedded derivative financial liabilities which are measured at FVTPL.

Measurement at initial recognition

All financial assets (unless it is a trade receivable without a significant financing component) and liabilities are initially measured at fair value, including transaction costs. Trade receivables without a significant financing component are initially recognised at the transaction price.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

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

2.7 Financial assets and liabilities *(continued)*

Subsequent measurement: Financial Assets

- ▶ Amortised cost: These financial assets are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- ▶ Fair value through profit or loss: These financial instruments are subsequently measured at fair value with changes in fair value recognised in profit or loss within other gains/ (losses).

Subsequent measurement: Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method, except for financial liabilities at FVTPL which are subsequently measured at fair value with changes in fair value recognised in profit or loss within other gains and losses.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expire. On derecognition of a financial asset/liability, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Offsetting financial instruments

Offsetting of financial assets and liabilities is applied when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The net amount is reported in the statement of financial position.

Impairment

The Company calculates its allowance for credit losses as expected credit losses (ECLs) for financial assets measured at amortised cost. ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss. Impairment testing of trade receivables is described in *Note 23(b)*.

To calculate ECLs the Company segments/groups trade receivables by customer type i.e. government, electricity debtors, domestic, individuals, small scale, etc. The Company applies the simplified approach to determine the ECL for trade receivables. This results in calculating lifetime expected credit losses for trade receivables. ECLs for trade receivables is calculated using a provision matrix.

Provision Matrix – ECLs are calculated by applying a loss ratio to the aged balance of trade receivables at each reporting date. The loss ratio is calculated according to the ageing/ payment profile of sales by applying historic/proxy write offs to the payment profile of the sales population. In instances where there was no evidence of historical write offs management used a proxy write off. Trade receivable balances have been grouped so that the ECL calculation is performed on groups of receivables with similar risk characteristics and ability to pay. Similarly, the sales population selected to determine the ageing/payment profile of the sales is representative of the entire population and in line with future payment expectations. The historic loss ratio is then adjusted for forward-looking information to determine the ECL for the portfolio of trade receivables at the reporting period to the extent that there is a strong correlation between the forward-looking information and the ECL.

The Company used 12 months sales data to determine the payment profile of the sales. Where the Company has information about actual historical write-offs, actual write-offs have been used to determine a historic loss ratio. Alternatively, management has used the proxy write-off based on management's best estimated. The Company has considered quantitative forward-looking information such as core inflation rate. Qualitative assessments have also been performed, of which the impact was found to be immaterial. For parastatal and government customers management rebutted the presumption that a customer is in default when 90 days past due and have determined default as 180 days past due.

Income recognition

Interest income is recognised using the effective interest method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired receivables is recognised using the original effective interest rate.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

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

2.8 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of electricity and electricity related services such as electricity connections in the ordinary course of the company's activities. Revenue is shown net of estimated returns, rebates and discounts.

The Company recognises revenue when the performance obligation stipulated in the contract with the customer is satisfied, when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. The specific accounting policies for the company's main types of revenue are explained in *Note 4*.

Deferred contributions from customers towards infrastructure relate to fees for connection received in advance from prospective electricity customers. These fees are recognised as revenue when the connections are completed.

2.9 Dividend income and dividend distributions

Dividend distribution to the company's shareholder is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the company's shareholder.

Dividend income is recognised when the right to receive payment is established.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined on the weighted average basis and includes expenditure incurred in acquiring inventories and bring them to their existing location and condition.

2.11 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

2.12 Taxation

Deferred income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax liabilities and deferred tax assets are recognised for all temporary difference arising from the following differences:

- i) The excess of book values of fixed assets over their written down values for tax purposes;
- ii) The excess of book values of finance leases over their written down values for tax purposes;
- iii) Income and expenditure in the financial statements of the current year dealt with in other years for tax purposes;
- iv) The unrealised foreign exchange gains/or losses on Motraco which represent a potential future dividend income to be declared by Motraco;
- v) A deferred tax asset will also arise from tax losses to the extent to which the company expects to utilise the tax losses against future taxable profits; and
- vi) The company entity also recognises deferred tax from temporary differences arising from provisions, prepayments, retirement benefit assets, deferred income, and embedded derivatives.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

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

2.12 Provisions *(continued)*

Current tax

The charge for the current tax is the amount of income taxes payable in respect of the taxable profits for the current period. It is calculated using tax rate that have been enacted or substantially enacted by the statement of financial position date.

- ▶ Taxation is recognised in profit or loss except to the extent that it relates to items recognised in Other Comprehensive Income.
- ▶ Taxation is calculated based on tax laws enacted at reporting date.
- ▶ The company has a policy in place in respect of the offsetting of deferred tax assets and liabilities.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2.13 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within current liabilities in the statement of financial position.

Cash and cash equivalents do not include other assets which include restricted cash for rural electrification projects funded by the Government of Eswatini and the Chinese Government.

2.14 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less an allowance for expected credit loss (ECL). The Company uses an allowance matrix to measure the ECL for trade receivables. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on common characteristics. The ECL is recognised in the statement of comprehensive income.

2.15 Borrowings

Borrowings are initially recognised at fair value, which is usually evidenced by the fair value of the consideration received, net of transaction costs incurred, when they become party to the contractual provisions. Borrowings are subsequently stated at amortised cost using the effective interest rate method; any difference between the proceeds (net of transaction value) and the redemption value is recognised in profit or loss over the period of the borrowings.

For below market interest rate loans, the borrowings are initially recognised at fair value and subsequently amortised using the effective interest rate method. The difference between the below market interest rate and the effective interest rate is recognised in the statement of comprehensive income.

Borrowings are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expires.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.16 Employee benefits

(a) Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The provision for employee entitlements to salaries and annual leave represent the amount that the Company has a present obligation to pay, as a result of employees' services provided up to the statement of financial position date. The provision has been calculated at undiscounted amounts based on current salary rates.

(b) Pension obligations

A defined contribution plan is a pension plan under which the Company pays fixed contributions into the plan. The Company operates a defined contribution plan. The Company pays contributions to a privately administered pension plan on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Company has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs.

(c) Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. The company's net obligation in respect of defined benefit it plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the company the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

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

2.16 Employee benefits *(continued)*

(c) Defined benefit plans *(continued)*

Re-measurements of the net defined benefit liability, which comprise actual gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the company the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actual gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(d) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after statement of financial position date are discounted to the present value.

(e) Performance bonus

The bonus provision can be recognised provided the amount can be reliably measured at the reporting date. The company recognises a provision where it is contractually obliged or where there is a past practice that has created a constructive obligation to make bonus payments.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2.17 Grants received

Grants, including non-monetary grants at fair value, are recognised when there is reasonable assurance that the Company will comply with the conditions attached to the grant and that the grant will be received.

Property, plant and equipment acquired from the proceeds of grants is depreciated in accordance with the Company's property, plant and equipment accounting policy. Grants utilised to acquire property, plant and equipment are initially recognised as deferred income and subsequently recognised in profit or loss on a systematic and rational basis over the useful lives of the assets.

Government and donor grants

Grants received by the Company from Government and donors to acquire assets are shown as deferred income and the relevant assets are brought to account at their actual cost.

The company recognises non-monetary grants received from Government at nominal value.

Rural electrification fund

Funds contributed by Government, donors and consumers to rural electricity projects are held in the Rural Electrification Fund until expended, at which time these funds are transferred to consumer contributions and netted off against the cost of related distribution or transmission assets.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

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

2.17 Grants received *(continued)*

Counterparty fund

Contributions received from interest differential on the Kingdom of Eswatini loan No. 4 and the European Investment Bank loan and interest received on deposits are held in the Counterparty Fund until expended. Capital items funded from the Counterparty Fund are transferred to grants received and the relevant assets are brought to account at their actual cost.

2.18 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

None of the financial assets or liabilities have been offset in the statement of financial position. None of the financial instruments are subject to offsetting arrangements.

2.19 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The full fair value of a derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

As at 31 March 2025 the company has not applied any hedge accounting.

Embedded derivative

In order to determine whether the hybrid instrument **meet** the definition of an embedded derivative, the company considers:

- whether a host contract exists;
- whether some of the cash flows that otherwise would be required by the host contract have been modified according to a specified index or variable, and as a result financial risks have effectively shifted between the parties; and
- whether the portion of the hybrid instrument that causes the modification in the cash flows attached to the contract meets the definition of a derivative.

An embedded derivative is required to be separated from the host contract and accounted for as a stand-alone derivative at fair value through profit or loss if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

2.20 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.21 Leases

The Company recognises both a right-of-use asset and a lease liability as at the lease commencement date. The right-of-use asset is initially measured at cost, which represents the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred, plus an estimate of the costs required to dismantle and remove the underlying asset or to restore the site on which it is located (if applicable), less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that have not yet been paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot readily be determined, the company's incremental borrowing rate. The lease liability is remeasured when there are changes in the amounts of future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company presents right-of-use assets and lease liabilities in a separate line in the statement of financial position.

Short-term leases and leases of low-value assets

As permitted under the standard, the Company does not recognise right-of-use assets and lease liabilities for short-term leases of assets that have lease terms of 12 months or less, and leases of low value assets. The Company recognises the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

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

2.21 Leases *(continued)*

Amortisation

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those used for the property and equipment items.

Impairment

The right-of-use assets are periodically reduced by the amounts of impairment losses and adjusted to reflect certain remeasurements of the respective lease liabilities.

3. Critical accounting estimates and judgements

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The major area where management has used its judgment and accounting estimates are with regards to:

(a) Provision for post-employment benefits disclosed under Note 17

An actuary was appointed to perform the valuation to determine the Company's obligation in this regard. The assumptions and judgments used by the actuary were considered by the Company and were deemed reasonable in light of the prevailing and anticipated future economic conditions.

(b) Valuation of embedded derivative –The Electricity Wheeling Agreement

The Company has used estimated US inflation forecasts and the wheeling electricity charges to estimate the value of the embedded derivative related to the Electricity Wheeling Agreement (*Note 23(d)*). The estimates used are management's best estimates. The key inputs and estimates have been outlined below:

Valuation date

The valuation date is 31 March 2025.

Maturity date

The maturity date of the electricity wheeling agreement is 31 December 2025.

Embedded Derivative valuation

The valuation uses a swap-curve (inflation rate curve) to estimate the value of the embedded derivative liability which represents an estimate of the present value of the electricity wheeling charges cash-flows that will be dependent on the US inflation rate.

(c) Estimated impairment of trade and receivables

The Company tests annually whether trade and other receivables suffered any impairment in accordance with the accounting policy stated in Note 2.5. The recoverable amounts of trade and other receivables have been determined based on discount cash inflows. These calculations require the use of estimates (*Note 23(b)*).

(d) Depreciation

The Company charges depreciation as an expense on items of property, plant and equipment (*Note 11*) based on the useful lives of the different items of property, plant and equipment. The useful lives are management's best estimates. Management reviews the useful lives of assets on an annual basis.

(e) Income taxes

The Company recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax income of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(f) Useful lives, residual values of intangible assets and discount rates

The calculation of the assets' residual values, the estimation of the useful lives, and the discount rates used are based on the premises of the lease contracts (or for similar assets) and are set based on Management's judgment, as well as the practices of its peers in the industry.

