Since 1963

EEC

Eswatini Electricity Company

Integrated ANNUAL REPORT 2024

VISION

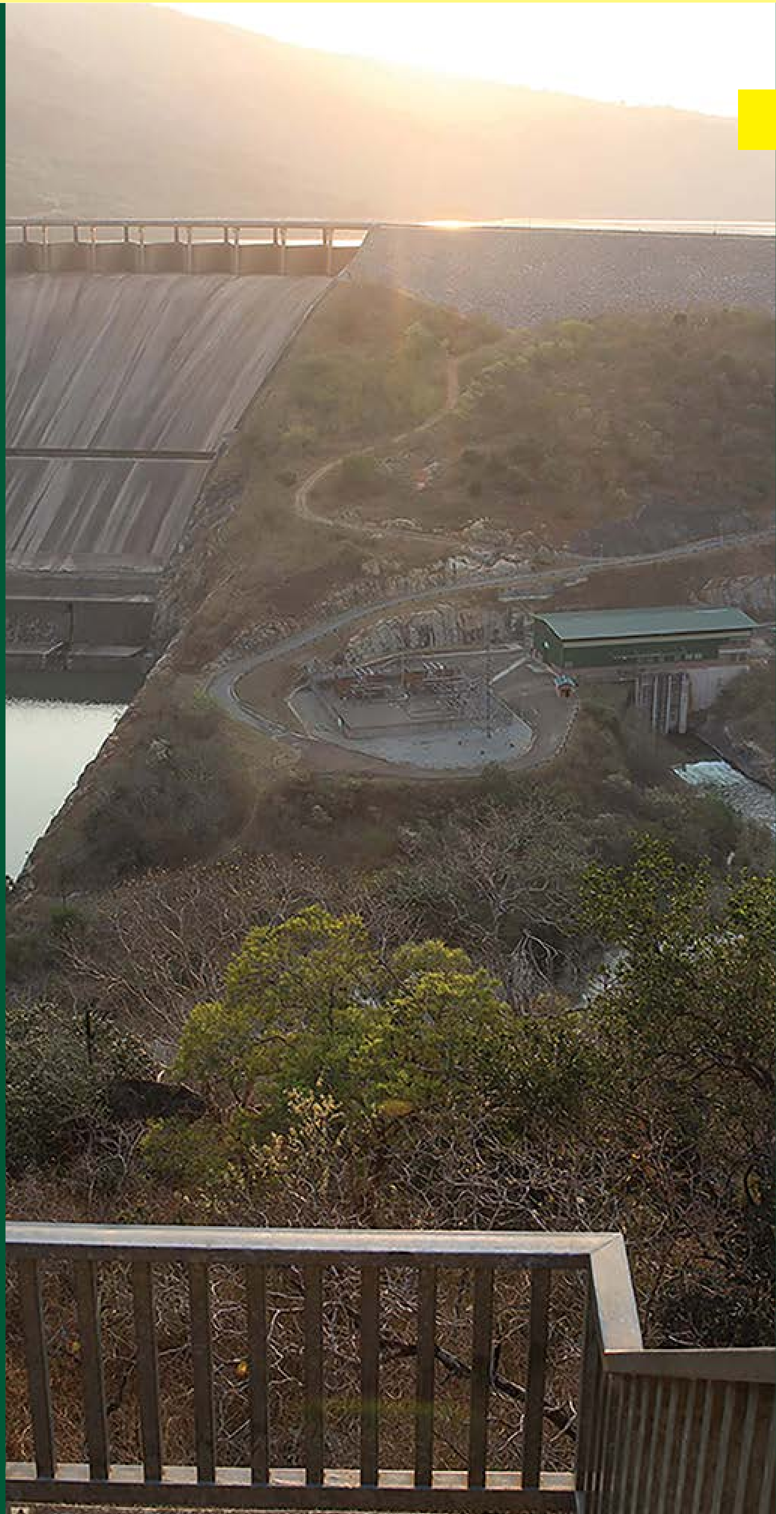
To be a major player in energy sector development, nationally and regionally.

MISSION

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

CORE VALUES

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



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OVERVIEW

The Ministry responsible for EEC

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

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

As a state-owned enterprise forming part of this resource management framework, EEC is committed to supporting the Ministry's vision. Our strategic objectives are in line with the Ministry's goals and include developing a sustainable electricity infrastructure, ensuring access to sustainable energy, and integrating technologies for efficiency. Through 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.

About this report

Introduction

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

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

Purpose of this report

The purpose of this integrated report is manifold:

TRANSPARENT COMMUNICATION

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

STAKEHOLDER ENGAGEMENT

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

STRATEGIC FOCUS AND VALUE CREATION

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

GOVERNANCE AND RISK MANAGEMENT

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

OPERATIONAL OVERVIEW

Our report gives you a snapshot of our operational environment, including the challenges and opportunities faced by the electricity sector in Eswatini. The "Operating environment" subsection under "Who we are" delves into the global, regional, and local contexts in which we operate.

ACCOUNTABILITY AND PERFORMANCE ASSESSMENT

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

Scope

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

Additionally, the scope covers:

FINANCIAL CAPITAL

Reporting on financial metrics such as revenue, expenses, and profitability.

HUMAN CAPITAL

Information about our employees, their development, and welfare.

MANUFACTURED CAPITAL

Insights into the infrastructure and equipment used in electricity generation, transmission, and distribution.

INTELLECTUAL CAPITAL

The knowledge-based assets including strategies, processes, and expertise

SOCIAL AND RELATIONSHIP CAPITAL

Our engagement with and impact on the community and stakeholders.

NATURAL CAPITAL

How our operations interact with and impact the environment.

OVERVIEW continued

Boundary

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

Specifically, the report addresses:

1. DIRECT OPERATIONS

This includes all activities that are under the control and management of Eswatini Electricity Company.

2. PARTNERSHIPS

Information on entities where Eswatini Electricity Company has influence but not full control.

3. SUPPLY CHAIN

Where material, the report may encompass information on suppliers and other stakeholders that are integral to our operations.

Reporting frameworks and standards

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

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

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

Forward-looking statements

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

Please note the following concerning these forward-looking statements:

BASIS OF STATEMENTS

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

INHERENT RISKS AND UNCERTAINTIES

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

CONTINUOUS EVALUATION

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

NO GUARANTEE OF FUTURE PERFORMANCE

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

OVERVIEW continued

Materiality determination process

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

1. INTEGRATION IN PLANNING PHASE

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

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, providing 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, ensuring alignment with the Company's strategic vision.

6. REPORT PUBLICATION AND STAKEHOLDER FEEDBACK LOOP

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

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

Additional Information

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

1. INFOGRAPHICS AND VISUALS

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

2. ARCHIVE OF PREVIOUS REPORTS

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

3. FEEDBACK MECHANISM

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

WHO WE ARE

Organisational overview

About EEC

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

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

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

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

Our vision, mission, and values

VISION

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

MISSION

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

CORE VALUES

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

WHO WE ARE continued

Operating environment

Global context

Various challenges persisted in the global electricity sector in 2023/24, including the ongoing energy supply issues sparked by Russia's ongoing invasion of Ukraine since 2022. According to the Electricity Market Report 2024 by the International Energy Agency, global electricity demand grew by 2.2%. Renewables are expected to account for more than 80% of the increase in global electricity generation in forthcoming years, with solar PV and wind leading the way. However, coal-fired power generation is also projected to increase, especially in Asia, due to high gas prices and insufficient investment in clean energy.

Regional context

Southern Africa's electricity sector faces both unique challenges and opportunities. The region's reliance on diverse energy systems reflects its complex energy landscape. Countries like Zambia and Mozambique lean heavily on hydropower, while coal still dominates energy generation in South Africa and Zimbabwe. However, the increasing global focus on reducing carbon emissions, coupled with rising energy demand, has intensified the region's need for diversification. Renewable energy sources, particularly solar and wind, are now seen as critical to meeting both sustainability goals and energy security needs. The Southern African Power Pool (SAPP), established to enhance cross-border electricity trading, has allowed countries to share energy resources more effectively. Despite these efforts, transmission bottlenecks remain a significant challenge, and aging infrastructure continues to hamper growth.

Local context

Eswatini has made notable strides in reforming its electricity sector, with a focus on renewable energy and reducing dependency on imported power. As of 2024, about 82% of the population has access to electricity, up from 63.4% in 2016. However, much of Eswatini's electricity still comes from neighbouring countries like South Africa and Mozambique, leaving it vulnerable to external market fluctuations and supply disruptions. To mitigate this, the government has ramped up local generation capacity, particularly through the development of biomass, hydro, and solar projects. Independent Power Producers (IPPs) are increasingly critical to Eswatini's energy mix, producing around 195 MW of power through renewable sources. Under the Paris Agreement, Eswatini has committed to reducing greenhouse gas emissions by 5% by 2030. This shift towards renewables not only boosts local energy production but also helps the country address environmental challenges by reducing its reliance on coal and other high-carbon energy sources.

Our material matters

DEPENDENCE ON IMPORTS

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

OPERATIONAL SAFETY

Operational safety in operations encompasses a range of safety priority areas, from transportation to grid operations. Our focus on continuous mitigation of these risks remains on ongoing concern, despite successful strides in safety improvement during 2023/24 and prior years.

NETWORK VANDALISM

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

LOSS OF KEY STAFF

EEC continues in its endeavours to train and develop talent in our workforce. However, high mobility in particular sectors, such as IT, still presents notable challenges in retaining our personnel. In 2023/24, the Board approved a Recognition and Reward policy to recognise high performing individuals at EEC.

CLIMATE CHANGE

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

Luphohlo Dam spillway

WHO WE ARE continued

Our value-creating business model

Inputs

FINANCIAL CAPITAL

- E616 million funding
- E320 million of borrowings guaranteed by the Government of Eswatini **shareholders' funds of E4 billion**

MANUFACTURED CAPITAL

- Installed generation capacity of 70.1 MW
- 1 344 km of transmission lines
- 23 565 km of distribution lines

NATURAL CAPITAL

- Net raw water used

HUMAN CAPITAL

- 774 permanent employees
- 125 casual/temporary employees
- E12.2 million investment in human capital

SOCIAL AND RELATIONSHIP CAPITAL

Long-standing relationships with:

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

INTELLECTUAL CAPITAL

- Processes and systems
- Brand equity

Business activities

- Electricity generation
  - Hydro
  - Solar
- Electricity procurement
- Electricity transmission
- Electricity distribution
- Infrastructure development and maintenance
- System operations and control

Outputs

- Revenue of E2.6 billion
- Energy sales of 1 173 GWh
- Capital expenditure of E659 million
- Imported power of 1 043 GWh
- Local generation of 319 GWh

Outcomes

FINANCIAL CAPITAL

- Operating loss of E70 million
- 7% year-on-year increase in total assets to E6.1 billion
- 3% year-on-year increase in shareholders' funds to E4 billion

MANUFACTURED CAPITAL

- Increase of 11% YoY in property, plant, and equipment to E4.4 billion.
- Maintenance of generation capacity, transmission, and distribution infrastructure increased by 7% to E750 million.

HUMAN CAPITAL

- 1.04% increase in permanent jobs to 774 (2023: 766).
- 125 casual/temporary jobs sustained (2023: 110).
- Increased human capital capacity due to training spend.
- Job security.
- Improved service to customers.

Stakeholders impacted

FINANCIAL CAPITAL

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

MANUFACTURED CAPITAL

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

NATURAL CAPITAL

- Government and regulators
- Communities
- Media

HUMAN CAPITAL

- Employees
- Customers
- Government and regulators
- Communities

Trade offs

- Investment in Power Generation and Power Transmision
- Diversification on imports which reduces Capcity Costs towards.
- Investment in Motraco which has returns in the form of Dividends.
- SAPP membership which yields support in the form of Power Trade and knowledge transfer.

CREATING VALUE


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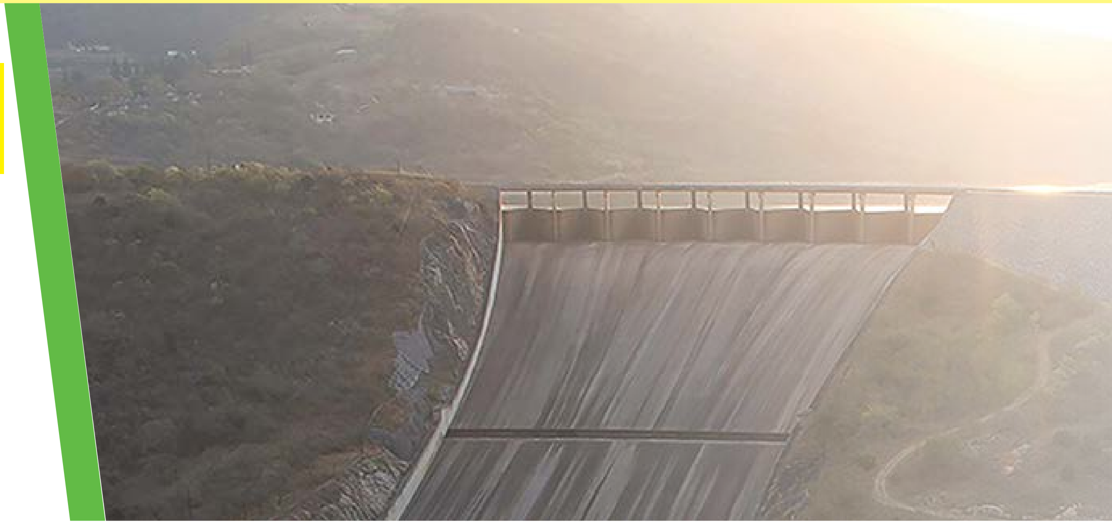
CREATING VALUE continued



Chairman's Statement for the EEC Integrated Annual Report 2024

Overview of the Organisation

The Eswatini Electricity Company (EEC) remains a resilient and resourceful organisation, proudly serving the Kingdom of Eswatini. Our customer base, which has grown to over 285 000 from a humble start of less than 100 in 1963, reflects the growth and trust vested in us by both residential and industrial consumers. Throughout the 2023/24 financial year, our core activities of electricity generation, transmission, distribution, and supply have been at the forefront of our operations. The year under review, though marked by significant challenges, especially in terms of financial performance, also saw substantial progress in areas such as local generation expansion.

Board Performance and Activities

I cannot speak highly enough of the Board's diligence, commitment, and determination. Together, we have navigated a complex and challenging environment, remaining steadfast in our goal to serve Eswatini. Our various committees have exercised vigilant oversight, ensuring effective financial and risk management while supporting operational excellence. The unqualified audit opinion and the absence of administrative fines from regulators further underscore our shared dedication to upholding the highest standards of governance and performance.

Challenges and Achievements

The year under review presented a challenging operational environment, evidenced by the operating loss we experienced. Despite these difficulties, our focus remains steadfast on three key areas: attracting and retaining large customers, securing cost-reflective tariffs, and increasing local power generation to reduce our dependency on external sources.

We are pleased to report significant achievements that affirm our strategic direction:

Generation Project Milestones - We achieved financial close for two key projects, which will add a combined total of 23.5 MW to our generation capacity, with 10 MW from Maguga Power Station and 13.5 MW from the Lower Maguduza scheme.

Transmission Network Expansion - The 83km 132kV overhead transmission power line from Nhlangano to Lavumisa, along with the development of associated substations, made significant strides. The project's transmission line completion rate increased from 6.9% to 44%, and substations from 9.4% to 25%. The Network Reinforcement & Access Project has contributed to rural electrification, connecting 2 909 households this year-up from 1 104 in the previous period, helping Eswatini maintain its third position in electricity access in southern Africa.

Edwaleni-Stonehenge Line - Progress on the Edwaleni–Stonehenge 132kV transmission line also moved significantly, reaching 75% completion, up from 31% in the last period.

Customer Growth - In alignment with government's commitment to the United Nations (UN) Sustainable Development Goal 7, we made 16 507 new electricity connections, raising our customer base to over 285 000. This strengthens our goal of ensuring every liSwati has access to electricity by 2030.

TID Rollover Project - We achieved an impressive 90% completion rate in the global Token Identifier (TID) rollover project, well ahead of the November 2024 deadline, ensuring seamless service for our customers.

Geothermal Energy Feasibility Study - In collaboration with Kenya Electricity Generating Company (KenGen), we concluded phase one of a detailed geothermal feasibility study to explore the potential of generating electricity from geothermal steam. The Board has approved phase two, focusing on further geoscientific investigations at the three most promising sites. This project reflects our commitment to sustainable, innovative energy solutions for Eswatini's future.

These achievements illustrate that despite the challenges, we are on a solid path towards growth and sustainability, driven by our mission to secure energy for all.

Delivering Value to Stakeholders

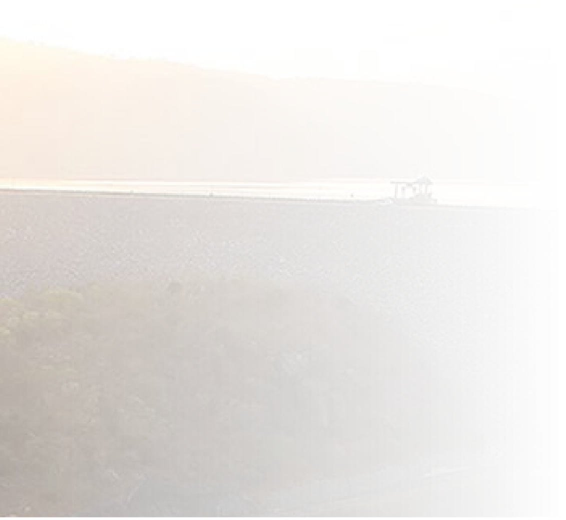
Our stakeholders, particularly our customers, remain central to our mission. Despite the tough economic environment, we have worked hard to contain controllable costs and minimise tariff increases, balancing operational sustainability with affordability. As we move forward, we will continue to prioritise providing reliable, affordable power to the people of Eswatini.

Regulatory and Governance Developments

There have been no significant regulatory changes, though the upcoming implementation of the Data Protection Act in April 2024 is a key focus. The Board is preparing to ensure compliance, with management already providing updates and training. In terms of governance, we have strengthened our focus on risk management by ensuring the employment of officers dedicated to risk and compliance, as well as enhancing the Board's knowledge through continuous education.

Outlook

The outlook for the EEC, while challenging, remains positive. Our focus on increasing local generation and securing a stable, reliable power supply for Eswatini, especially through partnerships with Independent Power Producers (IPPs), will position us to overcome current challenges. With a strategic focus on prudent



resource management, we are confident that the EEC will continue to meet its mandate in both the short and long term.

Acknowledgements

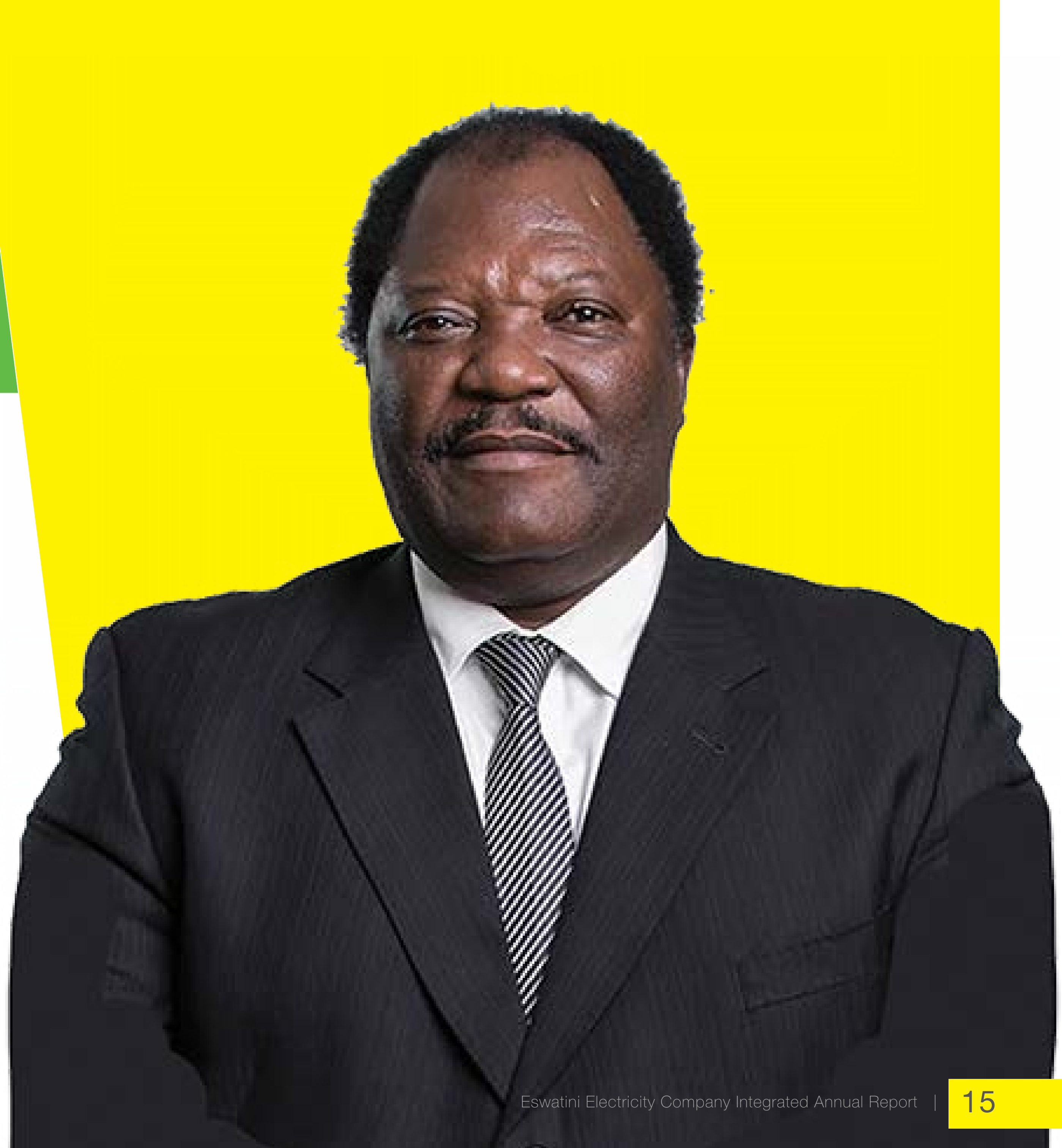
I would like to commend the EEC's management team for their dedication and expertise in navigating the organisation through a challenging year. Despite a difficult operating environment, management demonstrated strong coordination with the Board on every significant decision, particularly regarding our strategic focus on increasing internal generation capacity, strengthening the network, and expanding access to electricity.

The steady progress in these projects speaks to the remarkable capabilities and skills of our management team, who have played a crucial role in translating the Board's strategic direction into tangible, value-creating outcomes. Their effective execution of key decisions has been, and will continue to be, instrumental to the growth and success of EEC.

As we transition into the new financial year, I remain confident that the synergy between the Board and management will continue to propel EEC towards even greater achievements, ensuring the sustainability and resilience of our company in the face of evolving challenges and opportunities.

On behalf of the Board, I extend my sincere gratitude to all who have contributed to the Company's success this past year. Together, we will continue to navigate these complex times and strive for a sustainable, prosperous future.

PATRICK MYENI
Chairperson, Eswatini Electricity Company



CREATING VALUE continued

Managing Director's Message: Powering Eswatini's Future

Dear Stakeholders,

As we review the past year and look ahead, I am acutely aware of EEC's critical role in powering Eswatini's future. The challenges we have faced have been significant, but they have also sharpened our focus on building a resilient, sustainable, and inclusive energy landscape for our nation.

Year in review

The 2023/24 financial year has been one of the most challenging in this decade for EEC. Although there was an increase in electricity sales, it was coupled with increased costs of production, a situation exacerbated by our inability to implement commensurate tariff increases. The threat of load shedding, stemming from supply constraints at our main provider Eskom, led to increased customer self-generation, which will impact our sales.

Regional drought conditions diminished supply in the Southern African Power Pool market, reducing our trading opportunities. Simultaneously, our own generation capacity was constrained due to necessary maintenance of our water conveyancing system, leading to the shutdown of several hydropower plants and increased generation costs.

Despite these challenges, we made significant progress on key initiatives. We substantially completed civil works on two substations as part of our Transmission Infrastructure Enforcement Project, enhancing our grid's robustness. We also finalised a reconnaissance study for geothermal potential in Eswatini, opening new avenues for carbon-free base load power generation.

Financially, while we encountered an operational loss, EEC's net performance recorded a low profit, bolstered by our investment in our subsidiary company, Motraco. This was the first year of a 10.14% tariff increase approved by the regulator, though it fell short of covering supplier tariff increases.

On the strategic front, we successfully implemented a new billing system to be operational from April 2024, marking a significant milestone in our digital transformation journey. We also completed the framework for small-scale embedded generation and have begun registering these generators in our system.

Looking ahead: Our plan for the future

Our vision remains clear: to provide reliable, affordable, and sustainable energy for all Eswatini citizens. To achieve this, we are focusing on several key areas:

1. Diversifying our energy mix

Following our geothermal reconnaissance study, we will conduct further geoscientific investigations to confirm the viability of this resource. We have initiated a contract for these studies, expected to conclude by the end of FY 2024/25.

2. Expanding renewable capacity

We aim to commission approximately 195 MW of new capacity in the medium to long-term, primarily from solar PV and biomass sources. We are also optimistic about an IPP project to build and operate a new hydropower plant, with financial close expected in the second quarter of 2024/25.

3. Operational efficiency

We will continue with the cost of supply engagements and the efficiency study to optimise our operations. While the efficiency study contract was terminated due to poor consultant performance, we expect to complete this process by the second quarter of 2024/25.

4. Leveraging existing assets

We have expanded our offering of optical fibre services to telecom providers, signing two new contracts this year. This diversification of our portfolio presents additional revenue opportunities.

5. Investing in our people

The Board has approved a Rewards and Recognition Policy, set for implementation in the coming year, to improve our employee value proposition and recognise high-performing teams and individuals.

6. Community development

We have initiated several Corporate Social Investment programmes, including providing capital for goat farming in rural communities and infrastructure development for schools, aligning with Sustainable Development Goals.

Challenges and opportunities

We face significant challenges in raising capital for our generation expansion plans, refining our pricing structure, and navigating complex tariff negotiations as a net electricity importer. However, these challenges also present opportunities. The renewed 10-year Power Purchase Agreement with Eskom provides a window to boost our domestic generation capacity and reduce import dependence.

While we remain committed to increasing our renewable energy capacity, we recognise the potential role of conventional resources like coal in ensuring energy security and supporting economic development in the short to medium term. Our approach involves a gradual, responsible transition that balances immediate needs with long-term sustainability goals.

Conclusion

I extend my gratitude to our staff, partners, government, Board of Directors, and customers for their continued support and patience. Together, we are building an energy system that will power Eswatini's future. With your continued support, we will turn this vision into reality, driving progress and prosperity for our nation.

ERNEST MKHONTA
Managing Director
Eswatini Electricity Company

"Our vision is to build a resilient, diverse, and sustainable energy landscape that will power Eswatini's progress for generations to come."

Mr. Ernest Mkhonta
MANAGING DIRECTOR, EEC

CREATING VALUE continued

Stakeholder engagement

Stakeholder	Key topics, material issues and expectations	Engagement channel	Our response
Media	• EEC's performance • Stability of power supply • Internal generation plans • Eskom contract post 2025 • Service delivery	• Quarterly meetings and special site visits • Ad hoc media briefings • Media releases • Media commentaries/Interviews	• Editors breakfast meetings • Media tour of EEC CSI and operational projects • Timely provision of timely and transparent access to information, activities
Customers, Communities	• The affordability of electricity and access • Network quality and coverage • Safety of electricity • Reduced turn-around for electricity faults • Support for community development initiatives • Engagement on planned community projects.	• Formal and informal meetings with regulators and interested parties • Meetings with key customers (exceeding 300kVA consumption per month) • Community meetings • Website, call centre, social media, and USSD platform • Customer activation at service centres. • Networking activities	• Community and schools' educational initiatives • Quarterly and regular meetings with our key customers • Investment of E2.1 million in community empowerment initiatives in 2023/24 • Stakeholder management initiatives for all NRAP projects
Shareholder, Investors	• Clarifying strategy execution to ensure sustained financial growth • Allocating financial capital responsibly • Embedding good corporate governance practices and corporate citizenship • Disclosing executive remuneration transparently	• Personal meetings • Quarterly reports • Annual results announcement	• The EEC indirectly creates approximately 1 050 jobs • Around E120 million in contracts amassed for contractors to share
Suppliers	• Providing business opportunities • Ensuring timely payments to enhance cash flow and liquidity • Addressing health and safety concerns • Promoting environmental solutions • Promoting partnership opportunities with industry players	• Supplier forums • Supplier training and development programmes • Site visits • Tenders and requests for Proposals/ Quotations	• Transparency • Timely processing of payments
Regulators	• Operating efficiency and quality of service • Promote economic efficiency • Consumer protection • Expedite procurement activities through timely processing and approval of requests	• Periodic meetings • Quarterly meetings	• Transparency • Compliance • Average Quality of Service stood at 78% against a target of 83% • Develop an optimal tariff structure

Strategy

Strategic performance

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

REVENUE GROWTH

Recognising that robust financial health is essential for sustainability, we are implementing initiatives aimed at diversifying our revenue streams and bolstering sales. This includes the development of alternative energy solutions and collaborative efforts with stakeholders.

OPERATIONAL EXCELLENCE

Operational efficiency is crucial in achieving our socio-economic mandate. By streamlining processes, optimising resource utilisation, and integrating technological innovations, we aim to enhance our operational performance. This not only has direct implications for cost management but also catalyses our ability to adapt and innovate.

SOCIAL IMPACT

As a corporate citizen, we are committed to generating a positive impact on society. This includes, but is not limited to, our efforts in increasing accessibility to electricity, improving the reliability of supply, and actively contributing to the reduction of carbon emissions.

CREATING VALUE continued

Our strategic map

The figure below illustrates our Strategy Map and incorporates the objectives that informed the initiatives, reported on in terms of progress in 2023/24.

Strategic Outputs

ECONOMIC MANDATE

Financial Outputs: LONG-TERM FINANCIAL SUSTAINABILITY
- Revenue increase
- Cost control

Client's Perception:
- "Affordable power"
- "Reliable and safe power supply"
- "Proactive and fast responsiveness"

SOCIAL MANDATE

Social Outputs: POSITIVE IMPACT ON ESWATINI GDP

Society's Perception:
- "Empowers the Eswatini economy"
- "Gives every LiSwati access to power"
- "Contributes to environmental sustainability"

Strategic Inputs

Internal levels:

REVENUE GROWTH
- Attract and retain key profitable clients
- Increase non-core revenue

OPERATIONAL EXCELLENCE
- Increase generation efficiency and capacity
- Increase transmission, distribution efficiency and reliability
- Improve customer experience
- Decrease risk of permanent supply interruption
- Manage demand proactively
- Improve procurement efficiency

IMPACT ON SOCIETY
- Reduce carbon footprint
- Promote growth and value added increase of local supply chains, within the limits of affordability

Enablers:
- Increase safety and security
- Attract, develop and retain key critical skills
- Create a culture of accountability and high performance
- Strengthen leadership and management capabilities
- Develop solid strategy execution capabilities
- Improve availability of information for better decision making
- Strengthen partnerships with key clients and private investors
- Increase cost effective funding
- Strengthen stakeholders management

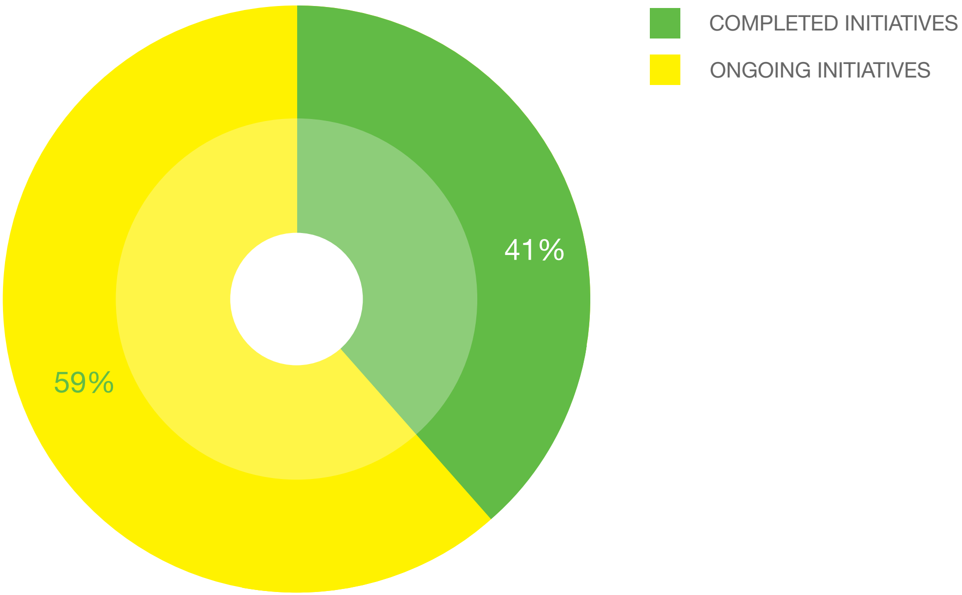
In year one (2022/23) and two (2023/24) of the Vutsela 2022-2027 strategy, the focus was on operational efficiencies as well as feasibility studies for Generation Expansion projects.

Most of the initiatives had two- to three-year plans and were based on the activities for the year. Those milestones were achieved.

During the financial year, EEC's initiatives were on track. The recurring initiatives were completed timeously (the one off-track initiative was for the Billing System upgrade).

Overall, initiatives' performance translated to 3.11 (satisfactory) for the 2023/24 financial year. EEC will continuously strive to deliver sustainable security of supply and a favourable tariff structure that supports economic growth and maintains its financial sustainability.

Below is a summary of the progress made in terms of the initiatives.



CREATING VALUE continued

Our strategic map continued

Strategic inputs continued

Status of initiatives that began in the 2023/24 financial year

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

Initiative	Initiative completed	Initiative on track	Initiative off track
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 2)			
26. Market Rules			
27. Local IPP Programme			
28. Partnerships with key clients and private investors			
29. Identification of Procurement Localisation Opportunities			
30. Optimising Energy Trading			
31. Fibre to the Home			

Generation Expansion Projects – There has been some movement observed in terms of these projects monitored under strategy. There have been some delays completing certain milestones as a result of external influences however the teams are working hard to catch up on the delay in time where it is possible and for some, revised dates have been provided that are linked to original dates that were previously brought forward.

Efficiencies within Transmission and Distribution – Roll out of capital projects and exploration of new technologies available was completed.

Cost of Supply Study - The EEC is waiting for further implementation discussions with the Regulator in terms of the Cost of Supply study to agree on an implementation plan to reduce the existing subsidy levels.

Partnership Explorations – Discussions to collaborate with EPTC and other ISPs, on the possibility of partnering in the Fibre to the home project are ongoing since the Company uses fibre on the infrastructure.

The table below highlights EEC's corporate performance for the 2023/24 financial year.

Strategic Objectives	Key Performance Indicator	Target for the year (2024)	Performance for the year (2024)
1. Long-Term Financial Sustainability	Net Profit/Loss Margin	0.88%	3.64%
2. Increase Revenue	Total Sales Revenue	E2.6138bn	E2.6437bn
3. Cost Control	Total Cost excluding Import Costs	E1.113bn	E1.092bn
	Unit Cost Excluding Imports	E0.98	E0.89
4. Positive Impact on Eswatini GDP	Percentage of emaSwati with access to electricity	86.64%	88.68%
	Total Unit Cost	E2.43	E2.35
5. Attract and Retain Large Profitable Clients	Number of Large Clients	969	924
	Large Client Installed Capacity	128.99 MW	128.99MW
	Self-Generation Solar Installed Capacity	18 990 kW	18.990kW
6. Increase Non-Core Revenue	Non-Core Revenue	E5.465m	E5.8m
7. Increase Generation Efficiency and Capacity	Unit Cost for Total Generation Mix	E1.33	E1.36
	Total cost for EEC Generation	E0.29	E0.23
	Savings from Trading	E88.5m	E91m

CREATING VALUE continued

Our strategic map continued

Strategic inputs continued

Status of initiatives that began in the 2023/24 financial year continued

Strategic Objectives	Key Performance Indicator	Target for the year (2024)	Performance for the year (2024)
8. Increase Transmission Efficiency and Reliability	Total Cost for Transmission and System Operations and Control	E187.19m	E195.29m
	Transmission energy losses	4.40%	7.25%
	Voltage Stability	96.00%	95.81%
9. Increase Distribution Efficiency and Reliability	Total Cost for Distribution	E448m	E482m
	Distribution availability	98.00%	96.79%
	Distribution energy losses	6.28%	5.62%
	Voltage stability	97.00%	96.28%
10. Improve Customer Experience	Customer Services Operating Cost per customer	E374.62	E349.54
	Quality of Service standard	83.00%	78.00%
	Debt over 60 days (incl. Govt)	E24.00m	E47.2m
	Commercial Energy losses	2.00%	0.82%
11. Decrease risk of permanent supply interruption	Key energy Suppliers diversification	1	1
	Permanent Interruption Risk Index	3	3

EXCEPTIONAL ABOVE TARGET SENSITIVITY RANGE WITHIN TARGET SENSITIVITY RANGE BELOW TARGET SENSITIVITY RANGE

Strategic Objectives	Key Performance Indicator	Target for the year (2024)	Performance for the year (2024)
12. Ensure procurement efficiency	Stock value (Inventory value)	E100.0m	E105.84
	Turnaround time in Service level threshold	90.00%	96.00%
	Critical stock availability (Items)	8	6
13. Reduce carbon footprint	Overall mix carbon footprint	712 T/U	639.11 T/U
	Imports Carbon footprint	71.8 T/U	71.92 T/U
14. Promote Growth and Value Added increase of local supply chains within the limits of affordability	Local procurement spend under local procurement standards	50%	78%
	Growth in key procurement categories	10%	0%
15. Increase safety and security	Fatalities	0	0
	Disabling injuries	34	33
	Near misses reported	380	836
	Audit findings related to safety remedied	90%	85%
	Public safety awareness	20	32
	Subcontractors trained on OHS	90%	93%
	Copper theft & damages	2.95m	2.33m

EXCEPTIONAL | ABOVE TARGET SENSITIVITY RANGE | WITHIN TARGET SENSITIVITY RANGE | BELOW TARGET SENSITIVITY RANGE

CREATING VALUE continued

Our strategic map continued

Strategic inputs continued

Status of initiatives that began in the 2023/24 financial year continued

Strategic Objectives	Key Performance Indicator	Target for the year (2024)	Performance for the year (2024)
16. Attract, develop and retain key critical skills	Time to fill critical roles	4 weeks	4 weeks
	Turnover of critical roles	22.22%	5.56%
	Adherence to Core Training	60.00%	69.00%
	Personal Scorecard Average Score	3.5	3
17. Develop solid strategy execution capabilities	Reporting of measures		
	Initiative management	98.00%	100.00%
	Initiatives funded (Stratex)	90.00%	100.00%
	Strategy review meetings	3	4
	Personal scorecard's reported	50.00%	75.00%
	Business/Support Units scorecards reported	80.00%	75.00%
18. Improve availability of information for better decision making	Operational Metrics data quality and availability	98.00%	98.00%
19. Increase Cost Efficient Funding	Funding for Strategy and Capital projects	E470m	E0m
20. Strengthen Stakeholders Management	Key categories of stakeholders engaged	4	8

EXCEPTIONAL ABOVE TARGET SENSITIVITY RANGE WITHIN TARGET SENSITIVITY RANGE BELOW TARGET SENSITIVITY RANGE

EEC is actively implementing its Vutsela 2022-2027 strategy with the aim of ensuring long-term sustainability. This strategy is designed to fulfill both our economic and social responsibilities by powering Eswatini's economy. To achieve these objectives, we have adopted an integrated approach to risk management, conducting regular risk assessments on all key processes that drive our strategy.

Our Executive Committee and senior management team regularly analyse the evolving landscape of our industry as an integral part of these risk assessments. This proactive approach allows us to anticipate and adapt to changes that may impact our operations. The Board of Directors, through the Audit and Risk Committee, maintains oversight by monitoring our top ten risks on a quarterly basis, ensuring our long-term sustainability remains a priority.

It is important to note that while the nature of many of our risks aligns with the duration of our strategy and its goals, their relative importance may shift during periodic assessments. This is primarily because EEC's core business remains consistent, focusing on power generation, transmission, and distribution. As such, the fundamental nature of our risks tends to remain stable, with changes typically occurring in their ranking rather than in their essential characteristics.

Risk management

Background on EEC risk management

The top 10 risks were as follows:

Risk#	Risk Name	Objective	Risk Score - 2023		Risk Score - 2024		Change
			Inherent	Residual	Inherent	Residual	
01	National blackout / Grid Collapse	Source sufficient electricity to meet the demand (optimal trading)	104	104	9.3	2	
02	Insufficient Generation capacity	Financial sustainability	159	6	23.9	3.90	
03	Lack of capability (systems and processes) of transforming raw data into meaningful business insights	Implement Data Management and Data Security (Access Rights);	New	New	3.2	3.2	
04	Loss of life/ Injuries	Ensure safe operations of the network	180	46	2.1	1.7	
05	1. IT systems may be unavailable to support business 2. Critical system and corporate data may be lost and not available with required	Manage IT Continuity & Data Recovery and Backup Management	New	New	3.2	3.2	
06	Insufficient working capital-(declining working capital)	Financial Management: Ensure organisational sustainability through sound financial control, oversight and reporting	New	New	3.2	2.6	
07	The failure of generation capacity projects	Positive impact on Swati GDP	New	New	3.23	3.23	
08	Unaffordable/ non-cost reflective tariffs	Attract and retain key clients	Emerging	Emerging	3.4	2.6	
09	Fallen distribution line structures	Supply safe and reliable power to all EEC customers efficiency and reliability	New	New	4.4	2.8	
10	Non-cost reflective tariff awards by the Regulator	Attract and retain key clients	Emerging	Emerging	3.4	2.6	

CREATING VALUE continued

Risk management continued

Emerging/Watch Risks

1. Distribution: Falling of Employees and contractors working at heights
2. Distribution: Electrocution of Employees and Contractors
3. Human resources constraints
4. Fallen Transmission line structures and unavailability Of Network
5. Cyber Attacks

IT Governance, Audit Assurance Services and Ethics Governance

IT governance

In line with the requirements of the King IV report, the Audit & Risk Committee exercised its oversight role on IT Governance wherein critical matters of IT Governance and information security, especially cybersecurity threats, the prevalence of which heightened after the COVID-19 period, were considered.

IT governance is part of the overall governance of the Company, not just an IT issue, with specific focus on improving the management and control of information technology for the benefit of the primary stakeholders. IT systems, including the vending systems that are critical for customers, achieved 99% availability.

Audit assurance and consulting services

The Internal Audit function continued to provide independent assurances and consulting services on risk management, controls, and governance processes, in line with the Company objectives for the function, Internal Auditing Standards for Professional Practice, and good corporate governance principles. This was done through a risk-based annual audit plan that was approved by the Board through the Audit and Risk Committee. Significant audit areas were identified from risks aligned to Vutsela 2022–27 strategy and key operational processes. Audit areas were operational, financial, safety, environmental, information technology, social, compliance, and business continuity, in light of emerging risks such as future pandemics, which could disrupt smooth operations (as was the case with COVID-19). Other audits emanated from management's requests (ad hocs) as well as from the anonymous fraud hotline.

Collaboration was also done with other third line external assurance providers, including external auditors, for statutory audits and Integrated Management Systems (IMS) that the Company is certified for (ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018). This is to ensure that the Company delivers on quality and retains the certificates.

In line with the corporate governance principles, the Audit and Risk Committee exercised its oversight role on the activities of the Internal Audit function and IT risk governance on a quarterly basis. Progress was reported on execution of the approved audit plan and gaps identified from the Quality Assurance Review of the Internal Audit function. Execution of the plan was at 73%, against a target of 80%, due to the influx of unplanned ad hocs, which diverted the scarce resources. Going forward, 30% of audit time will be allocated to the ad hocs to dedicated more time (70%) to the Risk-based Audit Plan, ensuring that all key risks are adequately mitigated for the sustainability of the Company. Overall audit opinion was that controls existed and were assessed to be adequate. Controls assurance ratings on 28 audit areas ranged from "satisfactory" to "good" and "excellent" (65% to 100%), and an additional eight found to be "unsatisfactory" and "weak" (below 60%), therefore requiring immediate treatment. Treatment actions agreed with both internal and external auditors were tracked and were being implemented by management to ensure closure of control gaps identified. The Internal Audit function continues to close all the gaps identified during the Quality Assurance Review for continuous value provision to EEC, hence the aspiration to attain an Insight Generator level in next assessment interval in compliance with Standard 13 of the Auditing Standards.

Ethics governance

EEC leadership upholds the governance principles of the right tone at the top when it comes to ethical conduct in the workplace. To encourage all stakeholders, internal and external, the Board introduced a Whistleblower Protection Policy to safeguard anonymity of whistleblowers who report any form of misconduct affecting the EEC, be it theft, corruption, or other activities. In addition to that, the Company engaged services of KPMG South Africa to host the whistleblowing facility outside the country. A tollfree number, 8009010, was also secured, which directly links with a tollfree number, +27 12 543 1547, at KPMG SA. The facility and fraud hotlines were launched in February 2024. The line will be marketed extensively in the 2024/25 financial year. By close of the current financial year, no activity had been reported on the facility.


CTION BOARD
SYNCHRONIZING BOARD A/ZL 1-2
HYDRO 2 CONTROL & GENERATOR PROTECTION BOARD
UNIT BOARD A/SR2
MANUAL CONTROL
AUTOMATIC CONTROL

PERFORMANCE

Operations

The Operations Department's main focus was to achieve the strategic objectives in line with the Vutsela 2022-2027 strategy. The initiatives undertaken by the department included achieving operational excellence, revenue growth, and making a positive impact to society.

Operational excellence

This was achieved through a number of sub-initiatives, which included increasing generation, transmission, and distribution efficiency, improving customer experience, managing demand proactively, and improving procurement efficiency.

Increase generation efficiency

Electricity generation for the 2023/24 financial year was 316.9 GWh, which was 15% lower than the all-time high of 373 GWh generated in the previous financial year. The main reason for the drop relates to the 2022/23 financial year being an exceptional year in terms of good rain and river flows. Though generation was lower in the current financial year compared to the previous year, it was generally a good year for generation when compared to other years over a five-year period. Local generation contributed 23% of the system's requirements. This was achieved through optimising power generation throughout the year.

Manage demand proactively

The system's maximum demand recorded for the year stands at 245.52 MW, which was suppressed due to loadshedding, and clocked at 19h30 on 6 March 2024. The actual demand at the time was 252.52 MW, which is higher than the 239.78 MW recorded in the previous year. This becomes the highest maximum system demand in EEC's operational history.

Improve power procurement efficiency

The Company's total electricity imports added to 1 043.5 GWh (2023: 924.52 GWh). The increase of 12.87% on the imported energy can be attributed to the increased demand for energy in the country, slightly reduced internal generation due to relatively lesser rains than previous year, and the two-month shut down of Edwaleni and Ezulwini power stations for the Edwaleni pondage desilting project. It is also worth highlighting that this was suppressed demand as the year has been characterised by extensive loadshedding, primarily to manage energy imports to align with contractual obligations.

The total costs of the imported power purchases including wheeling charges amounted to E1 773 million, compared to E1 473 million in the previous financial year. The significant increase is also partly attributed to the high tariff escalations from our international suppliers. The total units sent out for the year amount to 1 360 GWh (2023: 1 298 GWh).

Power procurement

EEC continued to participate as a member of the Southern African Power Pool (SAPP) where it is recognised as a National Power Utility. The total energy traded in the SAPP Markets for the year was 139.57 GWh, mainly accumulated in the first half of the year, and this was a 16.2% increase from the 120.07 GWh recorded in the 2022-23 financial year. The energy market clearing prices were at times very high, thus limiting the volumes that could be sourced from the markets, particularly in the period from November 2023 to January 2024. The EEC realised savings of around E91.1 million through the trading of energy from the SAPP markets, representing a significant increase compared to E25.8 million saved in the previous year.

Eskom-EEC power supply contract renewal

The existing 25-year Power Supply Agreement (PSA) with Eskom is due for renewal in September 2025, and negotiations for the remaining period were concluded in the previous financial year's engagements. Engagements are currently ongoing between EEC and Eskom to renew the PSA as a further long-term agreement, considering the country is still reliant on Eskom to meet its power demand requirements. The PSA will be negotiated under a new framework in line with the current power supply reforms taking place in the SADC region. The discussions with Eskom will be concluded during the forthcoming financial year.

EDM-EEC power supply agreement

The negotiations between EEC and EDM for a long-term PSA continued during the 2023/24 financial year. Currently a short-term contract has been signed whilst discussions are ongoing to secure a long-term agreement. The long-term PSA with EDM is planned to have increased volumes, as EDM will soon be commissioning new power generation projects.

Customer experience

The effects of climate change continue to affect EEC's infrastructure, as it brings severe adverse weather conditions that affect the country's infrastructure, while also making some areas inaccessible. As a strategy to improve customer experience, EEC continues to revise the designs of the infrastructure making it resilient and able to withstand severe storms. The Company continues to prepare budgets to implement the network master plan, which is designed to

PERFORMANCE

Operations continued

Operational excellence continued

Customer experience continued

increase network reliability through infrastructure development projects. Improvement of the quality of supply and service remains among the top priorities for the Company.

In a bid to optimise local generation, the Company completed the automation of the Ezulwini Power Station, started the dredging of the Mkinkomo Weir in Matsapa, and completed designs for the Ferreira Canal rehabilitation.

Transmission is continuing with its long-term plan of upgrading the 66 kV lines from wooden to steel structures. Conversion of the Helehele/ Malindza T circuit was fully completed by the end of the financial year. The team will proceed to have the Malindza-Mpaka circuit completed on steel structures by the end of the 2024/25 financial year. Protection upgrades at Hhelehhele were fully completed at the end of March 2024. The Smart Metering Pilot Project was similarly fully complete, with meters installed at Matsapha Mobeni and Magevini.

The Distribution Department at EEC continues to install underground networks, especially in urban areas, whilst in the rural areas there have been several initiatives to improve the network performance. These initiatives include piloting steel structures for distribution, as well as ensuring the network gets protected from adverse weather conditions. Systems Operations and Control has also upgraded most of the telecommunications infrastructure to current technology, which has resulted in improved efficiencies.

Revenue growth

The Operations Division continued to retain its key profitable customers through improved quality of supply and service, which is monitored on an ongoing basis. It has also successfully implemented its revenue diversification strategy by commercialising its communications infrastructure. This is intended to benefit the country in the long-term, as stable power with improved communication infrastructure could stimulate economic growth for the country.

Impact on GDP

The roll-out of rural electrification throughout Eswatini continued with most projects funded by Microprojects/ Rural Development fund, Rural Electrification Access fund and World Bank. This has resulted in an increase of the country's access to more than 80%

Generation

Internal Generation (GWh) & Contribution to System (%)

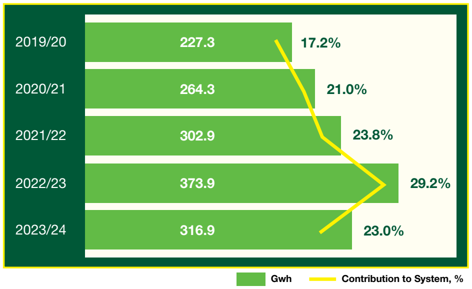


Figure 01: Local Generation versus percentage contribution to the system

As can be seen in figure 01 above, local generation contributed on average 23% to the country's demand in the year under review.

Total Monthly Energy Generation (GWh)

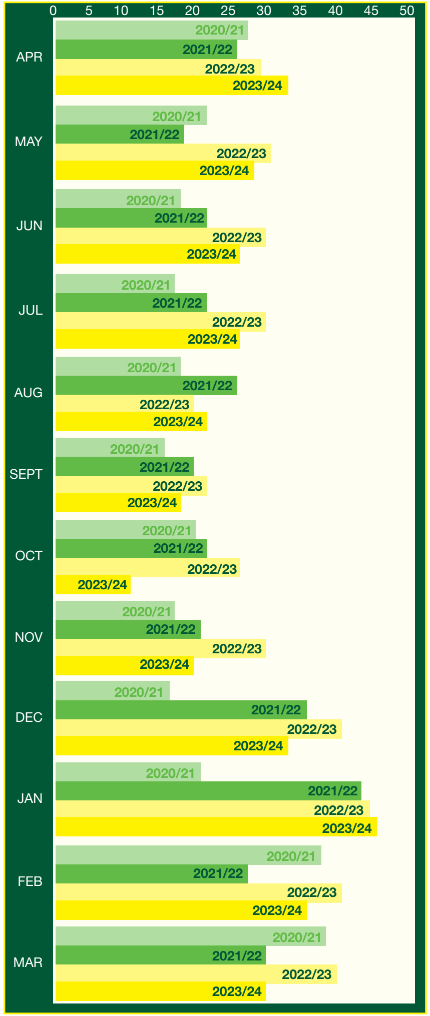


Figure 02: Monthly generation for the last four years

Monthly generation was generally higher for the first six months. There was a drastic drop in October, mainly due to the September and October outage of Edwaleni and Maguduza Power Stations. The outage allowed for the mechanical desilting of the Edwaleni pond. At the same time, water levels at Luphohlo dropped to around 28%, resulting in decreased generation at Ezulwini Power station.

Cumulative Energy Generated (GWh)

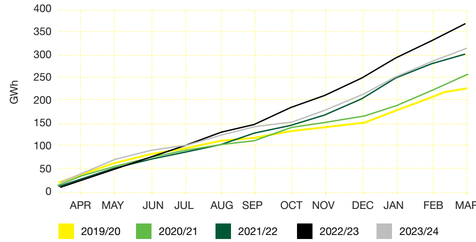


Figure 03: Year-on-year cumulative generation GWh for the last five years

The cumulative energy generation in figure 03 shows good electricity generation for the first few months. There was a significant drop in September and October, however, the 2023/24 financial period became the second-best year in the past five years.

Monthly Plant Contribution to Internal Generation, (GWH, %)

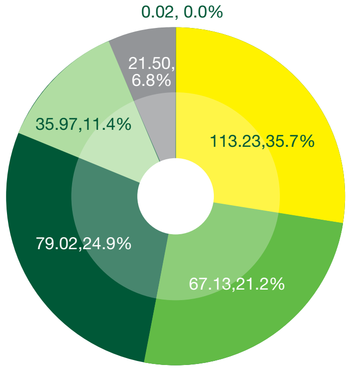


Figure 04: Power stations' contribution, internal generation

Figure 04 depicts the energy contribution by each power station. As is the norm, Maguga Hydro contributed the largest share of internal generation at 35.7%, followed by Edwaleni Hydro at 24.9%. The 10MW Lavumisa PV plant contributed 6.7%.

Network extension

There has been a considerable amount of activity on the distribution network extension projects to communities compared to the previous financial year. This can be attributed to the funding provided by the Government of Eswatini through micro-projects, the Regional Development Fund, the World Bank, and the Rural Access Fund. Overall distribution lines increased from 23 193 km to 23 565 km, which is 372 km of new lines.

Table 01 shows the overall extent of the network.
Table 01: Network line statistics

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

PERFORMANCE continued

Operations continued

System Operations and Control

Energy and Maximum Demand Graph for 2023/2024

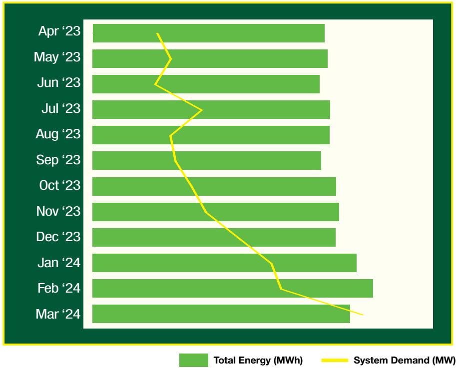


Figure 05: Monthly system max demand for FY 2023/24

Month	Total Energy (MWh)	System Demand (MW)
Apr '23	106 381,78	212,429
May '23	107 916,12	215,064
Jun '23	104 228,46	212,014
Jul '23	108 928,00	221,079
Aug '23	108 837,41	214,993
Sept '23	104 910,08	215,989
Oct '23	111 776,58	219,163
Nov '23	113 059,56	221,938
Dec '23	111 527,98	228,275
Jan '24	121 099,56	234,687
Feb '24	128 796,13	236,592
Mar '24	118 099,22	252,415

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

Table 02: 13-year annual system maximum demand trend

The chart in figure 05 above shows a pattern of the maximum power demand throughout the year. The lowest demand was in June whilst the highest demand for the year was in March 2024. Table 02 depicts annual system maximum demand for the past 13 years. The highest system demand in the 13-year period was recorded in 2024. This shows that the demand for EEC is normalising after a slight decline during the COVID-19 period.

Major storms (hail and wind) were experienced from August 2023 to February 2024. For the second consecutive year, the numbers peaked in November and December. The highest number of incidents was recorded in December 2023 (32 699), even though this is comparatively lower than the 39 257 incidents recorded in December 2022.

The total number of incidents recorded in the year was 302 453, compared to 259 010 in the previous year. This translates to an increase of about 16.8% in the number of recorded incidents.

Other activities

The SCADA system is at the heart of the operations of the power network. The department embarked on a project to replace the server hardware of the SCADA system. The old hardware was then used to establish the SCADA Disaster Recovery System (DRS) at Edwaleni II substation. The project was completed successfully with all software installations done internally. The images below depict the panels housing the new system servers and the newly established DRS.

Main system rack and servers at NCC data centre

Disaster Recovery System rack at Edwaleni II

EEC and Eskom National Control Centre were able to set up the ICCP (Inter-Control Centre Protocol) link for data sharing between the two control centres. This is in line with the SAPP requirements for monitoring the SAPP network, especially the interconnectors from SAPPCC. Further configurations for full visibility of the SAPP transmission network interconnectors shall continue in the new financial year.

Tower leasing

There is also a notable increase in the number of entities that want to co-locate on the EEC telecommunication towers. The department recently completed a project refurbishing the telecommunication towers, and this will go a long way in ensuring that these towers are robust enough to sustain the load on them for an extended period of time.

Non-core revenue generation – fibre leasing

A few contracts were signed with customers for the fibre leasing to increase non-core revenue. The revenue collections through fibre leasing for the 2023/24 financial year totalled E5.48 million. This is below the initial target for the year, as leasing rates were reduced to align with market rates, as the trend is for data rates to reduce with time. More clients are being connected, as they show interest, on the different links of the EEC fibre network, where capacity permits.

Power quality performance analysis

There are 31 CT Lab Brand power quality instruments permanently installed in the network and 13 Unipower power quality instruments. These are installed in the EEC substations. Over and above these there are two portable instruments which are used for investigation purposes, one CT Lab and one Unipower. All these instruments are collecting data.

The compliance limits at different voltage levels for the power quality parameters is presented in table 03.

Table 03: Quality of supply compliance limits as per SZNS 028

Voltage level	Voltage regulation	THD	Voltage unbalance	Y-dip	Other dips	Interruptions
• **EHV (above 230kV)** ◦ **400 kV**	±5%	4%.	1.5%	No limits yet	No limits yet	No limits yet
• **HV (57.5kV to 230 kV)** • **132 kV** • **66 kV**	±5%	4%.	1.5%	No limits yet	No limits yet	No limits yet
• **MV (1000V to 57.5 kV)** ◦ **11kV**	±5%	8%	2%	No limits yet	No limits yet	No limits yet
• **LV (less than 1000V)** • **400 volts** • **230 volts**	±10%	8%	2%	No limits yet	No limits yet	No limits yet

PERFORMANCE continued

Operations continued

System Operations and Control continued

Table 04 below illustrates the performance of the network for the period under assessment. Kindly note the notations used in the table:

- C – Complies with National Quality of Supply standard
- NC – Does not comply with National Quality of Supply standard

Table 03: Quality of Supply Standard compliance as measured in system

Substation name	Voltage regulation	THD	Voltage unbalance	Y-dips	Other dips	Interruptions	Data availability
Balegane - Mhlume 66kV Fdr 1430	NC (83.3%)	NC(4.7%)	C	140	2	0	91.92%
Big Bend - Illovo Incomer 2 Fdr 1840	C	C	C	112	6	8	97.84%
Edwaleni 2 - Camden 400kV Fdr	C	C	NC (1.6)	23	0	0	90.07%
Edwaleni 2 - Maputo 400kV Fdr	C	C	NC (1.6)	21	0	0	90.06%
Hhelehhele - Manzini North 132kV Fdr 3050	C	C	C	50	0	0	93.21%
Hhelehhele - Transformer 3 - 66kV 3590	NC (108.0%)	C	NC (2.2)	53	0	8	91.30%
Hlathikhulu - Nhlangano 1 66kV Fdr 4770	NC (105,1%)	NC(6,5)	C	140	5	2	74.52%
Kalanga - Hhelehhele 66kV Fdr 6520	NC (106,1 %)	NC (6,4)	C	97	4	0	93.70%
Malkerns 11kV Transformer 1	NC (105.3%)	C	C	168	0	2	93.26%
Maloma 11kV Metering Point	NC (105.33%)	NC (4.1)	C	193	1	0	98.70%
Manzini - Edwaleni 66kV Fdr 3310	NC (105,8%)	C	C	71	0	2	90.81%
Manzini North - Mnkinkomo 132kV Fdr 6850	C	C	C	34	0	0	67.59%
Mhlume 66/11kV Transformer 1 1402	NC (94.7)	C	C	163	4	4	71.95%
Mnkinkomo Incomer 2 11kV	C	C	C	47	0	1	92.54%
Ncandweni Incomer 1 11kV 7310	NC (107.9%)	C	C	165	9	4	87.97%
Ncandweni Incomer 2 11kV 7320	NC (108,1%)	C	C	171	10	4	91.16%
Ndzevane 11kV Metering Point							0.00%
Nginamadvolo - Piggs Peak 66kV Fdr 1760	NC (105.7%)	NC (4.5)	C	158	9	0	97.60%
Ngomane Transformer 1 11kV	NC (94.4%)	C	C	220	11	0	82.30%
Ngwenya 2 Incomer 11kV 3701	C	C	C	141	1	1	92.70%
Nhlangano 2 - Normandie 132kV Fdr	NC (93.6%)	C	C	40	1	8	80.12%

Substation name	Voltage regulation	THD	Voltage unbalance	Y-dips	Other dips	Interruptions	Data availability
Nhlangano 2 Incomer 11kV	C	C	C	148	4	0	82.33%
Nkhaba - Piggs Peak 66kV Fdr 1776	NC (105,1%)	NC (4,6)	C	182	6	0	97.80%
Riverbank - St Phillips 66kV Fdr 7830	NC (90.6%)	NC (6.6)	C	110	2	0	86.11%
Sidvokodvo 11kV 631	C	C	C	146	1	6	93.93%
Sikhuphe - Ngomane 66kV Fdr 6630	C	NC (6,5)	C	105	3	0	92.06%
Simunye - Mhlume 66kV Fdr 1470	NC (86,6%)	NC (6,4)	C	127	4	0	79.59%
Sithobela - Nhlangano 66kV Fdr 1150	NC(109.7%)	NC (7.2)	C	73	4	10	97.52%
Stonehenge - Mnkinkomo 132kV Fdr 2010	NC(105.0%)	C	NC(3.2)	50	1	4	81.13%
Buckswood Meter Point 11kV	C	C	C	137	591	1	78.70%
Lawuba - Hlathikhulu 66kV Fdr	NC(111.01%)	NC (7.1)	C	175	7	0	98.70%
Magwabayi - Hhelehhele 66kV Fdr	NC (105.91%)	C	C	134	0	0	96.50%
Matsapha - Thompson 66kV Fdr	NC (105.33%)	NC (4.1)	C	193	1	0	98.70%
Nhlangano I Incomer 11kV	NC (107.75%)	NC (10.5)	C	164	6	2	98.50%
Nsoko Incomer 11kV	NC (105.52%)	C	C	88	5	0	65.10%
Sihhoye - Sihhoye T 66kV	NC (86.12%)	NC (5.27)	C	224	3	0	98.20%
Simunye Incomer 11kV	NC (106,57%)	C	C	193	4	0	89.10%
Siphofaneni Incomer 11kV	NC (106.37%)	C	C	135	1	0	98.60%
Siteki Incomer 11kV	NC (106.41%)	C	C	130	4	0	98.50%
SPM Incomer 11kV	C	C	C	147	1	0	98.90%
Stonehenge Transformer 1 132/66kV	NC (106.34%)	C	C	109	1	0	98.90%
Thompson Incomer 11kV	NC (106.5%)	C	C	167	0	0	98.90%
TOTAL				**5144**	**712**	**67**	**84.82%**

PERFORMANCE continued

Research and development

Transmission projects

Edwaleni – Stonehenge 132 kV transmission line

This project entails the construction of a 132V overhead transmission power line on lattice steel structures between Edwaleni II to Stonehenge substations. Sections A and B of the transmission line comprise of a 66kV/132kV double circuit. The 66kV circuit feed supply to Malkerns and Siphocosini 66/11kV substations in the Manzini and Hhohho regions, respectively. Construction is ongoing on sections B and C and with section A (15km) having fully commissioned the 66 kV circuit and currently in service. The progress currently stands at 76% and the expenditure on the project since initiation is E195 million. The expenditure covers the payments for the EPC contractor, owner's engineer, and material and equipment procurement. This project will be delivered in July 2024.

Network Reinforcement and Access Project (NRAP)

Component 1a: This project consists of the construction of an 83km 132kV overhead transmission power line from Nhlangano to Lavumisa and associated 132/11kV substations at Hluti, Matsanjeni, and Lavumisa, at a cost of $27.5 million (US$). The engineering and procurement tasks have achieved 88% progress, while the construction works are delayed, with progress sitting at 53% and 32.5% for the transmission line and the substations packages, respectively. These delays are being addressed through the contract. The project completion date has since been revised to January 2025.

Component 1b: This section of the NRAP project consists of the upgrade and strengthening of the existing 11 kV distribution network in the Shiselweni region. The intention of this component is to ensure that the distribution infrastructure is in place for the evacuation of power to the different communities. The 11 kV infrastructure includes new 11 kV feeders, steel monopoles, pole mounted auto-reclosers, 11 kV interconnector lines, and underground cables. The total cost for this component is E31 million.

Component 2: This component focusses on the electrification of 8 000 households as part of the country's rural electrification programme. A total of 106 electricity group schemes have been completed, connecting 3 382 households. Ready boards were introduced in this rural electrification programme to cater for the needs of non-affording project beneficiaries across the different communities in the Shiselweni region. There were 776 ready boards that were installed with more planned.

Northeastern Grid Reinforcement Project

This project entails the construction of a switchyard at Maliyaduma, a new 2x40 MVA 132/66kV substation at Nkambeni, and a 55km Maliyaduma - Sihhoye 132kV overhead transmission line. All environmental and social safeguards for the identified line route and substations are complete. The Resettlement Action Plan (RAP) was completed but payment of compensation to the project's affected persons was put on hold, pending review of the design by a new owner's engineer. Following the cancellation of the procurement of EPC in January 2024, the EEC went back to market to procure an owner's engineer for engineering and project supervision support. Thereafter, the procurement of the EPC contractor will ensue in the second quarter of the 2024/25 financial year, with actual construction planned to commence in January 2025. Construction is expected to take 18 months to complete.

PERFORMANCE continued

Research and development continued

Generation expansion projects

Geothermal

Eswatini has some potential for geothermal energy production, evidenced by the number of hot springs manifesting across the country. A technical team from KenGen (Kenyan Power Utility) recently conducted reconnaissance to evaluate potential sites for the use of geothermal energy to generate electricity. The output of the reconnaissance survey is a preliminary geoscientific report of the potential sites.

Three areas have been proposed for a detailed geoscientific study, which are:

- Mvuntshini – Lobamba area
- Mkhoba area in the northern region
- Lebombo plateau area

This exploration will include geochemical, geophysical, and heat flow analysis of the high potential areas. The output of the detailed study will be a full appraisal of heat resources in the sites, as well as proposing commercially viable depths supported by data. Furthermore, the exploration will also locate potential sites for exploration drilling and propose a drilling strategy.

Lower Maguduza Hydropower Scheme

The capacity for the plant is 13.6 MW, and is a runoff river hydropower plant on the Great Usutu River around the Sidvokodvo area in the Manzini region.

The power plant is expected to deliver 76 GWh annually, contributing 6% to the current system electricity demand.

Financial close is expected to be achieved in August 2024 and the commercial operation date (COD) is set at December 2026.

Maguga Expansion

EEC intends to construct an additional 10 MW unit adjacent to the existing Maguga hydropower plant. A consultant, offering technical assistance advisory services, was appointed to review the feasibility study, prepare bid documents, and support the EEC with the procurement and appointment of the EPC contractor. The same consultant will be the owner's engineer and provide project supervision during the construction of the plant. The tender process will be concluded in September 2024 and the plant has an expected commercial operation date in December 2026.

Customer service

Sales analysis

During the 2023/24 financial year, there was a 6% increase in the number of customers, primarily driven by domestic connections. The overall units consumed grew by 4%, with a notable 12% revenue growth. The growth in revenue was driven mainly by large commercials despite the decrease in the number of customers in this category. They experienced an 8% increase in units consumed and a substantial 15% rise in revenue.

Growth in numbers

The figure below indicates that the customer base increased by 16 507, representing 6% growth, reaching a total of 285 838 customers.

Total Number of Customers

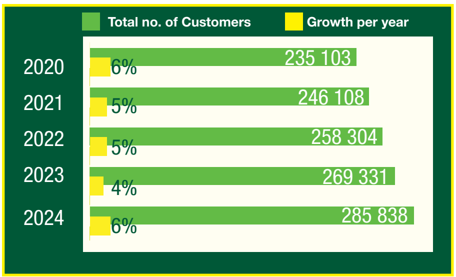


Figure 06: Number of customers over the last five years

Out of the 16 507 new connections, there were 15 874 domestic customers who primarily gained access to electricity through rural electrification projects. These projects received significant funding from the government of Eswatini. Additionally, there were 646 small commercials connected during this period, while 13 large customers disconnected and/or transferred to other tariff categories for various reasons.

Number of customers by customer category

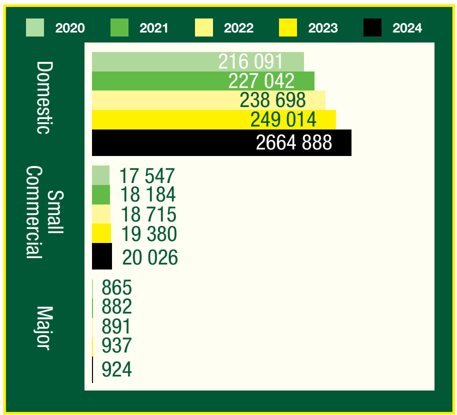


Figure 07: Number of customers by category over the last five years

Growth in sales units

The units sold in the financial year experienced growth of 4%, transitioning from a total of 1 129.4GWh to 1 172.9GWh.

Annual Sales Units (GWh)

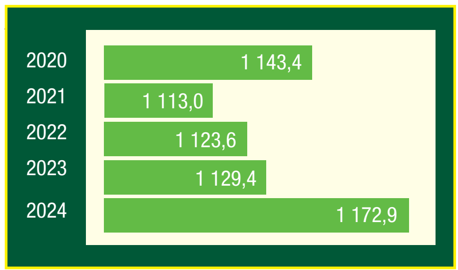


Figure 08: Annual unit sales growth in GWh over the last five years

The consumption of large customers increased by 8%. Small commercial customers saw a growth of 3%, while domestic customer consumption decreased by 1%. However, there was a 6% rise in the number of new domestic customers.

Number of units (kWh)

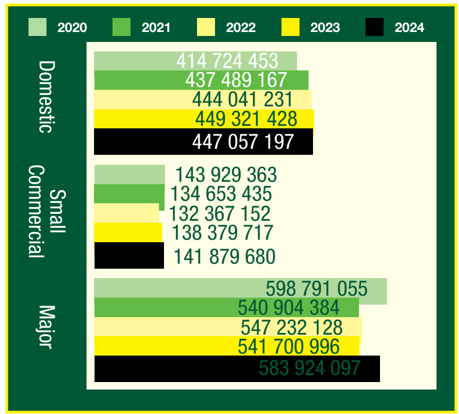


Figure 09: Number of units sold by customer category over the last five years

Growth in sales revenue

The total sales revenue for the financial year 2023/2024 amounted to E2.6 billion, showing a significant increase from the previous year's E2.36 billion, as detailed in the Annual Sales Revenue graph.

Annual Sales Revenue (E'000 000)

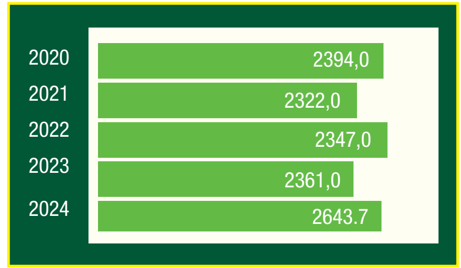


Figure 10: Annual unit sales revenue (E'000 000)

The diagram provided below illustrates the trend in revenue consumption for large/major, domestic, and small commercial customers. The annual sales revenue experienced a 12% increase, with domestic customer sales revenue growing by 9%, major customers' revenue increasing by 15%, and small commercial customers' revenue rising by 11%.

Sales Revenue by Customer Category

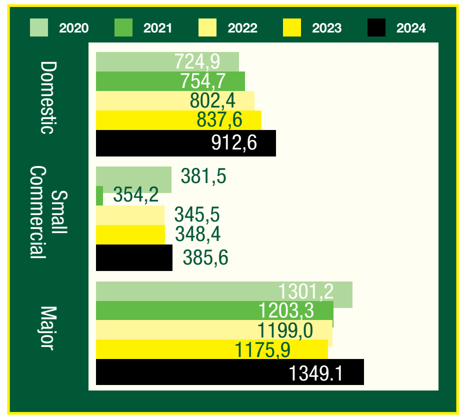


Figure 11: Sales revenue by customer category over the last five years

PERFORMANCE continued

Customer service continued

Vending

EEC continued to use various platforms to sell prepaid electricity. New vending platforms increased in the year, which included expansion of local supermarket outlets and a financial services provider. The vending platform was stable and provided the convenience required to facilitate excellent service delivery in a prepaid environment. However, copper theft posed negative effects for some of our vending stations connected on the ADSL from a major internet service provider. Plans to reduce vending costs were underway for the next financial year to manage operational costs and reduce the rate of tariff increases.

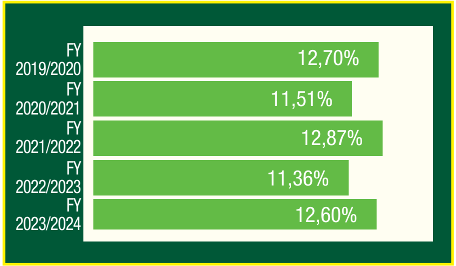
System losses and meter inspection

Electricity theft continued to be a serious threat to EEC's business. However, commercial losses increased from 0.79% recorded in 2022/2023 to 0.83% in 2023/2024. During the year, significant effort was invested in the vigorous detection, mitigation, and recovery of revenue from tampering, which was seemingly on the rise. The system losses teams had to simultaneously direct attention to the TID rollover project.

Total system losses stood at 12.60%, showing an increase from 11.36% recorded in 2022/2023, as shown in the table 4 below.

Financial year	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024
Technical	11.42%	9.64%	11.32%	10.57%	11.76%
Commercial	1.28%	1.87%	1.55%	0.79%	0.83%
Total losses	12.7%	11.51%	12.87%	11.36%	12.60%

Figure 12: Technical and commercial losses trends for the past five years



Technical losses

Technical losses stood at 11.76%, showing an increase from 10.57% recorded in 2022/2023, as shown in the figure below.

System Losses

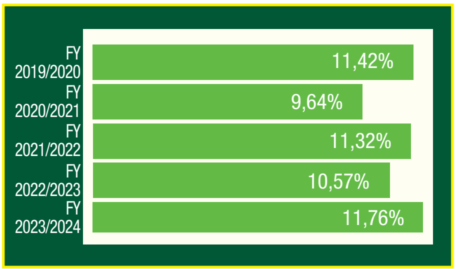


Figure 13: Technical losses for the past five years

Customer service quotations

The number of customer quotations processed increased from 6 222 to 7 412. The increase can be attributed to an introduction of a new connection optimisation framework. A total of 11 313 works orders were issued resulting from customers who had fully paid and were ready for connection, as indicated in the figure below.

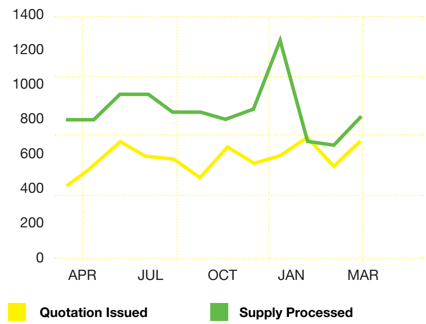


Figure 14: Quotations and supply tracking from April 2023 to March 2024

Group schemes

EEC continued to work with external funders to roll out group schemes under the Rural Electrification Programme. During the period under review, a total of 269 group schemes were completed. The group schemes have 7 690 beneficiaries with actual connections standing at 3 839 at the end of the reporting period.

Call centre and USSD self-service

The call centre continued to be a focal virtual reporting point for customers. A total of 181 808 calls were received and processed by the call centre during the reporting period. The utilisation of our USSD functionality showed a slight decrease, from 70% in the previous reporting period to 68% for this period. A total of 15 529 outages were reported using the self-service platform.

Corporate Social Investment (CSI)

EEC's fundamental purpose of providing energy for the future is in direct alignment with the United Nations Sustainable Development Goals (SDGs). These SDGs outline our vision for a better future and guide our long-term strategy to ensure universal access to affordable, reliable, sustainable, and modern energy.

Our core business of expanding access to reliable and accessible energy is central to our value creation strategy. By extending our network, we not only work towards achieving UN goals but also contribute to national and global development objectives. This approach allows us to support economic recovery while promoting inclusive and sustainable practices as we emerge from the pandemic's effects.

In line with our Corporate Social Investment (CSI) Policy and our core value of Corporate Social Responsibility, EEC is committed to giving back to our communities. We allocate an annual budget for CSI initiatives, which is supplemented by contributions from Motraco, a company in which EEC holds a stake.
Our CSI programmes focus on creating value for all stakeholders across five key priority areas:

1. Education (20.4%)
2. Health (14.7%)
3. Environment (12.3%)
4. Social and economic development (45%)
5. Safety and security (7.6%)

Beyond direct sponsorships, EEC supports socio-economic development through job creation via sub-contractors. We indirectly generate and sustain at least 1 050 jobs in distribution line construction and maintenance. In the past financial year, these contracts generated a collective revenue of E120 million for our contractors, including 70 electrical contractors and 20 other outsourced service providers in areas such as GIS survey, cleaning, security, and catering.

The Network Reinforcement and Access Project (NRAP) has been particularly impactful, with 900 ready boards installed to date. We also conduct training programmes aimed at enhancing contractor management standards and improving adherence to Safety, Health, and Environment (SHE) development practices.

Throughout the reporting period, we continued to address the multifaceted challenges facing our communities. We take pride in our efforts to assist clients across private, public, and social sectors in responding to complex issues. Our support ranged from helping organisations maintain business continuity to collaborating with education systems to ensure learning continuity and support, with a particular focus on vulnerable students.

2023/2024 highlights

Below are some of the supported CSI initiatives in the reporting period:

Beneficiary:	Description:	SDG alignment
TOTAL INVESTMENT	E2 Million	THD
World Vision	EEC partnered with World Vision on two major projects: 1) A goat project concerned with the rearing and selling of goats, processing and packaging of goat meat, and production and sales of kids and other goat products. This lead to sustainable social enterprise and employment opportunities for young people in the Lubombo region. Over 1 000 youth and their families (1 400) are to benefit through livestock production. 2) The repair and maintenance of the Malindza Refugee Camp Pre-school, to improve and provide a child-friendly learning environment for pre-school scholars.	**1,2, 12** **4**
Eswatini Baphalali Red Cross Society (EBRCS)	EEC contributed towards the construction of five houses for the most vulnerable households whose houses collapsed during the heavy rains the country received in February 2023. The five households will be selected from the long list of households currently living in Red Cross tents after their houses had collapsed.	**11**
VOCTIM TVET	EEC made a financial contribution towards encouraging graduates to form their own start-up business instead of seeking employment post-graduation. The Company did this through offering start-up kits to exceling graduates.	**4,8**
Junior Achievement (JA)	EEC has made a financial contribution towards the JA National Competition, involving young people in secondary and high schools. This programme is meant to promote the development of entrepreneurs in the country at a junior level.	**4**

PERFORMANCE continued

Customer service continued

Vending continued

Beneficiary: TOTAL INVESTMENT	Description: E2 Million	SDG alignment THD
Enactus	The support towards entrepreneurship skills was also extended to students from institutions of higher learning through the Enactus Eswatini programme.	**4**
SOS Children's Village	EEC provides an annual support to the SOS Children's Village for the upkeep of one of the houses at the orphanage village. Our Company has mothered one of the houses in the village, Ebuhleni House, which accommodates children on a yearly basis. EEC makes monetary contributions to the village and gets professional employees to mentor and coach the children.	**3,4**
Hope House	EEC continues to support and assist clients with terminal illness and provides palliative care through the Hope House to contribute to a speedy recovery. Hope House takes care of clients in all four regions of the country. This donation went to a long way in ensuring that affordable quality care and service is provided.	**3**
Cheshire Homes	EEC has been a long-standing "friend" for the Cheshire Homes for over a decade, supporting the NGO providing quality rehabilitation services required by people with disabilities (PWDs). EEC has worked together with PWDs and their caregivers to reduce the burden of their conditions and to rebuild lives, and very importantly, to reach and help more PWDs. Through EEC's support, Cheshire Homes has reached more than 5 000 adults and children with rehabilitation services over the last five years.	**3**
Eswatini Breast & Cervical Cancer Network	EEC has supported the Eswatini Breast and Cervical Cancer network to achieve the demand for education, screening, and treatment of patients diagnosed with the cancer. Over 4 000 patients have been diagnosed and treated. Their stages of cancer have greatly improved.	**3**
Bhalekane Nazarene Primary	EEC offered support to Bhalekane Nazarene Primary school in the relocation and reconstruction of the school. While some of the construction is sponsored by the Government, EEC is also aiding the reconstruction of six classes.	**4**
Hospice at Home	Hospice at Home made a significant impact to the lives of over 500 people, which the organisation nurses. EEC's donation went towards purchasing of medical supplies which were for the sick and these helped in improving their health and strengthened their immune systems. One of the biggest projects the organisation had was the home farming project, which aimed at rehabilitating the irrigation system which was destroyed by the Eloise storm. Through our Company's donation, they were able to rehabilitate this irrigation system, construct a functional reservoir to help store and regulate water, and buy necessities to improve their farming (including bags of manure and other farming implements). The crops produced are used to provide nutritious meals for the sick and help support life.	

Beneficiary: TOTAL INVESTMENT	Description: E2 Million	SDG alignment THD
Mphelandzaba High School	As part of our goal to impact the GDP of the country, EEC is sponsoring a school in the Lubombo region, Mphelandzaba High School, to construct an agriculture laboratory classroom. Mphelandzaba High is a school situated in the rural Lubombo region, near Maloma, where poverty is rife. In this area, agriculture is handy and subject to learning, because it can be implemented to improve the lives of the children and their families.	**4**
Mahamba Gorge	EEC continued to support youth empowerment through the Mahamba Gorge hiking expedition. Funds were channelled to the event in support of the government's efforts, in collaboration with its sponsors, to ensure that young people contribute positively to the development of the country, and to improve their own lives. The Mahamba Gorge event also harmonises with the objectives of the hike, which are to alleviate poverty by supporting and empowering deserving communities and vulnerable groups, such as the youth receiving sponsorships. Mahamba Gorge Hiking is a non-profit organisation committed to promoting the socio-economic development of the people of Shiselweni and, ultimately, Eswatini through exploring the region's potential for eco-tourism.	**1,2**
Smallholder Sugarcane Farmers	EEC made a financial contribution to motivate smallholder sugarcane growers to follow sustainable farming and best management business practices, enhancing sugarcane productivity. As a responsible corporate citizen, EEC is proud to support the Eswatini Sugar Association (ESA) in their crucial role in the country's agricultural sector.	**1,2,12**
Rotary Club of Mbabane	The Rotary Club of Mbabane continues to take dental services to the less fortunate and those in need of dental care. The club partners with different stakeholders to give children (and sometimes adults who would not normally get these services) dental care at no cost. The care varies from just teeth cleaning to surgeries that are normally quite expensive. Seeing the importance of this project, EEC has partnered with the Rotary Club to take this service to more people in poor communities.	**3**
Community Police	In a quest to curb copper theft, the Company has engaged Community Police in the country to aid and assist in fighting these criminals. To make sure that they can offer effective service, the Company has donated security gear that they can use while going about their duties.	
Ministry of Natural Resources and Energy (MNRE)	Annually, the Ministry of Natural Resources and Energy joins the world in commemorating World Water Day. EEC uses water resources to generate electricity through hydropower, making the Company a stakeholder in the water fraternity. The Company donated towards the success of this commemoration.	**6**
Schools LED Solar Lights	To promote the conservation of the environment and energy, EEC promotes the efficient use of electricity. As part of the annually commemorated Earth Hour, EEC hands out LED solar lights to school going kids for use when studying, instead of candles, which may be unsafe and costly.	**7**

PERFORMANCE continued

Human capital

Business performance continues to be challenged due to cost pressures occasioned by flat revenue and the increasing cost of power imports. As a result, austerity measures remain in place, however, activities in the human capital space will still support business towards the achievement of EEC's strategic objectives.

Highlights:

a) Job evaluation appeals

Appeals process was concluded as 103 positions that were re-evaluated. 52% remained unchanged, 38% were adjusted upwards by one grade, and 10% were adjusted upwards by more than one grade.

b) Employee value proposition

A Recognition and Reward was designed and approved for implementation in the 2024/25 financial year to enhance our employee value proposition. The programme is intended to drive desirable behaviours that are aligned to the EEC values in the achievement of the Company's strategic imperatives.

c) Occupational Health and Safety

In compliance to IS0 4500, annual medical surveillance was undertaken. Rehabilitation interventions were set up for medical conditions and linked to the employee wellness programme for continuous medical monitoring. The majority of these were non-communicable conditions and interventions are customised to each case.

d) 2023/24 personal scorecards

EXCO and senior management 2023/24 performance scorecards were validated for alignment to corporate strategy. The submission rate of assessed scorecards improved significantly, illustrative of continuous improvement.

g) Talent development pool

Five graduates in training were deployed into permanent roles. EEC realised an immediate return on investment through talent pipelines, enhancing recruitment turnaround times.

h) Promotions

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

Challenges:

Organisational efficiency study

The organisational efficiency study suffered major setbacks, resulting in lost time on the project plan. Procurement of an alternative consultant to complete the works is in progress.

Recruitment

The table below is the breakdown of recruitment by division and gender. There were 88 employees recruited during the current financial year against 63 in the previous period. The increase in recruitment activities is largely attributed to the engagement of short-term contract or project engagements.

Division	2022/2023		2023/2024	
	Male	Female	Male	Female
MD's Office	0	2	0	1
Corporate Service	0	0	1	2
Support Services	2	0	1	0
Finance	8	0	7	6
Research & Development	0	2	1	0
Operations	31	6	50	3
Customer Service	4	8	10	6
Total	**45**	**18**	**70**	**18**

Table 05

Recruitment per Division

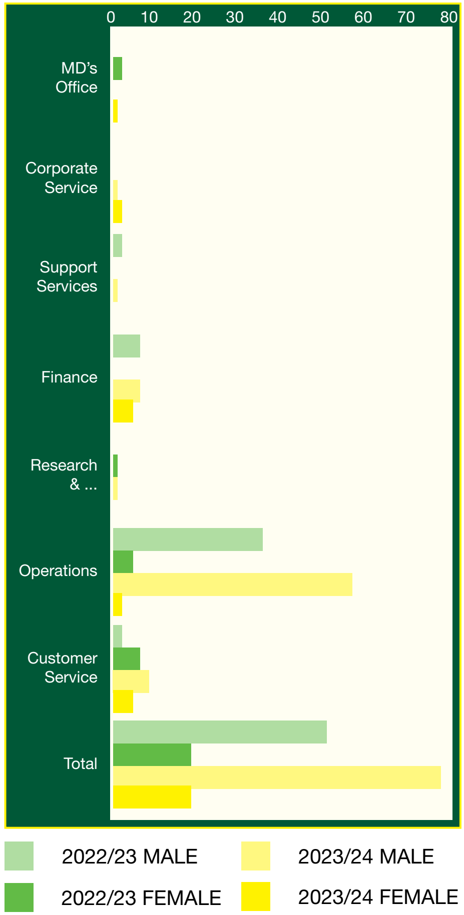


Figure 15

Human capital investment

For the year under review, the Lilangeni invested in training per employee increased by 1%. Training interventions focussed on core business training needs, strategy initiatives requirement, compliance to ISO standards, and safety training requirements.
Training interventions focussed on core business training needs, strategy initiatives requirement, compliance to ISO standards, and safety training requirements.

Further development programmes

In the financial year, there were 21 employees furthering their studies on Company sponsorship. Four Company-sponsored employees successfully completed their training programmes, others remain ongoing.

EEC subsidised sponsorships

There were 123 employees that benefitted from nine technical skills development programmes sponsored through subvention from the African Network of Centres of Excellence in Electricity (ANCEE), through the Association of Power Utilities of Africa (APUA). Of these, 17 were female engineers, technicians, and electricians.

Property

The Khanyisa House revenue collection increased from E1 079 611.73 in 2022/23 financial year to E1 232 092.69 in the 2023/24 financial year, which reflects an increment of 13%. This increase is attributed to the reviving of activities allowing public use of the LCC facilities.

Employee relations

Collective bargaining issues

No	Category	Description
1	2023/2024 cost of living negotiations	2023/2024 cost of living negotiations were concluded with all stakeholders in May 2023. All parties signed off 4% agreements for the 2023/24 cost of living effective 1 April 2023.
2	Cost of living adjustment (4%)	Payment towards the cost-of-living adjustment was effected during the June 2023 pay run. The Pay Scales Administration Policy has been effected to manage the outliers.
3	2021/22 performance bonus payment	The 2021/22 performance bonus was paid at the end of August 2023 to all EEC employees.

Summary of labour issues

No	Description of incident	Status
1	Suspension with pay	• There was one employee suspended with pay during the year under review.
2	Suspension without pay	• There were four employees suspended without pay as an alternative to dismissal.
3	Grievances	• There were five grievances received during the year under review.
4	Disciplinary charges	• There were 10 employees charged during the year under review.
5	Dismissal	• There was one employee dismissed during the year under review.
6	Contingent liability on IR cases	• There were 30 cases at year end.

PERFORMANCE continued

Human capital continued

Employee wellness

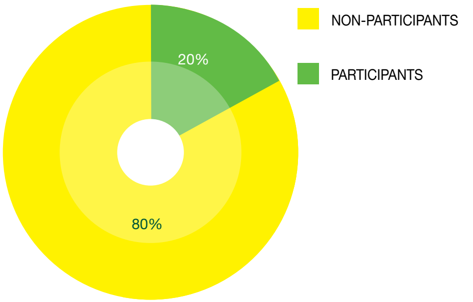
Men's health month

The Company successfully had a virtual meeting where there was a men's health month commemoration. The purpose of celebrating men's health month was to heighten the awareness of preventable health problems and encourage early detection and treatment of diseases among men at EEC.

Pre-retirement training

A total of 161 employees registered for the one-on-one counselling sessions and only 129 employees were available for the sessions.

Financial wellness one-on-one participants vs non-participants



Out of the 129 attendees, 19 employees were identified as needing urgent attention.

Breast cancer awareness

The Company hosted its internal virtual breast cancer awareness launch under the theme: "Closing the Care Gap: Role of Families". The aim of the breast cancer awareness launch is to educate employees and raise awareness of the diseases. Employees were also encouraged to do screening for all types of cancers for early detection.

World AIDS day commemoration campaign

The Company successfully launched its World AIDS day Commemoration virtually under the theme "Let Eswatini Communities Lead in Ending AIDS". This is usually the time of year where EEC joins the public and private partners to unite in the fight against HIV, to show support for people living with it, and to commemorate those who have died from an AIDS-related illness. Miss Thobile Dlamini (EBH CEO) made a speech addressing the issue of AIDS on the private business sector.

Support Services

Integrated management system

External IMS Surveillance Audit

The Company commits to continuously and effectively maintain IMS certification to the ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and NOSA CMB 235N standards to realise the EEC vision and strategic direction. As part of the Vutsela strategy to improve safety culture, the Company effectively employs the ISO systems as a management tool for realising the strategy. The Company has effectively maintained the NOSA's five-star grading system to address day to day enterprise wide/operational risks.

On the 24th of August 2023, the Certification body DQS Group, conducted off site follow up audits to assess the effective closure of 10 non-conformities which needed to be addressed prior to recommendation for certification maintenance. The relevant sampled sites/ departments were issued with internal Non-Conformance Reports (NCRs) which were addressed and forwarded to the certification body. On the 11th of September 2023, the certification body issued the final report thus confirming the effective closure of the non-conformities. There were 18 opportunities for improvement (OFIs) issued for the various sampled sites/departments. Both NCs and OFIs have been captured in departmental IMS Improvement Plans and closely monitored by the relevant Divisional and Departmental Heads.

External NOSA Audit Results

Through the continued maintenance of the NOSA's five-star grading system, the EEC conducted the external NOSA Audit from 14 to 25 August, 2023, to assess the system's performance. The objective for this financial year was to improve the current star rating from three stars to four stars. However, the EEC obtained a DIFR of 2.04, an increase from last financial year's 1.52 and an approximated EFFORT score of 85%, a decrease from last financial year's 87%. This resulted in the Company maintaining the previous financial year's 3-star rating. The external NOSA audit results necessitated a holistic and systematic approach towards incident management; reporting, classification investigation, monitoring and incident costing. EEC also needs to effectively address the increase in the number of disabling injuries (DIs) through performing Planned Job Observations for all hazardous tasks and addressing all recommendations and or findings from previous audits, occupational hygiene, and surveillance reports.

External IMS 1st Surveillance

The Company commits to continuously and effectively maintain IMS certification to the ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 standards to realise the EEC vision and strategic direction.

As part of the Vutsela strategy to improve safety culture, the Company has reviewed its IMS strategic objectives.

From 27 to 31 May, 2024, the certification body DQS Group, conducted the second and last surveillance audit. This exercise was successful, and EEC subsequently maintained its triple certification, pending the effective closure of two nonconformities and 12 opportunities for improvement (OFIs). Currently, respective departments are addressing these findings through the NCR Tracking System. Evidence for closure of non-conformities is to be submitted to the certification body by 14 July, 2024. OFIs are fast tracked through action plans within the relevant departments.

Below is a table displaying the distribution of nonconformities and opportunities for improvement per standard.

ISO Standard	No of NCs	No of OFI
1. 9001:2015	1	5
2. 14001:2015	0	4
3. 45001:2018	1	3
TOTAL	**2**	**12**

Table 06: Distribution of findings per standard

Security

In the 2023/2024 financial year, the Company experienced a total of 223 theft cases (mostly copper theft) and one attempted theft case. The Royal Eswatini Police Service arrested 11 suspects who all appeared before the different Magistrate Courts in the country. Several cases were completed and the suspects were prosecuted, while other cases are still pending in the courts.

This financial year, the Company has incurred an estimated total loss of E 2 354 747.25, excluding labour costs, revenue losses, and opportunity costs, as a result of these criminal cases encountered, with overhead and underground copper cables still being the main targets for the criminals. The security unit has conducted crime prevention campaigns together with the Royal Eswatini Police Service, community leaders, and community police. These were done in the high risks areas where copper cable theft is rife, in an effort to combat this crime.

The Company continued to implement strategies to combat copper theft. These include engaging technological solutions companies, raising copper theft awareness with stakeholders, holding a Copper Theft Indaba, and safeguarding its property through physical security and electronic security systems.

PERFORMANCE continued

Support Services continued

Occupational Health and Safety

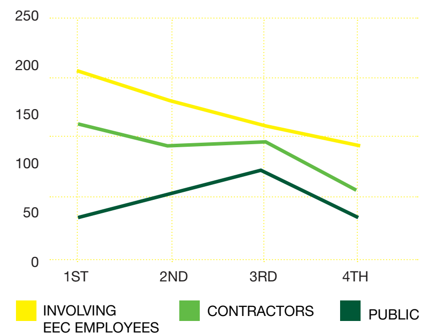
Behaviour-based safety promotion

Safety is often the starting point for positive change initiatives within organisations. Thus, behaviour-based safety promotion remains critical at EEC, with the key aim being to create a truly pro-active safety culture where loss prevention is minimal.

Occupational health and safety (OHS) addresses not only the safe operation of machines, ergonomic workplaces, and the handling of hazardous substances, but also mental health issues including stress, depression, and emotional well-being. We strive to simultaneously create optimal working conditions for our employees and ensure operational efficiencies, with the aim to create a proactive safety culture.

Overall Incident Occurrence

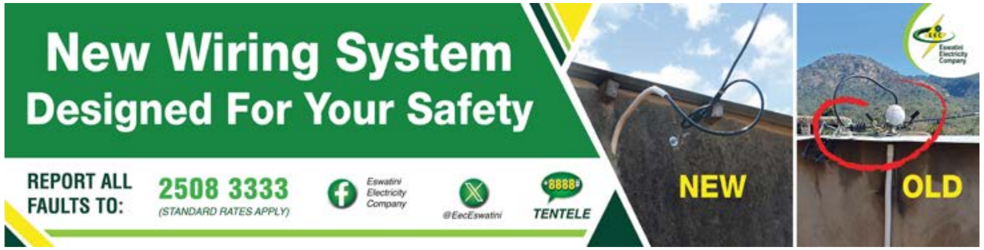
Quarterly comparison



Public awareness on electricity safety

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

- Electricity safety radio shows: These shows focussed on poor wiring, illegal connection and overloading leading to electrical fires, and malfunctioning electrical appliances.
- Public educational video clips: In an effort to improve public safety education, we produced a series of electrical safety clips that will be circulated to the public on social media and played in the Company service centres.



New wiring system

EEC Safety Week 2024

EEC Safety Week, observed annually, is a pivotal occasion championed by the SHERQ Department. This year the week took place from 4 to 8 March 2024. This week is a testament to the commitment to promoting workplace safety and health, preventing accidents, and enhancing overall well-being. It is utilised to protect individuals from the risks of injury and infection while minimising exposure to chemical, biological, and physical hazards. The week's focus was on critical safety topics such as:

- Contractor management;
- Incident recalls and investigations;
- HSE training and awareness, and
- Emergency preparedness and response

NOSA Integrated Five Star System Grading Audit

This financial year, EEC was audited under the NOSA Integrated Five Star System Grading Protocol, in line with the management commitment to ensure safety and health for all, including environmental protection while executing the Company's daily duties. The audit addressed the management of operational risks relating to occupational safety, health, and environment.

Contractors, temporal labourers, and the entire premises were included. The audit evaluated the effort and experience for the agreed period (1 July 2022 to 30 June 2023). Systems were measured against risk, legal requirements, corporate standards, best operating practices, and the NOSA Integrated Five Star System.

EEC was awarded 3 stars, equivalent to an effort of 85% and DIFR of 2.04 (with a DIFR of: 2.04 (20 x LWD, 1 x RWD)) under the CMB253 NOSA standard requirements.

Environment

EEC is committed to meeting the needs of customers in a sufficiently profitable and environmentally sound way through providing reliable and safe power of acceptable quality. The Company utilises an environmental management system based on the requirements of ISO 14001 to enhance environmental performance, fulfil compliance obligations, and meet environmental objectives.

Interaction with the environment and interventions

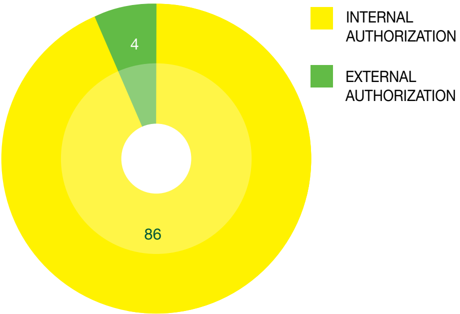
The organisation interacts with the environment when executing its mandate and implements the following environmental measures.

Environmental impact assessment

There were 94 projects going through the ESIA process for the reporting period. Four of these projects were ongoing at the end of the financial year, whilst 89 received authorisation, and four were authorised externally by Eswatini Environment Authority, as shown in figure below.

Furthermore, of the projects that received internal authorisation, 57 were from the Rural Department. There were also five projects (which were authorised externally) that were being monitored to ensure that they comply with authorisation requirements.

Project Authorised for Implementation FY2023/24



Greenhouse gas accounting and resource management

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

Earth Hour initiative

The company annually commemorates the Earth Hour initiative with other stakeholders. This year saw an increase in participation, with over 20 companies participating, and 2500 attendees in alignment with the theme of making "the biggest hour for Earth". The campaign involved intensive engagement of the public through clean campaigns in towns of the four regions of Eswatini, and awareness campaigns in over 12 schools. Earth Hour 2024 achieved a saving of 38.4 MWh.

Government, EEC and partner officials during the Earth Hour switch off.

PCB Management

The Company monitors PCB containing equipment in the season by monitoring levels in transmission lines. Regarding the PCB phase out and inventory, there is an outstanding action on equipment that is pole mounted. The Company has since decided to collect inventory data during infrastructure maintenance.

Training

The Company continues to raise awareness to internal and external stakeholders on environmental management. Radio programmes, TV, newspapers, social media, and SHERQ bulletins are used as awareness-raising tools.

Environmental pollution

The Company has developed procedures and implements effective pollution reduction strategies to minimise pollution of water courses and the land. EEC monitors this and, in some cases, has engaged hazardous material service providers to clean up contaminated sites. The Company also has waste management initiatives which include waste segregation at various sites in different colour-coded bins. The recyclable waste is given to recyclers in an effort to reduce volumes to the landfills.

Reducing legal contravention

Four environmental incidents were reported during the reporting period, of which most of them were oil spillages from transformer oils and from a vehicle. Two of these incidents were minor and two were major incidents. These incidents were investigated, mitigation measures were implemented, and incident recalls were made.

Stakeholder and community engagement

EEC engages with stakeholders affected by its operations throughout the lifecycle of projects implemented by the Company. The views and concerns of the community are considered, and mitigation measures determined and implemented for the betterment of lives in the country.

PERFORMANCE continued

Finance

The financial year ended 31 March 2024 stands as one of the most difficult years for EEC, despite a slightly improved overall financial performance. Operating profit was negative for the second year running, as the Company continued to contend with significant cost pressures emanating from high electricity tariffs on imports and steep increases in prices of other material supplies.

During the financial year, EEC received a 9.08% tariff award from the Regulator, which is a welcome change from the tariff decisions of the previous four years. There was also a 4% overall growth in sales volume, partly contributed by increased demand from the industrial customers, and an increase in the number of domestic customers. Cost of sales for the year increased by 16% versus 13% growth in total revenue. The operating context during the year was characterised by a high prevalence of aggressive windstorms, causing significant destructions on the supply network infrastructure. Consequently, huge expenditure was incurred by the Company in repairing the network and ensuring that power supply was speedily restored. Local power generation capacity expansion remains a key priority for the EEC to address the lingering power sourcing challenges. The Company will also accelerate its network conversion of wooden structures to steel ones to ensure that the network is sufficiently robust in withstanding the effects of climate change.

One of the Company's key strategic objectives is to achieve financial sustainability over the long-term. This entails being able to deliver meaningful growth in revenue and financial returns to assure sustained value creation. The performance for the year is subdued and falls short of this strategic objective. However, the EEC will ensure implementation of appropriate initiatives to drive the Company's performance to the desired position.

Revenue

Total revenue for the year amounted to E2.774 billion, showing a 13% increase from the E2.5 billion reported the previous year. Meanwhile, revenue from electricity sales grew to E2.451 billion (2023: E2.3 billion). The increase of 13% was driven mainly by the favourable impact of tariff increase (9.08%) awarded by the Regulator (ESERA) for the 2023/24 financial year, as well as a 4% growth in sales volumes. Sustainable growth in sales remains important to the EEC's business model and would be critical in enabling the Company to recover from the effects of the adverse tariff decisions of the past four years. Electricity units sold during the year stood at 1 173 GWh (2023: 1 126 GWh). The lack of meaningful growth in energy units is indicative of the prevailing sluggish economic condition in the country.

Cost of sales

Cost of sales for the year amounted to E2.525 billion; a 16% increase from the E2.178 billion incurred in the previous year. The high cost of imported electricity was the main contributor to the increased cost of sales. Power purchases and wheeling charges accounted for 70% of cost of sales. The aggregate increase on electricity purchases from all sources during the year was 20%, whilst power generation, transmission, and distribution costs increased by 7%. The Company continued to mitigate the cost of sales expenditure through smart trading in the Southern Africa Power Pool's (SAPP) Day-Ahead Market (DAM).

However, the power trading in DAM during the year was very subdued due to severe supply constraints in the market, which emanated from severe drought conditions in some parts of the SADC region. Nonetheless, the good rains received during the year enabled the ramping up of internal generation, thereby offsetting the cost of expensive imported power, especially during the peak demand periods.

Operating expenses

Total operating expenditure shows a 3% decrease to E364 million (2023: E374 million), mainly due to a reversal of provisions raised on earlier years. In addition, to tighter expenditure control, the decrease in administrative expenses was attributable to the change in the rating of electricity for VAT purposes introduced in the past year. This change allows the EEC to reclaim a large portion of its input VAT which previously would be absorbed as a cost to the Company.

Profit

The Company posted an operating loss of E70 million, which is slightly lower (6%) than the E75 million loss in the previous year. Net financing costs during the year were E5 million versus net financing income of E4 million in the previous year, due to a decrease in short-term investments versus a significant increase in borrowings in 2023/24. The Company's share of profits from Motraco increased to E113 million (2023: E87 million), driven mainly by the increase in profits for the year and the favourable exchange rate (USD/SZL) movements during the year.

The Company closed the year with a profit after tax of E101 million, compared to E83 million in the previous year. Net profit was further boosted by the E62 million tax credit (2023: E67 million), which resulted from the tax computation for the year. The profit after tax line has been trending downward over the past five years, mainly due to the cumulative effect of adverse tariff decisions, while absorbing very high increases from electricity import tariffs. Operating costs remain under strict control as cost containment measures remain a key survival strategy for the Company.

Financial position

The Company's total assets value at the end of the year stood at E6.1 billion; an increase of 7% from last year's reported position of E5.7 billion. Non-current assets increased by 10% from E4.482 billion to E4.921 billion. The increase in non-current assets is mainly due to the Company's continued investment on the supply network infrastructure projects.

The Company's investment in Motraco increased by 3% to E474 million (2023: E462 million). The increase is due to the combined effect of share of profits and foreign exchange gains recognised during the year, which was partially offset by the dividends received from this investment.

Current assets as at the 31 March 2024 year-end stood at E1.189 billion (2023: E1.202 billion), which includes cash amounting E267 million, short-term investments of E98 million, trade receivables of E385 million, and inventories at E125 million. The inability of our customers to timeously settle their debts is an indication of the general economic challenges we faced in the country. Government accounts and those of some state-owned enterprises sit with long overdue debts; a situation that adversely impacts the Company's cash flow. EEC continues to pursue various strategies to ensure working capital efficiencies of the business.

Total Liabilities show a 17% increase from E1.8 billion to E2.1 billion. The increase is mainly due to additional drawdown from the World Bank loan and rural electrification grants received during the year, which have been recognised under deferred income.

The Company's net asset (shareholder's equity) value stood at E4.0 billion (2023: E3.9 billion); an overall increase of 3% from previous year. The increase in shareholder's equity is a result of the retained profits plus other comprehensive income recognised during the year. During the year under review, a dividend amounting E4.2 million was declared and paid to the shareholder in respect of profits for the financial year ended 31 March 2023.

Liquidity position

The Company closed the year with a positive cash balance of E267 million (2023: E210 million). This E57 million net increase in cash is mainly due to the drawdown from the World Bank loan facility, matured financial investments and dividend received from Motraco during the year. Meanwhile, the current ratio and acid test ratio stood at 1.9 times and 1.7 times, respectively, at the end of the year. At the close of last year, these ratios were at 2.6 and 2.3, respectively.

GOVERNANCE

In the 2023/24 financial year, the Board performed its duties in full adherence to the law, the Memorandum and Articles of Association, Public Enterprise Unit (PEU) Circulars, King IV Good Governance Code, Board Charter, and Committee Terms of Reference. Management was monitored and held accountable on the basis of comprehensive written and oral reports submitted to the Board at meetings convened at the end of every quarter of the year. Through these meetings and reports, the Board was kept up to date on, amongst other matters, planned and undertaken projects, awarded tenders, the Company's financial position, risks, and business sustainability strategies.

Additionally, the Board greatly concerned itself with the Company's energy security plans. To this end, one of the Company's major energy suppliers was paid a working visit to obtain assurance on the continuity of the business relationship, whilst management was simultaneously pushed to deliver on the strategic objective to drastically increase local generation. The work of the Board continued to be executed through the following Committees, whose composition and the number of times meetings were held are reflected in the table below.

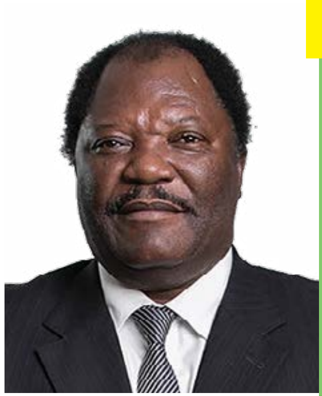
Committee	Mandate	Membership	Meetings
Audit & Risk	Assist Board oversee the external and internal audit processes, combined assurance and risk assessment and management.	Hlobsile Ndzimandze (C) HRH Princess Sibahle Esau Zwane Henry Shongwe	5
Finance	Assist the Board in overseeing financial management, including investments and divestures, financial risk assessment and management.	Esau Zwane (C) Henry Shongwe Velile Dlamini Thandazile Dlamini	4
Social & