

Eswatini Electricity Company

2026

Integrated Annual Report

OUR CAPITALS

- **FC** Financial capital
- **HC** Human capital
- **MC** Manufactured capital
- **IC** Intellectual capital
- **SR** Social and relationship capital
- **NC** Natural capital

MATERIAL MATTERS

1. Energy security
2. Financial sustainability
3. Electricity affordability and accessibility
4. Reliable and quality electricity supply
5. Climate-resilient infrastructure
6. Energy transition
7. Infrastructure security
8. People, skills and organisational capability

OUR STAKEHOLDERS

- **G&S** Government and Shareholder
- **RG** Regulator (Eswatini Energy Regulatory Authority, or ESERA)
- **C&L** Communities and traditional leadership
- **DP** Development partners
- **CU** Customers
- **FI** Financial institutions
- **RU** Regional utilities
- **IPP** Independent power producers (IPPs)
- **ME** Media

CONTENTS

01 EEC SNAPSHOT IFC

2025/26 Highlights and Metrics 01
How the Company reports 02
About the Ministry of Natural Resources and Energy 04

02 COMPANY CONTEXT 06

The story of Eswatini Electricity Company 07
Mission, vision and values 09
Operating environment and material matters 10
The value-creating business model 14

03 VALUE CREATION 16

Chairperson's statement 17
Acting Managing Director's message 20
Stakeholder engagement 24
Strategy 28
Managing risks and opportunities 35

04 PERFORMANCE 42

Operations 43
Research and innovation (R&D) 48
Customer service and market outcomes 50
Human capital management 56
Environmental and Natural capital performance 61
Social and relationship capital outcomes 64
Support services 70
Finance 73

05 GOVERNANCE 78

Board of Directors 79
Committees and attendance 81
Executive management 84
Governance and sustainability 86

06 FINANCIAL STATEMENTS 88

Director's responsibility statement 89
Independent Auditors' report 90
Directors' report 92
Statement of comprehensive income 96
Statement of financial position 97
Statement of changes in equity 99
Statement of cash flows 100

Unaudited information for discussion purposes only

Re-formatted income statement 169

01 EEC SNAPSHOT

01 2025/26 Highlights and Metrics
- 01 Headline Financial KPIs
- 01 Headline Non-Financial KPIs

02 How the Company reports
- 02 Scope and boundary
- 02 Reporting frameworks
- 02 Materiality determination process
- 03 Forward-looking statements
- 03 Additional information
- 04 Board statement of responsibility

04 About the Ministry of Natural Resources and Energy



EEC SNAPSHOT *continued*

2025/26 HIGHLIGHTS AND METRICS

Headline Financial KPIs

Profitability and Earnings

Net Loss
E231 million
(2025: Net loss of E80.4 million)

Operating Loss
E406 million
(2025: Operating loss of E247.2 million)

Gross Loss
E21 million
(2025: Gross profit of E148.8 million)

Revenue
E3.3 billion
(2025: E3.06 billion)

Cost structure

Cost of Sales
E3.3 billion
(2025: E2.91 billion)

Electricity Purchase & Wheeling Costs
E2 494 million
(2025: E2 096 million)

Cash Flow and Liquidity

Cash and Cash Equivalents
E70 million
(2025: E28 million)

Net Cash from Operating Activities
E78 million
(2025: E72.2 million)

Dividend paid
Nil
(2025: Nil)

Financial Position and Leverage

Total Assets
E6.3 billion
(2025: E6.58 billion)

Total Borrowings
E893.4 million
(2025: E914.2 million)

Equity

Equity
E3.7 billion
(2025: E3.93 billion)

Headline Non-Financial KPIs

Energy Sales and Volume

Energy Sold
1 194.75 GWh
(2025: 1 180.77 GWh)

Units Sent Out (total supply)
1 378 GWh
(2025: 1 364 GWh)

Energy Mix and Supply

Internal Generation
346 GWh
(2025: 280.6 GWh)

Total Electricity Imports
1 032 GWh
(2025: 1 084 GWh)

Operational Efficiency

System Losses
13.28%
(2025: 13.54%)

Capital Investment

Capital Expenditure
E346 million
(2025: E801 million)

Distribution Lines Investment
E806 million
(2025: E259 million of the total capex)

Emissions

Tonnes of carbon dioxide (CO_2) emitted per GWh
646
(2025: 792)

EEC SNAPSHOT *continued*

HOW THE COMPANY REPORTS

This integrated report covers the activities of Eswatini Electricity Company (EEC or "the Company") for the financial year 1 April 2025 to 31 March 2026, across all divisions engaged in generation, transmission, distribution and supply, within the Kingdom of Eswatini.

Scope and boundary

While EEC is the financial reporting entity presented in the financial statements, the integrated report covers risks, opportunities and outcomes attributable to entities and relationships that materially affect the Company's ability to create value. While EEC does not control all matters arising within this broader boundary, they are reported where they are material to value creation. Entities and relationships that can materially affect EEC's ability to create value include:

- the Government of Eswatini as sole Shareholder and policy-maker;
- the Eswatini Energy Regulatory Authority (ESERA), whose tariff determinations govern revenue adequacy;
- import counterparties in the Southern African Power Pool (SAPP), on whom the majority of supply depends;
- independent power producers (IPPs) under power purchase agreements (PPAs); and
- major contractors and suppliers, whose safety and conduct produce outcomes reported here as EEC's own.

All data is presented on a year-end basis unless a different basis is stated where the figure appears.

Reporting frameworks

This report is prepared in line with the principles of the International <IR> Framework issued by the IFRS Foundation in January 2021. The framework guides the report's structure, content and the connectivity of the information presented. Corporate governance is aligned with the King IV Report on Corporate Governance for South Africa (2016). The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as required by the Companies Act of the Kingdom of Eswatini.

Materiality determination process

The Company's materiality determination process played a key role in guiding the content and presentation of information to focus on what is most relevant and significant for understanding EEC's ability to create value. Materiality determination was embedded in the report creation process through the following phases.

1. Integration in planning phase

At the outset of the integrated report creation process, the Company 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.

2. 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 to provide a clear linkage to EEC's value creation process.

3. 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.

4. 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.

5. Board approval

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

6. Report publication and stakeholder feedback loop

After Board approval, the report was published. The Company 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.

The Company has structured this integrated report to present a focused and comprehensive representation of EEC's value creation activities during the year.

EEC SNAPSHOT *continued*

HOW THE COMPANY REPORTS *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.

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.

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.

While the Company believes 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.

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.

Additional information

Time horizons

Throughout this report, time horizons are defined according to the following bands.

- Short term means less than one year.
- Medium term is one to three years.
- Long term refers to more than three years.

The six capitals

In adherence to principles of integrated thinking, EEC assesses how various capital inputs impact one another to create and preserve value. This report presents information about the Company's six stores of value and how these stores transformed in the year. It includes:

FC — FINANCIAL CAPITAL
Reporting on financial metrics such as revenue, expenses and profitability.

HC — HUMAN CAPITAL
Information about EEC's employees, their development and welfare.

MC — MANUFACTURED CAPITAL
Insights into the infrastructure and equipment used in electricity generation, transmission and distribution.

IC — INTELLECTUAL CAPITAL
The knowledge-based assets including strategies, processes and expertise.

SR — SOCIAL AND RELATIONSHIP CAPITAL
The Company's engagement with and impact on the community and stakeholders.

NC — NATURAL CAPITAL
How the Company's operations interact with and impact the environment.

To understand how EEC's capitals transformed in the year, refer to the business model and performance sections on pages 14 and 42, respectively.

EEC SNAPSHOT *continued*

HOW THE COMPANY REPORTS *continued*

Additional information *continued*

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 the Company's performance and strategies over time. Visit www.eec.co.sz/aboutus/reports/ to view the archive.

Feedback mechanism

EEC values your feedback. Please share your thoughts and suggestions to the Marketing and Corporate Communications Manager at khaya.mavuso@eec.co.sz. This helps the Company continually improve the quality and relevance of its reporting.

Board statement of responsibility

The EEC Board of Directors acknowledges its responsibility for ensuring the integrity of this integrated report.

The Board, supported by Executive Management and the reporting team, has applied its collective thinking to the preparation and presentation of this report and has overseen its content. In doing so, the Board has considered EEC's strategy, governance, performance, risks and opportunities, material matters and operating environment, and how these connect across the six capitals.

In the Board's opinion, this report has been prepared and presented in accordance with the International <IR> Framework issued by the IFRS Foundation in January 2021.

The Board accordingly approved EEC's 2025/26 integrated report on 28 July 2026.



Mr. Patrick Myeni

Chairperson of the Board
Eswatini Electricity Company

ABOUT THE MINISTRY OF NATURAL RESOURCES AND ENERGY

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. The Company's 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 focused 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



Edwaleni II substation is a major backbone facility integrating high-capacity 400 kV regional interconnectors and stepping down/routing power to the national 132 kV transmission network.

02

COMPANY CONTEXT

07 The story of Eswatini Electricity Company

09 Mission, vision and values

10 Operating environment and material matters

- 10 How domestic, regional and global factors impact EEC
- 12 Prioritising material matters

14 The value-creating business model





COMPANY CONTEXT

THE STORY OF ESWATINI ELECTRICITY COMPANY

EEC strives to provide reliable and sufficient electricity supply to all citizens to promote further industrialisation and socio-economic development.

Eswatini Electricity Company is a power generating, transmitting and distributing company that operates in the Kingdom of Eswatini, wholly owned by the Government of the nation. It is a public company accountable, through a variety of clearly-defined laws, codes and moral obligations, to Their Majesties and the people of Eswatini. The Ministry of Natural Resources and Energy (MNRE) is the Shareholder representative. The Company complies with various pieces of legislation that shape operations, including:

- The Eswatini Electricity Company Act, 2007 (originally The Swaziland Electricity Company Act, 2007);
- The Energy Regulatory Act, 2007; and
- The Public Enterprises Unit (Control and Monitoring) Act, 1989.

EEC strives to provide reliable and sufficient electricity supply to all citizens to promote further industrialisation and socio-economic development. The Vutsela Strategy 2022 to 2027 guides the Company by providing a clear roadmap for achieving its objective of becoming a local generation powerhouse with potential to become a net exporter of electricity in the coming years. EEC is assisted by and works closely with numerous stakeholders, including but not limited to customers, communities, suppliers, regulators, partners and funders.

To read about the Vutsela Strategy, refer to page 28

In addition to the Company's progression towards becoming more financially sustainable, EEC is also working to create a more environmentally aware enterprise and nation through conscious efforts to mitigate the effects of climate change and transition the generation capacity towards renewable energy sources, such as solar and hydro.

1920s to 1950s

The first electric bulb to light up the night in the country was installed at Mlilwane with a 52.5 kVA hydro-turbine by James Weighton Reilly. Reilly later installed this plant on the Mbabane River, below where the Swazi Inn was later built, to supply Mbabane with light. He subsequently sold it to Mercer Cox, who then sold it to the Swaziland Government. Mickey Reilly also brought electricity to Bremersdorp (present-day Manzini), where he created a roaring trade selling single light points to the town, and in particular to the families Lowe and Stewart, whose rivalry caused them to compete with each other. This escalated not only the price of electricity, but also the number of light points sold.

1955 FC

On 8 June, the process began for the Government of Swaziland to buy the Bremersdorp Electricity Supply from the Swaziland Power Company for E50 000.

1963 MC

The Swaziland Electricity Board (SEB) was officially launched and work commenced on the construction of Edwaleni Hydro-Electric Power Station.

1964 MC

On 19 September, the Edwaleni Hydro-Electric Power Station was inaugurated by Mr. H.F. Oppenheimer in the presence of His Majesty King Sobhuza II.

1975 MC

Hhelehhele 132/66 kV Substation was constructed.

COMPANY CONTEXT *continued*

THE STORY OF ESWATINI ELECTRICITY COMPANY *continued*

1980 MC
Work commenced on the construction of the Luphohlo Power Station.

1985 MC
Luphohlo Power Station was commissioned, bringing the total installed internal generation to 51 MW.

1987 MC
Eskom III Incomer was constructed from Normandie to Kalanga.

1989 MC
- Nhlangano II and Kalanga 132/66 kV Substations were constructed. This was a great relief to the Eskom I and II 132 kV Incomers, which were now operating at full capacity.
- Mhlosheni and Hluti 33/11 kV Substations were constructed.

1992 SR
SEB signed a performance contract with the Swaziland Government.

1998 MC
Work commenced on the construction of Maguga Dam.

2000 SR MC
- The Mozambique Transmission Company (MOTRACO) 400 kV joint venture.
- The Edwaleni II 400/132 kV 500 MVA (2x 250 MVA) Substation was commissioned. This project, combined with the commissioning of a number of other 132/66 kV substations, brought marked improvement to the quality of supply. Hhelehhele and Stonehenge Substations were brownfield projects, while Mkhinkomo II was a greenfield development.

2001 MC IC
Construction of Maguga Dam was completed. The dam won the South African Institution of Civil Engineering Award for most outstanding civil engineering achievement in the International Category for 2001.

2002 MC
Maguga Dam was commissioned.

2001 to 2010 MC
A number of greenfields and new 66/11 kV substations were constructed, resulting in improved capacity in these substations. These included Big Bend, Bhalekane, Sihhoye, Kent Rock, Pine Valley, Lobamba and Manzini North.

2007 IC
In December, SEB changed its name to the Swaziland Electricity Company (SEC).

2011 MC
On 13 May, the Maguga Hydro-Electric Power Station was inaugurated by His Majesty King Mswati III.

2013 SR
SEC turned 50 years old. Celebrations of the Golden Jubilee began on 5 April with a mass gathering blessed by His Majesty King Mswati III. In marking the passage of the past 50 years since establishment, SEC celebrated a number of key achievements, including a 70% national coverage.

2014 MC
Commissioned KaLanga-Siteki 66 kV line Siphofaneni Substation for improvement of supply quality in the eastern regions.

2017 MC
Over 1 000km of new lines were added.

2020 MC
The Southeast Grid Reinforcement Project was completed.

2021 MC
The 10 MW Lavumisa Solar PV Plant was successfully commissioned.

2024 MC
Key segments of the Edwaleni-Stonehenge 132 kV transmission line were commissioned.

2025 MC
Construction of the Lower Maguduza Hydropower Plant began.

COMPANY CONTEXT *continued*

MISSION, VISION 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

To read about how our values were enacted in the year, refer to:
- page 70 for our safety response (service excellence);
- page 86 for our response to whistle-blowing reports (honesty and integrity);
- page 64 for our grievance resolution outcomes (respect); and
- page 67 for our corporate social investment (CSI) outcomes (social responsibility).



Elangeni Depot

COMPANY CONTEXT *continued*

OPERATING ENVIRONMENT AND MATERIAL MATTERS

How domestic, regional and global factors impact EEC

While Eswatini's near-universal access to electricity is a genuine social achievement, the nation faces considerable risk in the security of supply because it imports around 70% of its electricity and over half from South Africa. Eswatini's domestic generation of approximately 70 MW cannot cover peak demand of 258 MW after accounting for load management. This makes the country a price-taker exposed to:

a. South African tariff inflation transmitted directly via the PPA; and
b. regional drought/scarcity that spikes Southern African Power Pool (SAPP) prices.

Domestic

Political

- EEC is a wholly state-owned utility.
- Energy policy is set by the Ministry of Natural Resources and Energy, regulated by the Eswatini Energy Regulatory Authority (ESERA).

Economic

- Eswatini is a lower-middle-income economy with very high inequality and unemployment.
- A large share of national revenue comes from Southern African Customs Union (SACU) receipts.
- The lilangeni is pegged 1:1 to the South African rand, meaning Eswatini is impacted by South African inflation.

Social

- While Eswatini has one of the highest electrification rates in sub-Saharan Africa at 94.27%, Afrobarometer (2024) found that only 59% of emaSwati have reliable access to electricity.
- Through the ASCENT Eswatini Project, the country is aiming for universal electricity access by 2030.

Technological

- EEC's internal generation is hydro-dominant, supplemented by solar.
- The Company is seeking funding for hydro plant expansion and a geothermal project.
- A 20-year licence for a thermal coal power station and mine at Lubhuku was issued by the Government in November 2025.

Legal/regulatory

- ESERA licences generation, transmission, distribution, import and export, sets tariffs and runs competitive independent power producer (IPP) procurement.
- The February 2025 tariff determination reduced EEC's requested increases of 25.51% (FY 2025/26) and 27.06% (FY 2026/27) to 14.67% (FY 2025/26) and 10.91% (FY 2026/27), with E255.2 million in depreciation recoveries (2014/15 to 2020/21) to be refunded to customers.
- Government further reduced the increase to 8% and 7% respectively with the promise of a financial cushion.

Environmental

- Eswatini's hydro generation is seasonal and dependent on rainfall, with limited storage leading to large swings in domestic output.
- In Eswatini's Third Nationally Determined Contribution (September 2025), the country pledged to reduce its greenhouse gas (GHG) emissions by 2.24 million tonnes of CO_2 equivalent by 2035 compared to the business-as-usual scenario, which is a 115% increase in reductions from the previous target.

COMPANY CONTEXT *continued*

OPERATING ENVIRONMENT AND MATERIAL MATTERS *continued*

How domestic, regional and global factors impact EEC *continued*

Regional

Political

- South Africa supplies electricity to eight Southern African Development Community (SADC) countries: Eswatini, Botswana, DRC, Lesotho, Mozambique, Namibia, Zambia and Zimbabwe.
- During the year, Eswatini successfully concluded negotiations and signed a new 10-year power purchase agreement (PPA) with National Transmission Company South Africa (NTCSA).
- At a bilateral visit to Eswatini in November 2025, South Africa's Minister of Electricity and Energy said that the power future of the region was secure.

Economic

- South Africa's state-owned electricity utility, Eskom, returned to profitability for the first time since 2017 and had its credit rating upgraded by global financial services company S&P.

Social

- The SADC Executive Secretary reported an average electricity access rate of 56% for the region.

Technological

- South Africa is building the South African Wholesale Electricity Market (SAWEM), rolling out smart metres at scale and NTCSA's Transmission Development Plan aims to provide 56 000 MW over a decade.
- The SAPP operates a competitive Day-Ahead Market (DAM), but only around 7% of regional power traded competitively in early 2025.

Legal/regulatory

- SADC operates energy protocols and a Renewable Energy and Energy Efficiency Strategy and Action Plan (RRRSAP) through the SADC Centre for Renewable Energy and Energy Efficiency (SACREEE).

Environmental

- Southern Africa's hydropower is acutely climate-exposed.
- El Niño/La Niña cycles make hydrology (and thus regional supply and SAPP prices) highly volatile.
- South Africa's coal generation still dominates, and the country's Just Energy Transition (JET) faces delays, with coal-plant life extensions to 60 years under consideration.

Global

Political

- Fragmented global energy-policy environment.
- The United States' withdrawal from the Paris Agreement and the South African Just Energy Transition Partnership (JETP).

Economic

- High financing costs for capital-intensive power projects.
- Artificial intelligence (AI) and data-centre demand increases competition for grid equipment, transformers and capital.

Social

- Approximately 600 million African people still lack access to electricity (nearly 83% of the world's unelectrified population).
- Global discourse increasingly frames energy access as a prerequisite for development, healthcare, education and gender equality.

Technological

- Solar PV is the fastest-growing source of electricity.
- Emerging technologies include green hydrogen, small modular reactors, smart grids and advanced battery storage solutions.

Legal/regulatory

- The European Union Carbon Border Adjustment Mechanism (CBAM) on carbon emissions implicit in imported goods entered its definitive period.

Environmental

- Climate change is intensifying.
- Global power-sector emissions were roughly flat as renewables grew.

COMPANY CONTEXT *continued*

OPERATING ENVIRONMENT AND MATERIAL MATTERS *continued*

Prioritising material matters

EEC's ability to create value over the short, medium and long term is most affected by several material matters. They were identified through a materiality determination process, reviewed and approved in preparing the report.

Read about the Company's materiality determination process on page 02.

1. Energy security

EEC must reduce exposure to imported electricity and regional supply and price volatility through increased domestic generation and diversified sources of supply.

Primary Capitals Affected

FC MC

Related Strategic Objectives

- Increase generation efficiency and capacity

Related Key Risks

- Dependence on imported electricity
- Electricity price volatility
- Supply interruptions
- Insufficient generation capacity

2. Financial sustainability

EEC needs to maintain financial capacity to purchase electricity, operate the network, maintain infrastructure and invest sustainably.

Primary Capitals Affected

FC MC

Related Strategic Objectives

- Long-term financial sustainability and liquidity

Related Key Risks

- Inadequate revenue/cost recovery
- Funding constraints
- Foreign exchange risk
- Rising purchase costs

3. Electricity affordability and accessibility

EEC requires electricity to remain accessible and as affordable as possible, particularly for vulnerable customers, while supporting continued electrification.

Primary Capitals Affected

FC SR

Related Strategic Objectives

- Affordable power
- Cost control
- Improve customer experience

Related Key Risks

- Affordability risk
- Inability of customers to pay
- Increased chance of electricity theft

4. Reliable and quality electricity supply

EEC must improve network reliability, outage response, restoration times and quality of supply to meet evolving customer and economic needs.

Primary Capitals Affected

MC IC

Related Strategic Objectives

- Improve transmission and distribution efficiency and reliability

Related Key Risks

- Network/equipment failure
- Prolonged outages
- Inadequate maintenance
- Poor power quality
- Penalties for non-compliance with quality standards

COMPANY CONTEXT *continued*

OPERATING ENVIRONMENT AND MATERIAL MATTERS *continued*

Prioritising material matters *continued*

5. Climate-resilient infrastructure

EEC needs to strengthen electricity infrastructure against extreme weather, climate-related risks, increasing demand and other threats to network resilience.

Primary Capitals Affected

MC NC

Related Strategic Objectives

- Improve transmission and distribution efficiency and reliability

Related Key Risks

- Prolonged service disruption
- Infrastructure damage
- Flooding
- Storms and strong winds

6. Energy transition

EEC supports the transition to a diversified, lower-carbon electricity system through renewable energy integration, IPPs, embedded generation, storage and innovative grid solutions.

Primary Capitals Affected

MC IC SR NC

Related Strategic Objectives

- Reduce carbon footprint

Related Key Risks

- Regulatory/policy changes
- Transition risk
- Technology risk

7. Infrastructure security

EEC strives to protect critical electricity infrastructure against vandalism, theft, illegal connections and other threats that disrupt supply and increase costs.

Primary Capitals Affected

FC MC SR

Related Strategic Objectives

- Increase safety and security

Related Key Risks

- Vandalism and theft
- Illegal connections
- Damage to critical infrastructure
- Supply interruptions

8. People, skills and organisational capability

EEC aims to attract, retain and develop the skills, leadership and organisational capabilities to operate and transform the Company.

Primary Capitals Affected

IC HC SR

Related Strategic Objectives

- Attract, develop and retain key critical skills
- Develop solid strategy execution capabilities

Related Key Risks

- Skills shortages
- Loss of critical skills
- High employee turnover

COMPANY CONTEXT *continued*

THE VALUE-CREATING BUSINESS MODEL

EEC's business model describes how the Company takes in resources and relationships (the six capitals) and converts them, through the activities of generation, importation, transmission, distribution and supply, into electricity for the nation and into outcomes for the Company and those who depend on it. It also identifies several trade-offs EEC manages, where strengthening one capital means drawing down another.

INPUTS

FC FINANCIAL CAPITAL

- Operating loss of E406 million
- Decrease in total assets to E6.3 billion
- Decrease in Shareholders' equity to E3.7 billion

MC MANUFACTURED CAPITAL

- Installed generation capacity of 70.1 MW
- 1 621km of transmission lines
- 24 716km of distribution lines

IC INTELLECTUAL CAPITAL

- Processes and systems
- Brand equity

HC HUMAN CAPITAL

- 755 permanent employees
- 238 casual/temporary employees
- E8.5 million investment in Human capital

SR SOCIAL AND RELATIONSHIP CAPITAL

Long-standing relationships with:

- Employees
- Customers
- Government and regulators
- Investors and Shareholders
- Business partners and suppliers
- Communities
- Media

NC NATURAL CAPITAL

- Net raw water used
- Natural environments for project development

ACTIVITIES

- Electricity generation (hydro and solar)
- Electricity procurement
- Electricity transmission
- Electricity distribution
- Infrastructure development and maintenance
- System operations and control

OUTPUTS

- Revenue of E3.3 billion
- Energy sales of 1 194.75 GWh
- Capital expenditure of E346 million
- Imported power of 1 032 GWh
- Local generation of 346 GWh

COMPANY CONTEXT *continued*

THE VALUE-CREATING BUSINESS MODEL *continued*

OUTCOMES

FC FINANCIAL CAPITAL

- Operating loss of E406 million
- Decrease in total assets to E6.3 billion
- Decrease in Shareholders' equity to E3.7 billion

MC MANUFACTURED CAPITAL

- Increase of 2% year-on-year in property, plant and equipment to E5.1 billion
- Maintenance of generation, transmission and distribution infrastructure increased by 2% to E830 million

IC INTELLECTUAL CAPITAL

- Increased cyber security awareness

HC HUMAN CAPITAL

- 0.78% decrease in staff complement
- Decrease in staff turnover to 3.44%
- 38% decrease in training costs

SR SOCIAL AND RELATIONSHIP CAPITAL

- E1.15 million CSI investment
- 67 contract engagements
- 1 250 indirect employments
- 30 outsourced service providers
- 35 grievances reported and 29 acted on, while six are in progress

NC NATURAL CAPITAL

- 646 tonnes of carbon dioxide (CO_2) emitted per GWh, a 9.4% decrease

TRADE-OFFS

- **Trade-off 1: Imports versus self-generation**
  Meeting demand through Southern African Power Pool (SAPP) imports consumes Financial capital ↓ FC heavily and immediately, while preserving Manufactured ↑ MC and Social and relationship capital ↑ SR through reliable supply today. Investing in our own generation means Financial capital ↓ FC is committed now, for Manufactured ↑ MC, Natural ↑ NC and Financial ↑ FC returns that arrive only over the long term.

- **Trade-off 2: Affordability versus financial sustainability**
  Tariffs below cost-reflective levels protect Social and relationship capital (affordable power for households and competitiveness for the economy) ↑ SR at direct cost to Financial capital ↓ FC. In FY 2025/26 that trade-off materialised in the E231 million net loss and the pressure on working capital.

- **Trade-off 3: Liquidity versus network health**
  When working capital tightens, deferring capital and maintenance expenditure preserves Financial capital ↑ FC in the short term while eroding Manufactured capital ↓ MC (and with it, system losses and reliability) over the medium term.



Lavumisa 10 MW solar weather station is installed to measure environmental factors that impact energy production and equipment safety.

03 VALUE CREATION



17 Chairperson's statement
- 17 Strategic direction and value creation
- 18 Financial sustainability and Board oversight
- 18 Strengthening energy security
- 18 Infrastructure, access and customer value
- 18 Governance, risk and accountability
- 19 Sustainability and stakeholder relationships
- 19 People, safety and organisational capability
- 19 Looking ahead
- 19 Appreciation

20 Acting Managing Director's message
- 21 Strengthening the transmission network
- 21 Expanding access to electricity
- 21 High cost of electricity supply
- 21 Financial sustainability and cost recovery
- 22 Energy supply and local generation
- 22 Supporting embedded generation
- 22 Advancing generation expansion
- 22 Strategy and turnaround
- 23 Customer service and operational efficiency
- 23 Outlook
- 23 Acknowledgements

24 Stakeholder engagement
- 24 EEC's approach to engagement
- 24 Stakeholder groups
- 26 Engagement in the year

28 Strategy
- 28 Vutsela 2022 to 2027
- 30 Performance against the strategy
- 32 Strategic targets and KPIs

35 Managing risks and opportunities
- 35 Key risks
- 39 Risk profile
- 40 Business risks with treatments and opportunities





CHAIRPERSON'S STATEMENT

The year under review was characterised by significant financial and operating pressures, reflecting the continued volatility of regional electricity markets, rising power purchase costs, constrained access to affordable electricity supply and the growing demand for reliable electricity. Against this backdrop, EEC remained focused on fulfilling its national mandate while protecting the long-term sustainability of the Company and the value it creates for the Kingdom of Eswatini.

Dear Stakeholders,

It is my honour, on behalf of the Board of Directors, to present the Integrated Annual Report of Eswatini Electricity Company for the financial year ended 31 March 2026. The Integrated Annual Report provides a balanced account of our performance, the challenges we faced, the actions taken in response and the opportunities being pursued to strengthen EEC's contribution to Eswatini's economic and social development.

Strategic direction and value creation

The Board remains firmly committed to the strategic direction established through the Vutsela 2022 to 2027 Strategy. During the year, the Company continued implementing strategic initiatives aimed at strengthening operational efficiency, financial sustainability, customer service and long-term energy security.

CHAIRPERSON'S STATEMENT *continued*

Strategic direction and value creation *continued*

Overall strategic performance was satisfactory, with 46% of initiatives completed compared with 43% in the previous financial year. Importantly, the Board approved and oversaw the implementation of a Turnaround Strategy in response to the Company's challenging financial position. The strategy prioritised cash preservation, cost containment, expenditure prioritisation and operational efficiency, while maintaining focus on the investments required to sustain the electricity system. This reflects the Board's approach to value creation: addressing immediate pressures without losing sight of the long-term investments and relationships upon which EEC's future depends.

Financial sustainability and Board oversight

Financial sustainability remained one of the most significant matters before the Board during the year. EEC recorded a net loss of E231 million, compared with a net loss of E80.4 million in the previous year. Revenue increased to approximately E3.3 billion, but this was outweighed by the increase in the cost of electricity supply. Cost of sales rose by 14% to approximately E3.3 billion, largely driven by higher electricity import costs. Electricity purchases, VAT and wheeling charges accounted for approximately 75% of the Company's cost of sales.

The financial outcome demonstrates the structural pressure created when the cost of securing electricity supply rises faster than the revenue generated from electricity sales. The Board recognises that financial sustainability must be pursued alongside affordability, as both are essential to maintaining a reliable electricity service and supporting the wider economy.

In this regard, the Board welcomes measures aimed at improving the Company's financial position, including the approved tariff adjustment for 2026/27 and Government's commitment of E200 million over two years to cushion tariff increases while supporting liquidity, operations and investment. The Board will continue to exercise prudent oversight of expenditure, liquidity, revenue protection, debt recovery, capital investment and the Company's overall financial sustainability.

Read more about EEC's financial performance on page 73.

Strengthening energy security

Energy security remains fundamental to EEC's ability to create sustainable value. During the year, internal generation increased to 346 GWh, representing 24.6% of the electricity supplied to the system, compared with 280.6 GWh, or 20.6%, in the previous year. This improvement demonstrates the importance of strengthening domestic generation capacity as a means of reducing exposure to regional electricity market conditions and imported power costs.

At the same time, EEC continued to rely significantly on imported electricity. Total imports amounted to 1 032 GWh, while the cost of imported power purchases and wheeling increased to E2.38 billion. The Board therefore considers the expansion of reliable domestic generation to be a strategic priority for both national energy security and EEC's financial sustainability.

Progress during the year included the continued development of local generation initiatives, the automation and rehabilitation of the Maguduza Power Station, completion of designs for the Ferreira Canal rehabilitation and continued advancement of renewable and alternative generation opportunities.

The Board will continue supporting a diversified generation portfolio that can improve supply security, reduce exposure to imported electricity and contribute to a more resilient and sustainable energy system.

Infrastructure, access and customer value

The Board recognises that investment in infrastructure must ultimately translate into better outcomes for customers. During the year, EEC successfully completed and commissioned the Edwaleni II-Stonehenge 132 kV transmission line, which has provided relief to the existing transmission network and improved reliability. The World Bank-funded NRAP Component 1a was also completed, including the 83km Nhlangano-Lavumisa transmission line and associated substations. Customers along the Nhlangano-Lavumisa corridor are now benefiting from more stable and reliable electricity supply.

Through the NRAP rural electrification component, 6 382 households were connected, including 1 111 through Readyboards. Government has subsequently provided additional funding to continue electrification in the Shiselweni region.

The Board also welcomes the commencement of the ASCENT programme, which provides an important pathway towards expanding electricity access and supporting the country's transition towards more sustainable and inclusive energy development.

These investments demonstrate that infrastructure development is about improving the quality of supply, extending access, supporting economic activity and enhancing the lives and livelihoods of our customers and communities.

Governance, risk and accountability

Effective governance remains central to the Board's responsibility. Throughout the year, the Board continued to provide oversight of strategy execution, financial performance, risk management, major projects, organisational performance and corporate responsibility. Board Committees provided specialised oversight across finance, audit and risk, remuneration, technical matters and other areas within their respective mandates.

VALUE CREATION *continued*

CHAIRPERSON'S STATEMENT *continued*

Governance, risk and accountability *continued*

The Board also continued to monitor the Company's key risks, including financial sustainability, energy supply security, infrastructure resilience, safety, copper theft, climate-related risks and the changing regional energy environment.

We recognise that strong governance requires transparency, accountability, ethical conduct, responsible decision-making and a clear focus on the interests of the Company and the nation it serves. The Board therefore remains committed to strengthening governance practices and ensuring that EEC continues to operate with integrity and accountability.

Read more about corporate governance on page 86.

Sustainability and stakeholder relationships

EEC's ability to create value depends on the strength of its relationships with its stakeholders. During the year, the Company continued engaging Government, the regulator, customers, communities, financial institutions, development partners, employees, suppliers and regional electricity sector stakeholders. These engagements supported dialogue on matters including financial sustainability, electricity supply, infrastructure development, customer service, access to electricity and energy security.

EEC also strengthened collaboration with regional and international partners, including the National Transmission Company South Africa (NTCSA), the Mozambique Transmission Company (MOTRACO), the World Bank and other energy-sector institutions. These relationships are important in strengthening cross-border transmission, regional energy security, wheeling arrangements, knowledge-sharing and infrastructure investment.

The Board also recognises EEC's responsibility to contribute to sustainable development beyond its core commercial activities. Through its corporate citizenship and community initiatives, the Company continued supporting national development priorities and community programmes.

People, safety and organisational capability

The Board acknowledges that EEC's ability to deliver on its mandate ultimately depends on the capability, commitment and wellbeing of its people. The year presented significant operational and financial pressures for employees and management. The Board appreciates the resilience demonstrated by EEC's workforce in maintaining essential electricity services while implementing cost-containment measures and advancing strategic priorities.

Safety remains a non-negotiable priority. The Board is particularly concerned by the continued exposure of employees, contractors and members of the public to electrical and workplace safety risks. We therefore expect management to maintain strong safety leadership, contractor management, public awareness and incident prevention measures. The development of organisational capability, performance management and supervisory leadership will remain important as EEC positions itself for the future.

Looking ahead

The outlook for EEC requires both realism and confidence. The Board recognises that financial pressures, rising electricity demand, regional market conditions, infrastructure requirements and the need for greater energy independence will continue to test the Company.

However, we also see significant opportunities. The expansion of domestic generation, renewable energy development, network reinforcement, increased electricity access, improved operational efficiency and stronger strategic partnerships provide a foundation for a more resilient EEC. The benefits of these initiatives will take time to materialise, but they are essential to reducing the Company's dependence on imported electricity and strengthening its long-term sustainability.

The Board will continue to support management in implementing the Turnaround Strategy and Vutsela 2022 to 2027, while maintaining disciplined oversight of financial resources, capital investments, risk and performance.

Our ambition remains clear: to ensure that EEC is financially sustainable, operationally resilient and capable of delivering reliable, affordable and sustainable electricity to support Eswatini's development.

Appreciation

On behalf of the Board, I extend my sincere appreciation to the Government of the Kingdom of Eswatini, our shareholder, the Ministry of Natural Resources and Energy, the Eswatini Energy Regulatory Authority, our development and financing partners, regional electricity-sector partners, customers and communities for their continued support and engagement.

I also wish to express my appreciation to my fellow Board members for their commitment and oversight, and to the management and employees of EEC for their dedication and resilience during a particularly demanding year.

As we move forward, the Board remains confident that, through sound governance, disciplined execution, strategic partnerships and collective commitment, EEC can overcome its current challenges and continue creating enduring value for the people and economy of Eswatini.



Mr. Patrick Myeni
Chairperson of the Board
Eswatini Electricity Company

VALUE CREATION *continued*



ACTING MANAGING DIRECTOR'S MESSAGE

In 2025/26, EEC operated in an increasingly complex electricity supply environment characterised by rising power purchase costs, constrained liquidity, growing demand for electricity and the need to accelerate investment in domestic generation and network infrastructure. Our focus remained firmly on maintaining a reliable electricity supply to the Kingdom while strengthening the foundations for a more financially sustainable, resilient and customer-focused Company.

Dear Stakeholders,

The financial year ended 31 March 2026 was a significant year for EEC and the electricity supply industry. We operated in an environment characterised by high electricity costs, constrained financial resources, increasing electricity demand and the continued need to strengthen the country's energy security.

ACTING MANAGING DIRECTOR'S MESSAGE *continued*

Despite these challenges, EEC made meaningful progress in strengthening the electricity network, expanding access, increasing local generation, improving operational efficiency and advancing initiatives that will support the Company's long-term sustainability.

Our performance during the year demonstrates both the challenges facing the electricity supply industry and the opportunities available to EEC as we work towards a more resilient and sustainable electricity system.

Strengthening the transmission network

During the year, the Company successfully commissioned major transmission infrastructure, including the 132 kV transmission line and associated substations in the Shiselweni Region, as well as the 132 kV line connecting Edwaleni II and Stonehenge.

These investments have strengthened the national transmission network, improved reliability and increased network capacity. The Edwaleni II - Stonehenge line, in particular, has provided much-needed relief to the existing Mkinkomo-Stonehenge transmission line and is carrying approximately 55% of the Stonehenge load.

The completion of these projects demonstrates the value of continued investment in critical electricity infrastructure, particularly as demand for electricity continues to grow.

Expanding access to electricity

EEC successfully completed the World Bank-funded Network Reinforcement and Access Project in the Shiselweni Region.

Under the rural electrification component, the Company connected 6 382 households, including 1 111 households through Readyboards, against a target of 8 000 connections. This represents an achievement of approximately 80% of the target.

The completion of the project has improved electricity access and strengthened the network serving communities in the Shiselweni Region. Government has also provided an additional E33 million to support continued electrification in the region.

The commencement of the Eswatini Accelerating Sustainable and Clean Energy Access Transformation (ASCENT) programme further provides an important opportunity to accelerate progress towards broader electricity access.

High cost of electricity supply

The cost of securing electricity remained one of the Company's most significant challenges during the year.

EEC continues to rely substantially on electricity imports from the National Transmission Company South Africa, Electricidade de Moçambique (EDM) and other regional sources. Although regional energy conditions improved following the return of rains, the cost of imported electricity remained a major contributor to the Company's financial pressure.

EEC continued to actively manage its energy purchases, including participating in the Southern African Power Pool Day-Ahead Market, which provided opportunities to procure energy at more competitive prices when market conditions allowed.

The Company also increased its contribution from local generation, which remains one of the most important long-term interventions for reducing dependence on imported electricity.

Financial sustainability and cost recovery

The Company's financial position remained under significant pressure during the year.

Revenue increased to approximately E3.3 billion, compared with E3.06 billion in the previous year. However, cost of sales increased by 14% to approximately E3.3 billion, largely driven by higher electricity purchase costs.

EEC recorded a net loss of E231 million, compared with a net loss of E80.4 million in the previous financial year.

This financial performance reflects the continuing gap between the cost of procuring electricity and the revenue recoverable through electricity sales. Power purchases, VAT and wheeling charges accounted for approximately 75% of the Company's cost of sales.

While EEC generated additional revenue from non-core activities, including dark fibre leasing and rentals, these sources remain insufficient to offset the structural gap between electricity import costs and local electricity tariffs.

Financial sustainability therefore remains a critical priority. The Company must continue balancing the need for affordable electricity with the requirement to maintain sufficient financial capacity to operate, maintain and invest in the electricity system.

ACTING MANAGING DIRECTOR'S MESSAGE *continued*

Energy supply and local generation

During the year, EEC generated approximately 356 GWh from its domestic generation portfolio, comprising the hydro stations at Maguga, Ezulwini, Edwaleni and Maguduza, together with the solar PV and Battery Energy Storage System plant at Qomintaba.

Internal generation increased from 280.6 GWh in the previous year to 346 GWh, raising its contribution to the system from 20.6% to 24.6%.

The Company imported 1 032 GWh from NTCSA, EDM and other regional sources. While this represented a reduction in imported energy compared with the previous year, the figure was affected by load management measures implemented to manage network constraints, system demand and the cost of imported electricity.

Increasing domestic generation remains central to EEC's long-term strategy. It provides an opportunity to improve energy security, reduce exposure to regional electricity market volatility and support the financial sustainability of the electricity supply industry.

Supporting embedded generation

Commercial and industrial customers are increasingly investing in their own generation, particularly solar PV. This is changing the electricity supply landscape and has the potential to complement the national electricity system.

EEC continued working closely with the Eswatini Energy Regulatory Authority (ESERA) on the development of the Embedded Generation Framework. The Company also concluded studies on pilot sites for privately owned embedded generation.

The framework is expected to provide a structured mechanism through which eligible privately owned generators can feed excess electricity into the grid. The lessons from the pilot sites will assist in informing the implementation of embedded generation and could provide an additional source of electricity while reducing the pressure on EEC to finance all generation expansion directly.

Advancing generation expansion

The Company continued to advance several initiatives aimed at increasing domestic generation capacity.

Construction of the 13.5 MW Lower Maguduza Hydro Project had reached 53% progress as at March 2026, with commercial operation expected in the first quarter of 2027. This project will make an important contribution to local renewable generation.

EEC also signed Power Purchase Agreements for solar PV projects procured through the competitive procurement process facilitated by the Regulator, as well as a PPA for a baseload power plant.

Through its subsidiary, EEC secured a mining licence for the Lubhuku area and will undertake the necessary studies for the coal mine. In parallel, the procurement process for private developers of the proposed coal-to-power project is continuing.

The Lubhuku initiative represents a longer-term opportunity to diversify the country's generation mix and contribute towards energy sovereignty, subject to the outcomes of the necessary technical, financial, environmental and commercial studies.

The Company is also continuing to pursue geothermal development and other renewable energy opportunities. Given the significant financing requirements associated with generation expansion, EEC will increasingly explore alternative financing models and strategic partnerships to bring viable projects to fruition.

Strategy and turnaround

During the year, EEC implemented a Board-approved Turnaround Strategy in response to the Company's financial and operating environment.

The strategy focused on, among other priorities, revenue diversification, improved efficiency, cost containment, cash preservation and increasing local power generation.

The implementation of the Turnaround Strategy was complemented by continued execution of the Vutsela 2022 to 2027 Strategy, which achieved an overall initiative performance rating of 3.29, classified as satisfactory, while the completion rate increased from 43% to 46%.

A number of interventions were implemented during the year to improve the efficiency and resilience of the electricity system. These included measures to reduce technical and commercial losses, protect electricity infrastructure, reduce transformer failures, improve plant availability and use technology to enhance operational effectiveness and turnaround times.

System losses improved from 13.54% to 13.28%, reflecting the impact of interventions aimed at improving network efficiency and revenue protection.

The Company also commenced the rehabilitation and automation of hydro generation facilities to improve availability and reliability. The rehabilitation of the Ferreira Canal was advanced with the objective of reducing water losses and increasing the water available for electricity generation at Edwaleni and Maguduza Power Stations.

The full benefits of some of these interventions will become more evident in the coming financial years.

ACTING MANAGING DIRECTOR'S MESSAGE *continued*

Customer service and operational efficiency

Our customers remain at the centre of EEC's mandate.

During the year, we continued to improve customer-facing processes through enhanced complaints management, expanded online services, USSD enhancements and an expanded prepaid vending network.

We also strengthened engagement with customers and stakeholders through customer engagements, media interactions, radio programmes, social media communication and targeted public awareness initiatives.

The improvement in system losses is particularly important because every unit of electricity saved or recovered contributes to the sustainability of the electricity supply system. We will continue strengthening revenue protection and addressing electricity theft, meter tampering and other forms of losses that ultimately affect the cost and reliability of electricity supply.

Outlook

Eswatini is expected to remain a net importer of electricity in the short to medium term. Consequently, the gap between the cost of imported electricity and the tariffs recoverable through electricity sales will continue to place financial pressure on the utility.

At the same time, the electricity sector is changing rapidly. More countries and private-sector players are investing aggressively in power generation, particularly renewable energy such as solar. This could result in periods of surplus energy being available in regional markets at prices below those associated with some long-term contracted supplies.

EEC therefore needs to strike an appropriate balance between securing long-term energy supplies to support energy sovereignty and maintaining the flexibility to benefit from competitively priced energy available in regional markets.

Our approach will be to continuously monitor these developments and adapt our strategies accordingly.

The long-term sustainability of EEC will depend on our ability to increase local generation, optimise electricity procurement, improve operational efficiency, strengthen financial discipline, diversify revenue streams and establish appropriate partnerships for infrastructure development.

We are committed to building an electricity system that is reliable, affordable, sustainable and responsive to the needs of a growing economy.

Acknowledgements

I would like to express my sincere appreciation to the Board of Directors for its guidance and oversight throughout the year, and to the Ministry of Natural Resources and Energy, under the leadership of HRH Prince Lonkhokhela, and the Eswatini Energy Regulatory Authority for their continued support and collaboration.

I also acknowledge the contribution of our development partners, regional electricity-sector partners, customers and other stakeholders who continue to support EEC as we navigate the challenges affecting the electricity supply industry.

I wish to express my particular appreciation to Mr Ernest Mkhonta for his leadership of EEC during the financial year ended 31 March 2026 and for his contribution to the Company during his tenure.

To the EEC staff, thank you for your resilience, commitment and willingness to work differently under challenging financial conditions. The understanding and cooperation demonstrated by management, employees, the Staff Association and trade unions enabled the Company to navigate the year while continuing to provide an essential service to the nation.

Lastly, I extend our appreciation to Their Majesties and the Government of the Kingdom of Eswatini for their continued support, including the issuance of the Lubhuku mining licence, investment in rural electrification and the commitment of E200 million over two years to support EEC's liquidity, operations and investment requirements.

As we enter the next phase of EEC's journey, our focus remains firmly on creating a financially sustainable and operationally resilient utility that can continue to power Eswatini's economic and social development.



Mphumuzi Maziya
Acting Managing Director
Eswatini Electricity Company

VALUE CREATION *continued*

STAKEHOLDER ENGAGEMENT

Stakeholder relationships remain fundamental to the Company's ability to deliver reliable electricity, drive national development and implement the strategy. Throughout the year, EEC continued to strengthen its stakeholder-centred approach by engaging in transparent dialogue, collaborative partnerships and meaningful engagement.

EEC's approach to engagement

Stakeholder relationships remain fundamental to the Company's ability to deliver reliable electricity, drive national development and implement the strategy. Throughout the year, EEC continued to strengthen its stakeholder-centred approach by engaging in transparent dialogue, collaborative partnerships and meaningful engagement.

The stakeholder management approach is focused on creating sustainable value for both the Company and the Kingdom of Eswatini through proactive engagement, mutual accountability and responsible corporate citizenship. During the year, stakeholder engagements supported EEC's strategic priorities of energy security, financial sustainability, regulatory compliance, operational excellence, infrastructure expansion and customer service improvement.

The Company's stakeholder engagement framework seeks to:

- build trust and long-term partnerships;
- improve stakeholder understanding of EEC's strategic direction;
- support informed decision-making through continuous dialogue;
- identify stakeholder expectations and emerging risks;
- promote transparency and accountability; and
- enhance organisational reputation and social licence to operate.

Engagements are guided by the principles of inclusivity, responsiveness, materiality and accountability in line with King IV and integrated reporting principles.

Stakeholder groups

G&S
Government and Shareholder

Primary Interests
- Energy security
- National development
- Policy implementation

Engagement Methods
- Courtesy visits
- Strategic meetings
- Parliamentary engagements

RG
Regulator
(Eswatini Energy Regulatory Authority, or ESERA)

Primary Interests
- Compliance
- Tariffs
- Licensing
- Market reforms

Engagement Methods
- Regulatory consultations
- Workshops
- Technical meetings

CU
Customers

Primary Interests
- Reliable electricity
- Tariffs
- Customer service

Engagement Methods
- Breakfast meetings
- Media engagements
- Digital platforms
- Community outreach

VALUE CREATION *continued*

STAKEHOLDER ENGAGEMENT *continued*

Stakeholder groups *continued*

C&L
Communities and traditional leadership

Primary Interests
- Electrification
- Safety
- Corporate Social Investment (CSI)
- Cultural support

Engagement Methods
- Community meetings
- Donations
- National ceremonies

DP
Development partners

Primary Interests
- Infrastructure development
- Governance
- Sustainability

Engagement Methods
- Project steering meetings
- Donor reviews

FI
Financial Institutions

Primary Interests
- Project financing
- Financial sustainability

Engagement Methods
- Executive engagements
- Investment discussions

RU
Regional utilities

Primary Interests
- Power trading
- Regional security
- Technical cooperation

Engagement Methods
- Bilateral meetings
- Benchmarking exercises

IPP
Independent power procucers (IPPs)

Primary Interests
- Power Purchase Agreements (PPAs)
- Generation investment

Engagement Methods
- Technical negotiations
- Strategic consultations

ME
Media

Primary Interests
- Transparency
- Public information

Engagement Methods
- Editors' breakfast
- Radio interviews
- Press briefings
- Social media

VALUE CREATION *continued*

STAKEHOLDER ENGAGEMENT *continued*

Engagement in the year

Strengthening Government and regulatory partnerships

Government and regulatory engagement remained one of the strongest stakeholder engagement focus areas in the year. EEC maintained close collaboration with the Ministry of Natural Resources and Energy (MNRE), ESERA, Parliament and other public institutions to support policy implementation, tariff determination, regulatory reforms and infrastructure development.

Key engagements included:

- tariff public hearings;
- electricity supply industry market reforms;
- customer contestability guidelines;
- regulatory compliance workshops;
- power procurement discussions;
- Parliamentary Portfolio Committee engagements; and
- national development consultations.

Advancing energy security

EEC intensified engagement with IPPs, regional utilities and development partners aimed at increasing local generation capacity and reducing dependency on imported electricity.

Notable milestones included:

- finalisation and signing of the Ubombo Sugar Limited (USL) PPA;
- continued discussions on Tsamela Solar Project;
- renewable energy collaboration with African Clean Energy Developments (ACED);
- geothermal energy discussions;
- cross-border transmission collaboration with National Transmission Company South Africa (NTCSA); and
- World Bank support through the Network Reinforcement and Access Project (NRAP) and Accelerating Sustainable and Clean Energy Access.

Financial sustainability and strategic partnerships

In support of EEC's financial sustainability agenda, strategic engagements were undertaken with the banking sector and customers.

The engagements focused on:

- infrastructure financing;
- debt recovery;
- working capital optimisation;
- financial modelling;
- revenue protection; and
- tariff sustainability.

Customer and public engagement

During the year, the Company strengthened communication through:

- customer breakfast meetings across Eswatini;
- Editors' breakfast;
- radio interviews;
- social media engagements;
- electricity safety campaigns;
- load management communication;
- Power-Up Your Summer campaign; and
- project awareness campaigns.

VALUE CREATION *continued*

STAKEHOLDER ENGAGEMENT *continued*

Engagement in the year *continued*

Community development and corporate citizenship

EEC continued investing in national development and community partnerships.

Major contributions included:

- national events;
- Philani Maswati fundraising;
- End Malaria Fund contribution;
- participation in Eswatini International Trade Fair;
- community electrification consultations;
- educational electricity safety campaigns; and
- school shoe and industrial laundry equipment donation initiatives.

Regional and international collaboration

EEC continued strengthening regional partnerships through engagement with:

- NTCSA;
- The Mozambique Transmission Company (MOTRACO);
- Southern African regional power stakeholders;
- The World Bank; and
- African energy institutions.

Areas of collaboration included:

- cross-border transmission infrastructure;
- system loss reduction;
- wheeling arrangements;
- regional energy security;
- knowledge-sharing; and
- infrastructure investment.



Edwaleni penstock surge tanks - which regulate water flow to the turbine and absorbs pressure fluctuations in the penstock, reducing the risk of water hammer and ensuring safe and stable hydroelectric power generation.

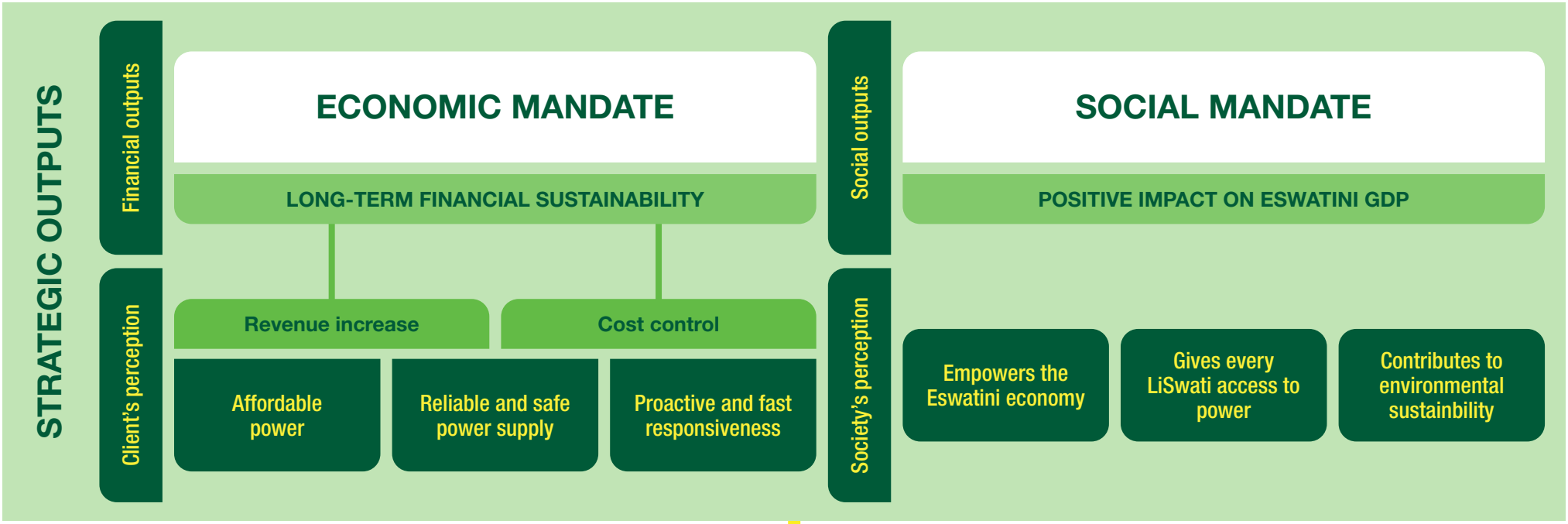
VALUE CREATION *continued*

STRATEGY

Despite constrained financial resources, the Company remained committed to advancing strategic initiatives that strengthen operational efficiency, financial sustainability, customer service and long-term energy security.

Vutsela 2022 to 2027

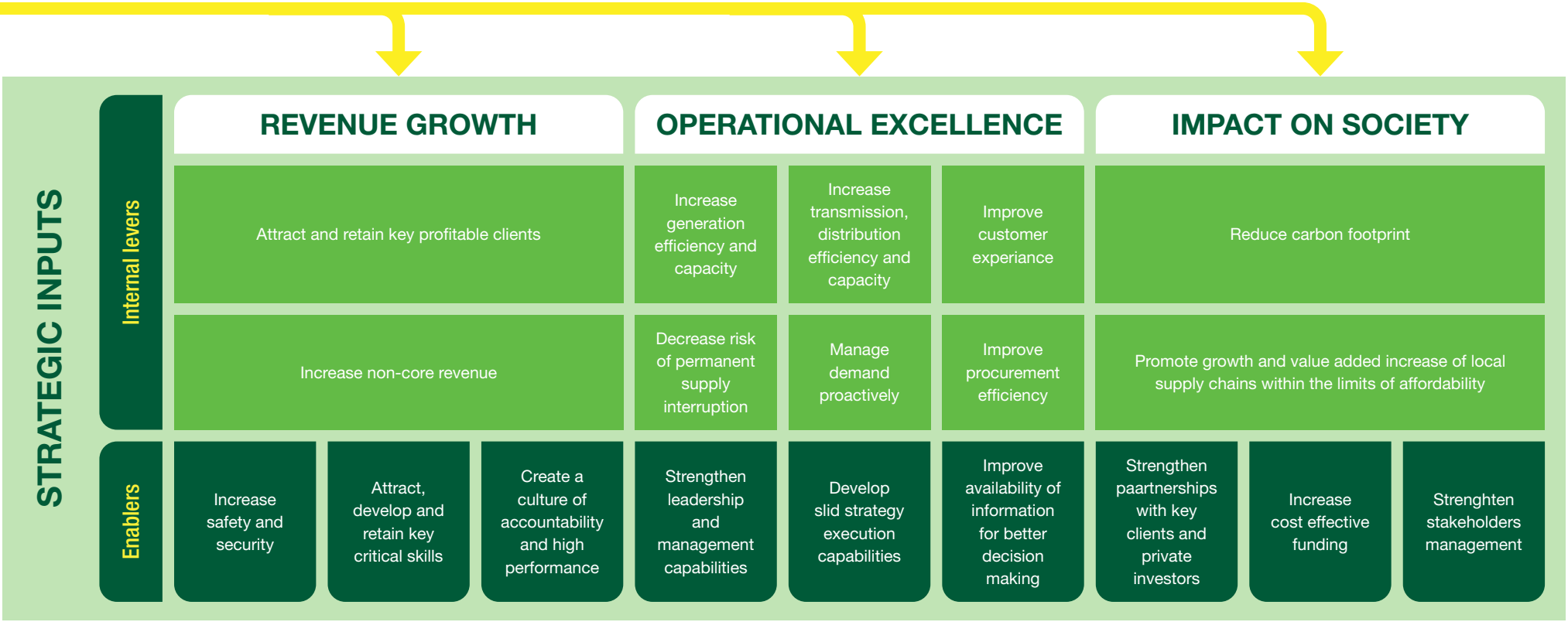
"Vutsela" means adding life to a fire when preparing a meal. Since 2018, this has also described EEC's focus on adopting strategic objectives to stimulate and revitalise the Company. Having previously experienced significant challenges stemming from the deterioration of the world economy and severe, unprecedented drought in the region, EEC chose to title the strategy in a way that linked the objectives to the main theme of "operational excellence". Internally, the strategy drives all EEC employees to "Vutsela" by doubling their efforts in their respective divisions, particularly in support of the strategy objectives and initiatives.



VALUE CREATION *continued*

STRATEGY *continued*

Vutsela 2022 to 2027 *continued*



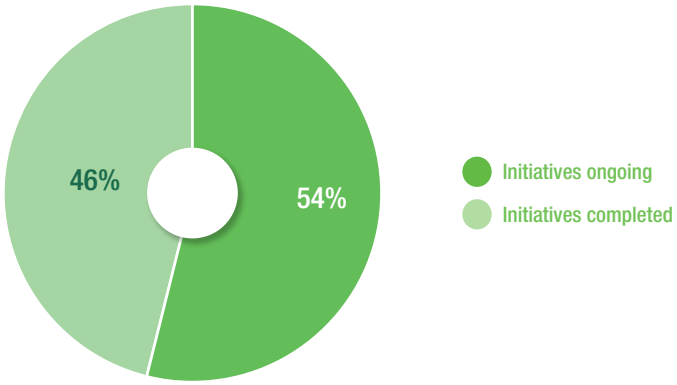
VALUE CREATION *continued*

STRATEGY *continued*

Performance against the strategy

In FY 2025/26, continued focus was placed on executing the Company's Vutsela 2022 to 2027 Strategy. Overall initiatives performance was recorded at 3.29 (satisfactory) while the completion rate rose to 46% (2024/25: 43%). During the year, EEC responded to a challenging financial environment through the implementation of a Board-approved Turnaround Strategy.

Ongoing and completed strategic initiatives breakdown



Statuses of initiatives

Initiative	Status
1. Tariff structure	■
2. Strategic expenditure (part 4)	■
3. Strategy execution capabilities (part 4)	■
4. Strategy communication (part 4)	▲
5. Solar risks by client segment (part 2)	■
6. Smart metering pilot	■
7. Combined-cycle gas turbine (CCGT) feasibility study	■
8. Capital and strategic funding	■
9. Stakeholder management (part 4)	■
10. Electricidade de Moçambique new contract structure and renewal	▲
11. National Transmission Company South Africa new contract structure and renewal	■
12. Encroachment	▲
13. Copper theft	▲
14. Safety	■
15. Procurement efficiency	■
16. Organisational efficiency study	■
17. Mining rights	■
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 4)	▲
26. Market rules	▲
27. Data management	▲
28. Local generation projects	▲
29. Solar PV consultancy	▲
30. Identification of procurement localisation opportunities	■
31. Optimising energy trading	▲
32. Fibre-to-the-X	▲
33. Technical training centre	▲
34. Improve efficiency of machines	▲
35. Supervisory development programme	▲

Key:
■ = completed
▲ = on track

VALUE CREATION *continued*

STRATEGY *continued*

Performance against the strategy *continued*

Key strategic milestones

During the year, significant progress was achieved across several strategic priorities.

1. Strengthened financial sustainability

- Secured regulatory approval for an additional tariff adjustment valued at E211.8 million.
- Realised E70 million in cash flow savings through the suspension and reprioritisation of non-critical capital projects under the Turnaround Strategy.
- Continued implementation of initiatives aimed at improving procurement efficiency and optimising expenditure.

2. Advancing operational excellence

- The Ferreira Canal optimisation project reached 94% completion, bringing the Company closer to improved internal generation efficiency.
- Continued implementation of engineering interventions to reduce equipment failures through transformer handling improvements, installation of arcing horns and enhanced network protection , to improve network reliability and reduce power outages.

3. Strengthening energy security

- Successfully concluded negotiations and signed a new Power Purchase Agreement with NTCSA.
- Progressed renewal of the EDM power supply agreement to secure import arrangements longer than one year.
- Continued implementation of local generation projects, including Lower Maguduza and geothermal development initiatives as well as securing the mining licence for Lubhuku.

4. Driving digital transformation

- Completed implementation of the Energy Trading Platform, positioning the Company to optimise regional electricity trading.
- Continued rollout of Fibre-to-the-X infrastructure to support future digital services.
- Advanced the data management programme through the appointment of a specialist consultant and establishment of a governance framework.

5. Enhancing customer experience

- Improved customer service through phased implementation of a new complaints management process.
- Completed investigations into expanded online customer services and cashless service offerings to support future implementation.

6. Developing people and leadership

- Successfully delivered the supervisory development programme, equipping 54 supervisors with enhanced leadership, communication and operational management skills.
- Continued embedding a high-performance culture through individual performance evaluations and strategy execution capability development programmes.

7. Improving governance and risk management

- Advanced implementation of the enterprise risk management (ERM) framework through completion of the strategic risk register, development of risk categories and evaluation of an ERM system.
- Continued strengthening stakeholder management through structured monthly and quarterly reporting across strategic initiatives.

VALUE CREATION *continued*

STRATEGY *continued*

Strategic targets and KPIs

The table below details the execution of EEC's strategic targets and key performance indicators (KPIs) in FY 2025/26.

Long-term financial sustainability

KPI	Target	Performance	
Net profit/loss margin	-3.01%	-9.19%	■

Increase revenue

KPI	Target	Performance	
Total sales revenue	E3.18 billion	E3.20 billion	■

Cost control

KPI	Target	Performance	
Total cost, excluding import costs	E1.17 billion	E1.27 billion	■
Unit cost, excluding imports	E0.98	E1.06	■

Positive impact on Eswatini GDP

KPI	Target	Performance	
Percentage of emaSwati with access to electricity	93.36%	94.27%	■
Total unit cost	E2.89	E3.09	■

Attract and retain large, profitable customers

KPI	Target	Performance	
Number of large customers	973	974	■
Large customers' installed capacity	136.46 MW	136.46 MW	■
Self-generation solar installed capacity	21 658 kW	21 658 kW	■

Increase non-core revenue

KPI	Target	Performance	
Non-core revenue	E4.16 million	E4.27 million	■

Increase generation efficiency and capacity

KPI	Target	Performance	
Unit cost for total generation mix	E1.71	E1.80	■
Unit cost for EEC generation	E0.21	E0.18	■
Savings from trading	E18 million	E119.84 million	■

Increase transmission efficiency and reliability

KPI	Target	Performance	
Total cost for transmission and system operations and control	E228 million	E198 million	■
Transmission energy losses	5.18%	8.36%	■
Voltage stability	96.00%	96.00%	■

OUTCOMES KEY

■ Exceptional ■ Above target sensitivity range ■ Within target sensitivity range ■ ■ Below target sensitivity range

VALUE CREATION *continued*

STRATEGY *continued*

Strategic targets and KPIs *continued*

Increase distribution efficiency and reliability

KPI	Target	Performance	
Total cost for distribution	E484 million	E559 million	■
Distribution availability	98.75%	99.35%	■
Distribution energy losses	6.00%	4.98%	■
Voltage stability	96.75%	97.90	■

Improve customer experience

KPI	Target	Performance	
Customer services operating cost per customer	E341.35 per customer	E328.16 per customer	■
Quality of service standard	80.00%	74.00%	■
Debtors days	45 days	48 days	■
Commercial energy losses	1.00%	0.47%	■

Ensure procurement efficiency

KPI	Target	Performance	
Stock value (inventory value)	E130 million	E139 million	■
Turnaround time in service level threshold	90.00%	84.00%	■
Critical stock availability	95.00%	99.00%	■

Reduce carbon footprint

KPI	Target	Performance	
Overall mix carbon footprint	672 tonnes of CO_2 per GWh (tCO_2/GWh)	646 tCO_2/GWh	■

Increase safety and security

KPI	Target	Performance	
Disabling Injury Frequency Rate (DIFR)	2.00	0.9	■
Audit findings related to safety remedied	90%	86.25%	■
Public safety awareness sessions	30	71	■
Subcontractors trained on occupational health and safety (OHS)	95%	95%	■
Copper theft and damages	E1.55 million	E1.7 million	■

OUTCOMES KEY

■ Exceptional ■ Above target sensitivity range ■ Within target sensitivity range ■ ■ Below target sensitivity range

VALUE CREATION *continued*

STRATEGY *continued*

Strategic targets and KPIs *continued*

Attract, develop and retain key critical skills

KPI	Target	Performance
Time to fill critical roles	Four weeks	Four weeks
Turnover of critical roles	4%	4%
Adherence to core training	60%	81%
Personal scorecard average score	3.0	3.5

Develop solid strategy execution capabilities

KPI	Target	Performance
Reporting of measures	96%	96%
Initiative management	97%	97.14%
Strategy review meetings	4	4
Personal scorecards reported	100%	80.51%

Improve availability of information for better decision-making

KPI	Target	Performance
Operational metrics data quality and availability	99%	99%

Increase cost-efficient funding

KPI	Target	Performance
Funding for strategy and capital	E170 million	E0

Risk maturity

KPI	Target	Performance
Risk maturity level	1.1	1.5



The refurbished Ferreira Canal

OUTCOMES KEY

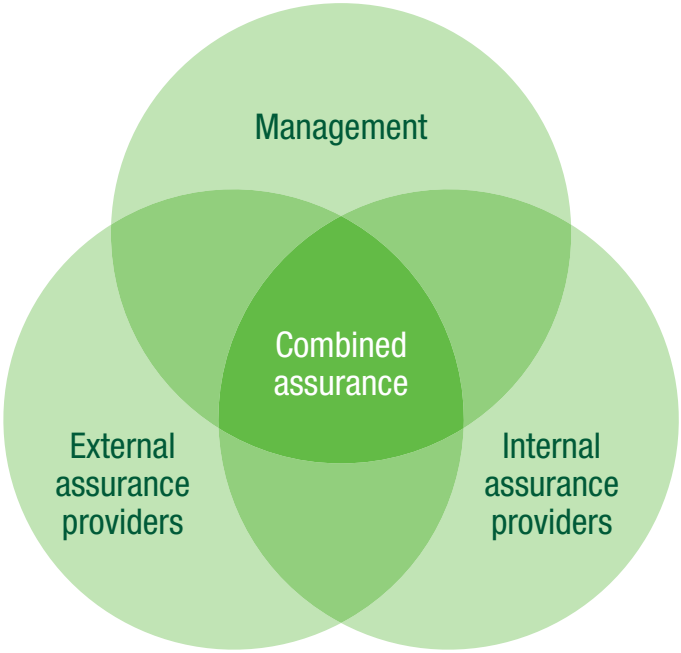
Exceptional | Above target sensitivity range | Within target sensitivity range | Below target sensitivity range

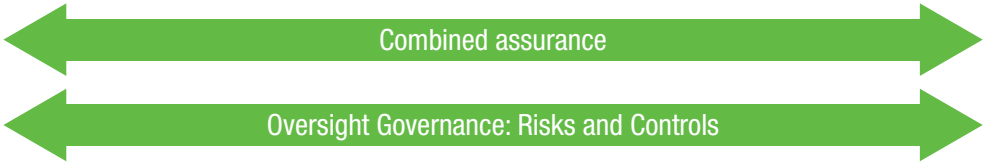
VALUE CREATION *continued*

MANAGING RISKS AND OPPORTUNITIES

Key risks

EEC adopts an integrated approach towards risk management through periodic risk assessments on all key processes that drive the strategy. As part of the assessments, the Executive Committee (EXCO) and senior management periodically scan the environment for changes in the industry and potential impacts on the Company. The Board, through the Audit and Risk Committee (ARC), monitors the top 10 risks on a quarterly basis. During the year, the Company applied a combined assurance approach to its 10 key risks, which remained unchanged from the prior year.







Construction of the Lower Maguduza Hydro Power plant meant to increase generation efficiency and capacity. (R7)

VALUE CREATION *continued*

MANAGING RISKS AND OPPORTUNITIES *continued*

Key risks *continued*

The table below details the Company's key risks. Each risk is described, classified by source and time horizon and linked to the strategic objectives, capitals and material matters it affects and the ongoing controls (primary, preventative mitigation measures in place during the year).

Throughout this report, time horizons are defined according to the following bands.

- Short term means less than one year.
- Medium term is one to three years.
- Long term refers to more than three years.

RISK ICON	RISK TITLE	DESCRIPTION	SOURCE	RELATED STRATEGIC OBJECTIVE/S	CAPITALS AFFECTED	HORIZON	ONGOING CONTROLS (MITIGATION MEASURES)
R1	National blackout or grid collapse	Infrastructure faults or overloads can lead to widespread power outages affecting all customer segments.	Internal: • Poor/inadequate maintenance execution External: • Lack of funding	• Increase generation efficiency and capacity	MC SR FC	Medium to long term	1. Loadshedding 2. Alternative sources of energy, such as embedded generation 3. Increased imports 4. Customer education about demand-side management, such as the use of low consumption appliances 5. Grid Code compliance
R2	Security of supply	Insufficient funding for local generation expansion projects resulting in overreliance on imports with foreign tariff hikes and expensive tariffs.	Internal: • Failure to meet funding conditions	• Increase generation efficiency and capacity	MC SR FC	Medium to long term	1. Monitor meteorology data 2. Minimise production to extend generation season 3. Increased imports 4. Rehabilitation and modernisation projects 5. Implement Vutsela Strategy for efficiency
R3	Cybersecurity	Infrastructure Design and Capacity Determination (inlcudes IT build and ongoing maintenance Management): Implement Data Management and Data Security (Access Rights; Monitoring; Architecture, Quality, BI Reporting)	Internal • Inadequate network segmentation and access controls External: • Increasing sophistication and frequency of cyber attacks targeting critical infrastructure	• Improve availability of information for better decision-making	MC SR FC	Short to medium term	1. Regular patch management and system update 2. Enforce 100% participation of annual cyber security training for all employees and contractors

VALUE CREATION *continued*

MANAGING RISKS AND OPPORTUNITIES *continued*

Key risks *continued*

RISK ICON	RISK TITLE	DESCRIPTION	SOURCE	RELATED STRATEGIC OBJECTIVE/S	CAPITALS AFFECTED	HORIZON	ONGOING CONTROLS (MITIGATION MEASURES)
R4	Unsafe working environment	Minimum adherence to operational safety requirements and poor supervision, which can lead to operational injuries and/or loss of life.	Internal: • Non-adherence to safety standards and procedures • Inadequate supervision External: • Adverse weather conditions	• Increase safety and security	HC SR FC	Short to medium term	1. Adequate training 2. Fatigue management 3. Permits to work 4. Incident root cause analysis for improvement 5. Maintenance plans execution 6. Roadshows to educate the public on safety incidents
R5	Inability to effectively recover critical operations during a disaster	Insufficient backup infrastructure and data redundancy, resulting in extended downtime of critical operations and data loss.	Internal: • Backup systems not yet tested	• Improve availability of information for better decision-making	FC MC HC IC	Medium to long term	1. Test disaster recovery site 2. Test automated backups 3. Documentation and approval of system procedures
R6	Financial crisis	Unfavourable tariff adjustments and regulatory approvals, resulting in liquidity challenges.	Internal: • Revenue collection challenges enforcement External: • Negative stakeholder perception that EEC tariffs are very high • Unfavourable tariff adjustments	• Long-term financial sustainability • Increase revenue • Cost control • Increase non-core revenue • Ensure procurement efficiency • Improve customer experience • Increase cost efficient funding	FC SR	Short, medium and long term	1. Adherence to austerity measures 2. Improvement of efficiencies 3. Pursuit of alternative funding sources, such as non-core revenue, grants and partnerships
R7	Failure to secure adequate generation capacity	Limited funding to roll out generation expansion projects resulting to continued reliance on imported electricity with exposure to external price volatility.	Internal: • Lack of security in local energy supply • Inadequate funding for comprehensive feasibility studies External: • Pressure to adopt unviable and unfeasible technologies locally	• Increase generation efficiency and capacity	MC FC	Medium to long term	1. Proof of concept 2. Feasibility studies 3. Regulator procuring generation expansion projects (solar and biomass)

VALUE CREATION *continued*

MANAGING RISKS AND OPPORTUNITIES *continued*

Key risks *continued*

RISK ICON	RISK TITLE	DESCRIPTION	SOURCE	RELATED STRATEGIC OBJECTIVE/S	CAPITALS AFFECTED	HORIZON	ONGOING CONTROLS (MITIGATION MEASURES)
R8	Failure to achieve sustainable growth/threat to long-term sustainaibility	High import tariffs and low local generation capacity resulting in the import of foreign tariff hikes.	Internal: • Limited local generation capacity • Lack of funding for generation expansion capacity External: • Expensive imports • Unfavourable tariff adjustments by the regulator	• Affordable power • Cost control • Positive impact on Eswatini GDP	FC SR MC	Short, medium and long term	1. Analyse management reports – sales (issues of quotations or connections and outages for compliance with Quality of Service and Supply Standards) 2. Austerity measures 3. Execution of Vutsela Strategy
R9	Climate change	Adverse weather conditions and ageing infrastructure result-ing in damage and compromised safety of employees, contractors and members of the public.	Internal: • Inadequate funding for network strengthening External: • Adverse weather conditions	• Increase transmission efficiency and reliability • Increase distribution efficiency and reliability • Increase safety and security	NC FC SR HC	Short, medium and long term	1. Members of the public encouraged to immediately report fallen or leaning network structures, which are treated as emergencies 2. Pole testing 3. Adherence to line construction manual
R10	Non-compliance with Data Protection Act	Insufficient technical safeguards to protect personal data from breaches leading to steep regulatory fines and penalties.	Internal: • Adherence to the Data Protection Act • Adherence to the policies and procedures. External: • Data Protection Act (DPA) • Regulatory Authority (DPA)	• Improve availability of information for better decision-making	FC SR HC	Short and medium term	1. Create continuous awareness for staff and critical stakeholders (contractors) 2. Monitor compliance.

VALUE CREATION *continued*

MANAGING RISKS AND OPPORTUNITIES *continued*

Risk profile

EEC's risk scoring methodology was unchanged in FY 2025/26.

During the year, the Company developed its risk appetite and tolerance levels, and they were approved by the Board. Strategic risks are monitored to ensure they operate within the approved appetite and tolerance levels. The tolerance levels are classified into three categories:

1. within the appetite (green);
2. likely to breach the appetite (orange); and
3. has breached the appetite (red).

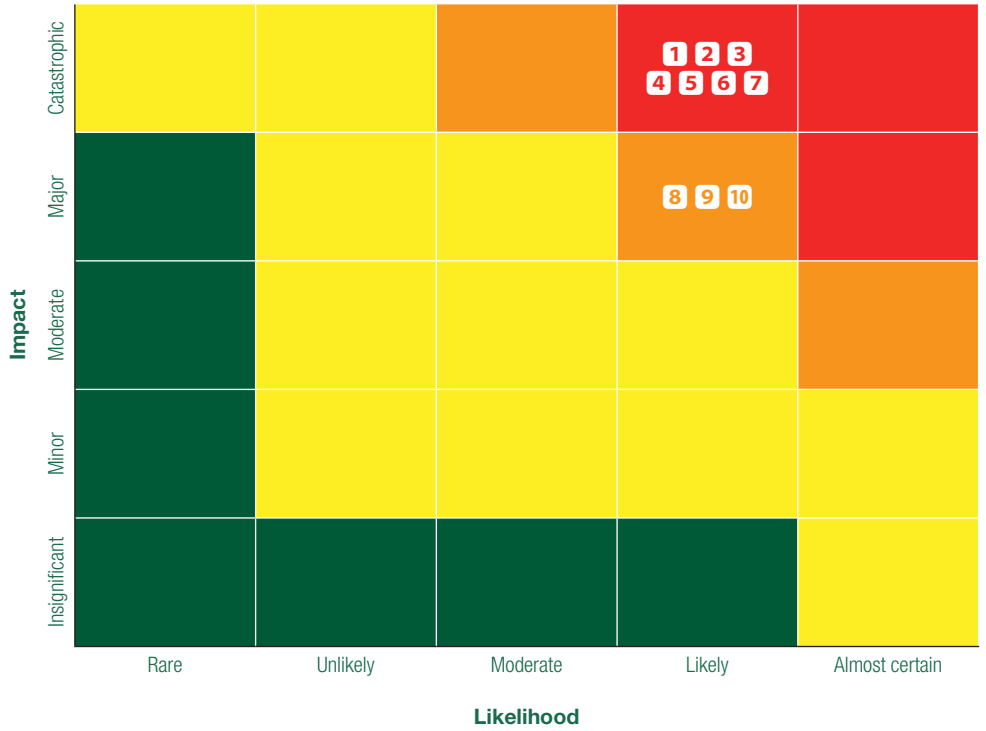
Key risk indicators are in place to provide early identification and assurance that risks do not materialise outside the approved appetite. The Company maintains a low tolerance for continuous breaches of the approved risk thresholds. When there is a breach, management is expected to take corrective actions.



Some of EEC's fleet procured to withstand rough terrains.

Strategic Risk HeatMap - Residual Risk

(Baseline residual rating)



Risk level key: Low Medium High Maximum

1. Security of supply (20)
2. Failure to secure adequate generation capacity (20)
3. Unsafe working environment (20)
4. Failure to achieve sustainable growth (20)
5. Inability to effectively recover critical operations during a disaster. (20)
6. Cybersecurity risk to electricity infrastructure and data. (20)
7. Climate change (20)
8. Financial crisis (16)
9. National blackout/grid collapse (16)
10. Non-compliance with Data Protection Act (16)

MANAGING RISKS AND OPPORTUNITIES *continued*

Business risks with treatments and opportunities

Unsafe working environment

Inherent risk score: 25

Control objectives

1. Improve safety and security
2. Safety training
3. Contractor training programme
4. Induction on safety rules

Residual risk score: 20

Opportunities

1. Automate job planning on OMS to enable the system to flag where deviation has been observed (in view of scope, resource, quality, costing and time frames).
2. Tailor made NOSA programme for contractors.
3. Continuous training of staff and contractors.

Lack of security of supply

Inherent risk score: 25

Control objectives

1. Increase Generation capacity
2. Renewal and structuring of Eskom and EDM contracts
3. CCTG Feasibility study
4. IPP Programme

Residual risk score: 20

Opportunities

1. Implementation of Generation capacity as per the 10 year master plan to 2031.
2. Optimization of Luphohlo Dam.
3. Upper Usuthu feasibility study.
4. Partnership with Independent Power Producers (IPPs).

Financial crisis

Inherent risk score: 20

Control objectives

1. Turn around strategy
2. Cost reflective tarriffs
3. Strong distribution index for commercial customers
4. Implementation of cross subsidy framework
5. Increase in commercial agriculture operations.
6. Customer satisfaction program.

Residual risk score: 16

Opportunities

1. Partnering with clients with bigger solar projects and including embedded generators.
2. Installing and maintaining solar plants for these clients at a fee
3. Research for other revenue generating sources linked to the core business.

Failure to secure adequate generation capacity

Inherent risk score: 25

Control objectives

1. Adequate funding for capital projects and network expansion
2. Execution of projects as per the masterplan.

Residual risk score: 20

Opportunities

1. Save towards infrastructure expansion rather than relying on tariff increases only
2. Intensify maintenance of existing infrastructure to ensure provision of quality power supply



Lavumisa 10 MW Solar PV plant in full operation

04 PERFORMANCE



43 Operations
- 43 System demand and supply
- 44 Generation
- 45 Transmission projects
- 46 Network extension and distribution initiatives
- 46 Recorded incidents
- 47 Additional strategic initiatives

48 Research and innovation (R&D)
- 48 Transmission network expansion projects
- 49 Generation expansion projects
- 49 Network access and connection charges

50 Customer service and market outcomes
- 50 Sales analysis
- 53 Large customer relationships
- 54 Customer quotations
- 54 Vending and system losses

56 Human capital management
- 56 Highlights of the year
- 56 Challenges in the year
- 57 Human capital statistics
- 58 Human resources (HR) development
- 59 Employee relations (ER) and wellness

61 Environmental and Natural capital performance
- 61 Emissions
- 61 Environmental risk management, controls and compliance
- 62 Environmental and social impact management
- 63 Climate risk and resilience
- 63 Environmental management in FY 2026/27

64 Social and relationship capital outcomes
- 64 Social impact procedures
- 64 Community impact, labour management and grievance redress
- 67 Addressing gender-based violence (GBV)
- 67 Corporate social investment (CSI)

70 Support services
- 70 Integrated management systems
- 70 Occupational health and safety
- 72 Security

73 Finance
- 73 Financial performance summary
- 73 Income statement
- 75 Financial position
- 75 Liquidity position
- 76 Going concern



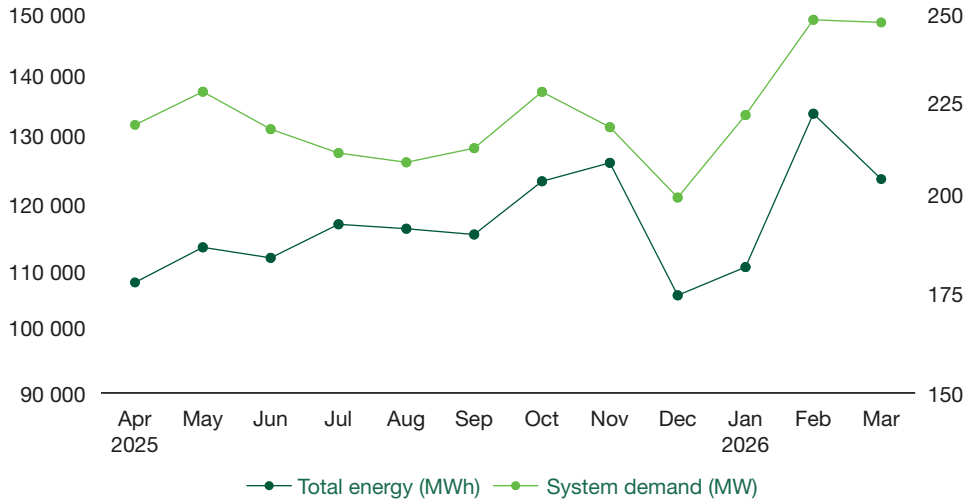
PERFORMANCE

MC IC OPERATIONS

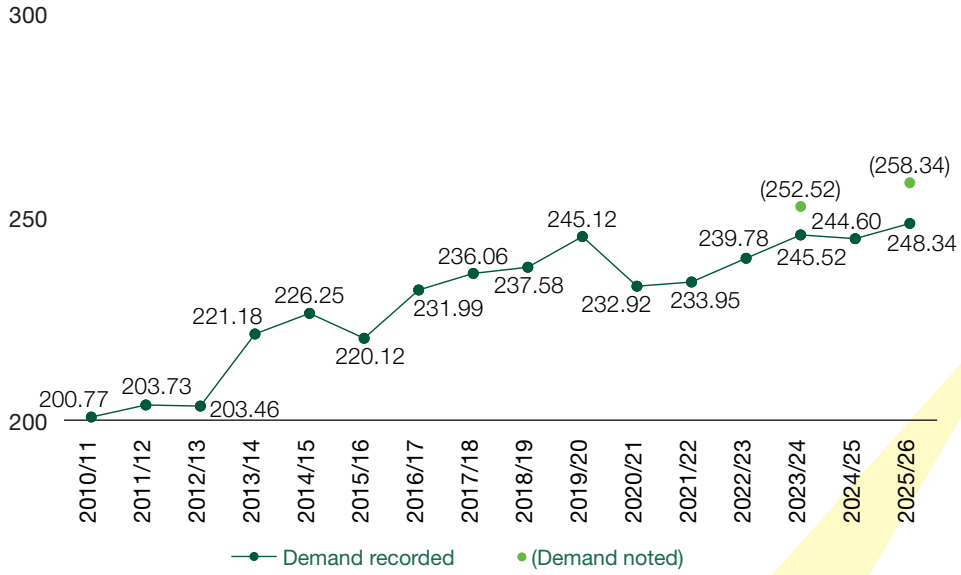
System demand and supply

The system maximum demand recorded for the year stood at 248.34 MW, recorded in February 2026 when Ubombo Sugar Limited (USL) and Royal Eswatini Sugar Corporation (RESC) were not producing but drawing power from the EEC grid. This is a suppressed demand as it was recorded with one group of customers load-shed (about 10 MW) to manage demand, with an actual demand of 258.34 MW. This is higher than the 244.6 MW recorded in the previous year and the previous highest system demand of 252.52 MW recorded in 2023.

Monthly system maximum demand and energy production



16-year annual system maximum demand trend



The Company's total electricity imports amounted to 1 032 GWh (2025: 1 084 GWh). The decrease of 5% on the imported energy can be attributed to the loadshedding programme effected to manage network constraints and the country demand in mitigation of the energy imports bills, mainly in the high demand season and the January to February period. The energy imported is therefore a suppressed value due to the loadshedding.

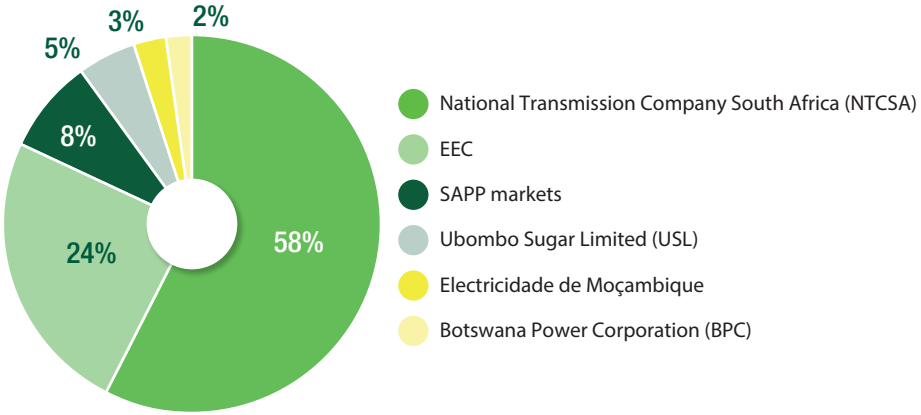
The total costs of the imported power purchases including wheeling charges amounted to E2.38 billion, compared to E1.93 billion in the prior year. The significant increase is partly attributed to the tariff escalations from international suppliers and the conditions of the new contract with NTCSA. The total units sent out for the year amounted to 1 378 GWh (2025: 1 364 GWh), with the slight increase indicating a positive economic growth.

PERFORMANCE *continued*

OPERATIONS *continued*

System demand and supply *continued*

Energy contribution per supplier in the year



With a 58% energy contribution in the year, EEC remains highly dependent on National Transmission Company South Africa to supply Eswatini's electrical energy demand. EEC successfully renewed the long-term power supply contract with NTCSA, which came into effect in September 2025, ending in March 2035. Since NTCSA provides for Eswatini's baseload, this was a great achievement, because the uncertainty about the contract renewal had a negative impact on local business and foreign direct investments in the country. The previous 25-year contract expired at the end of August 2025.

The negotiations for the Electricidade de Moçambique supply contract continued during the financial year under review. A one-year contract was eventually signed to govern power purchases between EDM and EEC in the year, and only 5 MW of capacity was contracted. However, by the end of the financial year, the parties had concluded negotiations for a medium-term contract (three years) that will expire in March 2029; this was yet to be signed at year-end. The contract is for the same volumes but can be reviewed depending on EEC's appetite for more energy, considering the contracted pricing.

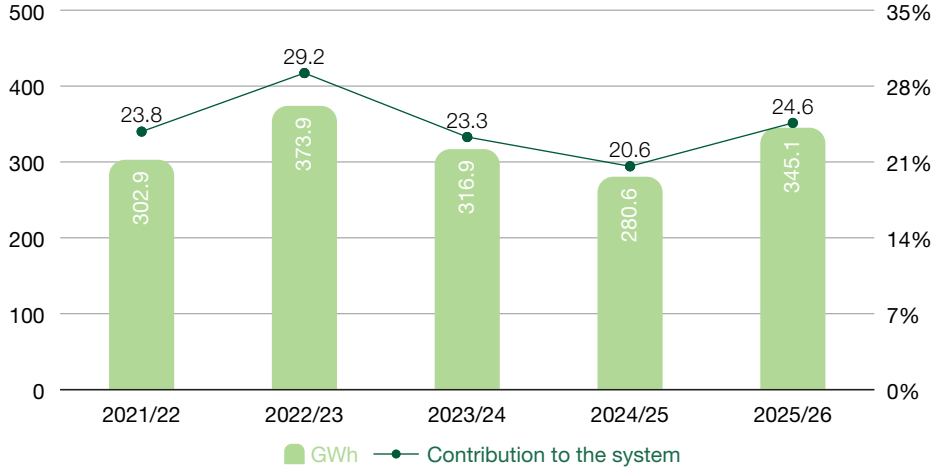
EEC continues to participate as a member of the Southern African Power Pool, where it is recognised as a National Power Utility. The total energy traded in the SAPP markets during the year amounted to 113.13 GWh. Trading was distributed evenly throughout the year, except in September and October, when trading was suspended due to cash flow constraints. This represents a 56.3% increase from the 49.41 GWh recorded in FY 2024/25.

The total energy imported from Botswana Power Corporation was 23.182 GWh, compared to 46.69 GWh in the previous year. The reduction was due to the power challenges faced by the BPC, as they are only able to supply EEC when their machines are running. The Company realised energy-cost savings of approximately E119 million through the trading of energy from the SAPP markets, which is a significant increase compared to E28.65 million saved in the previous year.

Generation

Electricity generation for the year was 345.1 GWh, which was 23% higher than the 280.6 GWh generated in FY 2024/25. The primary reason for the increase was the good rains and floods that were received in the summer. Local generation contributed 24.6% of the system's requirements.

Internal generation and its contribution to the system over the past five years



The Company started the automation of the Maguduza Power Station and completed designs for the Ferreira Canal rehabilitation to optimise local generation.

PERFORMANCE *continued*

OPERATIONS *continued*

Generation *continued*

Maguduza Rehabilitation Project

This project was intended to rehabilitate and upgrade the hydro station into a fully automated power plant. The project intended to:

- increase the reliability and availability of the plant;
- replace old systems that were no longer supported by original equipment manufacturers (OEMs) with new and technologically advanced systems; and
- provide a proper control room for the station that will ensure a safe and conducive work environment.

At the end of the financial year, the project was at the commissioning stage.



Maguduza Hydro Power station rehabilitation

Ferreira Canal Rehabilitation Project

The project aims to rehabilitate and increase the capacity of the 7.2km unlined canal that conveys water from the Great Usutu River to Edwaleni, as well as increase generation at Edwaleni and Maguduza, while reducing water losses, canal-forced outages and canal maintenance costs. The targeted outcome is a 100% concrete lined canal, three aqueducts, several canal crossings and a canal capable of conveying 6m^3/s of water. This will enable EEC to generate additional power at a lower cost.



The revamped Ferreira Canal

Transmission projects

Nhlangano II protection upgrades

The Nhlangano II protection upgrades project is a critical grid security initiative at the Nhlangano II 132/66/11 kV substation. Nhlangano II is a key Eswatini-South Africa interconnection point and a critical import node from Eskom into the southern region of Eswatini. The substation accounts for around 35% of national imports during peak periods and a system voltage booster for the south-east grid.

The objective is to replace obsolete electromechanical and static protection relays with IEC61850 compliant numerical relays to secure cross-border supply, reduce import trip risk, improve fault clearance times and ensure compliance with both the Eswatini Energy Regulatory Authority (ESERA) Grid code and Eskom interconnection requirements. The scope extended to replacement of worn-out switchgear.

As an import point from Eskom, Nhlangano II's protection performance directly impacts national supply security and voltage stability with the south-east grid. A protection failure or slow fault clearance could trip the 132 kV Normandie-Nhlangano II Incomer, resulting in loadshedding in Shiselweni region and a breach of the EEC-NTCSA interconnection agreement.

Network Reinforcement and Access Project (NRAP)

Component 1 comprised the construction of an approximately 83km, 132 kV transmission line from Nhlangano 2 Substation to Lavumisa Substation, alongside the development and upgrading of key infrastructure. This included:

- the new 132/11 kV Hluthi Substation, equipped with two 25 MVA transformers;
- Matsanjeni Substation with one 25 MVA transformer; and
- Lavumisa Substation with one 25 MVA transformer; while
- Nhlangano 2 Substation was extended to accommodate the associated transmission grid strengthening and integration of the new network assets.

To read more about this project, refer to page 48.

PERFORMANCE *continued*

OPERATIONS *continued*

Transmission projects *continued*

Edwaleni-Stonehenge Transmission Line Project

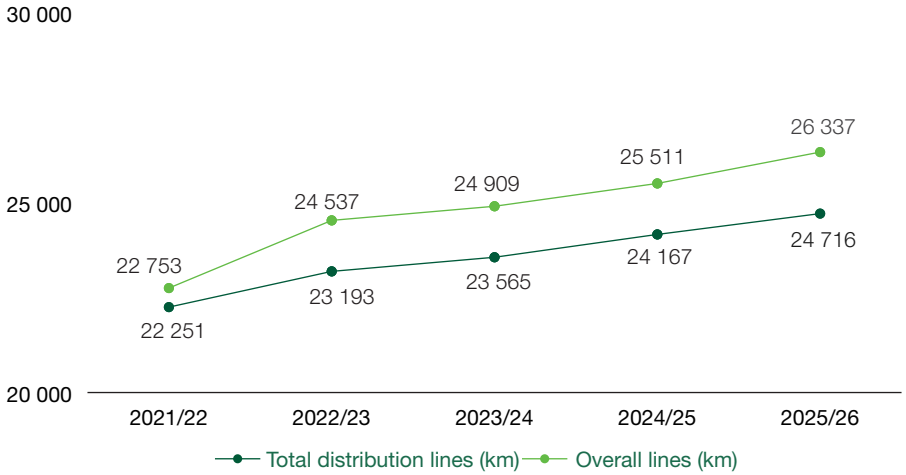
The 132 kV and 66 kV transmission line from Edwaleni to Stonehenge was successfully completed with an overall length of approximately 52km. It comprises a double circuit section from Edwaleni to Malkerns Substation, extending as a double circuit to Mawelawela, followed by a transition to a single circuit 132 kV line towards Siphocosini, and subsequently reverting to a double circuit configuration (132 kV and 66 kV) from Siphocosini to Stonehenge. The project aimed to enhance system reliability and strengthen network integration across the entire corridor.

To read more about this project, refer to page 48.

Network extension and distribution initiatives

The overall distribution lines increased from 24 167km to 24 716km, which is 549km of new lines.

Network line statistics



Network strengthening initiative

Eswatini is a high-intensity lightning-prone area, which affects the distribution network and results in a high number of power disturbances, thus causing customer dissatisfaction. The initiative aims to strengthen the distribution network by improving its stability and reliability. Projects include the rolling out of steel monopoles, concrete poles, use of pole savers on wooden poles, Aerial Bundled Conductors (ABC) installation, underground cabling on selected areas and other new technological solutions.

Storms initiative

Due the number and severity of storms in Eswatini, there are more outages than is desirable. The initiative aims to improve operational efficiency during abnormal and normal conditions. This includes reviewing of resources' effectiveness during abnormal conditions and verifying adequate resourcing for operational activities under normal working conditions. The initiative incorporates a safety and fatigue management aspect.

Recorded incidents

Monthly recorded incidents were high in June, November and December 2025, and in January and March 2026. This was attributed to unstable weather patterns. Seven months of the year recorded below 20 000 incidents. The number of incidents peaked in December 2025 with 45 356 incidents recorded. The total number of incident cases recorded in the year decreased by around 7% to 257 952, compared to 277 641 in the prior year. The recorded loss of supply (LoS) incidents totalled 215 091, down from 231 823 in FY 2024/25.



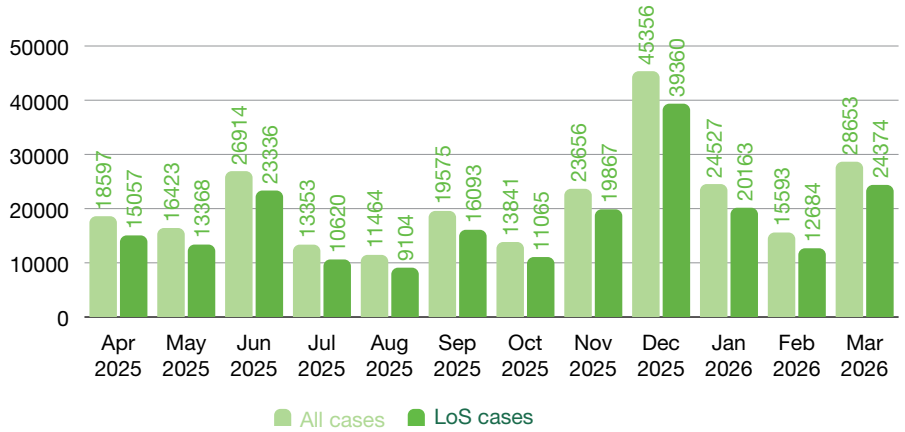
The rehabilitated Ferreira Canal supplying water to Edwaleni Power Station.

PERFORMANCE *continued*

OPERATIONS *continued*

Recorded incidents *continued*

Total incidents recorded per month



Two major weather events impacted Eswatini during the year. The first occurred in June 2025, where many parts of the country experienced heavy and strong winds (windstorms). The strong winds directly affected the Company's infrastructure, snapping conductors and breaking overhead line poles and infrastructure such as transformers and line switches. The damage extended to generation, including the Qomintaba PV plant. There was minimal damage on substations, communications and IT equipment. Public property was affected, especially houses and livestock, in many parts of the country. The estimated cost for repairs was E7.31 million.

The second major weather event occurred in December 2025. Many parts of the country experienced strong winds, accompanied by heavy rain, lightning and hailstorms in some areas. The affected EEC infrastructure included damage to overhead distribution infrastructure, fallen or broken poles and damaged transformers and conductors. No generation and transmission infrastructure damage was reported during this incident. The estimated cost for repairs was E8.38 million.

EEC continues to revise its designs for infrastructure to be resilient and able to withstand the increase in severe storms emerging as a result of climate change. The Company continues to prepare budgets to implement the network master plan, designed to increase network reliability through infrastructure development projects. Improvement of the quality of supply and service remains among the top priorities for the Company.

To read about the Company's commitments to reducing its impacts on the environment and efforts to mitigate climate-related risk, refer to pages 62 and 63, respectively.

Additional strategic initiatives

Transmission upgrades

The Company is continuing its plans to upgrade 66 kV lines from wooden to steel structures. Conversion of the Malindza-Mpaka circuit and protection upgrades at Nhlangano II were completed by the end of the year.

Distribution networks

EEC continues to install underground networks in urban areas. In rural areas, there have been several initiatives to improve the network performance, including piloting steel structures for distribution and network protection from adverse weather conditions.

Upgrade of the SCADA system

The Company has installed an energy trading platform. This system is used to optimise trading activities by automating certain activities in the process and enhance analytical reports to inform future decisions. It also enables integration with the Southern African Power Pool Coordination Centre (SAPP-CC) trading platform for easy access and bidding for energy, thus optimising opportunities for energy procurement. This could result in savings that reduce the cost of sales, facilitating a lower tariff increase.

Non-core revenue generation

During the year, EEC earned approximately E4.27 million in non-core revenue, which is a marginal increase from the E2.3 million collected in the prior year. While the growth is slower than envisaged, the Company continues to onboard new clients that show interest, where there is capacity on the infrastructure.

PERFORMANCE *continued*

MC IC

RESEARCH AND INNOVATION (R&D)

Transmission network expansion projects

Edwaleni-Stonehenge Transmission Project

The Company strives to improve the continuity of supply to its customers by addressing the two components of reliability – system adequacy and system security. To strengthen the network in Eswatini, a new 52km, 132 kV line from Edwaleni II 400/132 kV Substation to Stonehenge 132/66/11 kV Substation was successfully completed, energised and commissioned by EEC teams at a cost of E256.54 million.

The project resumed construction works in May 2022 and was due for completion in May 2024, but was delayed due to financial challenges encountered by the contractor. This led to the termination of the contract in January 2025. The services of a local contractor were enlisted to complete the remaining scope on the project in collaboration with EEC teams. The construction works resumed in May 2025 and were completed in October 2025. The commissioning of the line has brought the much-needed relief of the existing Mkinkomo-Stonehenge 132 kV transmission line. The new transmission line is transmitting approximately 55% of the Stonehenge load, which has improved the network reliability.

The transmission line traverses through five communities; as guided by the Eswatini Environmental Act and international best practice, EEC developed a Resettlement Action Plan (RAP) for the project to mitigate temporary and permanent economic losses encountered by Project Affected Persons. The Company continued with the implementation of the RAP. Nine pending issues emerging from land or family disputes are still in progress and were being addressed as per the project grievance redress mechanism.

For a full picture of stakeholder engagement across the Company, and to read about the social dimension of EEC's work, refer to pages 24 and 64, respectively.

Network Reinforcement and Access Project (NRAP)

The World Bank-funded component 1a of the Network Reinforcement and Access Project entailed the construction of an 83km 132 kV transmission line from Nhlangano to Lavumisa and associated 132/11 kV substations at Nhlangano, Hluthi, Matsanjeni and Lavumisa. Despite challenges and delays emerging from unanticipated wet weather conditions, social issues and supply chain issues, the NRAP was successfully completed in December 2025 from a E592.39 million investment; the project is in the Defect Liability Period until 30 September 2026. Since the infrastructure was commissioned, there have been no major issues experienced on the project. EEC customers in the Nhlangano-Lavumisa corridor are experiencing stable and reliable power supply. This infrastructure has relieved other substations within the Shiselweni region, which has improved the quality of supply.

Under the NRAP rural electrification component, the Company connected 6 382 households, and 1 111 were connected through Readyboards. These connections have been achieved at a cost of E160.86 million. Since the project ended, the Government has provided an additional E33 million to proceed with the electrification programme in the Shiselweni region.

Eswatini Accelerating Sustainable and Clean Energy Access Transformation

The Eswatini Accelerating Sustainable and Clean Energy Access Transformation project reached effectiveness in November 2025. The project aims to implement the "last mile electrification" of the country to reach universal access to electricity, and will see about 35 000 households connected to electricity through the grid and 15 000 households electrified through solar home systems.

To facilitate the connection of 35 000 households across the country, there is a need to reinforce weak segments of the transmission and distribution network. The ASCENT project is expected to be completed in December 2030. The funding will finance the following transmission infrastructure, with functional designs that have been completed:

- North-East Grid Reinforcement Project (NGRP); Maliyaduma-Nkambeni 132 kV transmission line and associated substations.
- Pine Valley-Maphalaleni 66 kV transmission line and 66/11 kV 10 MVA Substation.
- Ntabamhloshana 66/11 kV 20 MVA Substation.

PERFORMANCE *continued*

RESEARCH AND INNOVATION (R&D) *continued*

Generation expansion projects

40 to 80 MW Geothermal Power Plants

The subsequent development phase to the geoscientific study is to conduct exploration drilling of slim wells, to confirm with certainty the availability and extent of the geothermal resources at the identified study sites. The project has struggled to raise finance. However, the Company is actively pursuing many avenues of finance-raising, including engagements with climate funds and public-private partnerships.

Lubhuku Thermal Power Plant

A coal mining licence was issued by the Government in November 2025. As required by the conditions of the licence, EEC embarked on a coal mine viability study, which will be completed in September 2026. If the project is viable, which indications are currently suggesting, a mining contractor will be appointed to carry out mining operations. Concurrently, the procurement process for the appointment of a company that will build, own and operate the coal-fired power plant is at an advanced stage.

10 MW Maguga Expansion Hydropower Project

A tender was issued to establish a public-private partnership with engineering, procurement and construction (EPC) contractors, private investors or developers with relevant experience and financial means to develop the project. The public-private partnership entails mobilisation of private sector finance to fund the project, since EEC is unable to fund this at present.

Small-Scale Embedded Generation (SSEG)

The implementation of the Embedded Generation (EG) Framework progressed to its final phase during the year. This phase includes the approval of Feed-in Tariffs (FiT) and associated costs by the Eswatini Energy Regulatory Authority (ESERA), which will establish the regulatory basis for compensating eligible customers who export excess electricity to the grid. The net-billing back-end systems are currently under review to ensure that the technical and commercial processes required for energy export, billing and customer compensation are fully enabled. Approximately 15 approved and compliant customers are already feeding excess electricity into the grid, though compensation has not yet commenced, pending the closure of outstanding regulatory matters.

Registered embedded generation installed capacity is currently estimated at approximately 24 MW, representing about 10% of national demand. Once approved and implemented, the FiT is expected to incentivise more customers to regularise their installations, comply with the EG Framework and export surplus energy to the grid. This will support increased renewable energy contribution at the national level, while also helping to displace high-cost electricity imports and improve long-term energy security.

Network access and connection charges

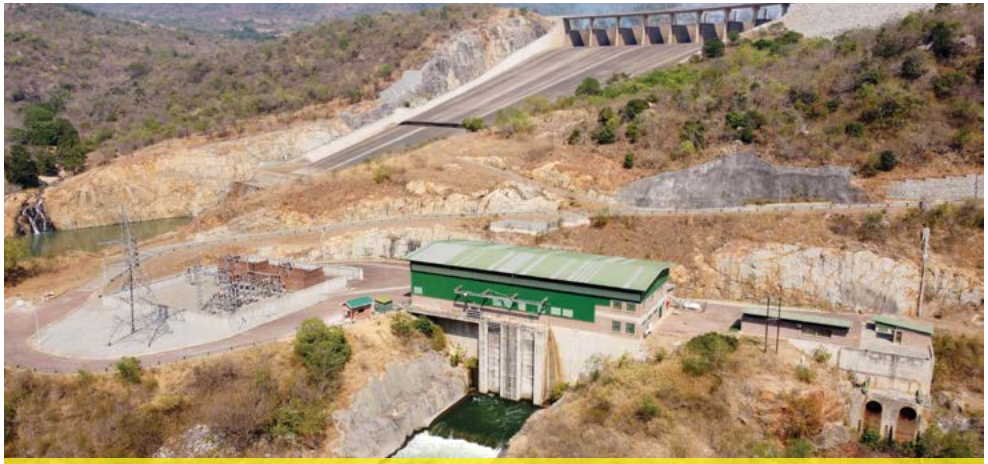
Eswatini wheeling charges

Following the completion of the Eswatini Electricity Supply Industry (ESI) Wheeling Framework, EEC was tasked with operationalising the framework to enable third-party access to utilise the national electricity network. During the year, EEC developed node-specific wheeling tariffs for implementation in FY 2026/27, which underwent stakeholder consultation and received approval from the Eswatini Energy Regulatory Authority (ESERA).

Grid Impact Study Charges

The Company secured approval from the Eswatini Energy Regulatory Authority (ESERA) for Grid Impact Study Charges applicable to power generation plant developers, including Independent Power Producers (IPPs) and embedded generators seeking to connect generation facilities to the EEC electricity network.

Generation capacity category	Grid Assessment Charge (15% VAT)
< 100 kW	E6 063.85 + VAT = E6 973.43
≥ 100 kW to 1 MW	E19 968.12 + VAT = E22 963.34
≥ 1 MW to < 5 MW	E31 032.72 + VAT = E35 687.62



The existing Maguga Hydro Power Station. Plans are underway to expand the power station.

PERFORMANCE *continued*

SR FC

CUSTOMER SERVICE AND MARKET OUTCOMES

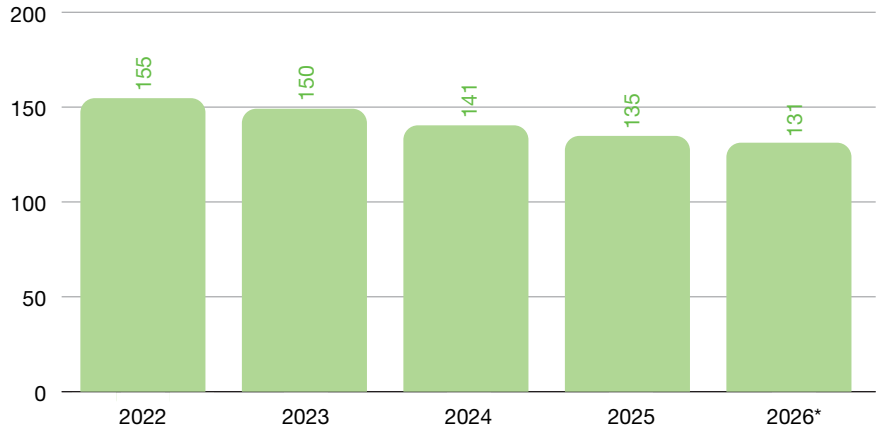
Sales analysis

There was a 4% increase in customers during the year, mainly driven by domestic connections. Units consumed increased by a marginal 1.2%. Sales revenue grew by 8%, propelled by domestic and large customers, followed by small commercial customers. This growth was reflective of the 8% tariff increase.

Average consumption (kWh)

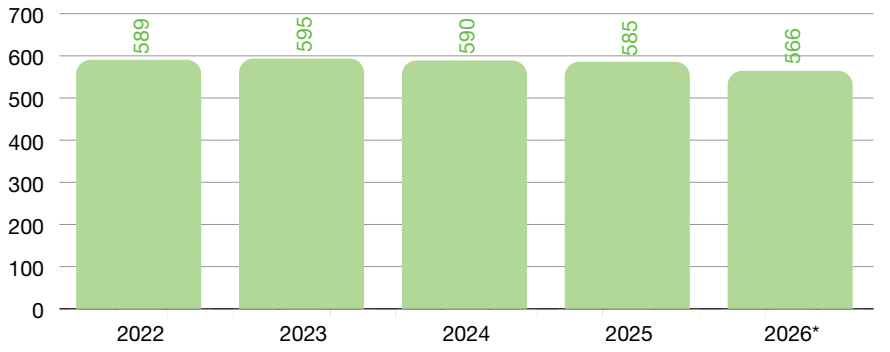
Domestic customer average consumption has declined over multiple years, concurrent with the growth in domestic customers. Over the past five years, monthly consumption per customer decreased from 155 kWh units to 131 kWh, recorded at year end. Small commercial and large customers' consumption has remained relatively stable, as indicated in graph below.

Average number of units consumed by domestic customers (kWh)



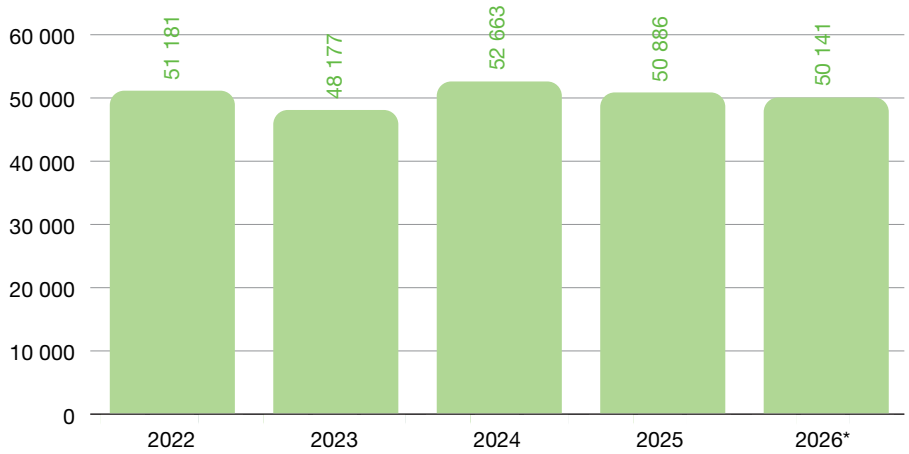
* *Recorded in March 2026*

Average number of units consumed by small commercial customers (kWh)



* *Recorded in March 2026*

Average number of units consumed by large customers (kWh)



* *Recorded in March 2026*

PERFORMANCE *continued*

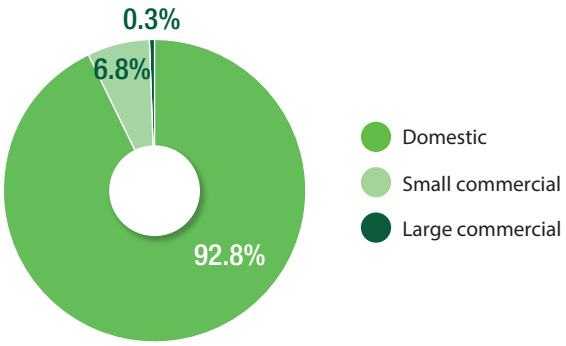
CUSTOMER SERVICE AND MARKET OUTCOMES *continued*

Sales analysis *continued*

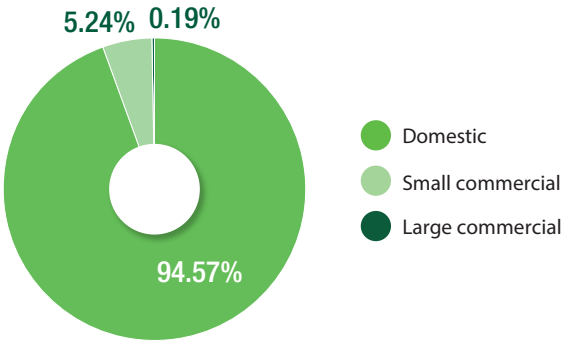
Growth in customer numbers

The 4% increase in customers amounted a growth of 13 398 and a total of 312 316. This increase comprised 12 671 domestic customers (funded mainly through the Rural Electrification Access Fund, the World Bank and RDF or micro-projects), 702 small commercial and 25 large consumers. Of the 312 316 customers, 92.8% are domestic, 6.8% are small commercial and 0.3% are large customers.

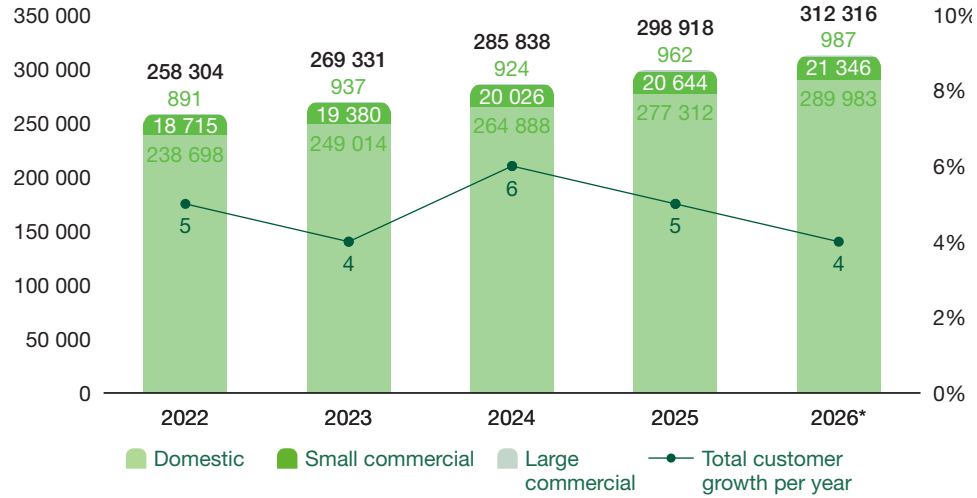
Total customer breakdown



New customer breakdown for FY 2025/26



Number of customers by category over the past five years



* *Recorded in March 2026*

Growth in sales units

Units sold during the year grew by 1.2% to 1 194.75 GWh (2025: 1 180.77 GWh). This growth was primarily realised from domestic customers, contributing a 1.7% increase. Small commercial declined by 0.1%, whereas large customer consumption increased by 1.1%. The decline from small commercial customers may present a risk if solar adoption continues. Collaborative measures are taken by the Company to mitigate this risk, including embedded generation, which presents a win-win situation as entities feed their excess power into the EEC grid.

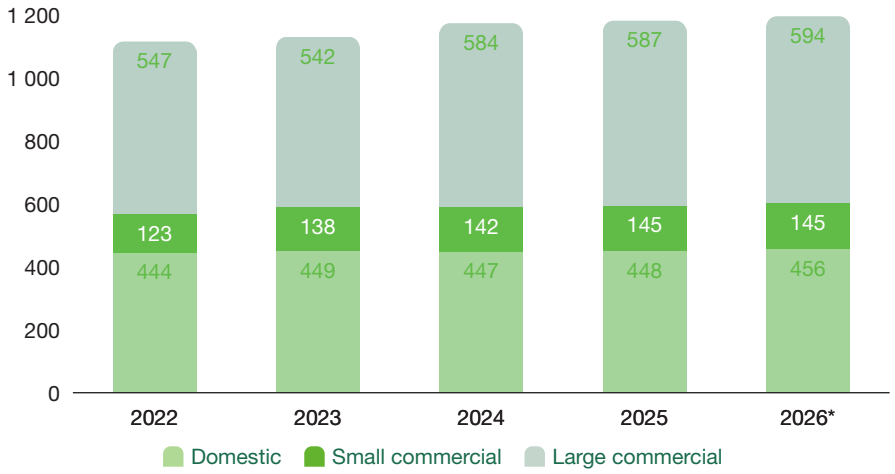
PERFORMANCE *continued*

CUSTOMER SERVICE AND MARKET OUTCOMES *continued*

Sales analysis *continued*

Growth in sales units *continued*

Annual unit sales growth by category over the past five years (GWh)



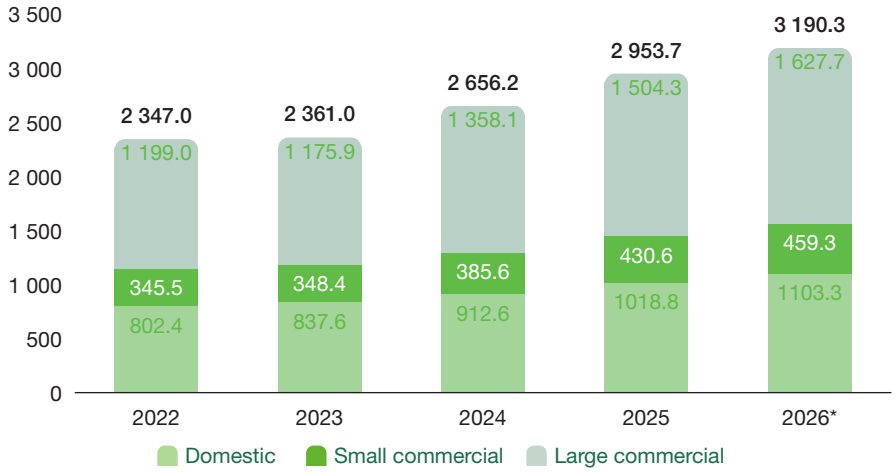
* *Recorded in March 2026*

The graph above shows that units sold to EEC's 987 large customers are slightly higher than total domestic- and small-commercial-customer consumption combined. Ideally, large customers should consume significantly more than domestic customers for cross-subsidies to be comfortably supported by higher large-customer consumption.

Growth in sales revenue

The total sales revenue for the year was E3 190.3 million, which is a significant 8% increase (2025: E2 953.7 million).

Annual sales revenue by category over the past five years (E'000 000)



* *Recorded in March 2026*

Domestic customer sales revenue grew by 8%, small commercial by 7% and large customers by 8%. The small commercial and large customer increases were primarily driven by the 8% tariff increase. The change in units was subdued, and this may be attributed to the adoption of solar.

CUSTOMER SERVICE AND MARKET OUTCOMES *continued*

Large customer relationships

The Company continued to strengthen its partnerships with large customers during the year. Large customers remain central to the Company's commercial sustainability as they represent a significant proportion of electricity demand across key sectors of the economy, including manufacturing, agriculture, mining, government, telecommunications, transport and hospitality. Throughout the year, EEC focused on deepening customer relationships and supporting business growth, while improving commercial responsiveness and customer enablement, in an evolving energy landscape characterised by increasing interest in renewable energy and embedded generation.

The Company also played a leading role in supporting major customer projects, facilitating new electricity connections, managing complex commercial engagements and contributing to strategic initiatives such as the Cost of Supply Study, which will inform future tariff development and promote long-term financial sustainability within the electricity sector.

Customer portfolio overview

EEC's large customer portfolio expansion is reflective of growing investment across various sectors of the economy, as well as sustained confidence in the Company's ability to provide reliable electricity services. The portfolio comprises customers whose operations are critical to Eswatini's economic performance, including:

- large industrial manufacturers;
- agricultural producers;
- Government institutions;
- commercial enterprises;
- mining operations;
- telecommunications providers; and
- railway transport.

These customers collectively account for a larger proportion of the Company's electricity sales and therefore remain a key focus of customer engagement and service delivery.

Strategic initiatives

During the year, EEC advanced several strategic initiatives designed to enhance customer value while strengthening commercial performance. Albeit not approved, the Company actively undertook tariff rebalancing initiatives and small commercial tariff analysis to support the development of cost-reflective tariffs after the introduction of the new tariff structure from EEC's main suppliers. This was meant to promote transparency, financial sustainability and equitable pricing for small commercial, general purpose and large customer categories.

Significant progress was also made in strengthening commercial governance through the resolution of complex customer billing matters, enhanced revenue assurance processes and improved engagement on high-value customer accounts. These initiatives contributed to improved billing integrity, strengthened customer confidence and enhanced revenue protection. As a trusted strategic partner in the country's energy sector, the Company further collaborated with customers and key stakeholders to address operational matters relating to private electricity networks, infrastructure ownership, supply reliability and future network development.

Customer partnerships

EEC recognises that strong customer relationships are fundamental to long-term business success. During the year, the Company maintained regular engagement with large customers through executive meetings, site visits, technical consultations and collaborative planning sessions. These engagements provided valuable opportunities to better understand customer operational requirements, discuss future electricity demand, jointly address emerging challenges and identify opportunities for service improvement. Continuous engagement also enabled EEC to respond proactively to changing customer needs while strengthening long-term partnerships built on trust, transparency and mutual accountability. The Company remains committed to fostering open communication and collaborative problem-solving as part of its customer-centric service philosophy.

For a full overview of stakeholder engagement across the Company, refer to page 24.

Supporting economic growth and the energy transition

As Eswatini's economy continues to evolve, EEC remains committed to enabling industrial development while supporting the country's transition towards a more sustainable energy future. Throughout the year, the Company continued facilitating electricity supply for customer expansion projects while working closely with customers exploring renewable energy technologies, embedded generation and energy efficiency initiatives. EEC recognises that the future electricity sector will increasingly require greater flexibility, innovation and collaboration between utilities and customers. The Company is actively positioning itself to meet future energy needs while maintaining the reliability, resilience and sustainability of the national electricity network by supporting these developments.

To read more about the Company's Natural capital performance, refer to page 61.

PERFORMANCE *continued*

CUSTOMER SERVICE AND MARKET OUTCOMES *continued*

Large customer relationships *continued*

Building upon existing relationships

EEC will continue strengthening large customer partnerships through improved commercial responsiveness, enhanced customer analytics and data-driven decision making. Priority areas for FY 2026/27 include:

- conducting the Cost of Supply Study;
- facilitating increased investment in renewable energy and embedded generation;
- enhancing revenue assurance, improving service delivery through digital innovation; and
- strengthening stakeholder engagement across all large customer segments.

While the completion of the Cost of Supply Study may not readily result in implementation in the coming year, it is expected that a revenue balancing model will be agreed with the Regulator to reach a modified tariff, allowing for the removal of the high season tariffs. The Company will also continue investing in initiatives that promote operational efficiency, customer experience and sustainable business growth while supporting Eswatini's national development agenda.

Customer quotations

The month-on-month tracking of quotations and supply shows that customer service activity remained active throughout the year. The updated comparison indicates that quotation intake was broadly stable, with the year under review recording 7 703 quotations, compared with 7 726 in the prior year. Supply execution strengthened significantly, increasing to 14 314 work orders (2025: 10 096). This shows that while new quotation intake remained almost unchanged, the Company achieved a stronger conversion of existing demand into completed supply outcomes.

The material improvement of the conversion position in the year resulted in a positive variance of 6 611 and a supply-to-quotation ratio of around 1.9 times. The widening gap shows that performance in the year was driven less by growth in new quotations and more by stronger execution of applications already in the pipeline. This points to improved backlog clearance, customer readiness, compliance completion and connection implementation.

The Company intends to accelerate the procurement of the EEC App to enhance customer satisfaction. This is intended to result in remote services capability, which may eliminate the need to visit EEC offices when a service is required (such as applying for customer quotations and supply).

Group schemes

Group schemes remained a key driver of rural electrification and access expansion during the year. Through collaboration with external funding partners, EEC completed 156 group schemes, resulting in 6 565 direct scheme-related connections. Compared with the prior year, the results show stronger implementation momentum and improved conversion of planned rural electrification schemes into actual household connections. With funding obtained from the Government of the Kingdom of Eswatini through the World Bank, the rural electrification programme continues to support the national objective of expanding electricity access to underserved communities.

Vending and system losses

The Company continued to expand its prepaid electricity vending network by onboarding additional filling stations and supermarkets, particularly within newly established shopping centres across Eswatini. This expansion has enhanced customer convenience by increasing the accessibility and availability of prepaid electricity vending services to the ever-growing customer base and in adherence to the regulatory standard.

EEC successfully conducted constructive and interactive stakeholder workshops across all four regions of the country to:

- further strengthen relationships with existing prepaid vending partners;
- share best practices;
- address service delivery challenges; and
- gather feedback from vendors.

Significant enhancements were made to the Company's USSD self-service platform to improve the retrieval of prepaid electricity tokens for quicker access to purchased electricity tokens and increased customer satisfaction. Despite these achievements, the continued national network instability and theft and vandalism of copper infrastructure remained major challenges affecting the reliability of electricity distribution.

PERFORMANCE *continued*

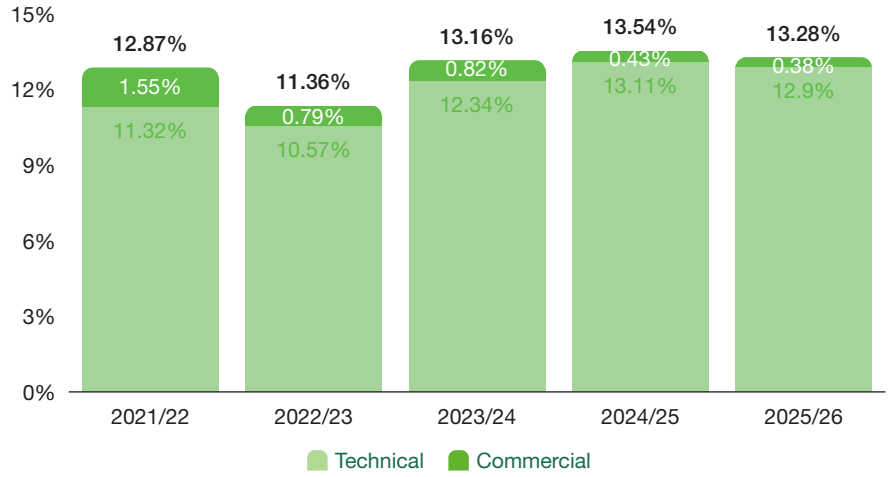
CUSTOMER SERVICE AND MARKET OUTCOMES *continued*

Vending and system losses *continued*

System losses and meter inspection

While electricity theft remained a serious risk, commercial losses decreased from 0.42% in the prior year to 0.38% in FY 2025/26. During the year, significant effort was invested towards the vigorous detection, mitigation and recovery of revenue from tampering, which appeared to be increasing. The decrease in both commercial and total system losses, despite operational challenges, is an indication of the effectiveness of current strategies and supports the case for their continuation and enhancement. Total system losses were recorded at 13.28% (FY 2024/25: 13.54%), shown in the graph below, based on an energy balance loss ratio.

Technical and commercial losses trend over the past five years





Newly commissioned Matsanjeni 132/11 kV substation

PERFORMANCE *continued*

HUMAN CAPITAL MANAGEMENT

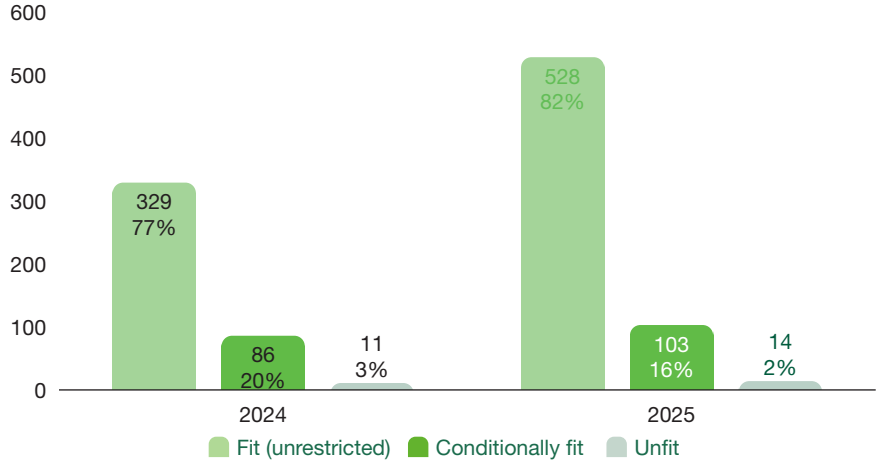
Highlights of the year

Employee recognition and reward

As part of the employee recognition programme, a total of 25 inaugural nominations were received from employees, in eight categories, for adjudication in the first quarter of FY 2026/27. Through the programme, the Company celebrated nearly 800 employees' birthdays by gifting E300 shopping vouchers to each celebrant.

Staff medical surveillances

In compliance with the Company's occupational health and safety standards, the annual occupational health surveillance programme was conducted during the year.



Job shadowing

In continued support of youth development in science, technology, engineering and mathematics (STEM), the Company hosted 10 students in the year, comprising eight male and two female participants, through the Junior Achievement (JA) Eswatini Job Shadowing Programme. The programme afforded students practical workplace exposure and first-hand insight into careers within the electricity industry.

Technical trainees

Ten technical trainees successfully completed the Company's two-year technical traineeship programme. In recognition of this achievement, the trainees will be considered for permanent employment as suitable vacancies arise, in line with the Company's recruitment processes and operational requirements.

Growing people at EEC

During the year, five employees were promoted to supervisory positions. Management remained committed to recognising internal talent and supporting career development by investing in building internal capability and creating career progression opportunities, where operationally feasible and within available resources.

Challenges in the year

Death of employees

The Company sadly lost two employees during the year.

Staff turnover

Nine skilled and experienced employees left the Company through voluntary resignation. The multi-year turnover trend is provided on page 58.

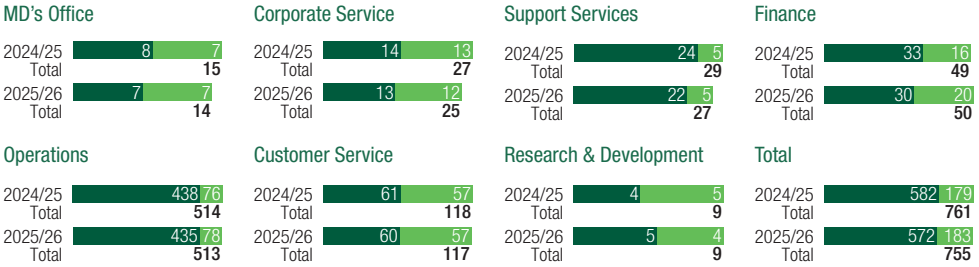
HUMAN CAPITAL MANAGEMENT *continued*

Human capital statistics

Manpower levels

The graphs below indicate the breakdown of the full-time complement by division and gender. There was a 0.78% decrease in the complement compared to the previous period, with a total headcount of 755 at the end of the reporting period.

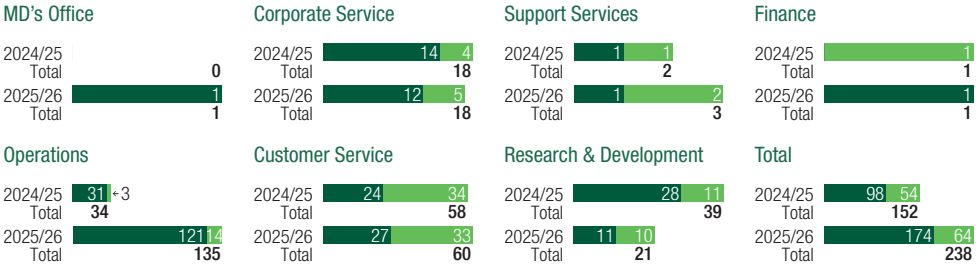
Full-time



Key: ■ Male ■ Female

The graphs below indicate the breakdown of complement for casuals and fixed-term engagements by division and gender.

Fixed-term

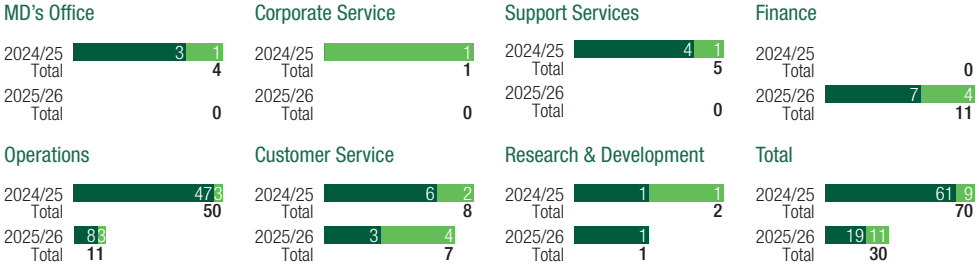


Key: ■ Male ■ Female

Recruitment

The graphs below show recruitment activity by division and gender. The decrease in recruitment activity was primarily attributable to the limited number of available vacancies.

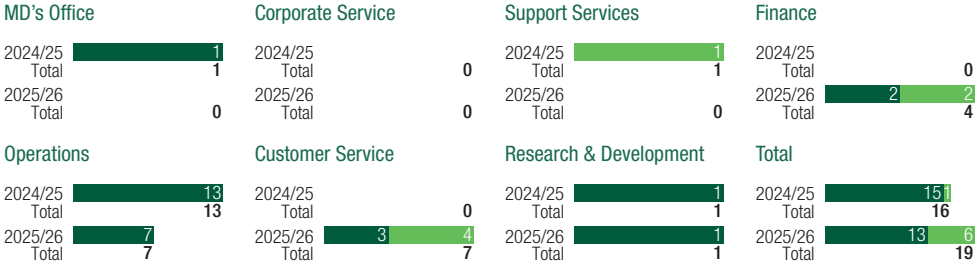
The percentage of female employees recruited in the year was 36.67%, compared to 12.86% in 2024/25. The Company is committed to improving gender representation and diversity in its workforce through a deliberate and progressive recruitment approach. In the year, the recruitment process continued to provide equal employment opportunities to male and female candidates, with appointments based on merit and organisational requirements.



Key: ■ Male ■ Female

Promotions

Upward mobility is part of EEC's offering to high-potential employees to encourage a high-performance culture throughout the Company. The slight increase in employee promotions was driven by the availability of vacant positions in the year.



Key: ■ Male ■ Female

PERFORMANCE *continued*

HUMAN CAPITAL MANAGEMENT *continued*

Human capital statistics *continued*

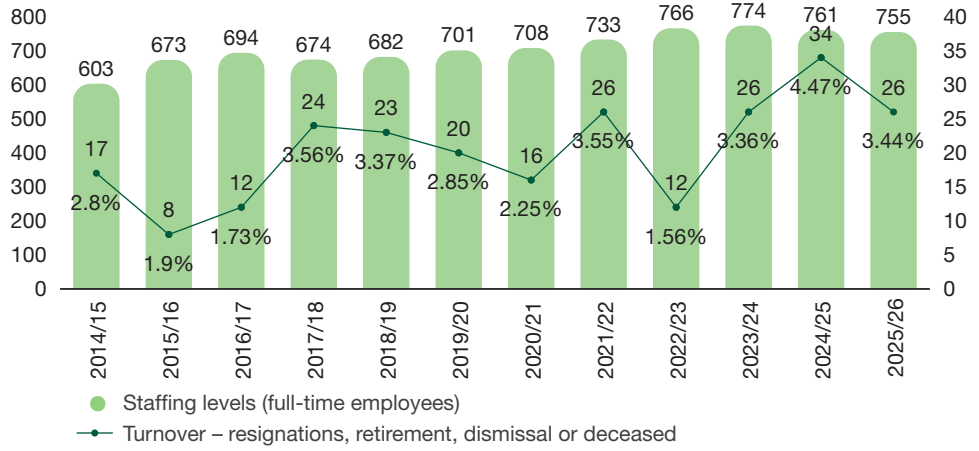
Promotions *continued*

At the end of the 2025/26 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. These figures were unchanged from 2024/25.



Turnover

The Company's staff turnover rate decreased to 3.44% in the year. There were six retirements, 16 resignations, two dismissals and two deaths in the reporting period.



The Company's retirement age remains 60 years. During the year, one retired employee was re-engaged on a fixed-term basis to ensure successful completion of the Ferreira Canal Project. In addition, the Managing Director reached the mandatory retirement age.

Human resources (HR) development

Human capital investment

The Lilangeni per employee invested in training during the year decreased by 38%, as indicated in table below. The utilisation of the training budget declined following a temporary suspension of training activities where, as part of cost containment measures, non-essential training programmes were deferred to prioritise critical operational requirements. As a result, expenditure on employee development initiatives was lower than planned. Training interventions focused on core business training needs, strategy initiatives requirements, compliance with ISO standards and safety training requirements.

Period	2024/25	2025/26
Headcount*	761	755
Total annual training costs	E13 659 735	E8 530 537
Average training costs per employee**	E17 950	E11 299
Increase/decrease in costs	10%	-38%

* *Full-time employees*

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

Further development programmes

During the year, there were 11 employees furthering their studies on Company-sponsored programmes that include leadership, technical and support training. Four Company-sponsored employees completed their training programmes (2024/25: three).

	2024/25			2025/26		
	Leadership	Technical	Generic	Leadership	Technical	Generic
Full-time study	–	5	–	–	3	–
Part-time study	3	–	11	2	–	6
Total	19			11		

PERFORMANCE *continued*

HUMAN CAPITAL MANAGEMENT *continued*

Employee relations (ER) and wellness

ER and wellness objectives

- **Facilitate a conducive and harmonious industrial relations climate within the organisation**
- **Provide guidance to ensure the implementation of a series of quality health and wellness programmes**
- **Advisory on matters of wellness and ER policy and procedures**
- **Liaison with regards to ER and wellness agenda**

Collective bargaining engagements

The 2025/26 cost-of-living negotiations were concluded with the Company's organised labour stakeholders (NESMASA, SESMAWU and EESAWU) in July 2025. The parties signed off 3.05% agreements for the 2025/26 cost of living, effective 1 April 2025.

Payment towards the cost-of-living adjustment was effected during the July 2025 pay run (normal pay). The Pay Scales Administration Policy has been effected to manage the outliers. Overtime and allowance adjustments were paid during the August pay run.

Stakeholder management summary

The table below details ER-related stakeholder engagements in the year.

Scheduled JCC meeting

Stakeholders:
SESMAWU
NESMASA
EESAWU

Purpose:
- Consultative issues

Scheduled JNC meeting

Stakeholders:
SESMAWU
NESMASA
EESAWU

Purpose:
- 2025/26 cost-of-living negotiations

Special JCC meeting

Stakeholders:
SESMAWU
NESMASA
EESAWU

Purpose:
- Overtime management

Meeting with the MD

Stakeholders:
SESMAWU

Purpose:
- Violated safety procedures

Organised labour

Stakeholders:
SESMAWU
NESMASA
EESAWU

Purpose:
- ENPF Conversion Bill unpacking

Quadripartite

Stakeholders:
Management
SESMAWU
NESMASA
EESAWU

Purpose:
- Agreements Review
- Disciplinary Code Review
- Fatigue Management Policy Review
- Relationship-building exercise report discussion

For a full picture of stakeholder engagement across the Company, refer to page 24.

HUMAN CAPITAL MANAGEMENT *continued*

Employee relations (ER) and wellness *continued*

Contingent liability on industrial relations cases

EEC must provide for potential financial implication of pending industrial relations (IR) cases. At year end, the contingent liability was above E20 million in respect of 38 matters. Some of these cases date as far back as 2006.

Sponsored gym membership

There are 301 EEC employees who remained registered with the sponsored gym facilities countrywide (2024/25: 278). The Company pays for the services rendered by the gym facilities at their rates, based on the corporate packages they offer. 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 awareness

EEC successfully held a Company-wide educational session on financial wellness management, facilitated by EBH through Standard Bank (Liberty and STANLIB). The aim of the programme was to educate employees on understanding money personalities, managing finances well and having multiple legitimate streams of income for future sustainability in the current economic climate.

Pre-retirement training

Training to ensure that employees are prepared for the post-work life is incorporated into EEC's employee wellness programmes. Pre-retirement training is available for employees who are 50 years and older.

World AIDS Day commemoration campaign

The Company commemorated its World AIDS Day virtually, under the theme, "Overcoming Disruption, Transforming the AIDS Response". The guest speaker for the day was the Head of Programmes from The National Emergency Response Council on HIV and AIDS (NERCHA), Mr. Mphikeleli Dlamini.



Elangeni Depot staff after an employee wellness session.

PERFORMANCE *continued*

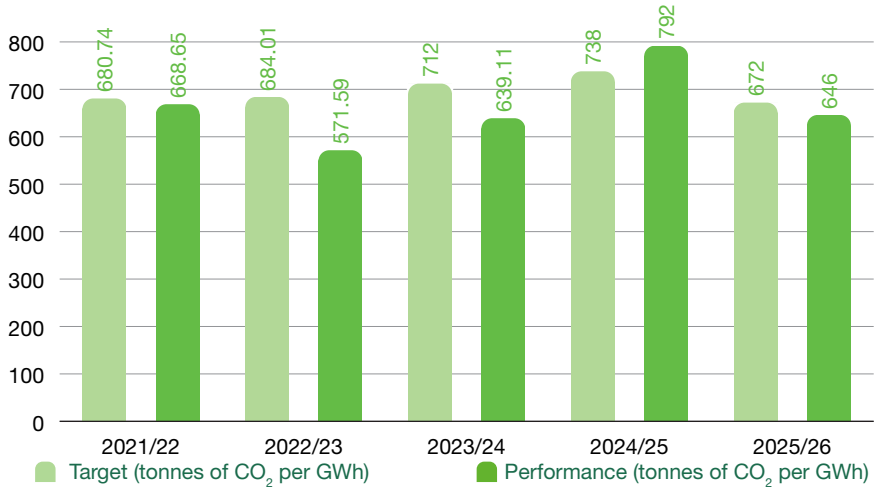
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ENVIRONMENTAL AND NATURAL CAPITAL PERFORMANCE

Emissions

During the year, EEC assessed its Grid Emission Factor (GEF), a key metric that quantifies the average carbon dioxide (CO_2) emissions per megawatt-hour (MWh) of electricity generated and delivered through the national grid. The GEF for FY 2025/26 was calculated at 0.646 tonnes of CO_2 per MWh (tCO_2/MWh), compared with 0.792 tCO_2/MWh in FY 2024/25. This represents an 18.4% reduction in the carbon intensity of electricity supplied through the EEC network compared to the prior year. 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.

Carbon dioxide emissions per gigawatt-hour (overall mix) targets and performance over the past five years



EEC has commenced development of its greenhouse gas (GHG) accounting framework to inform the establishment of an emissions baseline and future emissions reduction targets, mitigation measures and monitoring arrangements The framework includes scoping, boundary setting, preliminary emissions calculations and identification of key emission sources and data requirements.

Environmental risk management, controls and compliance

EEC remains committed to providing reliable, safe and quality electricity in an environmentally responsible and commercially sustainable manner and adheres to national environmental legislation, such as the Environmental Management Act of 2002. The Company implements an ISO 14001:2015-aligned Environmental Management System (EMS) to improve environmental performance, meet compliance obligations and achieve its environmental objectives. During the year, the Company was recommended for ISO 14001:2015 recertification as part of the Integrated Management System recertification process. The EMS is embedded in operational planning and project execution, where environmental considerations can inform investment decisions, risk management and performance monitoring. This supports EEC's strategic goals of quality and security of supply while contributing to long-term environmental sustainability.

In delivering its mandate, EEC interacts with the environment through construction, maintenance and operational activities, among others. Key environmental aspects include:

- vegetation clearing for transmission servitudes, line construction and substation development;
- excavation and soil disturbance, including degradation from construction works;
- habitat loss (for example, hydroelectric generation relies on surface water flow and may impact aquatic ecosystems);
- hydrocarbon leaks and spillages, as well as other pollution of land, water and air;
- generation of hazardous waste (such as transformer oils and SF6 gas), electronic waste and scrap metals;
- the consumption of natural resources (such as water, energy, materials and fuel), resulting in resource depletion;
- greenhouse gas emissions from fleet and auxiliary backup generators; and
- environmental hazards related to bush clearance, noise from substations and risk of forest fires from unmaintained line servitudes.

ENVIRONMENTAL AND NATURAL CAPITAL PERFORMANCE *continued*

Environmental risk management, controls and compliance *continued*

The Company's hazardous and non-hazardous waste streams include transformer oils, creosote-treated poles, batteries, scrap metals, general office waste, packaging materials and waste arising from solar PV infrastructure, including damaged or end-of-life solar panels, inverters and related electrical components. These materials require segregation, safe storage and disposal through approved or licensed waste service providers.

EEC's operations require land for power stations, substations, transmission and distribution line servitudes, access roads and related infrastructure. These activities can affect natural habitats through vegetation clearing, soil disturbance, servitude maintenance and potential fragmentation of ecosystems. To manage these impacts, EEC applies environmental screening, environmental impact assessments (EIAs) where required, responsible vegetation management, rehabilitation of disturbed areas and measures to avoid or minimise impacts on sensitive habitats, indigenous vegetation and local fauna.

The Company recognises GHG emissions arising directly from its operations and indirectly from electricity consumption, purchased electricity and associated supply activities. These risks are managed through environmental screening, project-specific mitigation measures, site inspections, waste management controls, compliance monitoring and spill prevention and response arrangements.

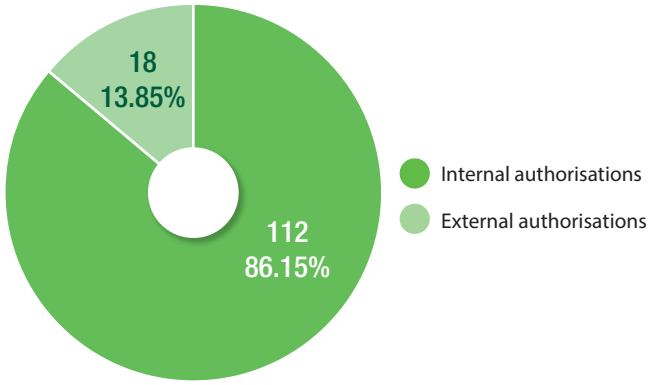
If not managed appropriately, various environmental impacts may pose significant risks for the Company. They may include:

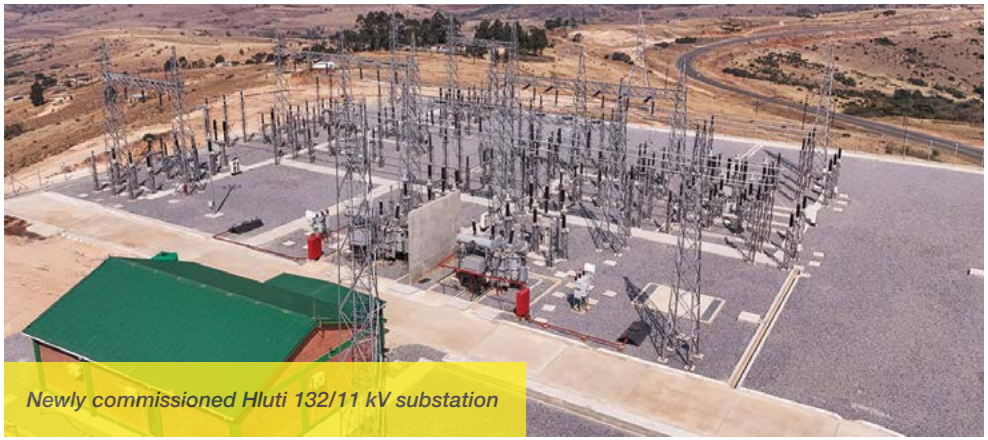
- non-compliance with environmental authorisations or waste management laws leading to fines or project delays;
- negative stakeholder perception due to habitat destruction, chemical spills or community land disputes;
- inadequate vegetation management along servitudes increasing wildfire risks, causing severe grid outages and asset loss; and
- prolonged droughts directly curtailing hydropower generation, increasing reliance on costly energy imports.

Environmental requirements are incorporated into project planning and implementation to ensure that potential impacts are identified early, mitigated appropriately and monitored throughout the project lifecycle. The Company maintained a strong environmental compliance record during the year, recording zero environmental legal non-compliances and incurring no environmental fines.

Environmental and social impact management

The Company continued to apply a structured and risk-based approach to environmental and social assessments for its projects. A total of 130 assessment processes were undertaken, comprising 112 internally authorised projects (primarily short-distance distribution line extensions) and 18 projects that required external environmental authorisation. All projects were managed in accordance with national environmental legislation and applicable sustainability commitments. Going forward, EEC intends to support responsible project development, contribute to Eswatini's national electrification objectives and align its activities with global sustainability priorities (particularly SDG 7: Affordable and Clean Energy and SDG 13: Climate Action) through these assessment processes.





Newly commissioned Hluti 132/11 kV substation

ENVIRONMENTAL AND NATURAL CAPITAL PERFORMANCE *continued*

Climate risk and resilience

Climate change remains one of EEC's top strategic risks and a material consideration for the long-term resilience of the business. Its strategic significance is closely linked to security of supply, infrastructure resilience and the need to increase local generation capacity. The risk manifests through:

1. physical impacts, including changing weather patterns and climate variability affecting generation, transmission and distribution infrastructure; and
2. transition risks, arising from renewable energy integration, grid modernisation requirements, import dependence and evolving regulatory expectations.

While climate-related controls and initiatives exist across the Company, there is a need to strengthen these through a more coordinated climate risk management approach, given the combined exposure to physical climate impacts, dependence on imported electricity and increasing expectations for climate resilience and decarbonisation.

A comprehensive overview of risk and opportunity management is provided on page 35.

Climate awareness and engagement

EEC implemented the Earth Hour Initiative as part of its climate change awareness and stakeholder engagement efforts. The initiative brought together stakeholders, schools and communities through a climate symposium, Greenwalk clean-up activities across four towns, and school awareness engagements that promoted environmental stewardship, climate action and low-carbon lifestyles. More than 2 500 participants took part in the activities, and 1 000 solar lamps were distributed to encourage the use of renewable energy solutions.

Environmental management in FY 2026/27

EEC will continue to pursue continual improvement in environmental performance and fulfilment of its environmental compliance obligations. Priority actions will include:

- strengthening drought mitigation and climate adaptation plans for hydro operations;
- full rollout of an upgraded Environmental and Social Management System (ESMS) across all operational capital projects;
- formalising comprehensive Scope 1, 2 and 3 emission inventories across operations,
- partnering with local communities and forestry bodies to manage vegetation encroachment and reduce wildfire hazards around power lines;
- improving monitoring of environmental risks;
- stronger compliance tracking;
- enhanced waste and pollution-prevention controls; and
- continued integration of climate risk considerations into operational planning and project implementation.

There is a need to strengthen the integration of Environmental, Social and Governance (ESG) considerations into business planning, capital project approvals, procurement, risk management and performance reporting. This includes improving ESG data quality, aligning disclosures with recognised sustainability reporting principles, and demonstrating how environmental and social risks affect long-term value creation, operational resilience and stakeholder trust. EEC aims to embed clear ESG roles, controls and oversight through policies, procedures, internal audits, management review and Board-level reporting. Priority will be placed on measurable indicators, traceable evidence, compliance with environmental and social commitments and readiness for external assurance where required.

For an overview of the social dimension of EEC's work and to read more about governance, refer to pages 64 and 78, respectively.

PERFORMANCE *continued*

SR

SOCIAL AND RELATIONSHIP CAPITAL OUTCOMES

Social impact procedures

Following the successful implementation of the Network Reinforcement and Access Project (NRAP), the Company continued strengthening social risk and impact management by integrating lessons from World Bank-funded projects. The Company is aligning World Bank social requirements with its Integrated Management System (IMS) and progressively applying social standards across all projects to ensure affected people and communities are restored to similar or improved socio-economic conditions.

During the year, the Company developed a Social Standards Implementation Manual, Social Impact Management Framework (SIMF) and supporting procedures, forms and guidance notes. Focus areas included labour and working conditions, land acquisition, land-use restrictions, involuntary resettlement, stakeholder engagement, grievance redress and gender-based violence prevention.



The newly commissioned Hluthi substation

Community impact, labour management and grievance redress

Land acquisition, restrictions on land use and involuntary resettlement

Electricity infrastructure projects may require land acquisition or land-use restrictions, which can cause physical or economic displacement. In line with Eswatini Environment Authority (EEA) requirements and World Bank-funded project principles, EEC seeks to ensure affected livelihoods and living conditions are restored or improved by avoiding involuntary resettlement where possible and minimising impacts where unavoidable. During the year, EEC implemented Resettlement Action Plans (RAPs) for the Malkerns Steel Monopole, Ferreira Canal, Edwaleni-Stonehenge Project and the NRAP, while applying resettlement principles across other projects. The Company also worked with the Social Welfare Department in the Deputy Prime Minister's Office to support vulnerable affected persons during the compensation process.

The table below includes the number of affected people and compensation funds, including valuation fees utilised under each project.

Ferreira Canal	Malkerns Steel Monopole	Edwaleni-Stonehenge Project	Network Reinforcement and Access Project (NRAP)
5 People affected	5 People affected	79 People affected	292 People affected
Budget E196 256	Budget E93 955	Budget E5.66 Million	Budget E28.32 Million

PERFORMANCE *continued*

SOCIAL AND RELATIONSHIP CAPITAL OUTCOMES *continued*

Community impact, labour management and grievance redress *continued*

Project-related stakeholder engagement and information disclosure

During the year, the Company expanded stakeholder engagement beyond the ASCENT Project by developing a Stakeholder Engagement Procedure and Guidance Note for use across EEC operations and projects. This work supports compliance with the Electricity Act, 2007, which requires engagement with affected stakeholders during electricity infrastructure planning and implementation.

To strengthen meaningful community consultation, awareness sessions were conducted for electrical and non-electrical contractors, which highlighted the need for a formal Company-wide stakeholder engagement procedure, as inadequate engagement may expose EEC to reputational risk, community resistance, vandalism and infrastructure theft.

Community consultation meetings raised several stakeholder concerns, particularly around limited engagement before project implementation. The Nginamadvolo Inner Council also raised concerns about infrastructure being developed on livelihood-based land used by community members. The stakeholder consultations conducted are listed in table below.

RAP- and encroachment-related engagements	Project introductory meetings	Project update and closure meetings	Transmission lines and substation safety
Edwaleni-Stonehenge transmission project, Ferreira Canal, Malkerns Steel Monopole project	Hhohho and Manzini Regional Administrators, ASCENT Eswatini Project communities and constituencies	NRAP communities, Maguga Hydro Power Plant	NRAP communities

For a full picture of stakeholder engagement across the Company, refer to page 24.

Labour and working conditions

EEC's workforce extends beyond direct employees to include contractor workers engaged in the implementation of electricity infrastructure projects. As part of its commitment to integrating social standards across all operations, the Company continues to promote fair labour practices, compliance with national labour legislation and safe, healthy working conditions for project and contractor workers. During the year, the Company supported the implementation of labour management requirements through contractor awareness sessions, monitoring of working conditions and the promotion of workers' rights and welfare. EEC also coordinated Community Liaison Officers (CLOs) across project areas to facilitate communication between contractors and communities, manage social risks and address concerns that may arise during project implementation. This approach has contributed positively to community relations, local participation and the effective management of social issues across EEC projects and infrastructure.

ASCENT Eswatini Project	Edwaleni-Stonehenge Project	NRAP
17 CLOs and affected communities	**5** CLOs and affected communities	**13** CLOs and affected communities

Ferreira Canal	Maguga Hydro Power Plant
1 CLOs and affected communities	**4** CLOs and affected communities

PERFORMANCE *continued*

SOCIAL AND RELATIONSHIP CAPITAL OUTCOMES *continued*

Community impact, labour management and grievance redress *continued*

Grievance redress mechanism

The Company continuously tracks grievances reported by communities affected by projects and strives to resolve grievances timeously. The graph below provides a summary of group and individual grievances received from different projects in communities.



The table below details group grievances from the different projects received in the year.

Issue of access road for the community at Hluthi Substation NRAP Resolved	**Recurring delays in salary payments to contractor workers** Across all projects Ongoing	**Non-remittance of Eswatini National Provident Fund (ENPF) contributions** Across all projects Ongoing	**Revival of a canal that was affected by the construction of Malkerns Substation** Edwaleni-Stonehenge Project In progress
Replacement of the community soccer ground, Hhohho Emuva NRAP Resolved	**Worker fatigue among contractor workers** Across all projects Ongoing	**The water flow issue reported as a result of the construction of the Ferreira Canal** Ferreira Canal Ongoing	

SOCIAL AND RELATIONSHIP CAPITAL OUTCOMES *continued*

Addressing gender-based violence (GBV)

The implementation of infrastructure projects often requires contractor workers (predominantly male workforces) to operate within and interact closely with local communities. If not properly managed, these interactions can expose community members (particularly women, children and other vulnerable groups) to GBV risks, including sexual exploitation and abuse (SEA) and sexual harassment (SH). EEC has integrated GBV prevention measures into project implementation processes to mitigate these risks. Contractor workers are sensitised on the provisions of the Sexual Offences and Domestic Violence Act and are required to sign and adhere to Codes of Conduct that outline expected standards of behaviour while working in project areas. Community awareness sessions are also conducted to educate community members on GBV risks, reporting mechanisms and available support services.

During the year, the Company continued to work closely with its GBV service provider, the Nhlangano AIDS Training Information and Counselling Centre (NATICC) on the NRAP to deliver awareness programmes, support case referrals and assist with investigations where required. More than 350 contractor workers, including workers from main contractors, rural electrification contractors and local contractors, received GBV, SEA and SH awareness training. EEC will continue to promote safe project environments and reduce the risk of harm to both workers and affected communities through these initiatives.

Corporate social investment (CSI)

EEC continued to invest in communities through targeted corporate social investment (CSI) initiatives aimed at improving education, healthcare, livelihoods and community wellbeing. The CSI programme is guided by the principles of responsible corporate citizenship, stakeholder inclusivity and long-term sustainability. Despite operating within a constrained financial environment, the Company remained committed to creating sustainable social value by implementing projects that responded to national development priorities while strengthening relationships with the communities EEC serves. Many of the year's initiatives were implemented in partnership with the Mozambique Transmission Company (MOTRACO).

Strategic focus areas

During the year, EEC's investments remained focused on five priority areas, and continued to align with the Company's CSI Policy and the United Nations Sustainable Development Goals (SDGs).

Education
Improving learning environments and educational access

Health
Strengthening healthcare facilities and patient services

Safety and security
Supporting safer communities

Social and economic development
Improving livelihoods and community resilience

Environment
Supporting sustainable environmental practices



SOCIAL AND RELATIONSHIP CAPITAL OUTCOMES *continued*

Corporate social investment (CSI) *continued*

Education

In collaboration with MOTRACO, the Company implemented several initiatives aimed at improving educational outcomes and learner welfare. One of the flagship initiatives during the year was the distribution of 1 381 pairs of school shoes to vulnerable learners living along the MOTRACO transmission corridor. The initiative attracted strong participation from multiple EEC stakeholder groups, including Government, Members of Parliament, schools, community leadership and MOTRACO. The programme sought to:

- improve learner dignity;
- reduce absenteeism;
- promote equal educational opportunities; and
- strengthen relationships with communities hosting strategic electricity infrastructure.

Construction of the Agriculture Laboratory at Mphelandzaba High School reached completion during the year through a partnership between EEC and MOTRACO. The facility will provide improved agricultural science learning facilities to approximately 300 learners while supporting practical skills development and food security initiatives.



Mphelandzaba High School agriculture lab

Healthcare

In collaboration with MOTRACO, EEC coordinated the procurement and installation of industrial laundry equipment for Good Shepherd Hospital. Valued at approximately E1.1 million, it represented one of the Company's largest healthcare investments in recent years. Benefiting just under 7 900 in-patients annually, the project significantly improves the hospital's laundry capacity, infection control and operational efficiency. While procurement procedures faced delays during implementation, the equipment was successfully commissioned during the year.



Laundry equipment donated to Good Shepherd Hospital.

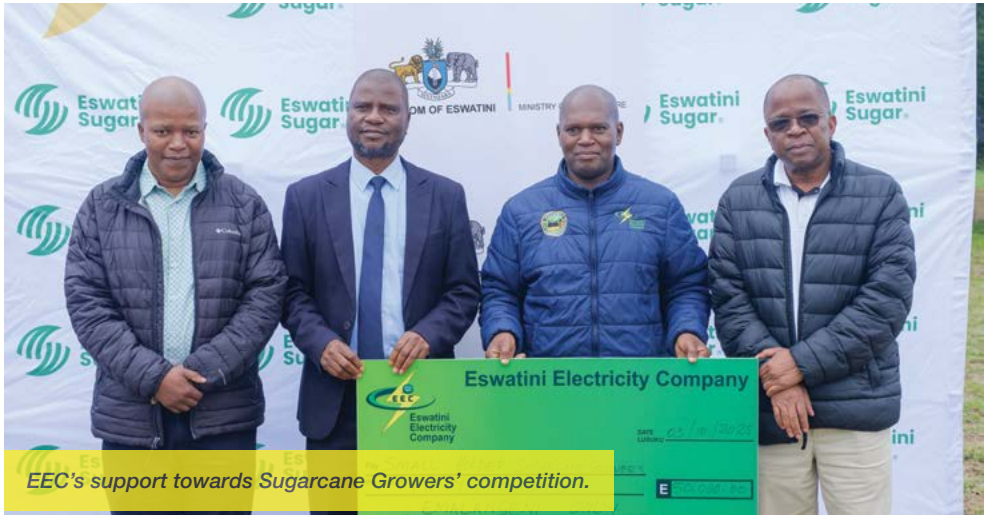
PERFORMANCE *continued*

SOCIAL AND RELATIONSHIP CAPITAL OUTCOMES *continued*

Corporate social investment (CSI) *continued*

Economic development

EEC continued to support the Small-Scale Sugarcane Growers Competition. The Company contributed E50 000 towards the initiative which promotes innovation, productivity and excellence among emerging farmers. Beyond financial support, the programme strengthened EEC's relationship with one of its most significant customer sectors while contributing towards rural economic development and sustainable agriculture.



EEC's support towards Sugarcane Growers' competition.

Community infrastructure development

The Company continued progressing several infrastructure projects intended to improve community livelihoods. These included:

- Jilobi Community Eco-tourism Centre;
- Community electrification support;
- School infrastructure support.

While some initiatives experienced delays because of austerity measures and cash-flow pressures, EEC remained committed to completing approved projects as funding becomes available.

Responsible investment during financial constraints

The year was characterised by significant financial pressures. Consequently, EEC adopted a disciplined CSI approach by:

- prioritising high-impact projects;
- leveraging partnerships with MOTRACO;
- deferring selected capital-intensive community projects; and
- maintaining support for strategic long-term community relationships.

This balanced approach enabled the Company to continue delivering measurable social value while maintaining financial sustainability. The Company will continue with the collaboration with MOTRACO to seek funding for CSI projects that improve the livelihoods of emaSwati and using internal resources while allowing for the financial sustainability of the Company to ensure it continues to add value to communities.



Increased rural electrification access

PERFORMANCE *continued*

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SUPPORT SERVICES

Integrated management systems

EEC continued to effectively maintain certifications to the ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System and ISO 45001:2018 Occupational Health and Safety Management System, in support of the Vutsela Strategy and strategic objectives. During the year, the Company implemented various Integrated Management System (IMS) initiatives aimed at strengthening governance, improving operational performance, promoting continual improvement and ensuring readiness for surveillance audits. These initiatives included the closure of audit findings, review of management system documentation, employee training and awareness, risk management and stakeholder engagement.

The Company received a Certificate of Achievement for its alignment with the United Nations Sustainable Development Goals (SDGs). This achievement recognises the Company's contribution to Affordable and Clean Energy (SDG 7), Decent Work and Economic Growth (SDG 8), Industry, Innovation and Infrastructure (SDG 9), and Responsible Consumption and Production (SDG 12).

IMS performance

The Company placed significant focus on addressing findings arising from the Internal IMS Audit by developing and implementing an IMS Surveillance Plan. During the year, all internal non-conformances (NCRs) were prioritised for closure through structured corrective action plans. To strengthen compliance with the management system requirements and ensure continued certification readiness, follow-up activities were conducted. These entailed verification of the effective closure of external audit NCRs and opportunities for improvement issued during the previous recertification audit.

EEC undertook a comprehensive Company-wide review of policies, procedures, processes and forms to ensure the management system remained relevant and effective. This exercise involved mapping, reviewing and updating controlled documentation to align with current operational activities and organisational requirements, while promoting standardisation and continual improvement across all business functions.

The Company continued to invest in employee competence and awareness through the implementation of Internal IMS Auditor Training, which enhanced EEC's internal auditing capability. The training resulted in a pool of 60 competent internal auditors who are equipped to support the implementation, monitoring and continual improvement of the IMS across all Company sites.

Continual communication and engagement with both internal and external stakeholders remained central to the IMS throughout the year. The Company focused on strengthening its safety culture, reinforcing good corporate governance and supporting the continual improvement of quality, environmental and occupational health and safety performance through the active participation of employees and contractors in identifying, evaluating and mitigating operational risks.

EEC was engaged by the Royal Eswatini Sugar Corporation (RESC) Energy Department to conduct a peer IMS audit against ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards. The audit was conducted from 2 to 3 March 2026, and the final report was shared at the end of March 2026.

Occupational health and safety

Safety culture and employee engagement

Building on its core values, EEC continued promoting a proactive safety culture, and Executive Management's commitment to driving this was reinforced through active participation of employees and contractors in regular safety committees and joint meetings. The Company sustained ongoing safety training, coaching, targeted awareness campaigns and thorough incident reviews to facilitate continuous learning and accountability. The launch of Hazard Identification and Risk Assessment (HIRA) booklets was a milestone that enhanced frontline risk assessment. The Company improved operational safety by rolling out tailored Safety, Health, Environment, Risk, and Quality (SHERQ) training programmes to ensure a secure, compliant work environment. These focused on high-risk domains such as cherry picker operations, safe stacking and storage and alcohol breathalyser awareness.

Incident statistics and strategy

EEC continued to prioritise occupational health and safety through the execution of its "Increase Safety" Strategic Initiative, designed to uphold a zero-fatality benchmark and maintain a Disabling Injury Frequency Rate (DIFR) below 1.8. The initiative successfully met its targets, recording zero employee fatalities and achieving a DIFR of 0.9 across 2.2 million man-hours worked. A total of 2 424 incidents were recorded during the year, with near misses constituting the vast majority. This high volume of reported near misses reflects a mature, proactive reporting culture and heightened employee engagement in hazard identification.

The Company further reinforced its safety culture through targeted competency development and enhanced risk management interventions. Specialised training programmes substantially elevated employee compliance and hazard awareness across all operational areas. The Company established dedicated task teams under the Zero Fatality framework and upgraded contractor management via the Contractor Performance Management System (CPMS) to strengthen governance. In addition to customising process-oriented HIRA tools, EEC modernised its risk management practices by initiating the procurement of automated platforms for incident reporting and hazard assessments.

PERFORMANCE *continued*

SUPPORT SERVICES *continued*

Occupational health and safety *continued*

Incident statistics and strategy *continued*

A capital budget of E5.89 million was allocated to safety and security enhancements, achieving a 57% combined utilisation rate through E3.02 million in direct expenditure and E313 526 in commitments. Major implementations included:

- substation guard houses;
- firefighting equipment;
- weapon detection scanners;
- air compressor installations; and
- safety signage refurbishment.

The strategic initiative budget recorded an expenditure of E1.00 million against an allocated E0.96 million (a 3.6% variance). Despite operational challenges (including public electrical fatalities, waterway incidents, motor vehicle accidents, and limited SHERQ system automation) EEC sustained strong execution, earning an overall performance score of 4.0 out of 5.0. The Company has established an improved DIFR target of ≤ 1.33 for FY 2026/27.

Employee safety performance

Employee-disabling injuries remained consistently low throughout the year, fluctuating between zero and three per month. This sustained performance kept injury rates significantly below the 5% benchmark established by the Eswatini Energy Regulatory Authority (ESERA). Workplace physical risk levels were rated as low while safety information availability remained high, underscoring a mature and well-embedded safety management environment across the Company.



Customer education during the Earth Hour commemoration.

Public safety and awareness

Public electrocution incidents remained a concern during the year, including fatalities linked to illegal connections, faulty wiring and damaged conductor insulation. EEC continued expanding public electricity safety awareness through radio programmes and school visits, focusing on risks such as illegal connections, poor wiring, overloaded circuits, electrical fires, damaged cables, unsafe infrastructure and faulty appliances. During the year, the Company conducted 65 school visits to educate learners on the dangers associated with electricity infrastructure and promote safer use of electricity.

Consultation and participation

The Company strengthened stakeholder participation through:

- contractor safety inductions;
- compliance audits;
- incident investigations;
- lessons learned sessions;
- safety representative meetings;
- the Generation and Transmission Safety Task Team; and
- the Safety Indaba, which brought together more than 150 contractor representatives and industry stakeholders.

For a full picture of stakeholder engagement across the Company, refer to page 24.

Overall incident occurrence

During the year, 2 424 incidents were reported among employees, contractors and the public. Contractors recorded the highest number, with 1 466 incidents, representing approximately 60.5% of all reported incidents. Serious incidents, including disabling injuries and fatalities, totalled 38. Seven fatalities were recorded, six involving members of the public and one involving a contractor. There remains a need to strengthen contractor safety management, expand public electricity safety awareness, improve incident classification and intensify preventive controls for high-risk activities.

SUPPORT SERVICES *continued*

Occupational health and safety *continued*

EEC Safety Indaba 2025

The EEC Safety Indaba 2025 was successfully convened as part of the Company's continued commitment to strengthening safety culture, contractor management and stakeholder participation. The engagement brought together EEC representatives, contractors and key industry stakeholders to reflect on occupational health and safety performance, recurring incident trends, lessons learned from investigations and the controls required to prevent serious injuries and fatalities.

Key focus areas included:

- strengthened contractor supervision;
- effective hazard identification and risk assessment;
- compliance with safe work procedures;
- timely incident reporting;
- working-at-heights controls;
- electrical safety;
- public safety awareness; and
- shared accountability for safety performance across EEC operations.

The Indaba reinforced the importance of visible leadership, active consultation and participation, prompt implementation of corrective actions and continuous monitoring of contractor performance. The Company will use the outcomes of the Safety Indaba to strengthen toolbox talks, contractor safety meetings, site inspections and the implementation of lessons learned from incidents.

Safety Culture Survey 2025

EEC conducted a Company-wide Safety Culture Survey with 625 participants, comprising employees and external partners. The survey was designed to identify safety concerns, challenges and opportunities for improvement across the Company. Feedback received from contractors formed part of the baseline assessment used to inform safety improvement strategies. The findings of the Safety Culture Survey have been consolidated, and a report is being compiled for publication and communication to all relevant stakeholders.

Security

EEC remains committed to providing a safe and secure environment for all persons entering and leaving its premises, while strengthening its Security Management System to protect Company assets and resources from theft, vandalism, damage and other security threats. During the year, the Company recorded 467 theft incidents, mainly involving copper theft. In collaboration with the Royal Eswatini Police Service (REPS), 29 suspects were arrested and appeared before various Magistrates' Courts. Eight cases were concluded with successful prosecutions, while the remaining cases are pending.

Security performance

The Company incurred an estimated direct loss of approximately E1.73 million during the year due to criminal activities. This excludes labour, revenue and opportunity costs associated with service disruptions and restoration works. Overhead and underground copper cables remained the main targets due to strong scrap metal demand. The most common vandalism involved overhead transformer wiring, followed by theft of Airdac copper cables between service poles and customers. The Company also recorded vandalism on the 400 kV Eswatini-Mozambique interconnector and 132 kV transmission lines, where tower members and other components were stolen.

To combat these crimes, the Security Unit conducted crime prevention campaigns in partnership with the REPS, community leaders and community police in identified high-risk areas where copper theft is prevalent. These collaborative initiatives focused on raising public awareness, strengthening community participation, and improving intelligence gathering to deter criminal activities.

The Company continued to implement additional strategies to reduce copper theft, including engaging technology solution providers to deploy systems that enhance the protection of network infrastructure. Ten EEC technicians received specialised training in medium-voltage aluminium cable installation and joint termination techniques. Following the training, the team successfully installed aluminium cables at the 66 kV undercrossing as a pilot project to reduce the risk of copper theft.

To further safeguard its assets, the Company maintained a combination of physical and electronic security measures across its operations. Physical security services were outsourced to seven security service providers, who were responsible for guarding Company facilities and critical infrastructure. In addition, two cash-in-transit service providers were engaged to securely transport and escort Company funds.

PERFORMANCE *continued*

FC FINANCE

Financial performance summary

The Company closed the year with a gross loss of E21 million (2025: E149 million profit), a net loss of E231 million (2025: E80 million loss) and an even larger operating loss of E406 million (2025: E247 million loss). This performance mainly reflects the deepened extent of under recoveries emanating from the continued mismatch between approved revenue tariff increases compared to tariff increases from imports.

While the Company saw 23% improvement in local generation from 281 GWh to 346 GWh, and further improvement in the importation from the Southern African Power Pool (SAPP) from 49 GWh to 113 GWh, this could not adequately contain the increase in cost of sales revenues, resulting in a gross loss margin of 0.6%. EEC had a positive cash balance of E70 million at year end, an increase of 150% from the prior year balance of E28 million. However, this increase did not necessarily arise from improved operations but resulted from disinvesting from short-term investments to meet current obligations. This is a further reflection of continued pressure on liquidity and financial sustainability.

Notwithstanding the deteriorated operating performance, the Company continued to show strengthened reliability and resilience in its power system and effectively delivered on its mandate of powering the country's economy amidst very difficult financial and operating circumstances. The key survival pillars for the Company during the year have remained optimising financial sustainability through robust liquidity management and driving operational efficiencies. However, long-term financial sustainability can only be realistically achieved through a sustained tariff setting regime that appropriately balances adequate cost recovery with the customer affordability. Tariff decisions in recent years have tended to skew more towards the affordability rather than financial sustainability of the Company. This exerted a significant squeeze on the Company's profit margins over the years; a situation that has culminated in the reported losses.

In the short term, the recently approved 11.74% tariff increase for the 2026/27 financial year seeks to balance customer affordability with the Company's cost recovery needs. It will provide support towards meeting escalating power purchase costs and sustaining investment in the transmission and distribution network to maintain reliable electricity supply. The Government has also committed E200 million to the EEC over a two-year period, commencing in the 2026/27 financial year, to assist in cushioning tariff increases while injecting liquidity for operational and investment needs.

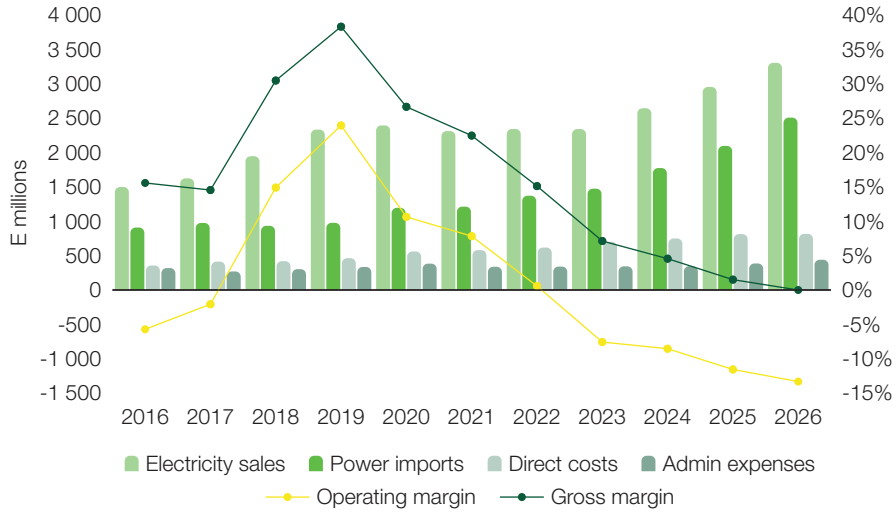
In the medium to long term, the financial outlook is expected to improve progressively as the benefits of tariff adjustments, cost-containment initiatives and increased domestic generation begin to materialise. The Company's strategy to increase local generation capacity through hydro, solar and other renewable energy projects is expected to reduce reliance on imported electricity, which remains the Company's largest cost driver.

Income statement

Revenue

Total revenue for the year reached E3.3 billion, reflecting an 8% increase from the E3.1 billion reported in the previous year. Revenue from electricity sales rose to E3.2 billion, up from E3 billion in 2025. This growth was primarily driven by the 8% tariff increase approved by the Regulator (ESERA) for the 2025/26 financial year. Units sold increased by a mere 1.2% to 1 194.75 GWh (2025: 1 180.77 GWh), reflecting a severe constraint in the securing of new commercial customers, which can reflect a sluggish economic growth for the country. Over the past six years, a series of tariff decisions have significantly limited revenue expansion, whilst cost of sales continued to rise significantly faster than revenue, thus placing undue pressure on the Company's financial sustainability.

Operating performance trend over the past 11 years



PERFORMANCE *continued*

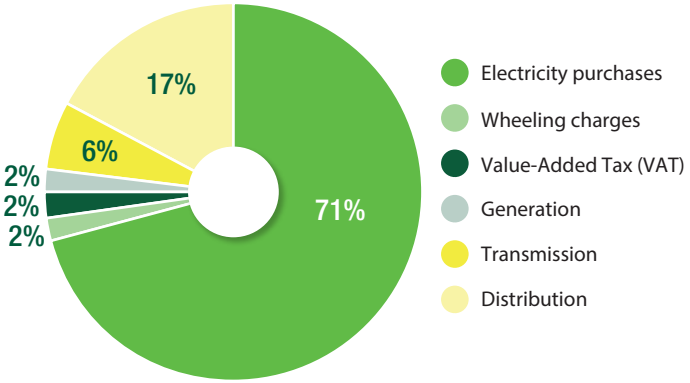
FINANCE *continued*

Income statement *continued*

Cost of sales

Cost of sales for the year amounted to E3.3 billion, a 14% increase from the E2.9 billion incurred in the previous year. The increase in cost of sales was mainly driven by higher electricity import tariffs, with National Transmission Company South Africa (NTCSA) increasing tariffs by 13.24% between April and August 2025. In addition, the revised pricing structure under the new Power Purchase Agreement became effective only after the high-season period, limiting the intended benefit of tariff averaging pricing structure and contributing to higher costs during the year.

Power purchases, VAT and wheeling charges accounted for 75% of cost of sales. The aggregate increase on electricity purchases from all sources during the year was 19%, whilst power generation, transmission and distribution costs increased by 0.5%. The Company continued to mitigate the cost of sales expenditure through internal generation and trading vigorously on the SAPP's Day-Ahead Market (DAM).



Operating expenses

Total operating expenditure decreased by 1% to E441 million (2025: E443 million). This decrease is primarily attributed to a drop in consultancy fees coming from the completion of the geothermal study undertaken in the prior year. The Company 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.

The Company continued to invest in the rehabilitation and maintenance of critical infrastructure, including the ongoing rehabilitation of the Edwaleni Ferreira Canal. EEC continued to advance initiatives to increase domestic generation capacity, including hydro (Maguga expansion) and solar (mostly through the Regulator). These investments are expected to reduce the Company's long-term dependence on imported electricity, improve energy security and provide a more sustainable cost base.

Profitability

As highlighted in the financial performance summary, the Company reported an operating loss of E406 million for the year ended 31 March 2026, compared to an operating loss of E247 million in the previous year. Net loss increased to E231 million, from an E80 million loss in the prior year. The net loss was partially offset by a E140 million tax credit (2025: E80 million), resulting from deferred tax adjustments.

The increase in losses reflects the exceptionally challenging operating environment, particularly in managing rising electricity import costs and tariff under-recoveries. The Company was granted an average tariff increase of 8%, which was significantly below the 13.24% tariff increase imposed by NTCSA for the same period. As a result, the Company was unable to fully recover the increased cost of imported electricity through customer tariffs, thus placing significant pressure on profitability.

Further pressure emanated from the renewal of the 25-year PPA with NTCSA, which expired in September 2025 and was renegotiated for a further 10-year term. The new agreement introduced an averaged pricing structure designed to eliminate seasonal tariff fluctuations. However, because the revised pricing framework only became effective after the June to August high-demand period, the Company had already incurred electricity purchases at the higher seasonal rates. Consequently, the intended benefits of tariff smoothing were not realised during the financial year, contributing to higher power purchase costs and a significant deterioration in operating performance.

Operating costs remained under strict control as cost containment measures remains a key survival strategy for the Company. Net financing cost during the year was E64 million versus E14 million in the previous year, due to the continuous decline in cash resources, requiring the Company to rely on a E195 million overdraft facility (increasing from E135 million utilised in prior year) to meet its short-term obligations and thus incurring increased bank charges. In addition, the Company's share of profits from the MOTRACO decreased to E98 million (2025: E101 million) driven mainly by unfavourable exchange rate (USD/SZL) movements during the year.

PERFORMANCE *continued*

FINANCE *continued*

Financial position

The Company's total assets at the end of the year stood at E6.3 billion, a 4% decrease from last year's reported position of E6.6 billion. Non-current assets remained relatively stable at E5.48 billion (2025: E5.46 billion). The flatlining of non-current assets reflects a more subdued capital investment approach during the year mainly adopted as a coping mechanism to the severely weakened financial performance and cashflow situation. While deferring planned capital projects may have assisted in preserving liquidity in the short term, continued underinvestment in network infrastructure increases the risk of system failures, service disruptions and higher maintenance costs in the future. This underscores the importance of Shareholder support to strengthen the Company's financial position, enable critical infrastructure investment and facilitate a sustainable turnaround in EEC's financial performance.

The Company's investment in MOTRACO decrease by 19% to E379 million (2025: E465 million). The change is mainly due to the combined effects of share of profits and foreign exchange movements recognised during the year, which were more than offset by dividends received from this investment.

Current assets at the end of the financial year stood at E865 million (2025: E1.11 billion). This amount includes cash amounting E70 million, trade receivables of E565 million, inventories at E147 million and other receivables of E71 million. Trade receivables increased by 19% as a result of delayed payments by customers, mainly Government Departments; a situation that adversely impacts the Company's cashflow. EEC continues to pursue various collection strategies to ensure working capital efficiencies.

Total liabilities remained relatively stable at E2.7 billion (2025: E2.6 billion). This reflects the Company's cost-control and austerity measures, which have helped curtail the growth of obligations amid ongoing financial challenges. However, relative to current assets, there remains a heightened risk associated with meeting these obligations, as liability levels have not declined significantly.

The Company's share capital remained stable at E433 million at the end of the year. Retained earnings decreased to E3 billion, compared to E3.2 billion in the previous year, reflecting the net loss incurred. The Company's net asset (Shareholders' equity) value stood at E3.7 billion (2025: E3.9 billion), an overall decrease of 6% from the previous year. The decrease in Shareholders' equity is a result of the loss recognised during the year.

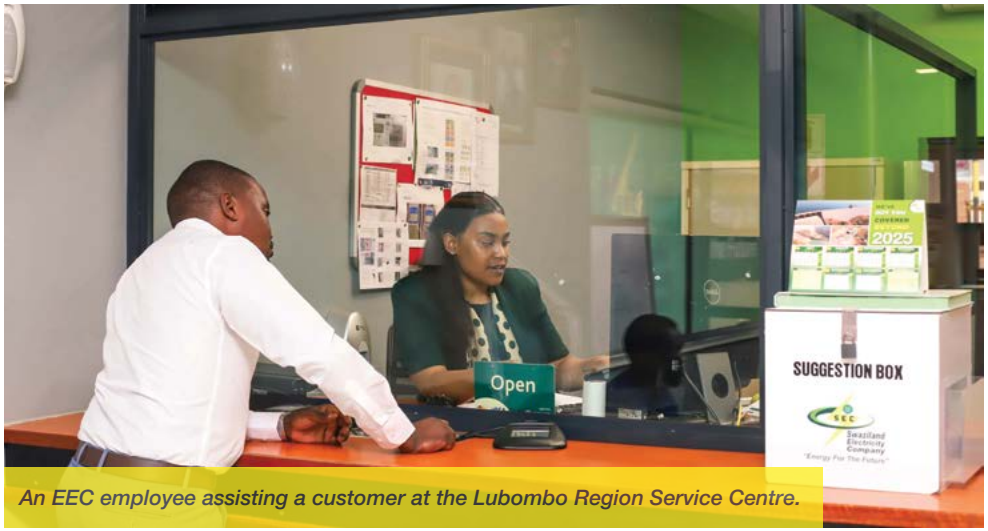
Borrowings and financing requirements remained elevated as the Company relied on external funding to bridge its working capital requirements and support strategic investments. Total debt exposure was approximately E872 million at the end of the year. The continued erosion of the Company's equity position has weakened its balance sheet, and has contributed to technical breaches of certain financial covenants with one of the financers, reflecting the deterioration in earnings and leverage metrics. Management has subsequently implemented a turnaround strategy aimed at improving operating performance and liquidity.

Liquidity position

The Company's liquidity position remained under considerable pressure throughout the financial year as operating cash inflows were insufficient to meet the increasing cost of electricity purchases, debt servicing obligations and capital investment requirements. This resulted in continued reliance on overdraft facilities to support working capital. Although management implemented a number of cost-containment and cash preservation initiatives, the structural mismatch between the regulated tariff and the actual cost of supply continued to constrain cash generation.

The Company closed the financial year with a positive cash balance of E70 million, increasing by 150% from the prior year balance of E28 million. However, this increase did not necessarily arise from improved operations but resulted from disinvesting from short-term investments in a bid to meet current obligations.

Despite closing the period with a positive cash position, the Company remained heavily reliant on a E195 million overdraft facility (2025: E135 million) to fund its operational working capital requirements. The Company's liquidity ratios had significantly deteriorated at year-end. The current ratio decreased to 1.1 times from 1.4 times in the prior year, while the acid-test ratio declined to 0.9 times from 1.2 times. These ratios indicate tightening liquidity conditions and demonstrate increasing pressure on the Company's ability to meet its short-term obligations as they fall due.



An EEC employee assisting a customer at the Lubombo Region Service Centre.

PERFORMANCE *continued*

FINANCE *continued*

Going concern

The going concern basis of accounting was found appropriate for the preparation of 2025/26 financial statements; it has considered the prevailing country's economic conditions as well as rapidly changing market dynamics within the power supply industry locally and regionally. EEC's going concern assessment is supported by the Company's strategic importance to the Kingdom of Eswatini, expected Government support, regulatory recovery mechanisms and ongoing cost-containment and financial recovery initiatives.

Notwithstanding this assessment, attention is drawn to the following material financial matters that continue to pose significant risks to the Company's financial sustainability and its ability to operate as a going concern, and which therefore require continued monitoring.

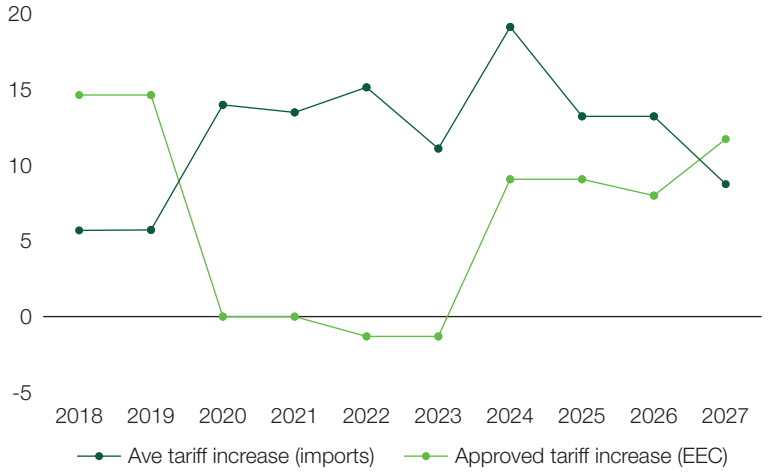
Tariff decisions

Following the tariff reopener, Eswatini Energy Regulatory Authority (ESERA) approved a revised tariff increase of 13.61% for 2026/27, which was moderated to 11.74% after Government intervention to cushion customers. Government has committed E200 million in tariff support over two years. EEC continues to engage with the regulator on progress towards more cost-reflective tariff path that appropriately balances the Company's financial sustainability with customer affordability.



Mbabane Corporate Place Service Centre

Approved tariff increase vs NTCSA increase



Power sourcing and generation

Power supply security is supported through diversified sourcing arrangements, including the renewed 10-year NTCSA agreement, regional power purchases, participation in the Southern African Power Pool and local generation initiatives. Appropriate tariff levels are critical to the long-term sustainability of the Company.

Security guarantees

The renewed NTCSA agreement now includes a condition of a security guarantee equivalent to one month's invoice (+E200 million) and held with a reputable institution. This requirement will come into effect in April 2027. The Company will need assistance from the Government to meet this requirement.



The new Manakane Depot build to help strengthen the country's electricity network and enhance customer service efficiency.

05 GOVERNANCE

79 Board of Directors
81 Committees and attendance
84 Executive management
86 Governance and sustainability
86 Audit assurance and corporate governance
86 Ethics



GOVERNANCE *continued*

BOARD OF DIRECTORS

The Company strives to uphold the principles of good corporate governance to achieve its mandates in an economically- and environmentally-sound manner, considering the needs of key stakeholders.

The Board of Directors ("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 during the year.

Executive 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. 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.

The Board actively promotes innovation within the Company. It has encouraged key technical and digital transformation initiatives such as a pilot smart metering rollout, grid monitoring through digital fault finders, installation of CCTV cameras in high theft risk areas and procurement of drones. Management remains accountable to the Board for executing innovation initiatives and governance framing around technology, strategic disruption and operational evolution at quarterly meetings.

Three Board members were appointed after the end of the financial year. The appointments are reflected as subsequent events that occurred after the financial year end date but before the approval of the financial statements.



MR. PATRICK MYENI
Chairman

First appointment:
06/04/2023 to 07/12/2025
Renewed: 08/12/2025 to 08/03/2027
Number of years served: 3
Area of expertise:
Agriculture, entrepreneurship and private sector management



MR. MPHUMUZI MAZIYA
Acting Managing Director

Date of appointment:
1 May 2026
Areas of Expertise:
Electrical Engineering and Power Systems, Energy Utility Operations, Strategic Planning and Leadership and Infrastructure Development and Capital Projects management.



MS. THANDAZILE DLAMINI
(retired on 30/05/2026)

Initial appointment:
18/03/2020
Latest and final renewal:
01/06/2024 to 30/05/2026
Number of years served: 6
Area of expertise:
Engineering and public sector management



MS. VELILE DLAMINI
(retired on 30/05/2026)

Initial appointment:
18/03/2020
Latest and final renewal:
01/06/2024 to 30/05/2026)
Number of years served: 6
Area of expertise: Electrical engineering and utility services management



HRH PRINCESS SIBAHLE

First appointment:
06/04/2021 to 05/04/2023
Latest and final renewal:
06/04/2025 to 05/04/2027
Number of years served: 5
Area of expertise:
Entrepreneurship and public sector management



MR. VUSI DLAMINI

Initial appointment:
01/06/2024 to 30/05/2026
Renewed: 08/06/2026 to 07/06/2028
Number of years served: 2
Area of expertise: Corporate finance,
financial accounting and entrepreneurship

GOVERNANCE *continued*

BOARD OF DIRECTORS *continued*



MS. HLOB'SILE NDZIMANDZE (retired on 30/05/2026)

Initial appointment: 18/03/2020
Latest and final renewal: 01/06/2024 to 30/05/2026
Number of years served: 6
Area of expertise: Law and public sector management



MR. MDUDUZI C. GINA

First appointment: 06/04/2025 to 05/04/2027
Number of years served: 1
Area of expertise: Law and trade unionism



MRS. THOKOZILE VILAKATI-JELE

First appointment: 08/09/2025 to 07/09/2027
Number of years served: 1
Area of expertise: Corporate finance, financial accounting and entrepreneurship



MR. MONGI DLAMINI

First appointment: 08/06/2026 to 07/06/2028
Area of expertise: Corporate finance and financial accounting



MS. PRIMROSE DLAMINI

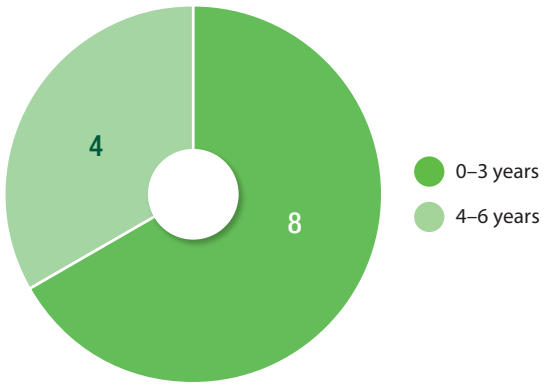
First appointment: 08/06/2026 to 07/06/2028
Area of expertise: Financial accounting and public sector management



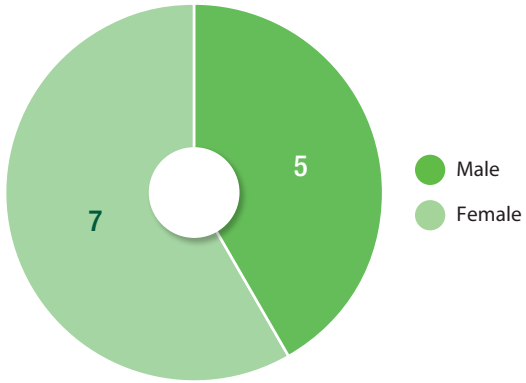
MS. CANDICE STROMVIG

First appointment: 08/06/2026 to 07/06/2028
Area of expertise: Engineering and public sector management

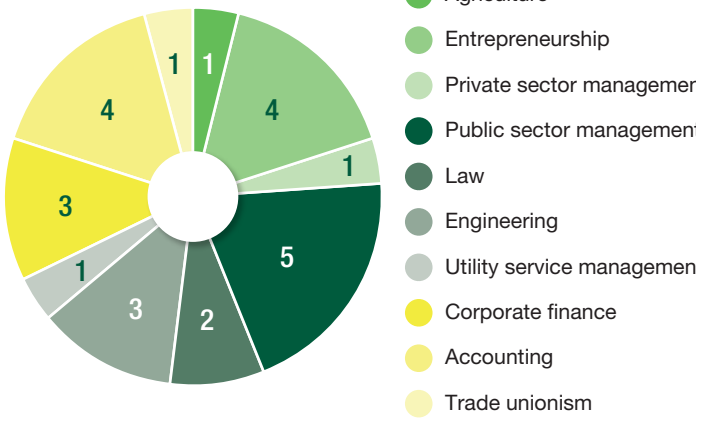
Tenure



Gender



Skills



GOVERNANCE *continued*

COMMITTEES AND 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 below, with "C" indicating the Committee Chairperson and "R" indicating retirement during the year.

Committee	Members' names	Meetings and attendance 24/04/2025	24/07/2025	23/10/2025	27/01/2026	Important items discussed
Finance Committee **Mandate:** Oversee the establishment and monitoring of financial, banking and cashflow, insurance, acquisition and divesture management.	Mr. Vusi Dlamini – C	✓	✓	✗	✓	• Quarterly management accounts • Cash management • Public enterprise unit (PEU) report
	Mr. Mduduzi Gina	✓	✓	✓	✓	
	Ms. Velile Dlamini – R	✓	✓	✓	✓	
	Ms. Thandazile Dlamini – R	✓	✓	✓	✓	
	Mrs. Thokozile Vilakati-Jele	-	-	✓	✓	
	Mr. Mongi Dlamini	New member appointed on 08/06/2026				
	Ms. Candice Stromvig	New member appointed on 08/06/2026				

Committee	Members' names	Meetings and attendance 24/04/2025	24/07/2025	23/10/2025	27/01/2026	Important items discussed
Audit and Risk Committee (ARC) **Mandate: Amongst other matters, oversee risk management, external and internal audit, combined assurance efficacy of internal controls, as well as financial and integrated reporting.**	Ms. Hlob'sile Ndimandze – C, R	✓	✓	✓	✓	• Top 10 and emerging Company risks • IT risk management • Internal controls and combined assurance
	Mr. Vusi Dlamini	✓	✓	✓	✓	
	HRH Princess Sibahle (ceased being a member in October 2025)	✓	✗	✗	✗	
	Ms. Velile Dlamini – R	✓	✗	✗	✓	
	Mr. Mduduzi Gina	✓	✓	✓	✗	
	Mrs. Thokozile Vilakati-Jele – C from January 2026	-	-	✓	✓	
	Mr. Mongi Dlamini	New member appointed on 08/06/2026				
	Ms. Primrose Dlamini	New member appointed on 08/06/2026				

GOVERNANCE *continued*

COMMITTEES AND ATTENDANCE *continued*

Committee	Members' names	Meetings and attendance 22/04/2025	22/07/2025	21/10/2025	29/01/2026	20/03/2026	Important items discussed
Remuneration Committee (REMCO) **Mandate:** Amongst other matters, oversee the establishment and monitoring of Human capital development, performance and remuneration.	Ms. Hlob'sile Ndimandze – C, R	✓	×	✓	✓	✓	• Contract renewals and remuneration • Human capital development and wellness • Human capital performance and corporate performance
	Mr. Vusi Dlamini	✓	✓	✓	–	–	
	Ms. Thandazile Dlamini – R	✓	✓	✓	–	–	
	Mrs. Thokozile Vilakati-Jele	–	–	✓	✓	✓	
	Mr. Mduduzi Gina	✓	×	✓	✓	✓	
	HRH Princess Sibahle	–	–	–	✓	✓	
	Ms. Primrose Dlamini	New member appointed on 08/06/2026					

Committee	Members' names	Meetings and attendance 22/04/2025	22/07/2025	21/10/2025	29/01/2026	Important items discussed
Social and Ethics Committee **Mandate:** Oversee and monitor the establishment of an appropriate ethical and equality culture, prevention of corruption and ensuring that EEC is an exemplary corporate citizen.	Ms. Velile Dlamini – C, R	✓	✓	✓	×	• Approve and Monitor CSI initiatives • Monitor procurement activities • Monitor ethical culture • stakeholder management
	Ms. Hlob'sile Ndzimandze – R	✓	✓	✓	×	
	HRH Princess Sibahle – C from January 2026	×	×	✓	✓	
	Ms. Thandazile Dlamini – R	✓	✓	×	✓	
	Mr. Mduduzi Gina	✓	✓	×	✓	
	Ms. Primrose Dlamini	New member appointed on 08/06/2026				
	Ms. Candice Stromvig	New member appointed on 08/06/2026				

GOVERNANCE *continued*

COMMITTEES AND ATTENDANCE *continued*

Committee	Members' names	Meetings and attendance 23/04/2025	23/07/2025	22/10/2025	30/01/2026	Important items discussed
Technical Committee **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.	Ms. Thandazile Dlamini – C, R	✓	✓	✓	✓	• 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
	HRH Princess Sibahle	✓	✗	✓	✓	
	Ms. Velile Dlamini – R	✓	✗	✓	✓	
	Mr. Mduduzi C. Gina	✓	✓	✓	✓	
	Mr. Vusi Dlamini	✓	✓	✓	✓	
	Ms. Primrose Dlamini	New member appointed on 08/06/2026				
	Ms. Candice Stromvig	New member appointed on 08/06/2026				

Committee	Members' names	Meetings and attendance 07/05/2025	13/06/2025	30/07/2025	30/10/2025	15/12/2025	05/02/2026	Important items discussed
Board of Directors ("the Board") **Mandate:** Amongst other matters, provide strategic direction and oversight, ensure establishment and monitor effectiveness of internal control system, ethical culture and sustainable operations.	Mr. Patrick Myeni – C	✓	✓	✓	✓	✓	✓	All matters from the Board Committees relating to: • business strategy, • operations, • finances, • risk and internal controls, • remuneration, and • corporate responsibility
	Ms. Hlob'sile Ndzimandze – R	✓	✓	✓	✓	✓	✓	
	HRH Princess Sibahle	✓	✓	✗	✓	✓	✓	
	Ms. Thandazile Dlamini – R	✓	✓	✓	✓	✗	✓	
	Ms. Velile Dlamini – R	✓	✓	✓	✓	✓	✓	
	Mr. Vusi Dlamini	✓	✓	✓	✓	✓	✓	
	Mr. Mduduzi C. Gina	✓	✓	✓	✓	✓	✓	
	Mrs. Thokozile Vilakati-Jele	✗	✗	✗	✓	✓	✓	
	Mr. Mongi Dlamini	New member appointed on 08/06/2026						
	Ms. Primrose Dlamini	New member appointed on 08/06/2026						
	Ms. Candice Stromvig	New member appointed on 08/06/2026						

GOVERNANCE *continued*

EXECUTIVE MANAGEMENT



MR. MPHUMUZI MAZIYA
Acting Managing Director
General Manager, Research and Development

Date of appointment:
1 March 2022
Qualifications:

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

RESPONSIBILITIES:
Research and development, innovation, system planning and project management, network and generation expansion



MS. NONCEDO MAMBA
General Manager, Corporate Services

Date of appointment: 6 July 2015
Qualifications:

- BCom Management Sciences – University of Eswatini, Eswatini
- Leadership Development Programme – GIBS, South Africa
- Certified Global Remuneration Practitioner – GRP
- Leading Change (LCOR) – Harvard Member IPM (SA) and (SD)

RESPONSIBILITIES:
Facilities management, human capital management and development and employee relations



MR. THABISO MASINA
Legal Counsel & Company Secretary

Date of appointment:
1 February 2021
Qualifications:

- 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 - BCOM (Accounting and Finance) - University of Eswatini

RESPONSIBILITIES:
Legal, compliance and Company secretaryship



MR. PATRICK MATHUNJWA
General Manager, Finance

Date of appointment:
17 September 2018
Qualifications:

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

RESPONSIBILITIES:
Finance, information technology and procurement

GOVERNANCE *continued*

EXECUTIVE MANAGEMENT *continued*



MR. VUSIE GAMA
General Manager, Operations

Date of appointment:
11 June 2018
Qualifications:

- MBA – GIBS, South Africa
- BSc Electrical Engineering – University of Cape Town, South Africa
- BSc Physics and Maths – University of Eswatini, Eswatini
- Executive Development Programme – INSEAD, France
- Generative AI - Harvard Business School

RESPONSIBILITIES:
System operations, generation, transmission and distribution



MR. BHEKI MOTSA
General Manager, Support Services

Date of appointment:
1 March 2022
Qualifications:

- PGD Business Management – University of KwaZulu-Natal, South Africa
- Programme in Association of Accounting Technician – University of Eswatini, Eswatini
- MBA – UNISA, South Africa
- Member of the CIPS Chartered Institute of Purchasing & Supply

RESPONSIBILITIES:
SHERQ management, GIS and survey, fleet management and outsourced service



MS. ELIZABETH MABUZA
Head of Internal Audit

Date of appointment:
07 December 2012
Qualifications:

- MBA – GIBS, South Africa
- BCom Accounting – University of Eswatini, 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. JAMES MABUNDZA
General Manager, Customer Services

Date of appointment:
1 March 2022
Qualifications:

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

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

GOVERNANCE AND SUSTAINABILITY

Audit assurance and corporate governance

Audit assurance and consulting services

Internal Audit at EEC provided audit assurance services based on a risk-based annual audit plan approved by the ARC in line with the principles of good corporate governance of King III and IV and internal auditing standards for professional practice. The plan was aligned to the Vutsela 2022–2027 Strategy to ensure the Company remains sustainable, provides affordable energy and delivers excellent services to the customers, in line with the vision, mission and values. All findings from internal and external auditors are tracked and reported on using computer-assisted audit techniques (CAATs).

Consultancy services are usually budgeted at 10% of productive hours. During the year, they were based mainly on incidents reported on the fraud hotline (8009010), hosted outside Eswatini for anonymity, and other platforms that required the attention of the audit function and other assurance providers, where required. While risk-based audits are conducted and consider any inherent fraud risks, a fraud incident materialised during the last quarter of the financial year and is detailed in the ethics section.

The plan execution was at 87%, against a target of 80%, including consultancy audits and one collaborative audit on the integrated management systems (IMS). The outcomes of controls were as follows:

Controls rating	Rating score (%)	Number of audits
Deficient and requires immediate action	0 to 50	7
Unsatisfactory	51 to 60	4
Satisfactory	61 to 70	5
Good to excellent	71 to 100	11

Corporate governance and remuneration

The Company actively goes beyond statutory compliance through its voluntary adoption and alignment with the King IV Code on Corporate Governance. Beyond baseline legislative compliance of the Eswatini Electricity Company Act, Public Enterprises Unit Act and Companies Act, EEC has dedicated Board Committees, such as the Remuneration Committee (REMCO) and the Audit and Risk Committee (ARC), maintenance of a whistle-blowing line through an independent external third party, structured ethics oversight, corporate social investment (CSI), comprehensive stakeholder engagement mechanisms and integrated reporting alignment.

The ARC continued to provide the oversight role over information technology (IT) governance, enterprise risk management (ERM) and activities of both internal and external auditors, to ensure the strategy-driven sustainability of the Company.

Management ensures that associated risks are effectively mitigated at strategic and key operational levels and conducts thorough performance monitoring and reviews, aligned to the corporate scorecard. Internal Audit provided quarterly assurance reports to the ARC on adequacy and effectiveness of the controls and other consultancy services that will result in controls improvement in achieving the Company's goals in fulfilling its mandates.

As a Category A Public Enterprise, EEC operates within a statutory framework where executive and Non-Executive Director remuneration bands and allowances are determined by the Public Enterprises Unit (PEU) under the Ministry of Finance pursuant to the Public Enterprises Unit (PEU) Act. Consequently, the Remuneration Committee (REMCO) does not possess statutory authority to independently establish or alter basic remuneration bands or fixed incentive frameworks for the Board and EXCO. Within these statutory boundaries, REMCO's mandate focuses on oversight of organisational performance management systems, general staff welfare, human resource policy implementation and alignment of institutional performance goals with value creation.

Ethics

As per leadership's stance on zero tolerance to fraud and corruption, reported incidents are investigated. Recommendations for corrective action are provided to management, where allegations were confirmed positive. There was a significant increase in reporting activity on the 8009010 platform during the year. At the end of the financial year, all incidents were either at the investigation stage or complete with action taken.

During the last quarter of the financial year, audit resources were diverted from the plan to embark on a fraud case reported on social media. The case involved an EEC employee, resigned at the inception of the investigation, working with a security personnel member from a security company engaged by EEC to provide security services. The matter arose from complaints from nine would-be customers who paid around E60 000 in connection application fees to the security personnel working with the former EEC employee, believing they would get the electricity connection supply. However, the money was never submitted to EEC. Discussions with the victims revealed that they were convinced through calls by the security personnel, who was close to neighbours already connected by paying to him directly.

Preliminary investigations indicated that EEC experienced a revenue loss of over E800 000. The matter is being handled in line with Company policies and laws of the country regarding perpetrators and illegal beneficiaries, either financially or through illegal electricity supply. Based on the learnings from how this fraud was perpetrated in the Nhlangano workstation, leadership resolved that a Company-wide sweep on quotations to connections should be embarked upon by Internal Audit at EEC from the first quarter of FY 2026/27. This will be to ascertain if such is being practised Company-wide, at the loss of Company revenue and other resources, as well as negative impacts to customers.



EEC Board and Management during the ISO re-certification on ISO 9001:2015 (Quality Management), ISO 14001:2015 (Environmental Management), and ISO 45001:2018 (Occupational Health and Safety Management) systems.

06 FINANCIAL STATEMENTS



89 Director's responsibility statement

89 Approval of the financial statements

90 Independent Auditors' report

90 Opinion

90 Basis for opinion

90 Other information

90 Responsibilities of the Directors for the Financial Statements

90 Auditors' Responsibilities for the Audit of the Financial Statements

92 Directors' report

96 Statement of comprehensive income

97 Statement of financial position

99 Statement of changes in equity

100 Statement of cash flows

Unaudited information for discussion purposes only

169 Re-formatted income statement



FINANCIAL STATEMENTS *continued*

DIRECTOR'S RESPONSIBILITY STATEMENT

FOR THE YEAR ENDED 31 MARCH 2026

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 2026, the statement 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 28 July 2026 and are signed on its behalf by:



Director



Director

FINANCIAL STATEMENTS *continued*

INDEPENDENT AUDITORS' REPORT

To the shareholder of Eswatini Electricity Company Limited

Opinion

We have audited the financial statements of the Eswatini Electricity Company Limited (the Company), which comprise the Director's report the statement of financial position as at 31 March 2026, the statement 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 summary of material accounting policies as set out on pages 92 to 169.

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 2026, 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.

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.

INDEPENDENT AUDITOR'S REPORT *continued*

Auditors' Responsibilities for the Audit of the Financial Statements *continued*

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 2026

FINANCIAL STATEMENTS *continued*

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2026

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

In a bid to improve the Company's performance following the downward trend noted in previous years, the EEC applied for a tariff increase of 25% for the financial year 2025/26. However, the Company was granted an average tariff increase of 8% for 2025/26, compared to the 13.24% tariff increase implemented by EEC's major electricity supplier, the National Transmission Company South Africa (NTCSA). For the 2026/27 financial year, the Eswatini Energy Regulatory Authority (ESERA) approved an average tariff increase of 13.61%, which was subsequently revised to 11.74% following Government intervention to cushion customers.

The EEC continues to rely heavily on imported power to service local demand and was faced with the task of managing and containing import costs. The 25-year power purchase agreement between NTCSA, a subsidiary of Eskom Ltd, came to an end in September 2025. The EEC renegotiated the agreement for a further 10 years. The new agreement introduced a revised pricing framework intended to eliminate seasonal pricing by averaging high- and low-season prices. However, because the new agreement came into effect after the June to August high season, the Company had already incurred the high-season costs, resulting in higher costs being incurred during the financial year. The new agreement also required a payment guarantee equivalent to one month's bill.

The year experienced improved rainfall patterns compared to the prior year, resulting in improved trading opportunities on the Southern African Power Pool (SAPP) market. This, together with increased local generation, enabled the EEC to achieve some savings on the overall import costs. However, due to the disparity between the approved selling tariff and the cost of power, the EEC was unable to fully recover these costs, resulting in a gross loss margin of 0.6%, compared to a gross profit margin of 4.9% in 2025. Consequently, the EEC closed the financial year ended 31 March 2026 with a net loss of E231 million (2025: E80 million) and an operating loss of E406 million (2025: E247 million).

During the year, the Company continued with the rehabilitation of the Edwaleni Ferreira Canal, which curtailed the generation capacity of the Edwaleni generation station. However, Maguga and Ezulwini hydro stations recorded fair generation capacity as a result of satisfactory rainfall received during the year.

The Day Ahead Market (DAM) power trading platform recorded improved performance as drought conditions subsided. Energy purchases for the year increased to 113 GWh from 49 GWh. Electricidade de Moçambique (EDM) purchases continued to be capped at 5 MW in a bid to contain costs. This measure aligns with ongoing efforts to optimise operational efficiency and manage costs. The Company was also able to successfully negotiate an extension of the Ubombo Sugar Limited (USL) Power Purchase Agreement for a further 20 years, which will also include additional capacity up to a maximum of 40 MW.

The Company closed the financial year with a positive cash balance of E70 million, increasing by 150% from the prior year balance of E28 million. However, this increase did not necessarily arise from improved operations but resulted from disinvesting from short-term investments in order to meet current obligations.

To ensure financial sustainability and growth, the Company continues to intensify its drive to implement cost containment initiatives within its operations. The Company has launched a turnaround strategy that seeks to control operational costs without compromising the quality of supply and service to its customers, while also exploring new revenue streams that can contribute positively to financial performance. The Company also progressed with the implementation of strategic initiatives aimed at improving the stability and reliability of supply.

EEC maintains good corporate governance by promoting a clean and safe environment. The Company also celebrated Earth Hour, during which the public and other stakeholders were educated on how to manage and conserve electricity.

Revenue and expenditure

Electricity sales turnover for the period under review amounted to E3.2 billion, compared to the prior year figure of E2.9 billion. This can be attributed to the tariff increase award of 8% for the 2025/26 financial year. We also noted a slight increase in energy sold during the year resulting from increased demand from customers. The EEC continues to face challenges in securing new commercial customers, reflecting slow economic growth in the country. Some commercial customers are also opting to provide their own generation through solar solutions, further putting pressure on EEC's growth. Actual energy sold during the year was 1 195 GWh (2025: 1 181 GWh), representing an increase in energy sales of 1.2%.

FINANCIAL STATEMENTS *continued*

DIRECTORS' REPORT *continued*

FOR THE YEAR ENDED 31 MARCH 2026

Cost of sales for the year was E3.3 billion (2025: E2.9 billion). The increase in cost of sales was attributable to higher import tariffs, with the major supplier, NTCSA, increasing tariffs by 13.24% from April to August 2025. Subsequent to August 2025, the new power purchase agreement with NTCSA came into effect with a revised pricing framework, which was not favourable to the EEC at the time, as it came into effect just after the high season, therefore eliminating the benefit of averaging tariffs for eliminating seasonality during the year. There was also an increase in purchases made on the SAPP market following improved weather patterns in the region, which resulted in increased supply from hydro generation. Increased SAPP trading contributed positively to curtailing total power purchase costs.

3. Technical performance

Based on an energy balance loss ratio, internal generation by the Company for the year stood at 346 GWh representing 25% of total units consumed; an increase of 23.1% from the 281 GWh from the previous year. The Company's total electricity imports were 1 032 GWh (2025: 1 084 GWh – Revised). The total cost of these power purchases was E2 494 million (2025: E2 096 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 renegotiated NTCSA agreement coming effect just after the high season meant the benefit of the new pricing framework of averaging the annual prices could not be realised but instead ended being more expensive for the EEC.

Total units consumed during the period were 1 378 GWh (2025: 1 366 GWh) and units sold were 1 195 GWh (2025: 1 181 GWh) resulting in system losses of 13.28% (2025: 13.54%). Management continues to focus on reducing system losses as a means to improving.

4. Capital expenditure

The total cost incurred on capital projects during the year amounted to E346 million (2025: E 801 million). Most of the capital projects were to improve the transmission and distribution networks under the Network Reinforcement Access Project (NRAP) in the Shiselweni region.

5. Cash flow for the year

Cash and cash equivalents at the end of the financial year increased to E70 million from E28 million in the previous year. This was mainly due to the disinvestment of short-term investment to meet current obligations.

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$ 7.2 million or E125 million (2025: US$4.8 million or E89 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 of 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 million (refer to note 18) made up of 433 493 841 shares of E1 each.

9. Dividend

The company declared a dividend of ENil for the 2026 financial year (2025: ENil).

FINANCIAL STATEMENTS *continued*

DIRECTORS' REPORT *continued*

FOR THE YEAR ENDED 31 MARCH 2026

10. Subsequent events

The MOTRACO joint venture agreement, which had lapsed on 31 December 2025, had been extended by six months to 30 June 2026. The joint venture was further granted an 18-month extension by the Shareholder during a meeting held on 25 May 2026, the agreement will now lapse on 31 December 2027.

11. Going concern

The Directors have assessed the Company's ability to continue as a going concern and have concluded that the going concern basis remains appropriate for the preparation of the financial statements. The assessment considered the Company's financial performance, liquidity position, tariff environment, power supply arrangements and other relevant risks for the foreseeable future.

The Company continued to operate in a challenging environment, affected by tariff under-recoveries, rising electricity import costs and inflationary pressures. For the year ended 31 March 2026, the Company incurred a net loss of E231 million and an operating loss of E406 million. Management continues to implement cost containment, working capital management and operational efficiency measures to preserve liquidity and sustain operations.

Tariff support and regulatory recovery mechanisms remain key mitigating factors. Following the tariff reopener, ESERA approved a revised tariff increase of 13.61% for 2026/27, which was moderated to 11.74% after Government intervention to cushion customers. Government has committed E200 million in tariff support over two years, and management continues to engage with the regulator on progress toward cost-reflective tariffs.

Power supply is supported by diversified sourcing arrangements, including the renewed 10-year agreement with NTCSA, ongoing regional power arrangements, increased participation in the Southern African Power Pool and local generation initiatives. Strategic generation projects are also expected to strengthen local capacity and reduce reliance on imported power over time.

While material uncertainty exists due to liquidity pressures, revenue under-recovery and the mismatch between approved tariffs and the Company's cost base, the Directors have a reasonable expectation that the Company will continue operating for the foreseeable future, supported by Government intervention, regulatory recovery mechanisms, cost management initiatives, secure power supply arrangements and the strategic importance of the Company to Eswatini. Accordingly, the Directors believe that the going concern basis remains appropriate for the year ended 31 March 2026.

12. Management commentary on internal control deficiencies

Management maintains a zero-tolerance approach to fraud and remains committed to upholding high standards of governance, ethics, and internal control. During the year, instances of suspected fraud and control breaches were brought to management's attention. These matters are currently under investigation in accordance with the Company's established policies and procedures, and appropriate disciplinary, legal, and corrective actions will be taken where wrongdoing is confirmed. Management is also implementing measures to strengthen internal controls and address any weaknesses identified through the investigation process.

13. Directors

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

Non-Executive Directors

Chairperson	Appointed
Patrick Myeni	07 April 2023 - 08 March 2027 (Reappointed)

Directors

HRH Princess Sibahle	07 April 2023 to 05 April 2027 (Reappointed)
Ms. Hlobsile Ndzimandze	01 June 2024 to 31 May 2026
Ms. Velile Dlamini	01 June 2024 to 31 May 2026
Ms. Thandazile Dlamini	01 June 2024 to 31 May 2026
Mr. Vusi H. Dlamini	06 June 2024 to 07 June 2028 (Reappointed)
Mr. Mduduzi C. Gina	06 April 2025 to 05 April 2027
Ms. Thokozile Vilakati-Jele	08 September 2025 to 07 September 2027
Ms. Candy Stromvig	08 June 2026 to 07 June 2028 (Appointed)
Ms. Primrose Dlamini	08 June 2026 to 07 June 2028 (Appointed)
Mr. Mongi Dlamini	08 June 2026 to 07 June 2028 (Appointed)

FINANCIAL STATEMENTS *continued*

DIRECTORS' REPORT *continued*

FOR THE YEAR ENDED 31 MARCH 2026

13. Directors *continued*

Executive Director

Managing Director	
Mr. Ernest S. Mkhonta	01 November 2021 to 30 April 2026
Mr. Mphumuzi Maziya (Acting)	01 May 2026
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

16. Auditors

The auditors of the company are:

SNG Grant Thornton Chartered Accountants (Eswatini)

Business address

Umkhiwa House
Kal Grant Street
Mbabane
Eswatini

Postal address

P O Box 331
Mbabane
H100
Eswatini

FINANCIAL STATEMENTS *continued*

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2026

	Notes	2026 E	2025 E
Revenue from contracts with customers	4	**3 304 352 987**	3 058 134 907
Cost of sales	5	**(3 324 872 430)**	(2 909 286 234)
Gross profit/(loss)		**(20 519 443)**	148 848 673
Other income	6	**55 589 362**	50 145 418
Expenses and net impairment gains/(loss)	7	**(440 179 656)**	(442 773 020)
Net impairment gains/ (losses) on financial assets		**1 078 266**	13 991 424
Administrative expenses		**(441 257 922)**	(456 764 444)
Other (losses) and gains	8	**(647 786)**	(3 444 394)
Operating loss		**(405 757 523)**	(247 223 323)
Net finance costs	9	**(63 583 874)**	(14 253 455)
Finance costs	9	**(77 660 985)**	(34 193 519)
Finance income	9	**14 077 111**	19 940 064
Share of profit of joint venture	12	**97 922 359**	100 981 728
Loss before income tax		**(371 419 038)**	(160 495 050)
Income tax credit/(charge)	10	**140 326 407**	80 126 842
Loss for the year		**(231 092 631)**	(80 368 208)
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Foreign exchange gains/(losses) on translation of foreign joint venture	13	**(27 841 001)**	820 910
Income tax relating to these items	10	**5 568 200**	(164 182)
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit asset	17	**(674 536)**	2 423 886
Income tax relating to these items	10	**168 634**	(605 972)
Other comprehensive (loss)/ income for the year – net of tax		**(22 778 703)**	2 474 642
Total comprehensive loss for the year		**(253 871 334)**	(77 893 566)

FINANCIAL STATEMENTS *continued*

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2026

	Notes	2026 E	2025 E
ASSETS			
Non-current assets			
Property, plant and equipment	11	**5 055 371 245**	4 974 070 082
Right-of-use asset	11.1	**2 921 045**	4 165 766
Intangible assets	11.2	**23 181 701**	8 880 258
Investment in joint venture	12	**378 645 307**	465 379 649
Retirement benefit asset	17	**3 393 669**	3 905 517
Embedded derivative asset	23(d)	**–**	6 757 783
Deferred income tax assets	20.2	**17 349 276**	–
		5 480 862 243	5 463 159 055
Current assets			
Inventories	16	**147 451 152**	127 479 428
Trade and other receivables	14.1	**564 511 223**	472 745 507
USL electricity prepayment	15	**–**	10 000 000
Current income tax assets	20.1	**–**	281 657 929
Financial assets	14.7	**3 003 175**	135 884 529
Embedded derivative asset	23(d)	**2 102 970**	–
Restricted cash	14.2	**68 454 683**	57 396 641
Cash and cash equivalents	14.3	**70 436 940**	27 979 296
		855 960 143	1 113 143 330
Total assets		**6 336 822 386**	6 576 302 385
Equity and liabilities			
Equity attributable to owners of the company			
Ordinary shares	18	**433 493 841**	433 493 841
Foreign currency translation reserves	13	**214 325 924**	236 598 725
Retained earnings		**3 030 578 823**	3 262 177 356
		3 678 398 588	3 932 269 922

FINANCIAL STATEMENTS *continued*

STATEMENT OF FINANCIAL POSITION *continued*

AS AT 31 MARCH 2026

	Notes	2026 E	2025 E
LIABILITIES			
Non-current liabilities			
Deferred grant income	19.1	**969 344 881**	789 935 441
Other deferred income	19.2	**68 454 683**	57 396 641
Borrowings	14.5	**831 956 412**	868 512 835
Lease liability	14.6	**1 749 671**	3 057 025
Deferred income tax liabilities	20.2	**–**	128 713 965
		1 871 505 647	1 847 615 907
Current liabilities			
Borrowings	14.5	**61 395 068**	45 641 736
Lease liability	14.6	**1 717 258**	1 534 172
Trade and other payables	14.4	**678 232 393**	692 005 467
Provisions for employee benefits	21	**10 653 128**	9 331 008
Contract liabilities	19.3	**34 920 304**	47 904 173
		786 918 151	796 416 556
Total liabilities		**2 658 423 798**	2 644 032 463
Total equity and liabilities		**6 336 822 386**	6 576 302 385

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2026

	Share Capital E	Foreign exchange translation reserves E	Retained earnings E	Total E
Balance at 1 April 2025	**433 493 841**	**236 598 725**	**3 262 177 356**	**3 932 269 922**
Total comprehensive loss for the year	**–**	**(22 272 801)**	**(231 598 533)**	**(253 871 334)**
Loss for the year	**–**	**–**	**(231 092 631)**	**(231 092 631)**
Other comprehensive income for the year	**–**	**(22 272 801)**	**(505 902)**	**(22 778 703)**
Balance at 31 March 2026	**433 493 841**	**214 325 924**	**3 030 578 823**	**3 678 398 588**
	Note 18	**Note 13**		
Balance at 1 April 2024	433 493 841	235 941 997	3 340 727 650	4 010 163 488
Total comprehensive loss 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		

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2026

	Notes	2026 E	2025 E
Cash flows from operating activities			
Cash generated by operations	22	**133 986 786**	86 412 484
Interest received	9	**14 077 111**	19 940 064
Interest paid	9.1	**(70 543 395)**	(34 193 519)
Net cash generated from operating activities		**77 520 502**	72 159 029
Cash flows from investing activities			
Additions to property, plant and equipment	11	**(346 406 377)**	(800 989 623)
Proceeds from disposal of property, plant and equipment		**2 492 250**	–
Additions to investments	14.7	**(10 000 000)**	(101 172 780)
Proceeds from disposal of investments	14.7	**144 420 920**	70 000 000
Grants received		**66 511 190**	150 682 611
Dividends received from Motraco Joint Venture	12	**125 452 560**	88 718 880
Net cash utilised in investing activities		**(17 529 457)**	(592 760 912)
Cash flows from financing activities			
Proceeds from borrowings	22.1	**30 206 608**	346 151 399
Repayment of borrowings	22.1	**(45 751 365)**	(51 044 826)
Payment of lease liability	14.6	**(1 988 644)**	(1 900 249)
Proceeds from/ (utilised in) other assets		**–**	124 267 340
Dividends paid	18.1	**–**	–
Net cash inflows/(outflows) from financing activities		**(17 533 401)**	417 473 664
Net increase/(decrease) in cash and cash equivalents		**42 457 644**	(103 128 219)
Cash and cash equivalents at beginning of the year		**27 979 296**	131 107 515
Cash and cash equivalents at end of the year	14.3	**70 436 940**	27 979 296

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2026

1. BASIS OF PREPARATION

1.1 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 28 July 2026.

(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 Emalangeni 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, amendments to accounting standards and interpretations have been issued but are not yet effective for the financial year ended 31 March 2026 and have not been early adopted by the Company.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *continued*

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:

- 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.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

2. MATERIAL ACCOUNTING POLICIES *continued*

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 "Emalangeni" (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. Monetary assets and liabilities denominated in foreign currencies are translated at the reporting date using the closing exchange rate. Foreign exchange gains and losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities are recognised in profit or loss, except for exchange differences arising on the translation of the foreign joint venture, which are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

(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
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
Intangible assets	3 years
Motor vehicles	5 years
Office furniture and equipment	10 years

The costs of improvements to leasehold buildings are written off over the lesser of the periods of the leases or their useful lives. The useful lives of certain motor vehicles were extended by three years, as these assets continued to operate beyond their originally estimated useful lives. Similarly, the useful lives of certain computer equipment were extended by two years. These revisions were based on observed historical performance of comparable assets, considering maintenance records, past utilisation, and the duration for which similar assets have remained operational beyond their initial estimates.

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.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

2. MATERIAL ACCOUNTING POLICIES *continued*

2.5 Intangible assets

Intangible assets comprise computer software, licences and related system development costs that are identifiable assets without physical substance. Intangible assets are recognised at cost when it is probable that future economic benefits attributable to the asset will flow to the company and the cost can be measured reliably. Costs directly attributable to acquiring, developing and preparing the asset for its intended use are capitalised. Development costs that meet the recognition criteria are capitalised, while research, maintenance and support costs are expensed as incurred. Intangible assets are subsequently measured at cost less accumulated amortisation and accumulated impairment losses

2.6 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.

2.7 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.

2.8 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 FVPL. 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 2026

2. MATERIAL ACCOUNTING POLICIES *continued*

2.8 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 2026

2. MATERIAL ACCOUNTING POLICIES *continued*

2.9 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.

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 2026

2. MATERIAL ACCOUNTING POLICIES *continued*

2.12 Taxation *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.

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.

2.15 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.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

2. MATERIAL ACCOUNTING POLICIES *continued*

2.15 Employee benefits *continued*

(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.

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 reliable 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.

2.16 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.

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.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

2. MATERIAL ACCOUNTING POLICIES *continued*

2.17 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.

2.18 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 2026 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:

a) whether a host contract exists;

b) 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

c) 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.

2.19 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.

2.20 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 2026

2. MATERIAL ACCOUNTING POLICIES *continued*

2.20 Grants received *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 judgements 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 judgement 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 judgements 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 2026.

Maturity date

The maturity date of the electricity wheeling agreement is 30 June 2026.

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 financial instruments

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 financial instruments have been determined based on discount cash inflows. These calculations require the use of estimates *(Note 23(b))*.

(d) Depreciation, amortisation and useful lives

The Company charges depreciation and amortisation as an expense on items of property, plant and equipment *(Note 11)* and intangible assets *(Note 11.2)* based on the useful lives of the different items of property, plant and equipment and intangible assets. The useful lives are management's best estimates. Management reviews the useful lives of assets on an annual basis. During the current year, management revised the estimated useful lives of certain motor vehicles and computer equipment following an assessment of their continued performance beyond initial expectations.

(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.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *continued*

(f) IFRS 16 – Determination of the discount rate

Where the interest rate implicit in a lease is not readily determinable, the company uses its incremental borrowing rate to measure lease liabilities in accordance with IFRS 16. Management has determined the incremental borrowing rate with reference to the prevailing prime lending rate at the commencement date of the lease. The determination of the discount rate requires judgement and may have a material impact on the measurement of lease liabilities and the related interest expense recognised during the lease term.

(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 27% of the March 2026 revenue is deferred; therefore, the sensitivity analysis shows the impact of a 5% change in this assumed consumption pattern. The other input variables (consumer behaviour constant with historical trends and average daily consumption rate at 3%) are assumed to be constant.

	Balance E	Effect of 5% increase on profit or loss E	Effect of 5% decrease on profit or loss E
Deferred revenue 2026			
Deferred revenue (Note 19.3)	**34 920 304**	**1 746 015**	**(1 746 015)**
Deferred revenue 2025			
Deferred revenue (Note 19.3)	47 904 173	2 395 209	(2 395 209)

(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 judgement 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 2026

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	2026 E	2025 E
Domestic and Small Commercial	**1 571 572 807**	1 444 872 562
Irrigation, Industrial, and Large Commercial	**1 624 150 271**	1 504 410 506
Other	**4 106 182**	4 539 727
Contributions from customers towards infrastructure	**104 523 727**	104 312 112
	3 304 352 987	3 058 134 907

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

	2026 E	2025 E
Revenue from sale of electricity	**3 199 829 260**	2 953 822 795
Contributions from customers towards infrastructure	**104 523 727**	104 312 112
	3 304 352 987	3 058 134 907

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 2026

5. COST OF SALES

	2026 E	2025 E
Cost of sales comprise of:		
Electricity transmission costs	**197 889 148**	195 450 348
Distribution costs	**569 172 979**	553 319 829
Electricity purchases	**2 421 831 125**	2 021 504 621
Electricity wheeling charges	**62 529 167**	64 620 956
Electricity generation cost	**63 450 011**	64 390 480
Amortisation of USL electricity prepayment	**10 000 000**	10 000 000
	3 324 872 430	2 909 286 234

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

5.1 Distribution costs

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

5.2 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.

5.3 Electricity wheeling charges

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

5.4 Electricity generation cost

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

5.5 Electricity transmission cost

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

5.6 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.

5.7 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. Cost of sales for the current year includes non-refundable indirect taxes of E80 million, primarily relating to import input VAT, following a tax ruling which resulted in the input VAT recovery changing from 100% to 73%.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

6. OTHER INCOME

	Notes	2026 E	2025 E
Rental income		**3 414 444**	3 348 634
Profit on sale of scrap		**1 070 687**	1 509 976
Profit on disposal of fixed assets		**2 492 250**	–
Bad debt recovery		**26 467**	1 879 801
Reconnection fees		**5 003 305**	4 593 277
Other items (i)		**16 941 555**	13 737 106
Tampering charges		**788 024**	983 323
Tender fees		**114 003**	101 043
Grant income	6.1	**25 738 627**	23 992 258
		55 589 362	50 145 418
Grant income			
Grants realised during the year	19.1	**25 738 627**	23 992 258
		25 738 627	23 992 258

(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.

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 19.1)* 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 2026

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.

	Notes	2026 E	2025 E
Auditors’ remuneration	7.1	**1 067 605**	1 031 121
Depreciation and amortisation	7.2	**30 161 352**	29 997 006
Net impairment charges on electricity receivable and other receivables (Note 23(b))		**(1 078 266)**	(13 991 424)
Director expenses		**1 504 896**	1 417 231
Motor vehicle expenses		**6 330 939**	6 736 949
Repairs and maintenance		**9 814 312**	8 956 618
Travelling and disbursements expenses		**9 540 659**	10 157 250
Employee benefit expense	7.3	**142 873 061**	134 180 129
Third party vendors commission		**19 837 724**	19 250 386
Insurance		**1 691 690**	1 851 884
Value added tax and non-refundable foreign taxes paid		**91 853 304**	49 888 122
Licence fees		**51 837 505**	53 948 311
Staff training and welfare		**15 293 923**	16 892 067
Management fees		**3 036 741**	19 161 161
Consulting fees		**8 919 534**	42 483 069
Other expenses		**47 494 677**	60 813 140
Total administrative and net impairment expenses		**440 179 656**	442 773 020

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

7. MATERIAL OTHER EXPENSE ITEMS *continued*

7.1 Auditor's remuneration

	2026 E	2025 E
Auditor's remuneration	**1 067 605**	1 031 121

7.2 Depreciation and amortisation (Note 11)

	Notes	2026 E	2025 E
Depreciation and amortisation	11	**250 803 771**	242 709 391
Included in cost of sales		**220 642 419**	212 712 385
Included in administrative expenses		**30 161 352**	29 997 006

7.3 Employee benefit expense

	2026 E	2025 E
Employee benefit expense	**421 797 446**	404 623 255
Included in cost of sales	**278 924 385**	270 443 126
Included in administrative expenses	**142 873 061**	134 180 129

8. OTHER (LOSSES)/ GAINS

	Notes	2026 E	2025 E
Fair value gains – Embedded derivative	23(d)	**(4 654 813)**	2 619 056
Electricity wheeling agreement embedded derivative	23(d)	**(4 654 813)**	2 619 056
Net foreign exchange losses - foreign transactions		**(1 251 307)**	(3 202 905)
Net foreign exchange (losses)/ gains on foreign loans	14.5(i)	**5 258 334**	(2 860 545)
Net losses		**(647 786)**	(3 444 394)

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

9. FINANCE AND INCOME

	2026 E	2025 E
Finance costs	**(77 660 985)**	(34 193 519)
Interest – Bank overdraft	**(7 777 657)**	(3 200 558)
Interest – Other foreign currency denominated loans	**(16 990 061)**	–
Interest – Local currency denominated loans	**(52 457 333)**	(30 409 441)
Interest – Lease liability	**(435 934)**	(583 520)
Finance income	**14 077 111**	19 940 064
Interest on short term bank deposits	**10 687 865**	12 500 307
Interest on accounts receivable	**3 389 246**	7 439 757
Finance costs - net	**(63 583 874)**	(14 253 455)

9.1 Reconciliation of finance costs to interest paid

	2026 E	2025 E
Finance costs recognised in profit or loss	**77 660 985**	34 193 519
Less: Expense provision (non-cash) included in finance costs	**(7 117 590)**	–
Interest paid per statement of cash flows	**70 543 395**	34 193 519

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.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

10. INCOME TAX EXPENSE

The statutory tax rate of 25% (2025: 25%) was used to calculate the current tax charge and deferred tax calculation.

	Notes	2026 E	2025 E
Current tax – Kingdom of Eswatini normal taxation	20.1	–	–
Adjustment relating to prior years	20.1	–	34 664 246
Deferred tax – current year		**(140 326 407)**	(114 791 088)
Increase in deferred tax assets	20.1	**(103 825 034)**	(54 538 445)
Decrease in deferred tax liabilities	20.2	**(42 238 207)**	(59 482 489)
Changes in deferred tax relating to foreign exchange losses		**5 568 200**	(164 182)
Changes in deferred tax relating to employment benefit		**168 634**	(605 972)
Income tax expense		**(140 326 407)**	(80 126 842)

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

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:

	2026 E	2025 E
(Loss)/ profit before tax	**(371 419 038)**	(160 495 050)
Tax calculated at company tax rate	**(92 854 759)**	(40 123 763)
Tax effects of:		
Adjustment relating to prior years	**–**	34 664 246
Legal fees	**565 774**	410 944
Donations	**292 578**	335 187
Net income from joint venture	**(24 480 590)**	(25 245 432)
Grant amortised	**(6 434 657)**	(5 998 065)
Tax Penalties and interest	**1 210 481**	25 632
Fair value adjustment on embedded derivatives	**1 163 703**	(654 764)
Withholding tax on Motraco unremitted earnings	**(11 778 668)**	(1 983 374)
Prior year deferred tax adjustment	**(605 972)**	(437 965)
Contributions from customers towards infrastructure	**(26 130 931)**	(26 078 028)
Effect of changes in tax rate	**–**	(15 041 460)
Non-Refundable Foreign Taxes Paid	**18 726 634**	–
Tax charge	**(140 326 407)**	(80 126 842)
Tax recognised in other comprehensive income:		
Foreign exchange losses on translation of Motraco Investment		
Deferred tax	**(5 568 200)**	164 182
Actuarial re-measurements		
Deferred tax	**(168 634)**	605 972
Total tax charge on statement of comprehensive income	**(5 736 834)**	770 154

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 2026

11. PROPERTY, PLANT AND EQUIPMENT

	Carrying amount 1 April 2025 E	Additions E	Disposals E	Transfers E	Depreciation E	Net carrying amount at year end E	Cost E	Accumulated depreciation E
As at 31 March 2026								
Dam and Spillway	6 702 557	–	–	–	(213 178)	6 489 379	36 573 532	(30 084 153)
Power station civil works	19 010 200	–	–	–	(890 570)	18 119 630	22 187 454	(4 067 824)
Freehold land	13 311 212	–	–	–	–	13 311 212	13 311 212	–
Buildings and staff housing	281 357 144	–	–	102 047 799	(9 044 413)	374 360 530	436 592 549	(62 232 019)
Leasehold buildings	202 976	–	–	–	(9 938)	193 038	1 554 433	(1 361 395)
Canal, weirs, conduits and valves	5 432 097	–	–	–	(171 686)	5 260 411	27 926 157	(22 665 746)
Generation plant	260 270 077	–	–	–	(10 656 696)	249 613 381	336 386 039	(86 772 658)
Substations, transformers and switchgear	491 853 233	–	–	133 590 848	(34 183 927)	591 260 154	1 088 895 036	(497 634 882)
Distribution and transmission	2 489 574 970	–	–	805 793 468	(147 727 133)	3 147 641 305	4 560 240 452	(1 412 599 147)
Motor vehicles	56 860 632	–	–	808 470	(17 280 943)	40 388 159	166 358 946	(125 970 787)
Radio and communication equipment	29 019 408	–	–	59 647 101	(6 122 898)	82 543 611	113 967 197	(31 423 586)
Computer equipment	28 408 571	–	–	9 989 785	(11 559 573)	26 838 783	73 063 003	(46 224 220)
Site works and roads, servitudes, furniture, small plant, tools and instruments	26 087 662	–	–	5 782 132	(3 520 953)	28 348 841	53 099 421	(24 750 580)
Capital work-in-progress	1 265 979 343	346 406 377	–	(1 141 382 909)	–	471 002 811	471 002 811	–
Total	4 974 070 082	346 406 377	–	(23 723 306)	(241 381 908)	5 055 371 245	7 401 158 242	(2 345 786 997)

	Carrying amount at 1 April 2025 E	Additions E	Transfers E	Net carrying amount at year end E	Cost E
As at 31 March 2026					
Capital work-in-progress comprises:					
Rural Electrification Project	20 094 230	56 400 741	(24 557 754)	51 937 217	51 937 217
Company Schemes & Services	1 086 823 589	131 272 603	(934 137 411)	283 958 781	283 958 781
Major Projects	159 061 524	158 733 033	(182 687 744)	135 106 813	135 106 813
	1 265 979 343	346 406 377	(1 141 382 909)	471 002 811	471 002 811

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

11. PROPERTY, PLANT AND EQUIPMENT *continued*

	Carrying amount 1 April 2024 E	Addition E	Disposal cost E	Transfers E	Depreciation for the year E	Net carrying amount at 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	13 419 730	–	–	24 626 454	(9 637 613)	28 408 571	63 073 218	(34 664 648)
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	–
	4 421 114 260	800 989 623	–	(10 654 548)	(237 379 253)	4 974 070 082	7 087 631 491	(2 113 561 410)

	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

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

11. PROPERTY, PLANT AND EQUIPMENT *continued*

	2026 E	2025 E
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:		
Cost	**204 502 782**	201 904 071
Accumulated depreciation	**(204 502 782)**	(201 904 071)
Net carrying amount	**–**	–

Distribution and transmission assets are stated after deducting net customers' contributions of E54 299 (2025: E145 889 167). These are assets that were capitalised before the promulgation of IFRIC 18 – Transfer of assets from customers.

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.

11.1 Right-of-use asset

	2026 E	2025 E
Year ended 31 March		
Opening Balance	**4 165 766**	5 724 799
Additions	**428 442**	–
Disposals	**–**	–
Depreciation	**(1 673 163)**	(1 559 033)
Balance 31 March	**2 921 045**	4 165 766
At 31 March		
Cost	**6 814 678**	11 119 734
Accumulated depreciation	**(3 893 633)**	(6 953 968)
	2 921 045	4 165 766
The statement of profit or loss shows the following amounts relating to leases:		
Depreciation charge of right-of-use assets	**1 673 163**	1 559 033

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 2026

11. PROPERTY, PLANT AND EQUIPMENT *continued*

11.2 Intangible asset

	2026 E	2025 E
Carrying amount at beginning of year	**8 880 258**	3 555 848
Additions/cash purchases	**–**	–
Disposals	**–**	–
Intangible assets capitalised/transfers (Note 11)	**23 723 306**	10 654 548
Amortisation for the year	**(9 421 863)**	(5 330 138)
Net carrying amount at year end	**23 181 701**	8 880 258
Cost at year end	**52 496 157**	28 772 851
Accumulated amortisation and impairment at year end	**(29 314 456)**	(19 892 593)
Net carrying amount	**23 181 701**	8 880 258*

** Management reassessed the classification of intangible assets previously included in computer equipment (Note 11.1).*

These assets have been reclassified and separately disclosed under intangible assets (*Note 11.2*). Accordingly, the assets a net book value of E8 880 258 were reclassified to intangible assets. This reclassification affects presentation only and has no impact on amounts previously reported.

12. INVESTMENT IN JOINT VENTURE

	2026 E	2025 E
Balance at beginning of year	**465 379 649**	474 475 611
Share of profit for the year	**97 922 359**	100 981 728
Exchange differences (Note 13)	**(27 841 001)**	820 910
Dividends received – net of taxes	**(125 452 560)**	(88 718 879)
Foreign taxes on dividends – 20%	**(31 363 140)**	(22 179 721)
Balance at end of year	**378 645 307**	465 379 649
The carrying value of the investment comprises:		
Cost of investment	**90 271 236**	90 271 236
Accumulated post-acquisition gains	**33 164 119**	92 057 460
Accumulated foreign exchange gains on translation of Company's interest	**255 209 952**	283 050 953
	378 645 307	465 379 649

The investment in joint venture does not include any goodwill as at 31 March 2026.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

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 2025			
Non-current assets	19 613 600	6 537 867	111 925 008
Current assets	78 979 536	26 326 512	450 696 723
Total assets	98 593 136	32 864 379	562 621 731
Current liabilities	32 239 801	10 746 600	183 976 424
Total liabilities	32 239 801	10 746 600	183 976 424
Net asset value	66 353 335	22 117 779	378 645 307
Statement of comprehensive income – year ended 31 December 2025			
Revenue	31 875 216	10 625 072	184 305 159
Operating cost	(14 564 954)	(4 854 985)	(84 215 780)
Other income	26 599	8 866	153 798
Operating profit	17 336 861	5 778 953	100 243 177
Finance income	2 059 175	686 392	11 906 322
Finance costs	(100 130)	(33 377)	(578 960)
Tax	(2 360 426)	(786 809)	(13 648 180)
Profit for the year	16 935 480	5 645 159	97 922 359

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 E17.3463 and E17.1195 (2025: E18.2300 and E18.2698) respectively.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

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 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)	(84 216 026)
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

13. FOREIGN CURRENCY TRANSLATION RESERVE

	2026 E	2025 E
Opening balance	**236 598 725**	235 941 997
Other comprehensive income	**(22 272 801)**	656 728
Foreign exchange loss – Joint Venture (Note 12)	**(27 841 001)**	820 910
Tax effect	**5 568 200**	(164 182)
Closing balance	**214 325 924**	236 598 725

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

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
2026				
Trade and other receivables*	14.1	**–**	**540 669 977**	**540 669 977**
Restricted cash	14.2	**–**	**68 454 683**	**68 454 683**
Other Investments	14.7	**3 003 175**	**–**	**3 003 175**
Embedded derivative asset	23(d)	**2 102 970**	**–**	**2 102 970**
Cash and cash equivalents	14.3	**–**	**70 436 940**	**70 436 940**
		5 106 145	**679 561 600**	**684 667 745**
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

**excludes prepayments*

Financial liabilities	Notes	Derivatives at FVPL E	Liabilities at amortised cost E	Total E
2026				
Trade and other payables	14.4	**–**	**678 232 393**	**678 232 393**
Borrowings	14.5	**–**	**893 351 480**	**893 351 480**
Lease liability	14.6	**–**	**3 466 929**	**3 466 929**
		–	**1 575 050 802**	**1 575 050 802**
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

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 2026

14. FINANCIAL ASSETS AND LIABILITIES *continued*

14.1 Trade and other receivables

	2026 E	2025 E
Electricity receivables	**213 314 274**	250 613 484
Related party electricity receivables (Note 27.3)	**40 715 428**	8 668 425
Provision for impairment of electricity receivables (iv)	**(38 744 130)**	(46 953 264)
Net electricity receivable	**215 285 572**	212 328 645
Capital contribution debtors	**3 775 636**	5 809 082
Staff debtors	**20 533**	5 996
Grant receivable	**291 117 725**	161 948 569
Other sundry debtors (ii)	**14 401 534**	9 342 448
Provision for impairment of other receivables	**(3 329 595)**	(5 481 908)
VAT receivable	**19 398 572**	43 327 791
Financial assets at amortised cost	**540 669 977**	427 280 623
Prepayments	**23 841 246**	45 464 884
Total trade and other receivables	**564 511 223**	472 745 507

(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 2026

14. FINANCIAL ASSETS AND LIABILITIES *continued*

14.2 Restricted cash

	2026 E	2025 E
Rural electrification funds (i)	**21 082 265**	33 954
Energy Efficiency study (ii)	**1 148 957**	1 108 254
MOTRACO Maintenance Fund (iii)	**40 046 460**	32 971 899
Grant Funded Portion of NRAP Project (iv)	**6 177 001**	23 282 534
	68 454 683	57 396 641

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.

(i) Rural electrification fund

	2026 E	2025 E
The analysis of the balance on the fund at 31 March 2026 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	**703 095 796**	615 148 514
Total contributions received	**721 567 596**	633 620 314
Total interest received to date	**14 487 592**	14 435 411
Costs of projects capitalised to date	**(714 972 923)**	(648 021 771)
	21 082 265	33 954
The analysis of movements of the fund bank balances during the year is as follows:		
Fund balance at beginning of year	**33 954**	9 471 247
Interest received for the year	**52 181**	702 563
Amounts utilised in financing of capital expenditure	**(66 951 152)**	(108 383 083)
Fund received from the Republic of China through the Government of Eswatini for the rural electrification project	**87 947 282**	98 243 227
Fund balance at the end of the year (Note 19.2)	**21 082 265**	33 954

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

14. FINANCIAL ASSETS AND LIABILITIES *continued*

14.2 Restricted cash *continued*

(ii) Energy efficiency study

	2026 E	2025 E
Balance at beginning of the year	**1 108 254**	1 067 083
Contributions received from the Ministry of Natural Resources and Energy	**–**	–
Add: Interest received for the year	**40 703**	41 171
Less: Expenditure incurred during the year	**–**	–
	1 148 957	1 108 254

This relates to money received by the Company from the Government of Eswatini to assist towards funding Energy efficiency study.

(iii) MOTRACO maintenance fund

	2026 E	2025 E
Balance at beginning of the year	**32 971 899**	25 843 950
Contributions received from MOTRACO	**5 381 400**	5 604 000
Interest received for the year	**1 693 161**	1 523 949
	40 046 460	32 971 899

These are funds paid by MOTRACO to the Government of Eswatini as per Section 32 of the Motraco Agreement. These amounts are to be utilised by the government to perform emergency maintenance on the 400 KV 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 2026

14. FINANCIAL ASSETS AND LIABILITIES *continued*

14.2 Restricted cash *continued*

(iv) Grant funded portion of NRAP project

	2026 E	2025 E
Balance at beginning of the year	**23 282 534**	100 536 160
Contributions received from NRAP	**2 913 768**	12 121 680
Interest received for the year	**–**	–
Less: Expenditure incurred during the year	**(19 994 881)**	(86 133 608)
Foreign exchange revaluation	**(24 420)**	(3 241 698)
	6 177 001	23 282 534

These funds were sourced from The World Bank as part of the €10.7 million (E198 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.

14.3 Cash and cash equivalents

	2026 E	2025 E
Cash at bank	**2 646 441**	3 321 188
Short-term bank deposits	**67 687 749**	24 556 108
Petty cash	**102 750**	102 000
Cash and cash equivalents	**70 436 940**	27 979 296

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

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 revolving credit line for E20 million and an asset-based finance facility at a reducing level of E65 million and an electronic funds transfer intraday limit of E100 million.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

14. FINANCIAL ASSETS AND LIABILITIES *continued*

14.4 Trade and other payables

	2026 E	2025 E
Trade payables and accrued expenses	**647 777 007**	660 281 045
Electricity connections contributions deposit	**30 455 386**	31 724 422
	678 232 393	692 005 467

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.

14.5 Borrowings

	2026			2025		
	Current E	Non-current E	Total E	Current E	Non-current E	Total E
Secured						
Borrowings (i)	**57 640 100**	**814 082 200**	**871 722 300**	41 797 750	846 698 727	888 496 477
Finance leases (ii)	**3 754 968**	**6 634 031**	**10 388 999**	3 843 986	10 573 927	14 417 913
Total secured	**61 395 068**	**820 716 231**	**882 111 299**	45 641 736	857 272 654	902 914 390
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	**61 395 068**	**831 956 412**	**893 351 480**	45 641 736	868 512 835	914 154 571

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 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.

Secured liabilities

Secured borrowing comprise foreign currency and local currency borrowings outstanding as at 31 March 2026. The foreign currency borrowing relates to the NRAP World Bank loan of EURO 23 million, equivalent to E452 million. The loan has a tenure of 25 years and matures on 15 February 2049. Interest is charged at a fixed spread and a variable rate based on six-month EURIBOR plus 1.15%.

Local currency secured borrowing comprises facilities from STANLIB and Inhlonhla amounting to E200 million and E220 million, respectively. The STANLIB facility has a tenure of 15 years, matures on 31 March 2039 and bears interest at Eswatini prime plus 1% while the Inhlonhla facility has a tenure of 15 years, matures on 30 June 2035 and bears interest at Eswatini prime less 0.5%.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

14. FINANCIAL ASSETS AND LIABILITIES *continued*

14.5 Borrowings *continued*

Compliance with loan covenants

The company has not complied with the STANLIB loan covenants but has complied with the covenants of its other borrowing facilities during the 2026 reporting period.

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*.

(i) Movement schedule

	Opening amount E	Addition E	Repaid E	Foreign exchange adjustment E	Closing balance E
As at 31 March 2026					
Foreign currency					
NRAP – 23(a)(iii)	**446 496 477**	**30 206 608**	**(19 722 451)**	**(5 258 334)**	**451 722 300**
	446 496 477	**30 206 608**	**(19 722 451)**	**(5 258 334)**	**451 722 300**
Local currency					
STANLIB Eswatini – 23(a)(iii)	**200 000 000**	**–**	**–**	**–**	**200 000 000**
Inhlonhla Investment – 23(a) (iii)	**242 000 000**	**–**	**(22 000 000)**	**–**	**220 000 000**
	442 000 000	**–**	**(22 000 000)**	**–**	**420 000 000**
Total long-term borrowings	**888 496 477**	**30 206 608**	**(41 722 451)**	**(5 258 334)**	**871 722 300**
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

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

14. FINANCIAL ASSETS AND LIABILITIES *continued*

14.5 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.

	2026 E	2025 E
Total liability	**10 388 999**	14 417 913
Less due within 1 year	**3 754 968**	3 843 986
Due after 12 months but not later than 5 years	**6 634 031**	10 573 927
Finance lease liabilities – minimum lease payments		
Not later than 1 year	**888 387**	5 302 116
Later than 1 year and not later than 5 years	**11 065 820**	10 721 324
Total lease payments	**11 954 207**	16 023 440
Future finance charges on finances	**(1 565 208)**	(1 605 527)
Present value of future finances liabilities	**10 388 999**	14 417 913

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

14. FINANCIAL ASSETS AND LIABILITIES *continued*

14.6 Lease liability

The company has five operating leases for its Mbabane, Piggs Peak, Nhlangano, 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.

	2026 E	2025 E
Non-Current	**1 749 671**	3 057 025
Current	**1 717 258**	1 534 171
	3 466 929	4 591 196
The statement of profit or loss shows the following amounts relating to leases:		
Interest expense (included in finance cost)	**435 934**	583 520
Maturity Analysis of lease liability		
Less than 1 year	**137 480**	1 962 865
1 year to 5 years	**3 740 494**	3 401 633
	3 877 974	5 364 498
Less finance costs	**(411 045)**	(773 302)
	3 466 929	4 591 196
Reconciliation of closing carrying amount of lease liabilities:		
Opening balance	**4 591 196**	5 907 925
Non-Cash: Interest expense	**435 934**	583 520
Additions	**428 443**	–
Cash: Lease payments	**(1 988 644)**	(1 900 249)
Balance at 31 March 2026	**3 466 929**	4 591 196

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

14. FINANCIAL ASSETS AND LIABILITIES *continued*

14.7 Financial assets

	2026 E	2025 E
Financial assets at fair value		
Financial assets measured at fair value include the following:		
Carrying amount – opening	**135 884 529**	97 870 052
Additions	**10 000 000**	101 172 780
Redemption	**(144 420 920)**	(70 000 000)
Interest reinvested and fair value gains	**1 539 566**	6 841 697
Total financial assets	**3 003 175**	135 884 529

14.8 Recognised fair value measurements

Recurring fair value measurements **31 March 2026**	Level 1 E	Level 2 E	Level 3 E	Total E
Financial assets				
Embedded derivative	**–**	**2 102 970**	**–**	**2 102 970**
Total financial assets	**–**	**2 102 970**	**–**	**2 102 970**
31 March 2025				
Embedded derivative	–	6 757 783	–	6 757 783
Total financial assets	–	6 757 783	–	6 757 783

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 2026

15. USL ELECTRICITY PREPAYMENT

	2026 E	2025 E
Ubombo Sugar Limited Power Purchase Agreement Prepayment	**150 000 000**	150 000 000
Current	**–**	10 000 000
Non-Current	**–**	–
Total Prepayment	**–**	10 000 000
Opening balance	**10 000 000**	20 000 000
Amortisation	**(10 000 000)**	(10 000 000)
Closing balance	**–**	10 000 000

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 2026 the entity had paid E150 000 000 (2025: 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 eight 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

	2026 E	2025 E
Stores	**151 465 850**	132 477 770
Write-down for obsolete stock	**(4 014 698)**	(4 998 342)
Net realisable value	**147 451 152**	127 479 428

Assigning costs to inventories

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

Amounts recognised in profit or loss

The Company sold scrapped inventory to independent retailers and staff amounting to E1 070 687 (2025: E1 509 976). The amount received has been included as “other income” in profit or loss.

Write-downs of inventories to net realisable value resulted in a net credit of E495 626 (2025: net debit of E9 024 571), reflecting a reversal of prior period impairments. These were during the year ended 31 March 2026 in “cost of sales” in the profit or loss statement.

Inventory issues which are part of the total repairs and maintenance amount to E220 544 194 (2025: E346 189 959) and were recognised in profit or loss in “cost of sales”. Inventory is written down to net realisable value as a result of technical obsolesce 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 2026

17. EMPLOYEE RETIREMENT BENEFITS OBLIGATION

	2026 E	2025 E
Retirement benefit asset	**3 393 669**	3 905 517
The amount of employee retirement benefit obligation recognised in the statement of financial position is determined as follows:		
Present value of plan obligations	**(52 474 468)**	(51 295 246)
Fair value of plan assets	**55 868 137**	55 200 763
Present value of overfunded obligations	**3 393 669**	3 905 517
Asset in the statement of financial position	**3 393 669**	3 905 517

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:

	2026 E	2025 E
Asset at beginning of year	**3 905 517**	1 627 089
Contributions to the fund:		
Amounts recognised in profit or loss	**162 688**	(145 458)
Amounts recognised in other comprehensive income	**(674 536)**	2 423 886
Asset in the statement of financial position	**3 393 669**	3 905 517

The defined net benefit gain of E162 688 (2025: 145 458 loss) 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 2026

17. EMPLOYEE RETIREMENT BENEFITS OBLIGATION *continued*

	2026 E	2025 E
Movement in the defined benefit obligation over the year is as follows:		
Beginning of year	**51 295 246**	56 808 305
Total amount recognised in profit or loss	**6 028 134**	6 696 975
Expenses	**–**	–
Interest cost	**6 028 134**	6 696 975
Total amount recognised in other comprehensive income	**2 619 679**	(4 566 573)
Re-measurements arising from:		
Financial assumptions	**2 619 679**	(4 566 573)
Other sources	**–**	–
Other movements	**(7 468 591)**	(7 643 461)
Benefits paid	**(7 468 591)**	(7 643 461)
Expense	**–**	–
End of year	**52 474 468**	51 295 246
The movement in the fair value of plan assets of the year is as follows:		
Beginning of year	**55 200 763**	58 435 394
Total amount recognised in profit or loss	**6 502 846**	6 881 964
Interest income	**6 502 846**	6 881 964
Total amount recognised in other comprehensive income	**1 945 143**	(2 142 687)
Re-measurements arising from:		
Return on planned assets excluding interest income	**1 945 143**	(2 142 687)
Other movements:	**(7 780 615)**	(7 943 908)
Benefits paid	**(7 468 591)**	(7 643 461)
Expenses/other scheme payments	**(312 024)**	(330 447)
End of the year	**55 868 137**	55 200 763

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

17. EMPLOYEE RETIREMENT BENEFITS OBLIGATION *continued*

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

	2026	2025
Discount rate at 31 March	**5.83%**	7%
Expected return on plan assets at 31 March	**5.83%**	7%
Future salary increases	*	*
Future pension increases	**4.05%**	4.65%
Inflation	*	*

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

Plan assets are comprised as follows:

	2026 E	%	2025 E	%
Managed funds	**54 495 286**	**100**	55 217 265	100
Net current (liabilities)/assets	**1 372 851**	**–**	(16 502)	–
	55 868 137	**100**	55 200 763	100

	2026 E	2025 E
The managed funds comprise of the following:		
African Alliance- Lilangeni Fund	**54 613**	49 947
Standard Bank of Swaziland	**53 844 660**	54 629 553
African Alliance – Umnotfo Fund	**596 013**	537 765
	54 495 286	55 217 265

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 2026

17. EMPLOYEE RETIREMENT BENEFITS OBLIGATION *continued*

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

	2026 E	2025 E
Present value of defined benefit obligation	**52 474 468**	51 295 246
Fair value of plan assets	**(55 868 137)**	(55 200 763)
Surplus	**(3 393 669)**	(3 905 517)

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:

	2026 E	2025 E
Present value of defined benefit obligation	**52 474 468**	51 295 246
Fair value of plan assets	**(55 868 137)**	(55 200 763)
Surplus	**(3 393 669)**	(3 905 517)

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 2026

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			
	2026 E	% impact	2025 E	% impact
Assumption change				
Base	**52 474 468**	**–**	51 295 246	–
Discount rate (+1%)	**49 854 933**	**-5.0%**	48 820 407	-4.8%
Discount rate (-1%)	**55 369 241**	**5.5%**	54 022 887	5.3%
Post retirement mortality (+2 years)	**49 078 759**	**-6.5%**	48 175 965	-6.1%
Post retirement mortality (-2 years)	**55 949 377**	**6.6%**	54 447 322	6.1%
Pension increase (+1%)	**55 534 251**	**5.8%**	54 213 151	5.7%
Pension decrease (-1%)	**49 669 831**	**-5.3%**	48 616 591	-5.2%

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.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

18. SHARE CAPITAL

	2026 E	2025 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.

18.1 Dividends

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

	2026 E	2025 E
Dividends	–	–

The dividend per share amount is E Nil (2025: E0.00).

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

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
19.2 Other deferred income
19.3 Contract Liabilities

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 and NRAP project.

	2026 E	2025 E
Non-current		
Balance at beginning of year	**789 935 441**	538 262 364
Grants realised in statement of comprehensive income (Note 6.1)	**(25 738 627)**	(23 992 258)
Rural electrification grant received	**195 669 156**	150 682 611
Grant funded portion of NRAP project	**9 478 911**	124 982 724
	969 344 881	789 935 441

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 2026

19. DEFERRED INCOME *continued*

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.

	2026 E	2025 E
Rural electrification funds (Note 14.2)	**21 082 265**	33 954
Energy Efficiency study (Note 14.2)	**1 148 957**	1 108 254
MOTRACO Maintenance Fund (Note 14.2)	**40 046 460**	32 971 899
Grant funded portion of NRAP project (Note 14.2)	**6 177 001**	23 282 534
	68 454 683	57 396 641

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 no judgements related to this other deferred income balance.

19.3 Contract liabilities

	2026 E	2025 E
Deferred electricity revenue (i)	**34 920 304**	47 904 173

(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. The daily consumption rate for 2026 was assessed against historical trends and was not considered to have changed materially, supported by continued customer reliance on electricity and limited alternative energy sources.

The deferred revenue model therefore considers purchase timing and expected consumption patterns based on historical data. It is assumed that current consumption patterns do not differ materially from historical trends. For the year ended 31 March 2026, the estimated deferred revenue balance was E34.9 million.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

20. INCOME TAXES

20.1 Current income tax asset

	2026 E	2025 E
Opening balance	**281 657 929**	302 722 003
Income tax charge (Note 10)	**–**	–
Adjustment relating to prior years (Note 10)	**–**	(34 664 246)
Other income tax adjustment	**(281 657 929)**	13 600 172
Closing balance	**–**	281 657 929

The decrease in current tax assets is due to the utilisation of tax credits with ERS to settle other tax obligations during the year.

20.2 Deferred income tax

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:

	2026 E	2025 E
Deferred tax assets:		
Deferred tax asset to be recovered after more than 12 months	**(335 803 095)**	(231 978 060)
Deferred tax liabilities:		
Deferred tax liability to be recovered after more than 12 months	**318 453 819**	360 692 025
Net deferred tax liabilities (assets)	**(17 349 276)**	128 713 965
The gross movement on the deferred income tax account is as follows:		
Opening balance	**128 713 965**	242 734 899
Profit or loss charge (Note 10)	**(140 326 407)**	(114 791 088)
Other comprehensive income charge (Note 10)	**(5 736 834)**	770 154
End of year	**(17 349 276)**	128 713 965
Non-current tax liability/(asset)		
Deferred tax liabilities		
Accelerated tax depreciation	**258 616 005**	281 432 267
Prepayments	**–**	3 976 833
Retirement benefit asset	**848 417**	976 379
Withholding tax on Motraco unremitted earnings	**57 674 814**	75 021 682
Unrealised fair value adjustments on derivative financial instruments	**–**	–
Unrealised forex gains on translation of foreign loans	**1 314 583**	(715 136)
	318 453 819	360 692 025

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

20. INCOME TAXES *continued*

20.2 Deferred income tax *continued*

	2026 E	2025 E
Deferred tax assets		
Provisions for other employee benefits	**(2 663 282)**	(2 332 751)
Doubtful debt allowance	**(11 522 105)**	(13 108 792)
Deferred revenue	**(8 730 076)**	(11 976 044)
Lease liability	**(136 471)**	(106 358)
Unrealised actuarial valuation loss	**(168 634)**	605 972
Assessed tax loss	**(312 582 527)**	(205 060 087)
	(335 803 095)	(231 978 060)
Deferred tax liabilities (asset)	**(17 349 276)**	128 713 965

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 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
(Credited)/charged to profit or loss	(22 816 262)	(3 976 833)	(127 962)	–	–	(17 346 868)	2 029 719	(42 238 205)
At 31 March 2026	**258 616 005**	**–**	**848 417**	**–**	**–**	**57 674 814**	**1 314 583**	**318 453 819**

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

20. INCOME TAXES *continued*

20.2 Deferred income tax *continued*

	Provisions for other employee 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 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)
(Credited)/charged to profit or loss	(330 531)	1 586 687	(30 113)	(774 606)	3 245 968	(107 522 440)	(103 825 035)
At 31 March 2026	**(2 663 282)**	**(11 522 105)**	**(136 471)**	**(168 634)**	**(8 730 076)**	**(312 582 527)**	**(335 803 095)**
Net deferred tax liability	**–**	**–**	**–**	**–**	**–**	**–**	**(17 349 276)**

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 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.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

21. PROVISIONS FOR OTHER EMPLOYEE BENEFITS

	2026 E	2025 E
Leave pay provision (Note 21.1)	**8 514 292**	8 019 584
Performance bonus provision (Note 21.2)	**41 953**	41 953
Long-term service awards provision (Note 21.3)	**2 096 883**	1 269 471
	10 653 128	9 331 008

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.

	2026 E	2025 E
Opening balance	**8 019 584**	7 907 491
Provisions utilised during the year	**(8 254 228)**	(6 554 813)
Current year provision	**8 748 936**	6 666 906
Closing balance	**8 514 292**	8 019 584

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

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.

	2026 E	2025 E
Opening balance	**41 953**	4 185 466
Provisions utilised during the year	**–**	(4 143 513)
Current year provision	**–**	–
Closing balance	**41 953**	41 953

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.

	2026 E	2025 E
Opening balance	**1 269 471**	908 962
Provisions used	**(1 269 471)**	(908 962)
Current year provision	**2 096 883**	1 269 471
Closing balance	**2 096 883**	1 269 471

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

22. CASH FLOW INFORMATION

	Notes	2026 E	2025 E
Loss before income tax		**(371 419 038)**	(160 495 050)
Adjustment for non-cash items and separately disclosable items:		**513 408 930**	146 971 594
Grant amortisation	6.1	**(25 738 627)**	(23 992 258)
Share of profits of joint venture company	12	**(97 922 359)**	(100 981 728)
Depreciation	11	**250 803 771**	242 709 391
Depreciation on right of use asset	11.1	**1 673 163**	1 559 033
Amortisation	15	**10 000 000**	10 000 000
Fair value adjustments – pension fund	17	**(162 688)**	145 458
Fair value adjustment - embedded derivatives	8	**4 654 813**	(2 619 056)
Net foreign exchange losses - foreign transactions	8	**(4 011 836)**	5 897 299
Profit on disposal of fixed assets	6	**(2 492 250)**	–
Finance cost on local and foreign denominated loans	9	**77 660 985**	34 193 519
Interest income	9	**(14 077 111)**	(19 940 064)
Withholding tax on foreign dividend	12	**31 363 140**	–
Tax obligations settled via credit utilization	20.1	**281 657 929**	–
		141 989 892	(13 523 456)
Changes in working capital:		**(8 003 106)**	99 935 940
(Decrease)/increase in trade and other receivables - excluding grant receivable (Note 14.1)		**37 403 440**	(87 859 718)
(Increase) in inventories		**(19 971 724)**	(2 203 247)
Decrease in provisions for other employee benefits		**1 322 121**	(3 670 911)
Increase in deferred revenue		**(12 983 869)**	5 289 175
(Decrease)/increase in trade and other payables		**(13 773 074)**	188 380 641
Cash generated from operations		**133 986 786**	86 412 484

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

22. CASH FLOW INFORMATION *continued*

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

	Notes	2026 E	2025 E
Borrowings at the beginning of the year		**914 154 571**	616 187 453
• Current	14.5	**45 641 736**	50 287 895
• Non-current	14.5	**868 512 835**	565 899 558
Cash flows		**(15 544 757)**	295 106 573
• Proceeds from borrowings	14.5 (i)	**30 206 608**	346 151 399
• Repayment of borrowings	14.5 (i)	**(45 751 365)**	(51 044 826)
Non-cash items			
Effects of changes in foreign exchange rates	14.5 (i)	**(5 258 334)**	2 860 545
Borrowings at the end of the year		**893 351 480**	914 154 571
		893 351 480	914 154 571
• Current	14.5	**61 395 068**	45 641 736
• Non-current	14.5	**831 956 412**	868 512 835

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	Ageing 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

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

23. FINANCIAL RISK MANAGEMENT *continued*

(a) Market risk

(i) Foreign exchange risk

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.

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:

	Balance in foreign currency USD	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 2026							
Investment in Motraco	**22 117 778**	**17.1195**	**18.4891**	**15.4076**	**378 645 306**	**30 291 624**	**(37 864 531)**
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)

Amounts recognised in profit or loss

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

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

23. FINANCIAL RISK MANAGEMENT *continued*

(a) Market risk *continued*

(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.

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.

Sensitivity analysis:

	Balance E	USPPI +1% E	USPPI -1% E	Effect of 1% increase on the profit or loss E	Effect of 1% decrease on the profit or loss E
Inflation risk 2026					
Electricity Wheeling Agreement	**2 102 970**	**2 124 000**	**2 081 940**	**(21 030)**	**21 030**
Inflation risk 2025					
Electricity Wheeling Agreement	6 757 783	6 825 361	6 690 205	(67 578)	67 578

Amounts recognised in profit or loss

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

23. FINANCIAL RISK MANAGEMENT *continued*

(a) Market risk *continued*

(iii) Cash flow and fair 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.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

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 2026 and 2025, 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
2026			
Base amounts	**70 436 940**	**893 351 480**	**68 454 683**
Interest plus 1%	**71 141 309**	**902 284 995**	**69 139 230**
Interest less 1%	**69 732 570**	**884 417 965**	**67 770 137**
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

** interest sensitive borrowings*

Instruments used by the company

The company has a number of borrowings from finance providers.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

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)

Cash and cash equivalents and restricted cash are also subject to the impairment requirements of IFRS 9. As these balances are held with reputable, regulated financial institutions with strong credit quality, 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 2026 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 2026

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 2026 was determined as follows for both electricity trade and other receivables:

Category	Current	30 days	60 days	90 days and above	Total
31 March 2026					
Expected loss rate	2%	10%	84%	100%	5%
Live	76 971 439	21 271 238	732 403	1 172 582	100 147 662
Loss allowance	1 182 651	2 172 356	616 192	1 172 582	5 143 781
Expected loss rate	2%	2%	2%	2%	2%
Other Companies	78 601 515	3 067 082	694 086	5 324 957	87 687 640
Loss allowance	1 360 824	53 100	12 017	92 191	1 518 132
Expected loss rate	7%	41%	100%	100%	26%
Parastatals	11 813 451	1 667 495	791 299	1 968 953	16 241 198
Loss allowance	804 840	679 104	791 299	1 968 953	4 244 196
Expected loss rate	52%	61%	100%	100%	69%
Government	10 988 224	5 566 518	2 364 772	5 554 715	24 474 229
Loss allowance	5 699 740	3 379 277	2 364 772	5 554 715	16 998 504
Expected loss rate	21%	31%	89%	100%	88%
Sundry debtors	363 211	203 005	203 005	3 006 415	3 775 636
Loss allowance	77 467	63 355	180 358	3 008 415	3 329 595
Expected loss rate	100%	100%	100%	100%	100%
Terminated	86 277	74 991	112 266	3 626 753	3 900 287
Loss allowance	86 277	74 991	112 266	3 626 753	3 900 287

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 2026

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 and above	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%
Capital Contributions	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.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

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 2026 reconcile to the opening loss allowances as follows:

	Electricity receivables		Other receivables	
	2026 E	2025 E	2026 E	2025 E
Opening balance – 1 April	**46 953 264**	47 185 857	**5 481 908**	19 241 152
Provision (reversed)/ raised	**605 542**	(232 593)	**(1 683 808)**	(13 759 244)
Bad debts written off	**(8 814 676)**	–	**(468 504)**	–
At 31 March	**38 744 130**	46 953 264	**3 329 596**	5 481 908

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 Liquidity Risk Analysis statement as at 31 March is as follows:

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

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 2026					
Financial Assets:					
Trade receivables	**564 511 223**	**–**	**–**	**564 511 223**	**564 511 223**
Cash and cash equivalents	**70 436 940**	**–**	**–**	**70 436 940**	**70 436 940**
Restricted cash	**68 454 683**	**–**	**–**	**68 454 683**	**68 454 683**
Other Investments	**3 003 175**	**–**	**–**	**3 003 175**	**3 003 175**
	706 406 021	**–**	**–**	**706 406 021**	**706 406 021**
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

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

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 2026					
Financial Liabilities:					
Trade and other payables	**678 232 393**	**–**	**–**	**678 232 393**	**678 232 393**
Lease Liability	**1 717 258**	**1 749 671**	**–**	**3 466 929**	**3 466 929**
Shareholder's loan	**–**	**11 240 181**	**–**	**11 240 181**	**11 240 181**
Finance Lease	**3 754 968**	**6 634 031**	**–**	**10 388 999**	**10 388 999**
Foreign borrowings	**19 640 100**	**78 560 400**	**353 521 800**	**451 722 300**	**451 722 300**
Local borrowings	**38 000 000**	**152 000 000**	**230 000 000**	**420 000 000**	**420 000 000**
	741 344 719	**250 184 283**	**583 521 800**	**1 575 050 802**	**1 575 050 802**
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

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

23. FINANCIAL RISK MANAGEMENT *continued*

(c) Liquidity risk *continued*

(i) Maturity of financial instruments *continued*

Derivatives	Less than 1 year E	Between 2 and 5 years E	Over 5 years E	Total E
31 March 2026				
Embedded derivative assets	**2 102 970**	**–**	**–**	**2 102 970**
31 March 2025				
Embedded derivative assets	6 757 783	–	–	6 757 783

(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:

	2026 E	2025 E
Assets		
Embedded derivative assets (A)	**2 102 970**	6 757 783
	2 102 970	6 757 783
Liabilities		
Derivative financial instruments – interest rate swaps	**–**	–
Embedded derivative liabilities	**–**	–
	–	–

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

23. FINANCIAL RISK MANAGEMENT *continued*

(d) Derivatives *continued*

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.

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 regional wheeling agreement has been temporarily extended to December 2027, while a longer-term arrangement is being finalised.

The prices to be charged by Motraco and to be paid by the EEC for electricity wheeled consists of fixed and variable charges for wheeling, variable charge for emergency wheeling, surcharge and reactive power rates.

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 2026

23. FINANCIAL RISK MANAGEMENT *continued*

(d) Derivatives *continued*

The value of the embedded derivative as presented below:

	2026 E	2025 E
Fair value at beginning of the year	**6 757 783**	4 138 727
Fair value loss (Note 8)	**(4 654 813)**	2 619 056
Fair value at end of the year	**2 102 970**	6 757 783

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.

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.

There were no changes to EEC's approach to capital management during the financial year. EEC manages the following capital reserves:

	Notes	2026 E	2025 E
Share capital	18	**433 493 841**	433 493 841
Accumulated profit		**3 030 578 823**	3 262 177 356
Net Debt			
Total borrowings (Note 14.5)		**893 351 480**	914 154 571
Lease Liability (Note 14.6)		**3 466 929**	4 591 197
Less: Cash and cash equivalents (Note 14.3)		**(70 436 940)**	(27 979 296)
Net holdings of cash		**826 381 469**	890 766 472
Total equity		**3 678 398 588**	3 932 269 922
Total capital		**4 504 780 057**	4 823 036 394
Gearing ratio		**18%**	18%

During 2026, the Company's strategy was to maintain the gearing ratio (before interest accrual is taken into account) within 25%.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

24. CAPITAL MANAGEMENT *continued*

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 two 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.

25. COMMITMENTS AND CONTRACTUAL ARRANGEMENTS

25.1 Capital commitments

Capital expenditure committed at reporting date but not yet incurred is as follows:

	2026 E	2025 E
Committed capital expenditure	**61 148 969**	99 130 538

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:

The above contracted capital expenditure relates to capital projects that are in progress at the reporting date and is expected to be incurred over the next financial years.

All committed capital expenditure will be financed from a combination of internally generated funds and external borrowings.

25.2 Right of use for electricity wheeling on 400 kV line

The Company has committed to a fixed monthly charge of US$155 423.34 (2025: US$150 891) for right of use of the 400 kV line. These monthly charges are being funded from internal resources. The right of use for electricity escalates annually by US inflation.

25.3 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 (E22.5 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 (E2.3 million).

25.4 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.

As the old PPA was coming to an end, on the 9th of December 2025, the company entered into a new agreement relating to a generation Project. In terms of the agreement, the company is committed to purchase all Net Electrical Output generated by the facility over a period of twenty (20) years from the Commercial Operations Date (20 June 2028) or later depending on project milestones.

As at the reporting date, the new agreement is executory in nature, and no amounts have been recognised in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

25. COMMITMENTS AND CONTRACTUAL ARRANGEMENTS *continued*

25.5 Supply of energy

Eswatini Electricity Company entered into long-term agreements with, ESKOM, a supplier for the purchase of electricity. Effective 1 September 2025, the agreement was renewed for a 10-year period ending 31 March 2035. Under the agreement, ESKOM will charge a fixed tariff of E232.47 per kWh payable monthly, representing a significant contractual commitment of the company.

26. CONTINGENCIES

26.1 Litigations

	2026 E	2025 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.	23.0 million	38.0 million

26.2 Bank guarantees

The company had bank guarantees issued by Standard Bank Eswatini amounting to E44 000 and E130 000 in favour of the Eswatini government and Eswatini revenue services respectively.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

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

	2026 E	2025 E
Contributions received for Rural Electrification Projects (Note 19.1)	**31 985 096**	150 682 611

27.2 Purchases of goods and services

	2026 E	2025 E
Eswatini Energy Regulatory Authority Fees	**26 437 026**	28 904 811
Joint venture, Motraco, wheeling charges (Note 5)	**60 688 498**	64 620 956
Employee pension fund gains (Note 17)	**(674 536)**	2 423 886
	86 450 988	95 949 653

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

27. RELATED PARTY TRANSACTIONS *continued*

27.3 Year-end balances arising from transactions

(i) Receivables from related parties

	2026 E	2025 E
Government Departments (Note 14.1)	**40 715 428**	8 668 425

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

	2026 E	2025 E
Government (Note 23(b)(i))	**16 998 504**	18 413 072
Other Government Departments (Note 23(b)(i))	**4 244 197**	6 887 022
	21 242 701	25 300 094

(iii) Payables to related parties:

	2026 E	2025 E
Shareholder, including Government Departments		
• Rural Electrification Levy	**30 358 520**	43 742 758
Shareholder's loan	**11 240 181**	11 240 181
Joint venture, Motraco		
Electricity wheeling charges	**5 126 749**	5 768 266

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.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2026

27. RELATED PARTY TRANSACTIONS *continued*

27.4 Dividend paid

	2026 E	2025 E
Government of Eswatini	–	–

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 Directors' fees. Compensation paid to key management is shown below:

	2026 E	2025 E
Board and related fees	**1 504 896**	1 417 231
Executive Management:		
Short term employee benefits	**15 652 732**	14 680 396

UNAUDITED INFORMATION FOR DISCUSSION PURPOSES ONLY
RE-FORMATTED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2026

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	2026 E	2025 E
Revenue from sale of electricity	4	**3 199 829 260**	2 953 822 795
Cost of sales - excluding distribution costs		**(2 755 699 451)**	(2 355 966 405)
Gross profit		**444 129 809**	597 856 390
Other income		**55 589 362**	50 145 418
Distribution costs		**(569 172 979)**	(553 319 829)
Administrative costs and net impairment gains/(loss)		**(440 179 656)**	(442 773 020)
Losses from core operating activities		**(509 633 464)**	(348 091 041)
Net gains from non-electricity operations		**138 214 426**	187 595 991
Capital contribution revenue	4	**104 523 727**	104 312 112
Share of profit from Motraco	12	**97 922 359**	100 981 728
Finance costs – net	9	**(63 583 874)**	(14 253 455)
Forex, defined benefit and embedded derivatives losses	8	**(647 786)**	(3 444 394)
(Loss) before tax		**(371 419 038)**	(160 495 050)
Tax credit		**140 326 407**	80 126 842
Net (loss) for the year		**(231 092 631)**	(80 368 208)



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