(g) Prepaid revenue

The company uses point of sale purchasing patterns to infer consumption behaviour and to estimate deferred revenue.

The table below shows the sensitivity analysis of deferred revenue to any change in customer electricity consumption patterns which is the key input variable to the deferred revenue model used by the company to estimate the amount of revenue earned and deferred derived from prepaid customers. The current consumption pattern assumption is that 35% of the March 2025 revenue is deferred; therefore, the sensitivity analysis shows the impact of a 5% change in this assumed consumption pattern.

The other input variables are assumed to be constant.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

3. Critical accounting estimates and judgements *(continued)*

3.1 Critical accounting estimates and judgements

Deferred revenue 2025

	Balance	Effect of 5% increase on profit or loss	Effect of 5% decrease on profit or loss
	E	E	E
Deferred revenue (Note 19.3)	47 904 173	2 395 209	(2 395 209)

Deferred revenue 2024

	Balance	Effect of 5% increase on profit or loss	Effect of 5% decrease on profit or loss
	E	E	E
Deferred revenue (Note 19.3)	42 615 000	2 130 750	(2 130 750)

(h) Impairment of Right-of-use Assets

Identifying impairment indicators, estimating future cash flows and determining the fair value of assets requires management to use significant judgment in terms of the identification and evaluation of the different impairment indicators, the expected cash flow, the applicable discount rates, useful lives and residual amounts.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

4. Revenue from contracts with customers

4.1 The analysis of electricity revenue per customer category is as follows:

	2025 E	2024 E
Domestic and Small Commercial	1 444 872 562	1 289 670 149
Irrigation, Industrial, and Large Commercial	1 504 410 506	1 349 901 425
Other	4 539 727	4 130 996
Contributions from customers towards infrastructure	104 312 112	130 134 515
	3 058 134 907	2 773 837 085

4.2 The analysis of electricity by service revenue nature is as follows:

	2025 E	2024 E
Revenue from sale of electricity	2 953 822 795	2 643 702 570
Contributions from customers towards infrastructure	104 312 112	130 134 515
	3 058 134 907	2 773 837 085

Revenue is recognised for the major business activities using the methods outlined below:

Electricity revenue – all customers

Timing of recognition: The company supplies electricity to domestic, commercial, industrial and agricultural customers in the Kingdom. Electricity revenue is recognised based on usage by the customer.

Measurement of revenue: For post-paid electricity customers, revenue is measured at the fair value receivable from the customers at time of billing. Prepaid customers prepay for their electricity; thus revenue usage is measured at the fair value already received from the customers.

Contributions from customers towards infrastructure

Timing of recognition: The company charges infrastructure costs to customers for connections to the electricity grid. Revenue from customer contributions is recognised when the customer has been fully connected to the electricity grid and the lines energised.

Measurement of revenue: Revenue is measured at the fair value of the amount received or receivable from the customer for the service.

Critical judgements

Electricity revenue comprises prepaid electricity revenue from domestic and small commercial customers. The Company utilises an internally generated model to establish an estimate of the revenue and unearned portion of revenue received in advance.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

5. Cost of sales

	2025 E	2024 E
Cost of sales comprise of:		
Electricity transmission costs	195 450 348	195 289 652
Distribution costs	553 319 829	482 380 486
Electricity purchases	2 021 504 621	1 694 853 374
Electricity wheeling charges	64 620 956	68 973 403
Electricity generation cost	64 390 480	73 347 724
Amortisation of USL electricity prepayment	10 000 000	10 000 000
	2 909 286 234	2 524 844 639

Cost of sales comprise and are classified as such using the criteria below:

Distribution costs

These are electricity distribution costs incurred by the company in the distribution of electricity to its customers from electrical substations.

Electricity purchases

These are electricity purchases from other power producers. The bulk of electricity purchases are from Eskom Holdings SOC Ltd, incorporated in the Republic of South Africa.

Electricity wheeling charges

These are charges for the wheeling of electricity to the company by the Mozambique Transmission Company ("Motraco").

Electricity generation cost

These are costs associated directly with own generation of electricity by the company.

Electricity transmission cost

These are costs to transmit electricity from electricity generation sites to electrical substations.

Amortisation of USL electricity prepayment

This is the amortisation of the prepayment to Ubombo Sugar Limited (USL) for the exclusive right to purchase surplus electricity. Refer to *Note 15* for more details on the agreement.

Classification as cost of sales

Cost of sales are those costs that are incurred directly from the generation to the delivery of electricity to the consumer, in the normal business cycle of the company.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

6. Other income

	2025 E	2024 E
Rental income	3 348 634	3 322 919
Profit on sale of scrap	1 509 976	1 366 377
Bad debt recovery	1 879 801	28 372
Reconnection fees	4 593 277	4 668 325
Other items (i)	13 737 106	16 772 877
Tampering charges	983 323	1 298 831
Tender fees	101 043	288 489
Grant income (Note 6.1)	23 992 258	23 191 268
	50 145 418	50 937 458
6.1 Grant income		
Grants realised during the year (Note 19.1)	23 992 258	23 191 268
Other grants received from Government during the year	-	-
	23 992 258	23 191 268

(i) Other items

Other items include equipment hire to external parties, Motraco Operating & Management fees, quotation fees and other incidental miscellaneous income.

(ii) Grant income

This is grant income received from the Government of the Kingdom of Eswatini, or from other funders through the government. There are no unfulfilled conditions or other contingencies attaching to these grants. The company has not benefitted directly from any other forms of Government assistance other than the investment towards the sinking fund.

Deferral and presentation of grants

Government grants relating to rural electrification project: Grants relating the rural electrification project are recognised as a liability under deferred grant income (Note 19.7) and amortised to profit or loss over the expected useful lives of the related assets.

Grants to defray operating expenditure: Grants received to fund expenditure are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

7. Material other expense items

The company has identified the items below needing separate disclosure for better understanding of the performance of the company. These items are included in “administrative expenses” on the statement of comprehensive income.

	2025 E	2024 E
Auditors' remuneration (Note 7.1)	1 031 121	1 604 299
Depreciation on property, plant and equipment (Note 7.2)	29 997 006	29 366 996
Net impairment charges on electricity receivable and other receivables (Note 23(b))	(13 991 424)	16 573 505
Director expenses	1 417 231	946 738
Motor vehicle expenses	6 736 949	5 347 526
Repairs and maintenance	8 956 618	6 897 377
Travelling and disbursements expenses	10 157 250	7 044 047
Employee benefit expense (Note 7.3)	134 180 129	128 169 691
Performance bonus	–	4 209 864
Third party vendors commission	19 250 386	16 248 704
Insurance	1 851 884	1 764 517
Sales Tax and Non-refundable foreign taxes paid	49 888 122	48 443 290
License fees	53 948 311	48 021 338
Staff training and welfare	16 892 067	15 247 847
Management fees	19 161 161	19 197 355
Consulting fees	42 483 069	6 686 398
Other expenses	60 813 140	7 798 408
Total administrative and net impairment expenses	442 773 020	363 567 900

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

7. Material other expense items *(continued)*

7.1 Auditors' remuneration

	2025 E	2024 E
Auditors' remuneration	1 031 121	1 604 299

7.2 Depreciation expense (Note 11)

	2025 E	2024 E
Depreciation expense	242 709 391	229 150 275
Included in cost of sales	212 712 385	199 783 279
Included in administrative expenses	29 997 006	29 366 996

7.3 Employee benefit expense

	2025 E	2024 E
Employee benefit expense	404 623 255	381 358 425
Included in cost of sales	270 443 126	253 188 734
Included in administrative expenses	134 180 129	128 169 691

8. Other (losses) / gains

	2025 E	2024 E
Fair value gains – Embedded derivative (Note 23(d))	2 619 056	387 972
Electricity wheeling agreement embedded derivative (Note 23(d))	2 619 056	387 972
Net foreign exchange losses - foreign transactions	(3 202 905)	(6 318 302)
Net foreign exchange (losses)/ gains on foreign loans (Note 14.5)	(2 860 545)	33 123
Net losses	(3 444 394)	(5 897 207)

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

9. Finance income and costs

	2025 E	2024 E
Finance costs	(34 193 519)	(30 819 676)
Interest – Bank overdraft	(3 200 558)	(19 272)
Interest – Other foreign currency denominated loans	–	–
Interest – Local currency denominated loans	(30 409 441)	(30 312 786)
Interest – Lease liability	(583 520)	(487 618)
Finance income	19 940 064	26 048 882
Interest on short term bank deposits	12 500 307	17 972 884
Interest on accounts receivable	7 439 757	8 075 998
Finance costs – net	(14 253 455)	(4 770 794)

Finance income

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Interest income from outstanding debtors is also included as finance income.

Finance costs

Finance cost is interest charged on borrowings and lease liabilities.

10. Income tax expense

The statutory tax rate of 25% (2024: 27.5%) was used to calculate the current tax charge and a statutory rate of 25% (2024: 27.5%) was used for deferred tax liabilities calculation.

	2025 E	2024 E
▶ Current tax – Kingdom of Eswatini normal taxation (Note 20.1)	–	–
▶ Adjustment relating to prior years (Note 20.1)	34 664 246	–
▶ Deferred tax – current year	(114 791 088)	(62 630 823)
Increase in deferred tax assets (Note 20.2)	(54 538 445)	(45 669 318)
Decrease in deferred tax liabilities (Note 20.2)	(59 482 489)	(12 970 076)
Changes in deferred tax relating to foreign exchange losses	(770 154)	(3 991 429)
Income tax expense	(80 126 842)	(62 630 823)

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

10. Income tax expense *(continued)*

The tax on the company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the company's profit as follows:

	2025 E	2024 E
(Loss)/ profit before tax	(160 495 050)	38 446 578
Tax calculated at company tax rate	(40 123 763)	10 572 809
Tax effects of:		
Adjustment relating to prior years	34 664 246	–
Legal fees	410 944	221 292
Donations	335 187	448 654
Net income from joint venture	(25 245 432)	(31 006 958)
Grant amortised	(5 998 065)	(6 377 599)
Tax Penalties and interest	25 632	18 761
Fair value adjustment on embedded derivatives	(654 764)	(106 692)
Withholding tax on Motraco unremitted earnings	(1 983 374)	(1 088 165)
Prior year deferred tax adjustment	(437 965)	474 069
Contributions from customers towards infrastructure	(26 078 028)	(35 786 994)
Effect of changes in tax rate	(15 041 460)	–
Tax charge	(80 126 842)	(62 630 823)
Tax recognised in other comprehensive income:		
<i>Foreign exchange losses on translation of Motraco Investment</i>		
Deferred tax	164 182	3 553 464
<i>Actuarial re-measurements</i>		
Deferred tax	605 972	437 965
Total tax charge on statement of comprehensive income	770 154	3 991 429

10.1 Withholding tax on Motraco unremitted earnings

The Company has recognised deferred tax on the unremitted earnings of the joint venture company (*Note 20.2*) because there is a 20% withholding tax payable when these earnings are distributed by the joint venture company. The Withholding tax on Motraco's unremitted earnings represents a reconciling item in the tax reconciliation because the withholding tax liability will be due to the Mozambican tax authorities.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

11. Property, plant and equipment

	Carrying amount at 1 April 2024 E	Additions E	Disposal cost E	Transfers E	Depreciation for the year E	Net carrying amount year end E	Cost E	Accumulated depreciation E
As at 31 March 2025								
Dam and Spillway	7 434 121	-	-	-	(731 564)	6 702 557	36 573 532	(29 870 975)
Power station civil works	18 314 661	-	-	1 539 663	(844 124)	19 010 200	22 187 454	(3 177 254)
Freehold land	13 311 212	-	-	-	-	13 311 212	13 311 212	-
Buildings and staff housing	233 333 942	-	-	55 380 117	(7 356 915)	281 357 144	334 544 749	(53 187 605)
Leasehold buildings	207 294	-	-	-	(4 318)	202 976	1 554 433	(1 351 457)
Canal, weirs, conduits and valves	5 974 772	-	-	-	(542 675)	5 432 097	27 926 157	(22 494 060)
Generation plant	271 386 595	-	-	-	(11 116 518)	260 270 077	336 386 039	(76 115 962)
Substations, transformers and switchgear	492 790 253	-	-	35 749 124	(36 686 144)	491 853 233	955 304 188	(463 450 955)
Distribution and transmission	2 370 424 727	-	-	258 863 484	(139 713 241)	2 489 574 970	3 754 446 984	(1 264 872 014)
Motor vehicles	52 929 663	-	-	25 720 567	(21 789 598)	56 860 632	174 706 798	(117 846 165)
Radio and communication equipment	29 306 841	-	-	4 364 150	(4 651 583)	29 019 408	54 320 096	(25 300 688)
Computer equipment	16 975 578	-	-	35 281 002	(14 967 751)	37 288 829	91 846 069	(54 557 240)
Site works and roads, servitudes, furniture, small plant, tools and instruments	26 796 693	-	-	3 595 929	(4 304 960)	26 087 662	47 317 288	(21 229 627)
Capital work-in-progress	885 483 756	800 989 623	-	(420 494 036)	-	1 265 979 343	1 265 979 343	-
	4 424 670 108	800 989 623	-	-	(242 709 391)	4 982 950 340	7 116 404 342	(2 133 454 002)

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

11. Property, plant and equipment *(continued)*

	Carrying amount at 1 April 2024 E	Additions E	Transfers E	Net carrying amount at year end E	Cost E
As at 31 March 2025					
Capital work-in-progress comprises: -					
Rural Electrification Project	9 642 798	65 285 980	(54 834 548)	20 094 230	20 094 230
Company Schemes & Services	728 226 783	691 412 033	(332 815 227)	1 086 823 589	1 086 823 589
Major Projects	147 614 175	44 291 610	(32 844 261)	159 061 524	159 061 524
	885 483 756	800 989 623	(420 494 036)	1 265 979 343	1 265 979 343

	Carrying amount at 1 April 2023 E	Additions E	Disposal cost E	Re-classification E	Transfers E	Depreciation for the year E	Net carrying amount year end E	Cost E	Accumulated depreciation E
As at 31 March 2024									
Dam and Spillway	8 167 408	-	-	-	-	(733 287)	7 434 121	36 573 531	(29 139 410)
Power station civil works	19 141 085	-	-	-	-	(826 424)	18 314 661	20 647 791	(2 333 130)
Freehold land	13 311 212	-	-	-	-	-	13 311 212	13 311 212	-
Buildings and staff housing	223 280 052	-	-	558 390	16 152 082	(6 656 582)	233 333 942	279 164 632	(45 830 690)
Leasehold buildings	250 473	-	-	-	-	(43 179)	207 294	1 554 433	(1 347 139)
Canal, weirs, conduits and valves	6 566 340	-	-	(79 860)	-	(511 708)	5 974 772	27 926 157	(21 951 385)
Generation plant	291 677 026	-	-	(9 311 500)	-	(10 978 931)	271 386 595	336 386 039	(64 999 444)
Substations, transformers and switchgear	535 162 600	-	-	(5 851 679)	-	(36 520 668)	492 790 253	919 555 065	(426 764 812)
Distribution and transmission	2 275 690 667	-	-	12 608 015	215 669 661	(133 543 616)	2 370 424 727	3 495 583 499	(1 125 158 772)
Motor vehicles	43 368 833	-	(70 526)	1 142 060	26 681 526	(18 192 230)	52 929 663	148 599 039	(95 669 376)
Radio and communication equipment	23 460 251	-	-	601 544	9 534 343	(4 289 297)	29 306 841	49 955 945	(20 649 104)
Computer equipment	22 626 120	-	-	298 732	6 967 834	(12 917 108)	16 975 578	56 565 067	(39 589 489)
Site works and roads, servitudes, furniture, small plant, tools and instruments	28 309 929	-	-	34 298	2 389 710	(3 937 244)	26 796 693	43 721 359	(16 924 666)
Capital work-in-progress	502 903 382	659 975 530	-	-	(277 395 156)	-	885 483 756	885 483 756	-
	3 993 915 378	659 975 530	(70 526)	-	-	(229 150 274)	4 424 670 108	6 315 027 525	(1 890 357 417)

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

11. Property, plant and equipment *(continued)*

	Carrying amount at 1 April 2023 E	Additions E	Transfers E	Net carrying amount at year end E	Cost E
As at 31 March 2024					
Capital work-in-progress comprises: –					
Rural Electrification Project	33 907 648	35 748 906	(60 013 756)	9 642 798	9 642 798
Company Schemes & Services	329 966 865	615 641 318	(217 381 400)	728 226 783	728 226 783
Major Projects	139 028 869	8 585 306	–	147 614 175	147 614 175
	502 903 382	659 975 530	(277 395 156)	885 483 756	885 483 756

Included in the entity's property, plant and equipment are assets with zero net book values which are still being used by the entity. Summarised details of these assets are as follows:

	2025 E	2024 E
Cost	201 904 071	144 771 935
Accumulated depreciation	(201 904 071)	(144 771 935)
Net carrying amount	–	–

Distribution and transmission assets are stated after deducting net customers' contributions of E145 889 167 (2024: E145 889 167). These are assets that were capitalised before the promulgation of IFRIC 18 – Transfer of assets from customers.

Land costing E23 288 (2024: E23 288) on which buildings costing E443 520 (2024: E443 520) have been erected, has not yet been registered in the name of the Company.

Buildings costing E173 307 (2024: E173 307) have been erected on land which has not yet been acquired by the Company but which the Kingdom of Eswatini Government has consented to transfer to the Company. The Government is in the process of transferring the land in question to the Company.

Parts of the Luphohlo-Ezulwini and Maguga Dam hydro-electric schemes are situated on land owned by the Swazi Nation. The Company has authority to use land on which the hydro-electric schemes are situated.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

11. Property, plant and equipment *(continued)*

11.1 Right of use Asset

	2025 E	2024 E
Year ended 31 March		
Opening Balance	5 724 799	2 219 479
Additions	–	4 366 481
Disposals	–	–
Depreciation	(1 559 033)	(861 161)
Balance 31 March	4 165 766	5 724 799
At 31 March		
Cost	11 119 734	11 119 734
Accumulated depreciation	(6 953 968)	(5 394 935)
	4 165 766	5 724 799
The statement of profit or loss shows the following amounts relating to leases:		
Depreciation charge of right-of-use assets	1 559 033	861 161

The right of use asset relates to leases of five premises in the following locations: Mbabane, Piggs Peak, Nhlangano, Matsapha and Matata.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

12. Investment in joint venture

	2025 E	2024 E
Balance at beginning of year	474 475 611	462 149 117
Share of profit for the year	100 981 728	112 752 575
Exchange differences (Note 13)	820 910	17 767 319
Dividends received – net of taxes	(88 718 879)	(94 554 720)
Foreign taxes on dividends – 20%	(22 179 721)	(23 638 680)
Balance at end of year	465 379 649	474 475 611
The carrying value of the investment comprises:		
Cost of investment	90 271 236	90 271 236
Accumulated post-acquisition gains	92 057 460	101 974 333
Accumulated foreign exchange gains on translation of Company's interest	283 050 953	282 230 042
	465 379 649	474 475 611

The investment in joint venture does not include any goodwill as at 31 March 2025.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

12. Investment in joint venture *(continued)*

The Company's share of the results of its principal joint venture, which is unlisted, and its share of the assets (including goodwill and liabilities) are as follows:

	Aggregate amount US\$	Company's 33% Interest US\$	Company's 33% Interest E
Statement of financial position – 31 December 2024			
Non-current assets	27 594 836	9 198 279	168 050 712
Current assets	74 954 423	24 984 807	456 467 439
Total assets	102 549 259	34 183 086	624 518 151
Current liabilities	26 131 403	8 710 467	159 138 502
Total liabilities	26 131 403	8 710 467	159 138 502
Net asset value	76 417 856	25 472 619	465 379 649
Statement of comprehensive income – year ended 31 December 2024			
Revenue	31 776 010	10 592 003	193 092 493
Operating cost	(13 778 853)	(4 592 951)	(83 729 615)
Other income	3 274	1 092	19 896
Operating profit	18 000 431	6 000 144	109 382 774
Finance Income	2 223 630	741 210	13 512 278
Finance costs	(133 818)	(44 606)	(813 169)
Tax	(3 472 319)	(1 157 440)	(21 100 155)
Profit for the year	16 617 924	5 539 308	100 981 728

In terms of a shareholders' agreement signed on 20 May 2000, the Company agreed to acquire a one third interest in a Mozambican company Motraco-Companhia de Transmissao de Mozambique S.A.R.L. ("Motraco").

The company's 33% interest in Motraco was translated at average and closing exchange rate against the US dollar of E18.2300 and E18.2698 (2023: E18.7293 and E18.2972) respectively.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

12. Investment in joint venture *(continued)*

	Aggregate amount US\$	Company's 33% Interest US\$	Company's 33% Interest E
Statement of financial position – 31 December 2023			
Non-current assets	32 204 287	10 734 762	196 416 093
Current assets	69 715 092	23 238 364	425 196 994
Total assets	101 919 379	33 973 126	621 613 087
Current liabilities	24 124 589	8 041 530	147 137 476
Total liabilities	24 124 589	8 041 530	147 137 476
Net asset value	77 794 790	25 931 596	474 475 611
Statement of comprehensive income – year ended 31 December 2023			
Revenue	32 496 662	10 832 221	202 879 424
Operating cost	(13 109 923)	(4 369 974)	(81 846 364)
Other income	486 184	162 061	3 035 288
Operating profit	19 872 923	6 624 308	124 068 348
Net finance costs	2 766 555	922 185	17 271 838
Finance Income	(976 723)	(325 574)	(6 097 765)
Tax	(3 602 361)	(1 200 787)	(22 489 846)
Profit for the year	18 060 394	6 020 132	112 752 575

13. Foreign currency translation reserve

	2025 E	2024 E
Opening balance	235 941 997	221 728 142
Other comprehensive income	656 728	14 213 855
Foreign exchange loss – Joint Venture (Note 12)	820 910	17 767 319
Tax effect	(164 182)	(3 553 464)
Closing balance	236 598 725	235 941 997

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

14. Financial assets and liabilities

The Company holds the following financial instruments:

Financial assets	Notes	Assets at FVPL E	Assets at amortised cost E	Total E
2025				
Trade and other receivables*	14.1	–	427 280 623	427 280 623
Restricted cash	14.2	–	57 396 641	57 396 641
Other Investments	14.7	135 884 529	–	135 884 529
Embedded derivative asset	23(d)	6 757 783	–	6 757 783
Cash and cash equivalents	14.3	–	27 979 296	27 979 296
		142 642 312	512 656 560	655 298 872
2024				
Trade and other receivables*	14.1	–	325 185 040	325 185 040
Restricted cash	14.2	–	136 918 440	136 918 440
Other investments	14.7	97 870 052	–	97 870 052
Embedded derivative asset	23(d)	4 138 727	–	4 138 727
Cash and cash equivalents	14.3	–	131 107 515	131 107 515
		102 008 779	593 210 995	697 219 774

*excludes prepayments

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

14. Financial assets and liabilities *(continued)*

Financial liabilities	Notes	Derivatives at FVPL E	Liabilities at amortised cost E	Total E
2025				
Trade and other payables	14.4	–	692 005 467	692 005 467
Borrowings	14.5	–	914 154 571	914 154 571
Lease liability	14.6	–	4 591 197	4 591 197
		–	1 610 751 235	1 610 751 235
2024				
Trade and other payables	14.4	–	503 624 826	503 624 826
Borrowings	14.5	–	616 187 453	616 187 453
Lease liability	14.6	–	5 907 925	5 907 925
		–	1 125 720 204	1 125 720 204

The Company's exposure to various risks associated with the financial instruments is discussed in *Note 23*. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

14. Financial assets and liabilities *(continued)*

14.1 Trade and other receivables

	2025 E	2024 E
Electricity receivables	250 613 484	247 586 234
Related party electricity receivables (Note 27.3)	8 668 425	9 779 191
Provision for impairment of electricity receivables (iv)	(46 953 264)	(47 185 857)
Net electricity receivable	212 328 645	210 179 568
Capital contribution debtors	5 809 082	19 943 357
Staff debtors	5 996	–
Other sundry debtors (ii)	171 291 017	86 317 960
Provision for impairment of other receivables	(5 481 908)	(19 241 152)
VAT receivable	43 327 791	27 985 307
Financial assets at amortised cost	427 280 623	325 185 040
Prepayments	45 464 884	59 700 749
Total trade and other receivables	472 745 507	384 885 789

(i) Classification as trade and other receivables

Trade receivables are amounts due from customers for goods and services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Electricity receivables are generally due for settlement within 30 days and therefore are all classified as current.

(ii) Other sundry debtors

These amounts generally arise from transactions outside the main business operating activities of the company. Collateral is not normally obtained. All sundry receivables are due within 12 months and are classified as current.

(iii) Fair values of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount at amortised cost is considered to be the same as their fair value.

(iv) Impairment risk exposure

Information about the impairment of trade and other receivables, their credit quality and the company's exposure to credit risk, foreign currency risk and interest rate risk can be found in *Note 23(b)*.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

14. Financial assets and liabilities *(continued)*

14.2 Restricted cash

	2025 E	2024 E
Rural electrification funds (i)	33 954	9 471 247
Energy Efficiency study (ii)	1 108 254	1 067 083
MOTRACO Maintenance Fund (iii)	32 971 899	25 843 950
Grant Funded Portion of NRAP Project (iv)	23 282 534	100 536 160
	57 396 641	136 918 440

Classification as restricted cash assets

Restricted cash are cash balances and counterparty funds at bank contributed by the Government of Eswatini and the Republic of China through the Government of Eswatini for the Rural Electrification Project and other projects. This restricted cash is strictly meant for the projects as prescribed by the donors and cannot be used for any other purpose by the company.

Fair values

Due to the short-term nature of the restricted cash, their carrying amount at amortised cost is considered to be the same as their fair value.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

14. Financial assets and liabilities *(continued)*

14.3 Other assets

(i) Rural electrification fund

	2025 E	2024 E
The analysis of the balance on the fund at 31 March 2025 is as follows:		
Cumulative contributions received from the Government of Eswatini	18 471 800	18 471 800
Cumulative contributions received from Republic of China through the Government of Eswatini for the Rural electrification project	615 148 514	516 905 287
Total contributions received	633 620 314	535 377 087
Total interest received to date	14 435 411	13 732 848
Costs of projects capitalised to date	(648 021 771)	(539 638 688)
	33 954	9 471 247
The analysis of movements of the fund bank balances during the year is as follows:		
Fund balance at beginning of year	9 471 247	80 865
Interest received for the year	702 563	852 056
Amounts utilised in financing of capital expenditure	(108 383 083)	(15 549 339)
Fund received from the Republic of China through the Government of Eswatini for the rural electrification project	98 243 227	24 087 665
Fund balance at the end of the year (Note 19.2)	33 954	9 471 247

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

14. Financial assets and liabilities *(continued)*

14.3 Other assets *(continued)*

(ii) Energy Efficiency Study

	2025 E	2024 E
Balance at beginning of the year	1 067 083	1 027 661
Contributions received from the Ministry of Natural Resources and Energy	–	–
Add: Interest received for the year	41 171	39 422
Less: Expenditure incurred during the year	–	–
	1 108 254	1 067 083

This relates to money received by the Company from the Government of Eswatini to assist towards funding a feasibility study for hydro power generation at the Lubovane Dam and the Lower Maguga Dam.

(iii) MOTRACO maintenance fund

	2025 E	2024 E
Balance at beginning of the year	25 843 950	19 413 741
Contributions received from MOTRACO	5 604 000	5 240 850
Interest received for the year	1 523 949	1 189 359
	32 971 899	25 843 950

These are funds paid by MOTRACO to the Government of Eswatini as per Section 32 of the Motraco Agreement. These amounts are to be utilized by the government to perform emergency maintenance on the 400KV line should the need arise. The funds are ring-fenced under the EEC and are remittable to the government upon demand.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

14. Financial assets and liabilities *(continued)*

14.3 Other assets *(continued)*

(iv) Grant Funded Portion of NRAP Project

	2025 E	2024 E
Balance at beginning of the year	100 536 160	37 617 164
Contributions received from NRAP	12 121 680	137 227 750
Interest received for the year	–	–
Less: Expenditure incurred during the year	(86 133 608)	(70 240 596)
Foreign exchange revaluation	(3 241 698)	(4 068 158)
	23 282 534	100 536 160

These funds were sourced from The World Bank as part of the €10.7 million Government Grant for the Network Reinforcement and Access Project (NRAP) to improve the reliability of electricity supply and increase access to electricity services in targeted areas. The project consists of the following parts, reinforcement of the transmission and distribution grid, electricity access expansion, technical support and capacity building as well as contingency emergency response component.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

14. Financial assets and liabilities *(continued)*

14.4 Cash and cash equivalents

	2025 E	2024 E
Cash at bank	3 321 188	19 310 305
Short-term bank deposits	24 556 108	111 694 710
Petty cash	102 000	102 500
	27 979 296	131 107 515

Reconciliation of cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	2025 E	2024 E
Cash and cash equivalents	27 979 296	131 107 515

Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest earned.

Bank Facilities

The company has access to credit facilities which includes a multi option facility of E35 million, a temporal overdraft of E100 million, a revolving credit line facility of E20 million and an asset based finance of E10 million.

14.5 Trade and other payables

	2025 E	2024 E
Trade payables and accrued expenses	660 281 045	470 443 574
Electricity connections contributions deposit	31 724 422	33 181 252
	692 005 467	503 624 826

Trade and other accrued expenses

Trade and other payables arise from the normal course of business. Normal terms with suppliers are usually unsecured and payable within 30 days.

Fair values of trade and other payables

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

14. Financial assets and liabilities *(continued)*

14.6 Borrowings

	2025			2024		
	Current E	Non-current E	Total E	Current E	Non-current E	Total E
Secured						
Borrowings (i)	41 797 750	846 698 727	888 496 477	41 781 900	542 646 000	584 427 900
Finance leases (ii)	3 843 986	10 573 927	14 417 913	8 505 995	12 013 377	20 519 372
Total secured	45 641 736	857 272 654	902 914 390	50 287 895	554 659 377	604 947 272
Unsecured						
Government of Eswatini	–	11 240 181	11 240 181	–	11 240 181	11 240 181
Total unsecured	–	11 240 181	11 240 181	–	11 240 181	11 240 181
Total borrowings	45 641 736	868 512 835	914 154 571	50 287 895	565 899 558	616 187 453

Unsecured liabilities

The E11.2 million was paid by the Government of the Kingdom of Eswatini during the construction of the Maguga Dam Hydroelectric Project. The amount is payable to the government. The loan does not bear any interest and is unsecured. It is uncertain what rate of interest might be charged in future as no such rate was specified in the agreement. However, the company is in the process of negotiating with the government for this amount to be treated as a grant. The outcome of those negotiations is not certain at this point in time.

Compliance with loan covenants

The company has complied with all financial covenants of its borrowing facilities during the 2025 and 2024 reporting periods.

Fair values of borrowings

The fair values of the borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature. Interest on most borrowings is linked to the prevailing market borrowing rate.

Risk exposures

Details of the company's exposure to risks arising from current and non-current borrowings are set out in *Note 23*.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

14. Financial assets and liabilities *(continued)*

14.6 Borrowings *(continued)*

(i) Movement schedule

	Opening amount E	Addition E	Repaid E	Foreign exchange adjustment E	Closing balance E
As at 31 March 2025					
Foreign currency					
NRAP-23(a)(iii)	320 427 900	142 805 432	(19 597 400)	2 860 545	446 496 477
	320 427 900	142 805 432	(19 597 400)	2 860 545	446 496 477
Local currency					
STANLIB Eswatini - 23(a)(iii)	–	200 000 000	–	–	200 000 000
Inhlonhla Investment- 23(a) (iii)	264 000 000	–	(22 000 000)	–	242 000 000
	264 000 000	200 000 000	(22 000 000)	–	442 000 000
Total long-term borrowings	584 427 900	342 805 432	(41 597 400)	2 860 545	888 496 477
As at 31 March 2024					
Foreign currency					
NRAP-23(a)(iii)	209 151 574	111 309 449	–	(33 123)	320 427 900
	209 151 574	111 309 449	–	(33 123)	320 427 900
Local currency					
DBSA 400 kV Integration Project - 23(a)(iii)	734 729	–	(734 729)	–	–
Inhlonhla Investments – 23(a)(iii)	286 000 000	–	(22 000 000)	–	(264 000 000)
	286 734 729	–	(22 734 729)	–	(264 000 000)
Total long-term borrowings	495 886 303	111 309 449	(22 734 729)	(33 123)	584 427 900

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

14. Financial assets and liabilities *(continued)*

14.6 Borrowings *(continued)*

Finance leases

The company leases various plant and equipment as disclosed in Note 11, under various finance lease agreements. Under the agreements, the ownership of the assets passes to the company at no significant additional cost at upon settlement of the amounts owed.

	2025 E	2024 E
Total liability	14 417 913	20 519 372
Less due within 1 year	3 843 986	8 505 995
Due after 12 months but not later than 5 years	10 573 927	12 013 377
Finance lease liabilities – minimum lease payments		
Not later than 1 year	5 302 116	10 329 562
Later than 1 year and not later than 5 years	10 721 324	13 027 074
Total lease payments	16 023 440	23 356 636
Future finance charges on finances	(1 605 527)	(2 837 264)
Present value of future finances liabilities	14 417 913	20 519 372

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

14. Financial assets and liabilities *(continued)*

14.7 Lease Liability

The company has 5 operating leases for its Mbabane, Piggs Peak, Nhlanguano, Matsapha and Matata Office. The company has recognised a right of use and corresponding lease liability for all the operating leases. Lease terms are negotiated on an individual basis and contain a wide

range of different terms and condition. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	2025 E	2024 E
Non-Current	3 057 025	4 591 196
Current	1 534 171	1 316 729
	4 591 196	5 907 925
The statement of profit or loss shows the following amounts relating to leases:		
Interest expense (included in finance cost)	583 520	487 618
Maturity Analysis of lease liability		
Less than 1 year	1 962 865	1 900 249
1 year to 5 years	3 401 633	5 364 498
	5 364 498	7 264 747
Less finance costs	(773 302)	(1 356 822)
	4 591 196	5 907 925
Reconciliation of closing carrying amount of lease liabilities:		
Opening balance	5 907 925	2 663 329
<i>Non-Cash:</i> Interest expense	583 520	1 356 822
Additions	–	3 497 279
<i>Cash:</i> Lease payments	(1 900 249)	(1 609 505)
Balance at 31 March 2025	4 591 196	5 907 925

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

14. Financial assets and liabilities *(continued)*

14.8 Financial assets

(i) Financial assets at amortised cost

	2025 E	2024 E
Financial assets measured at amortised cost include the following:		
Carrying amount – opening	–	110 553 424
Additions	–	–
Redemption	–	(100 000 000)
Interest received	–	(10 553 424)
	–	–

(ii) Financial assets at fair value

	2025 E	2024 E
Financial assets measured at fair value include the following:		
Carrying amount – opening	97 870 052	43 033 938
Additions	101 172 780	534 631 607
Redemption	(70 000 000)	(503 500 000)
Interest reinvested and fair value gains	6 841 697	23 704 507
	135 884 529	97 870 052
Total financial assets	135 884 529	97 870 052

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

14. Financial assets and liabilities *(continued)*

14.9 Recognised fair value measurements

Recurring fair value measurements

	Level 1	Level 2	Level 3	Total
	E	E	E	E
31 March 2025				
Financial assets				
Embedded derivative	–	6 757 783	–	6 757 783
Total financial assets	–	6 757 783	–	6 757 783
31 March 2024				
Embedded derivative	–	4 138 727	–	4 138 727
Total financial assets	–	4 138 727	–	4 138 727

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- ▶ the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- ▶ the fair value of foreign currency swaps is determined using forward exchange rates at the reporting date
- ▶ the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2 except for certain derivative contracts, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk (included in level 3).

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

15. USL electricity prepayment

	2025 E	2024 E
Ubombo Sugar Limited Power Purchase Agreement Prepayment	150 000 000	150 000 000
Current	10 000 000	10 000 000
Non-Current	–	10 000 000
Total prepayment	10 000 000	20 000 000
Opening balance	20 000 000	30 000 000
Amortisation	(10 000 000)	(10 000 000)
Closing balance	10 000 000	20 000 000

Eswatini Electricity Company Limited has purchased an exclusive right to buy surplus electricity from Ubombo Sugar Limited (USL). The total cost of that exclusive right amount to E150 000 000. As at 31 March 2025 the entity had paid E150 000 000 (2024: E150 000 000) to Ubombo Sugar Limited. The contract period is 15 years, that is, up to 30 April 2026. However, either party can elect to terminate the contract early after 8 years with a portion of E150 000 000 being refunded based on the number of years of the 15 that were not taken up. USL has issued a guarantee provided by its parent company, Illovo Sugar Limited for an amount of E150 000 000.

USL has lodged a performance security in favour of EEC to the value of E150 000 000. This was achieved by issuing mortgage bond sureties over USL Property up to the total value of the payment received. For every year that elapses the performance security can be reduced to the unamortised portion of the E150 000 000.

16. Inventory

	2025 E	2024 E
Stores	132 477 770	129 631 753
Write-down for obsolete stock	(4 998 342)	(4 355 572)
Net realisable value	127 479 428	125 276 181

Assigning costs to inventories

The costs of individual items of inventory are determined using weighted average costs.

Write-downs of inventories to net realisable value amounted to E9 024 571 (2024: E12 812 295). These were recognised as an expense during the year ended 31 March 2025 and included in 'cost of sales' in profit or loss.

Amounts recognised in profit or loss

The Company sold scrapped inventory to independent retailers and staff amounting to E1 509 976 (2024: E3 676 478). The amount received has been included as "other income" in profit or loss.

Inventory issues which are part of the total repairs and maintenance amount to E346 189 959 (2024: E324 014 589) and were recognised in profit or loss in "cost of sales". Inventory is written down to net realisable value as a result of technical obsolescence due to technical developments in the energy industry relating to energy equipment. Inventory written down is recognised in profit or loss in the year under review.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

17. Employee retirement benefits obligation

	2025 E	2024 E
Retirement benefit asset	3 905 517	1 627 089
The amount of employee retirement benefit obligation recognised in the statement of financial position is determined as follows:		
Present value of plan obligations	(51 295 246)	(56 807 305)
Fair value of plan assets	55 200 763	58 434 394
Present value of overfunded obligations	3 905 517	1 627 089
Asset in the statement of financial position	3 905 517	1 627 089

The Company makes contributions to a defined benefit plan. The defined benefit plan provides pension benefits for former employees of the Company that are now pensioners.

The movements in asset recognised in the statement of financial position are as follows:

	2025 E	2024 E
Asset at beginning of year	1 627 089	274 419
Contributions to the fund		
Amounts recognised in profit or loss	(145 458)	(239 929)
Amounts recognised in other comprehensive income	2 423 886	1 592 599
Asset in the statement of financial position	3 905 517	1 627 089

The defined net benefit loss of E145 458 (2024: E239 929) has been recognised under administrative expenses in the statement of comprehensive income.

Basis for recognition of asset

The plan has a surplus and has been recognised on the basis that future economic benefits are available to the entity in the form of a reduction in future contributions, per the fund rules.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

17. Employee retirement benefits obligation *(continued)*

	2025 E	2024 E
Movement in the defined benefit obligation over the year is as follows:		
Beginning of year	56 808 305	58 817 083
Total amount recognised in profit or loss	6 696 975	5 930 679
Expenses	–	–
Interest cost	6 696 975	5 930 679
Total amount recognised in other comprehensive income	(4 566 573)	72 696
Re-measurements arising from:		
Financial assumptions	(4 566 573)	72 696
Other sources	–	–
Other movements	(7 643 461)	(8 012 153)
Benefits paid	(7 643 461)	(8 012 153)
Expense	–	–
End of year	51 295 246	56 808 305
The movement in the fair value of plan assets of the year is as follows:		
Beginning of year	58 435 394	59 091 502
Interest income	6 881 964	5 946 842
Total amount recognised in profit or loss	6 881 964	5 946 842
Re-measurements arising from:		
Return on planned assets excluding interest income	(2 142 687)	1 665 295
Total amount recognised in other comprehensive income	(2 142 687)	1 665 295
Other movements:	(7 973 908)	(8 268 245)
Benefits paid	(7 643 461)	(8 012 153)
Expenses/other scheme payments	(330 447)	(256 092)
End of the year	55 200 763	58 435 394

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

17. Employee retirement benefits obligation *(continued)*

The principal actuarial assumptions for defined benefit obligations as at reporting date (expressed as weighted averages):

	2025	2024
Discount rate at 31 March	7%	6.52%
Expected return on plan assets at 31 March	7%	6.52%
Future salary increases	*	*
Future pension increases	4.65%	5.25%
Inflation	*	*

* Not relevant due to the ages of the active members.

Plan assets are comprised as follows:

	2025		2024	
	E	%	E	%
Managed funds	55 217 265	100	58 487 643	100
Net current (liabilities)/assets	(16 502)	-	(52 249)	-
	55 200 763	100	58 435 394	100

	2025	2024
	E	E
The managed funds comprise of the following:		
African Alliance – Offshore Fund	-	1 661 229
African Alliance – Portfolio Fund	-	599 891
African Alliance – Ligcebesha fund	-	1 887 677
African Alliance – Lilangeni Fund	49 947	25 223
Standard Bank of Swaziland	54 629 553	53 380 013
African Alliance – Umnotfo Fund	537 765	933 610
	55 217 265	58 487 643

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investments. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

17. Employee retirement benefits obligation *(continued)*

The actuarial position of the fund as at year end was as follows:

	2025 E	2024 E
Present value of defined benefit obligation	51 295 246	56 808 305
Fair value of plan assets	(55 200 763)	(58 435 394)
Surplus	(3 905 517)	(1 627 089)

The actuarial position of the defined obligation for the past three financial periods before the earliest comparative as disclosed above as required by IAS 19 par 120A are as follows:

	2025 E	2024 E
Present value of defined benefit obligation	51 295 246	56 808 305
Fair value of plan assets	(55 200 763)	(58 435 394)
Surplus	(3 905 517)	(1 627 089)

Members will retire at the normal retirement age. Any member above this age at the valuation date is deemed to have retired.

There have been no changes in demographic assumptions from the previous valuation.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

17. Employee retirement benefits obligation *(continued)*

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Increase/(decrease) of benefit obligation			
	2025		2024	
	E	% impact	E	% impact
Assumption change				
Base	51 295 246	–	56 808 305	–
Discount rate (+1%)	48 820 407	-4.8%	53 947 944	-5.0%
Discount rate (-1%)	54 022 887	5.3%	59 971 682	5.6%
Post retirement mortality (+2 years)	48 175 965	-6.1%	53 341 894	-6.1%
Post retirement mortality (-2 years)	54 447 322	6.1%	60 309 406	6.2%
Pension increase (+1%)	54 213 151	5.7%	60 340 477	6.2%
Pension decrease (-1%)	48 616 591	-5.2%	53 589 668	-5.7%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated

with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

18. Share capital

	2025	2024
	E	E
The share capital of the Company consists of the following:		
Authorised		
433 493 841 ordinary shares at E1 each	433 493 841	433 493 841
Issued		
433 493 841 ordinary shares at E1 each	433 493 841	433 493 841

All authorised shares have been issued to the Government of the Kingdom of Eswatini, represented by the Minister of Natural Resources and Energy.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

18. Share capital *(continued)*

18.1 Dividends

The following dividends were paid during the year as approved by the Shareholder:

	2025 E	2024 E
Dividends	-	4 173 335

The dividend per share amount is E Nil (2024: E0.01).

19. Deferred income

The entity has three types of deferred income, which are presented on the face of the Statement of Financial Position as follows:

19.1 Deferred grant income

Deferred income comprises unutilised funds for rural electrification contributed by Eswatini Government and Republic of China through the Government of Eswatini for the Rural Electrification Project.

	2025 E	2024 E
Non-current		
Balance at beginning of year	538 262 364	463 553 747
Grants realised in statement of comprehensive income (Note 6.1)	(23 992 258)	(23 191 268)
Rural electrification grant received	150 682 611	59 198 549
Grant funded portion of NRAP project	124 982 724	38 701 336
	789 935 441	538 262 364

Deferral and presentation

The deferred grant income is deferred and included as a non-current liability and credited to profit and loss on a straight-line basis over the expected useful lives of the related assets.

There are no critical estimates, and no judgements related to this deferred grant income balance.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

19. Deferred income

19.2 Other deferred income

Other deferred income comprises unutilised funds for rural electrification contributed by Eswatini Government and Republic of China through the Government of Eswatini for the Rural Electrification Project and other projects.

	2025 E	2024 E
Rural electrification funds (Note 14.2)	33 954	9 471 247
Energy Efficiency study (Note 14.2)	1 108 254	1 067 083
MOTRACO Maintenance Fund (Note 14.2)	32 971 899	25 843 950
Grant funded portion of NRAP project (Note 14.2)	23 282 534	100 536 160
	57 396 641	136 918 440

Deferral and presentation

The deferred grant income is deferred and included as a non-current liability and depleted as the funds are being used for the expenses of the related project.

No critical estimates or judgements related to this other deferred income balance.

19.3 Contract liabilities

	2025 E	2024 E
Deferred electricity revenue (i)	47 904 173	42 615 000

(i) Deferred electricity revenue

Deferred electricity revenue comprises unearned prepaid electricity revenue from domestic and small commercial customers. The Company utilises an internally generated model to establish an estimate of unearned revenue from prepaid customers, in line with IFRS 15.

The company uses point of sale purchasing patterns to infer consumption behaviour and to estimate deferred revenue. For the months of January and February 2025, this assumption

resulted in inferred deferred consumption of 43% and 49% of total monthly purchases, respectively. The same estimation methodology resulted in a 35% deferral rate for the month of March 2025. To estimate the total deferred revenue amount, the inferred amount at 31 March 2025 is added to the actual vendor balances at points of sale. For the year ended 31 March 2025, the estimated deferred revenue balance was E47.9 million.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

20. Income taxes

20.1 Current income tax asset

	2025 E	2024 E
Opening balance	302 722 003	244 320 763
Income tax charge (Note 10)	-	-
Adjustment relating to prior years (Note 10)	(34 664 246)	-
Tax paid	-	-
Other income tax adjustment	13 600 172	58 401 240
Closing balance	281 657 929	302 722 003

20.2 Deferred income tax liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	2025 E	2024 E
Deferred tax assets:		
▶ Deferred tax asset to be recovered after more than 12 months	(231 978 060)	(177 439 616)
Deferred tax liabilities:		
▶ Deferred tax liability to be recovered after more than 12 months	360 692 025	420 174 515
Deferred tax liabilities (net)	128 713 965	242 734 899
The gross movement on the deferred income tax account is as follows:		
Opening balance	242 734 899	301 374 293
Profit or loss charge (Note 10)	(114 791 088)	(62 630 823)
Other comprehensive income charge (Note 10)	770 154	3 991 429
End of year	128 713 965	242 734 899

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

20. Income taxes *(continued)*

20.2 Deferred income tax liabilities

	2025 E	2024 E
Non-current tax liability		
<i>Deferred tax liabilities</i>		
Accelerated tax depreciation	281 432 267	337 485 025
Prepayments	3 976 833	5 392 057
Retirement benefit asset	976 379	447 449
Withholding tax on Motraco unremitted earnings	75 021 682	76 840 875
Unrealised fair value adjustments on derivative financial instruments	–	–
Unrealised forex gains on translation of foreign loans	(715 136)	9 109
	360 692 025	420 174 515
<i>Deferred tax assets</i>		
Provisions for other employee benefits	(2 332 751)	(3 575 528)
Doubtful debt allowance	(13 108 792)	(18 267 428)
Deferred revenue	(11 976 044)	(11 719 125)
Lease liability	(106 358)	(50 360)
Unrealised actuarial valuation loss	605 972	437 965
Assessed tax loss	(205 060 087)	(144 265 140)
	(231 978 060)	(177 439 616)
Deferred tax liabilities (net)	128 713 965	242 734 899

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

20. Income taxes *(continued)*

20.2 Deferred taxation *(continued)*

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

	Accelerated tax depreciation E	Prepayments E	Retirement benefit asset E	Unrealised actuarial valuation gains E	Unrealised fair value adjustments on derivative financial instruments E	Withholding tax on Motraco unremitted earnings E	Unrealised forex gains on translation of foreign loans E	Total E
Deferred tax liabilities								
1 April 2023	361 667 441	5 271 189	75 465	–	–	74 375 576	(8 245 080)	433 144 591
(Credited)/charged to profit or loss	(24 182 416)	120 868	371 984	–	–	2 465 299	8 254 189	(12 970 076)
At 31 March 2024	337 485 025	5 392 057	447 449	–	–	76 840 875	9 109	420 174 515
(Credited)/charged to profit or loss	(56 052 758)	(1 415 224)	528 930	–	–	(1 819 193)	(724 245)	(59 482 490)
At 31 March 2025	281 432 267	3 976 833	976 379	–	–	75 021 682	(715 136)	360 692 025
	Provisions for other benefits E	Doubtful debt allowance E	Lease Liability E	Unrealised actuarial valuation gains E	Deferred revenue E	Assessed loss E	Total E	
Deferred tax assets								
At 1 April 2023	(5 104 096)	(13 709 714)	(122 059)	(474 069)	(9 556 371)	(102 803 989)	(131 770 298)	
(Credited)/charged to profit or loss	1 528 568	(4 557 714)	71 699	912 034	(2 162 754)	(41 461 151)	(45 669 318)	
At 31 March 2024	(3 575 528)	(18 267 428)	(50 360)	437 965	(11 719 125)	(144 265 140)	(177 439 616)	
(Credited)/charged to profit or loss	1 242 777	5 158 636	(55 998)	168 007	(256 919)	(60 794 947)	(54 538 444)	
At 31 March 2025	(2 332 751)	(13 108 792)	(106 358)	605 972	(11 976 044)	(205 060 087)	(231 978 060)	
Net deferred tax liability							128 713 965	

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

20. Income taxes *(continued)*

20.2 Deferred taxation *(continued)*

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The company has an unrecognised deferred tax asset on an assessed loss of E820 million (2024: E525 million), for which the tax outcome is uncertain as it is under contention with the tax authorities. This would have resulted in the recognition of a deferred tax asset of E205 million (2024: E144 million).

The Company has recognised deferred tax on the unremitted earnings of the joint venture company (Note 13) because there is a 20% withholding tax payable when these earnings are distributed by the joint venture company.

21. Provisions for other employee benefits

	2025 E	2024 E
Leave pay provision (Note 21.1)	8 019 584	7 907 491
Performance bonus provision (Note 21.2)	41 953	4 185 466
Long term service awards provision (Note 21.3)	1 269 471	908 962
	9 331 008	13 001 919

21.1 Leave pay provision

The leave pay provision relates to vested leave pay to which employees are entitled. The provision arises as employees render services that increase their entitlement to future compensated leave. The provision is utilised when employees, who are entitled to leave pay, leave the employment of the Company or when accrued entitlement is utilised, by taking day(s) off.

	2025 E	2024 E
Opening balance	7 907 491	6 482 787
Provisions utilised during the year	(6 554 813)	(6 128 194)
Current year provision	6 666 906	7 552 898
Closing balance	8 019 584	7 907 491

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

21. Provisions for other employee benefits *(continued)*

21.2 Performance bonus provision

The bonus provision consists of performance-based bonuses, which are determined with reference to the overall company performance with regard to a set of pre-determined key measures. Bonuses are payable annually.

	2025 E	2024 E
Opening balance	4 185 466	10 526 944
Provisions utilised during the year	(4 143 513)	(10 551 342)
Current year provision	–	4 209 864
Closing balance	41 953	4 185 466

21.3 Long term service awards provision

Provision is made for payments in accordance with the entity's policy on long term service awards. The long-term service awards provision consists of one-month basic salary or a portion thereof, which is determined by reference to the number of years of service. The cash flow is expected to occur within the next 12 months from year end.

	2025 E	2024 E
Opening balance	908 962	1 550 617
Provisions used	(908 962)	(1 550 617)
Prior year under provision	–	–
Current year provision	1 269 471	908 962
Closing balance	1 269 471	908 962

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

22. Cash flow information

	Notes	2025 E	2024 E
(Loss)/ profit before income tax		(160 495 050)	38 446 578
Adjustment for non-cash items and separately disclosable items:			
		146 971 594	114 663 528
Grant amortisation	6.1	(23 992 258)	(23 191 268)
Share of profits of joint venture company	12	(100 981 728)	(112 752 575)
Depreciation	11	242 709 391	228 634 899
Depreciation on right of use asset	11.1	1 559 033	861 161
Amortisation	15	10 000 000	10 000 000
Fair value adjustments – pension fund	17	145 458	239 929
Fair value adjustment - embedded derivatives	8	(2 619 056)	(387 972)
Net foreign exchange losses - foreign transactions	8	5 897 299	6 488 560
Finance cost on local and foreign denominated loans	9	34 193 519	30 819 676
Interest income	9	(19 940 064)	(26 048 882)
		(13 523 456)	153 110 106
Changes in working capital:		99 935 940	134 291 009
(Increase)/decrease in trade and other receivables		(87 859 718)	9 270 531
(Increase)/decrease in inventories		(2 203 247)	7 156 652
Decrease in provisions for other employee benefits		(3 670 911)	(5 558 429)
Increase in deferred revenue		5 289 175	7 864 561
Increase in trade and other payables		188 380 641	115 557 694
Cash generated from operations		86 412 484	287 401 115

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

22. Cash flow information *(continued)*

22.1 Reconciliation of cash flows arising from financing activities related to borrowings

	2025 E	2024 E
Borrowings at the beginning of the year	616 187 453	519 667 972
▶ Current	50 287 895	28 351 162
▶ Non-current	565 899 558	491 316 810
Cash flows	295 106 573	96 552 604
▶ Proceeds from borrowings	346 151 399	125 216 820
▶ Interest on borrowings (excluding overdrafts)	-	-
▶ Repayment of borrowings	(51 044 826)	(28 664 216)
Non-cash items		-
Effects of changes in foreign exchange rates	2 860 545	(33 123)
Borrowings at the end of the year	914 154 571	616 187 453
	914 154 571	616 187 453
▶ Current	45 641 736	50 287 895
▶ Non-current	868 512 835	565 899 558

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

23. Financial risk management

The company's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks in close co-operation with the Company operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as interest rate risk, credit risk and investing excess liquidity.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Emalangeni	Cash flow forecasting Sensitivity analysis	Cross currency swaps
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk – security prices	Investments in equity securities	Sensitivity analysis	Portfolio diversion
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit Investment guidelines for excess liquidity
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowings facilities

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instrument will fluctuate as a result of changes in foreign exchange rates.

Exposure

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily to Euro and US Dollar. Foreign exchange risk arises when from future long-term repayments recognised as liabilities, and derivative financial instruments in US Dollars.

The company conducts business transactions in three major currencies: being the Swazi Lilangeni, Euro and US dollar. This by implication means that there is an exposure to currency risk arising from adverse movements in foreign exchange rates.

Amounts recognised in profit or loss

Amounts recognised in profit or loss in relation to exchange rates fluctuations are disclosed in *Note 8*.

The table below shows the sensitivity analysis of the value of the Motraco embedded derivative (*refer to Note 23(d)*) due to the change in the value of Motraco which is the key input to the valuation of the embedded derivative. The other input variables are assumed to be constant.

The effect of exchange rate fluctuations on the company's profit or loss is analysed as follows:

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

23. Financial risk management *(continued)*

(a) Market risk *(continued)*

(i) Foreign exchange risk *(continued)*

USD

	Balance in foreign currency	Rate at year end USD	+8%	-10%	SZL equivalent	Effect of 8% increase on the profit or loss E	Effect of 10% decrease on profit or loss E
Investment in Motraco 2025							
Investment in Motraco	25 472 619	18.2698	19.7314	16.4428	465 379 655	37 230 780	(46 538 475)
Investment in Motraco 2024							
Investment in Motraco	25 931 597	18.2972	19.7610	16.6338	474 475 616	37 958 049	(47 447 561)

Amounts recognised in profit or loss

Amounts recognised in profit or loss in relation to exchange rates fluctuations are disclosed in Note 8.

(ii) Price risk

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

Sensitivity analysis:

	Balance E	US PPI +1% E	US PPI -1% E	Effect of 1% increase on the profit or loss E	Effect of 1% decrease on the profit or loss E
Inflation rate risk 2025					
Electricity Wheeling Agreement	6 757 783	6 825 361	6 690 205	(67 578)	67 578
Inflation rate risk 2024					
Electricity Wheeling Agreement	4 138 727	4 180 114	4 097 340	(41 387)	41 387

Amounts recognised in profit or loss

The amounts recognised in profit or loss in relation to the wheeling agreement are disclosed in Note 8.

Exposure

The Company is currently exposed to inflation rate risk since the cash flows (and hence the fair value of the derivative embedded) in the Electricity Wheeling Agreement with Motraco are linked to US PPI. The embedded derivative is measured at fair value through profit or loss.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

23. Financial risk management *(continued)*

(a) Market risk *(continued)*

(iii) Cash flow and fair value interest rate risk

Cash flow and interest rate risk is the risk that the value and cash flow of a financial instrument will fluctuate due to changes in market interest rates.

Exposure

As the Company has significant interest-bearing assets and liabilities, as some of the Company's income and operating cash flows are dependent of changes in the market interest rates and this has an impact on the company's profits. The Company has swaps in place to hedge against fluctuating interest rates on borrowings.

The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings and long-term loans issued at fixed rates expose the Company to fair value interest rate risk. Currently there are loans issued at fixed interest rate and as such the Company is exposed to both fair value and cash flow interest rate risk.

During 2025 and 2024, the Company's borrowings at variable rates were denominated in the Kingdom of Eswatini Lilangeni and Euros.

The table below gives an indication of the Company's monetary sensitivity to changes in interest rates.

	Cash at bank E	Borrowings* E	Restricted cash E
2025			
Base amounts	27 979 296	914 154 571	57 396 641
Interest plus 1%	28 259 089	923 296 116	57 970 606
Interest less 1%	27 699 503	905 013 024	56 822 674
2024			
Base amounts	131 107 515	616 187 453	136 918 440
Interest plus 1%	132 418 590	622 349 328	138 287 624
Interest less 1%	129 796 440	610 025 578	135 549 256

* - interest sensitive borrowings

Instruments used by the company

The company has a number of borrowings from finance providers. See below for more information on the significant borrowings by the company, and the terms and interest rates charged on them:

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

23. Financial risk management *(continued)*

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss.

Exposure

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are:

- ▶ Trade and other receivables
- ▶ Derivative financial instruments
- ▶ Cash and cash equivalents
- ▶ Deposits with banks and other financial institutions.

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or Company's counterparties. Such risks are subject to an annual or more frequent review.

The major concentration of credit risk arises from the Company's receivables and investment securities in relation to the nature of customers and issuers. No collateral is required in respect of financial assets. Reputable financial institutions are used for investing and cash handling purposes.

Quality control and risk department makes regular reviews to assess the degree of compliance with the Company procedures on credit and the overall control environment.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position.

To manage the credit risk on accounts receivables the company has mechanisms in place which include credit vetting procedures, robust debt collecting methods and pre-approved credit limits. As part of credit risk management, the company has fully converted its domestic and small commercial customers to pre-paid credit electricity metering system.

(i) Impairment of financial assets

The Company has two types of financial assets that are subject to the expected credit loss model:

- ▶ Electricity trade receivables:
- ▶ Other sundry receivables (including capital contribution debtors and other sundry debtors)

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, electricity trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 12 month before 31 March 2025 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The company considers that there is evidence of impairment if any of the following indicators are present:

- ▶ significant financial difficulties of the debtor
- ▶ probability that the debtor will enter bankruptcy or financial reorganisation, and
- ▶ default or delinquency in payments (more than 90 days overdue).

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

23. Financial risk management *(continued)*

(b) Credit risk *(continued)*

(i) Impairment of financial assets *(continued)*

On that basis, the loss allowance as at 31 March 2025 was determined as follows for both electricity trade and other receivables:

Category	Current	30 days	60 days	90 days	120 days	Over 120 days	Total
31 March 2025							
Expected loss rate	2%	21%	86%	100%	–	–	5%
Live	80 240 310	7 858 731	283 359	569 673	–	–	88 952 073
Loss allowance	1 604 806	1 650 334	243 689	569 673	–	–	4 068 502
Expected loss rate	8%	43%	100%	100%	–	–	14%
Other Companies	81 875 215	5 170 370	850 022	2 695 695	–	–	90 591 302
Loss allowance	6 550 017	2 238 770	850 022	2 695 695	–	–	12 334 504
Expected loss rate	10%	49%	92%	93%	–	–	42%
Parastatals	8 336 010	2 489 704	375 004	4 416 168	–	–	15 616 886
Loss allowance	833 601	1 212 471	343 386	4 107 036	–	–	6 496 494
Expected loss rate	49%	66%	91%	93%	–	–	75%
Government	4 741 243	7 593 626	2 455 572	8 671 609	–	–	23 462 050
Loss allowance	2 323 209	5 011 793	2 234 126	8 064 597	–	–	17 633 724
Expected loss rate	2%	9%	100%	–	–	100%	94%
Sundry debtors	173 272	173 272	69 000	–	–	5 393 538	5 809 082
Loss allowance	3 465	15 594	69 000	–	–	5 393 538	5 481 908
Expected loss rate	100%	100%	100%	–	–	100%	100%
Terminated	1 753 238	200 303	37 860	–	–	4 428 639	6 420 040
Loss allowance	1 753 238	200 303	37 860	–	–	4 428 639	6 420 040

Impairment losses are recognised in profit or loss within administrative expenses. Subsequent recoveries of amounts previously written off are credited against administrative expenses.

***Expected loss rates have been rounded off to the nearest percentage.*

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

23. Financial risk management *(continued)*

(b) Credit risk *(continued)*

(i) Impairment of financial assets *(continued)*

On that basis, the loss allowance as at 31 March 2024 was determined as follows for both electricity trade and other receivables:

Category	Current	30 days	60 days	90 days	120 days	Over 120 days	Total
31 March 2024							
Expected loss rate	3%	3%	3%	3%	–	–	3%
Live	63 646 228	9 271 674	1 322 738	878 134	–	–	75 118 774
Loss allowance	1 901 455	276 995	39 517	26 235	–	–	2 244 202
Expected loss rate	3%	3%	3%	3%	–	–	3%
Other Companies	61 104 351	4 828 463	1 514 876	3 074 721	–	–	70 522 411
Loss allowance	1 570 178	124 075	38 927	79 010	–	–	1 812 190
Expected loss rate	15%	15%	15%	15%	–	–	15%
Parastatals	13 166 446	2 080 741	1 509 289	10 858 866	–	–	27 615 342
Loss allowance	1 968 400	311 073	225 640	1 623 415	–	–	4 128 528
Expected loss rate	73%	73%	73%	73%	–	–	73%
Government	7 949 498	7 999 449	7 660 669	21 093 069	–	–	44 702 685
Loss allowance	5 787 656	5 824 024	5 577 374	15 356 873	–	–	32 545 927
Expected loss rate	66%	86%	–	100%	–	100%	88%
Capital Contributions	1 648 082	1 063 623	–	2 084 325	–	15 147 327	19 943 357
Loss allowance	1 095 261	914 239	–	2 084 325	–	15 147 327	19 241 152
Expected loss rate	–	–	–	–	–	100%	100%
Terminated	–	–	–	–	–	6 455 010	6 455 010
Loss allowance	–	–	–	–	–	6 455 010	6 455 010

Impairment losses are recognised in profit or loss within administrative expenses. Subsequent recoveries of amounts previously written off are credited against administrative expenses.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

23. Financial risk management *(continued)*

(b) Credit risk *(continued)*

(i) Impairment of financial assets *(continued)*

The closing loss allowances for trade and other receivables as at 31 March 2025 reconcile to the opening loss allowances as follows:

	Electricity receivables		Other receivables	
	2025 E	2024 E	2025 E	2024 E
Opening balance – 1 April	47 185 857	36 572 992	19 241 152	13 280 512
Provision (reversed)/ raised	(232 593)	10 612 865	(13 759 244)	5 960 640
Bad debts written off	–	–	–	–
At 31 March	46 953 264	47 185 857	5 481 908	19 241 152

See Note 7 for disclosure on amounts recognised in the income statement relating to impairment of trade receivables.

(c) Liquidity risk

Cash flow forecasting is performed by the company. The Company monitors rolling forecasts of the company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the company's debt financing plans, covenant compliance, compliance with internal ratio targets and, if applicable external regulatory or legal requirements.

(i) Maturity of financial instruments

Liquidity Risk would be the inability to meet or honour obligations as they fall due. Amounts included in the table are the contractual undiscounted cash flows. The amounts included in the table are the contractual discounted cash flows. As a result, these amounts will not reconcile to the amounts disclosed on the statement of financial position except for short-term payables and receivables to be settled within 12 months where discounting is not applied. The Liquidity Risk Analysis statement as at 31 March is as follows:

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

23. Financial risk management *(continued)*

(c) Liquidity risk *(continued)*

(i) Maturity of financial instruments *(continued)*

Financial instruments excluding derivatives	Less than 1 year E	Between 2 and 5 years E	Over 5 years E	Total contractual cash flows E	Carrying amount at year end E
31 March 2025					
Financial Assets:					
Trade receivables	472 745 507	-	-	472 745 507	472 745 507
Cash and cash equivalents	27 979 296	-	-	27 979 296	27 979 296
Restricted cash	57 396 641	-	-	57 396 641	57 396 641
Other Investments	135 884 529	-	-	135 884 529	135 884 529
	694 005 973	-	-	694 005 973	694 005 973
31 March 2024					
Financial Assets:					
Trade receivables	384 885 789	-	-	384 885 789	384 885 789
Cash and cash equivalents	131 107 515	-	-	131 107 515	131 107 515
Restricted cash	136 918 440	-	-	136 918 440	136 918 440
Other Investments	97 870 052	-	-	97 870 052	97 870 052
	750 781 796	-	-	750 781 796	750 781 796
31 March 2025					
Financial Liabilities:					
Trade and other payables	692 005 467	-	-	692 005 467	692 005 467
Lease Liability	1 534 172	3 057 025	-	4 591 197	4 591 197
Shareholder's loan	-	11 240 181	-	11 240 181	11 240 181
Finance Lease	3 843 986	10 573 927	-	14 417 913	14 417 913
Foreign borrowings	19 797 750	79 191 000	347 507 727	446 496 477	446 496 477
Local borrowings	22 000 000	149 538 460	182 461 540	442 000 000	442 000 000
	739 181 375	253 600 593	529 969 267	1 610 751 235	1 610 751 235
31 March 2024					
Financial Liabilities:					
Trade and other payables	503 624 826	-	-	503 624 826	503 624 826
Lease Liability	1 316 729	4 591 196	-	5 907 925	5 907 925
Shareholder's loan	-	11 240 181	-	11 240 181	11 240 181
Finance Lease	8 505 995	12 013 377	-	20 519 372	20 519 372
Foreign borrowings	19 781 900	79 127 600	221 518 400	320 427 900	320 427 900
Local borrowings	22 000 000	88 000 000	154 000 000	264 000 000	264 000 000
	555 229 450	194 972 354	375 518 400	1 125 720 204	1 125 720 204

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

23. Financial risk management *(continued)*

(c) Liquidity risk *(continued)*

(i) Maturity of financial instruments *(continued)*

Derivatives	Between 2 and 5 years			Total E
	Less than 1 year E	E	Over 5 years E	
31 March 2025				
Embedded derivative assets	6 757 783	–	–	6 757 783
31 March 2024				
Embedded derivative assets	4 138 727	–	–	4 138 727

(d) Derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria, they are classified as 'held for trading' for accounting purposes below. The company has the following derivative financial instruments:

	2025 E	2024 E
Assets		
Derivative financial instruments – foreign currency swaps	–	–
Embedded derivative assets (A)	6 757 783	4 138 727
	6 757 783	4 138 727
Liabilities		
Derivative financial instruments – interest rate swaps	–	–
Embedded derivative liabilities	–	–

Classification of derivatives

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

Fair value measurement

For information about the methods and assumptions used in determining the fair value of derivatives please refer to *A below*.

Changes in fair value

All changes in fair value in derivative instruments are recorded in profit or loss. *Note 8* discloses the amount of fair value gains and losses recognised for changes in fair value.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

23. Financial risk management *(continued)*

(d) Derivatives *(continued)*

A – Embedded derivative asset

On 1 September 1999, the Eswatini Electricity Company Limited (“the EEC”) entered into an Electricity Wheeling Agreement with the Motraco-Mozambique Transmission Company (“Motraco”) in connection with the wheeling of electricity by Motraco to the EEC at a new substation called Edwaleni II. The duration of the agreement is 25 years commencing from the end of the month when the Commercial Operation Date of the last asset required for the supply of wheeling services to the EEC occurs, that is, was initially 1 September 1999 and finally commenced on 01 January 2000.

The prices to be charged by Motraco and to be paid by the EEC for electricity wheeled consists of fixed and variable charge for wheeling, variable charge for emergency wheeling, surcharge and reactive power rates.

The value of the embedded derivative as presented below:

	2025 E	2024 E
Fair value at beginning of the year	4 138 727	3 750 755
Fair value loss (Note 8)	2 619 056	387 972
Fair value at end of the year	6 757 783	4 138 727

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns and benefits for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The annual escalation of the wheeling charges by US inflation results in a variation of cash flows over the life of the contract, since the fixed charges payable will change depending on movements in the US inflation index.

This result in a shifting of the risk associated with increases in prices from Motraco to the EEC thereby resulting in an embedded derivative.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

24. Capital management

The company's objectives when managing capital are to:

- ▶ safeguard their ability to continue as a going concern, so that they can continue to provide the essential service to the kingdom to benefit all stakeholders, and
- ▶ ensure that EEC is sustainable over the long term.

There were no changes to EEC's approach to capital management during the financial year. EEC manages the following capital reserves:

The government as the sole shareholder and the board have the responsibility to ensure that the company is adequately capitalised and that the business is attractive to investors.

EEC's funding consists of equity investments by the shareholder, funds generated from operations and funds borrowed on local and foreign debt markets with strong government support.

	Notes	2025 E	2024 E
Share capital	18	433 493 841	433 493 841
Accumulated profit		3 262 177 356	3 340 727 650
Net Debt			
Total borrowings (Note 14.5)		914 154 571	616 187 453
Lease Liability		4 591 197	5 907 925
Less: Cash and cash equivalents (Note 14.3)		(27 979 296)	(131 107 515)
<i>Net holdings of cash</i>		890 766 472	490 987 863
Total equity		3 932 269 922	4 010 163 488
Total capital		4 823 303 394	4 501 151 351
Gearing ratio		18%	11%

During 2025, the Company's strategy was to maintain the gearing ratio (before interest accrual is taken into account) within 25%.

Dividends

See Note 18.1 for dividends declared by the company to the shareholder.

Loan covenants

Under the terms of the major borrowing facilities, the company is required to comply with the following financial covenants:

- ▶ An annual debt service coverage ratio for Inhlonhla of at least 1:1.25 and Stanlib of at least 1:2.5 and
- ▶ A net leverage ratio of not more than 2 times for Stanlib.

The company has complied with all loan covenants at the relevant measurement dates with the exception for Stanlib. THE debt has been serviced appropriately and that position is not expected change in the future.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

25. Commitments

25.1 Capital Commitments

Capital expenditure approved at reporting date but not yet incurred is as follows:

	2025 E	2024 E
Approved capital expenditure	99 130 538	94 395 030

This expenditure will be financed from debt and internally generated funds and is expected to be incurred and due for completion within the next three years.

Details of capital commitments are as follows:

25.2 Network upgrades

The Company has an approved capital expenditure budget of E89 770 000 million (2024: E213 million) to cater for routine additions to the network during the 2025/2026 financial year, and all this capital expenditure will be financed from current resources and external borrowings.

25.3 Right of use for electricity wheeling on 400kV line

The Company has committed to a fixed monthly charge of US\$150 891 (2024: US\$152 101) for right of use of the 400kV line. These monthly charges are being funded from internal resources. The right of use for electricity escalates annually by US inflation.

26. Contingencies

26.1 Litigations

	2025 E	2024 E
Legal cases pending with potential liability for claims were in process against the Company at year end. The Company is disputing these claims and has indicated that it intends to defend all legal matters it denies liability for and has a valid defence. On the basis of the evidence available it appears that no obligation is present, and the claims are therefore disclosed as a contingent liability.	38.0 million	18.5 million

25.4 Motraco wheeling agreement

In terms of an electricity wheeling agreement between Motraco and Eswatini Electricity Company, the Company pledged shares to the value of US\$ 2 million to Motraco as security that the electricity wheeling service at Edwaleni II will not discontinue. On the fourth anniversary date of Eswatini Electricity Company taking supply at Edwaleni II and every year thereafter, the amount of such secured shares shall be reduced by US\$ 200 000.

25.5 Power Purchase Agreement

In terms of the power purchase agreement with Ubombo Sugar Limited, ("USL") the company paid E150 million for an exclusive right to purchase all excess power guaranteed by USL up to 2026 at a base price agreed in 2011. This commitment is funded from internally generated resources.

25.6 Supply of energy

Eswatini Electricity Company entered into long-term agreements with, ESKOM, a supplier for electricity purchases.

In January 2011 the company signed a Power Purchase Agreement with USL until 2026. The agreement provides for an exclusive right to the Company to purchase excess electricity from USL. The company is obliged to take excess electricity from USL.

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

27. Related party transactions

The Company is wholly owned and controlled by the Government of Eswatini, which own 100% of its shares.

The related party disclosure is required in terms of IAS 24, Related Parties Disclosures.

The related parties of Eswatini Electricity Company Limited consist mainly of Government departments, state-owned enterprises, subsidiaries of Eswatini Electricity Company Limited, as well as key

management personnel and members of board of directors of Eswatini Electricity Company Limited or its shareholder and close family members of these related parties.

In addition, related parties comprise a joint venture company, Motraco, and post-retirement benefit plans for the benefit of employees.

27.1 Government grant funding

	2025 E	2024 E
Contributions received for Rural Electrification Projects (Note 19.1)	150 682 611	59 198 549

27.2 Purchases of goods and services

	2025 E	2024 E
Eswatini Energy Regulatory Authority Fees	28 904 811	26 545 714
Joint venture, Motraco, wheeling charges (Note 5)	64 620 956	68 973 403
Employee pension fund gains (Note 17)	2 423 886	1 592 599
	95 949 653	97 111 716

27.3 Year-end balances arising from transactions

(i) Receivables from related parties

	2025 E	2024 E
Government Departments (Note 14.1)	8 668 425	9 779 191

The Government departments include government ministries and parastatals.

Interest receivable on financial market instruments is in accordance with normal market practice.

(ii) Allowance for impairment of related party receivables

	2025 E	2024 E
Government (Note 23(b)(i))	18 413 072	32 545 927
Other government departments (Note 23(b)(i))	6 887 022	27 615 342
	25 300 094	60 161 269

Notes to the Financial Statements *(continued)*

for the year ended 31 March 2025

27. Related party transactions *(continued)*

27.3 Year-end balances arising from transactions *(continued)*

(iii) Payables to related parties:

	2025 E	2024 E
Shareholder, including Government Departments		
▶ Eswatini Energy Regulatory Authority	–	–
▶ Shareholder's loan	11 240 181	11 240 181
Joint venture, Motraco		
▶ Electricity wheeling charges	5 768 266	5 286 003

The provision of funds to the Eswatini Electricity Company Limited by the Government of Eswatini is based on long term agreement that enable the Company to obtain financing below

the normal market interest rate (prime lending rate). However, interest on this loan was not set in the agreement and thus assumed to be nil.

See Note 14.5 for more on the terms of this loan.

27.4 Dividend Paid

	2025 E	2024 E
Government of Eswatini	–	4 173 335

27.5 Transactions with key management personnel

Key management are those charged with planning, directing and controlling the activities of the company, directly or indirectly. Transactions with key management personnel include salaries,

bonuses, gratuities and director's fees. Compensation paid to key management is shown below:

	2025 E	2024 E
Board and related fees	1 417 231	946 738
Executive Management:		
Short term employee benefits	14 680 396	14 213 411

UNAUDITED INFORMATION FOR DISCUSSION PURPOSES ONLY

RE-FORMATTED INCOME STATEMENT

for the year ended 31 March 2025

The following information is disclosed to assist stakeholders better appreciate the performance of the entity from its core business of generating, transmitting and distributing electricity. It shows the performance of the entity from its operating activities.

	Notes	2025 E	2024 E
Revenue from sale of electricity	4	2 953 822 795	2 643 702 570
Cost of sales		(2 355 966 405)	(2 042 464 154)
Gross profit		597 856 390	601 238 416
Other income		50 145 418	50 937 458
Distribution costs		(553 319 829)	(482 380 485)
Administrative costs		(442 773 020)	(363 567 900)
Losses from core operating activities		(348 091 041)	(193 772 511)
Net gains from non-electricity operations		187 595 991	232 219 089
Capital contribution revenue	4	104 312 112	130 134 515
Share of profit from Motraco	12	100 981 728	112 752 575
Finance costs – net	9	(14 253 455)	(4 770 794)
Forex, defined benefit and embedded derivatives losses	8	(3 444 394)	(5 897 207)
(Loss)/ profit before tax		(160 495 050)	38 446 578
Tax credit		80 126 842	62 630 823
Net (loss)/ profit for the year		(80 368 208)	101 077 401



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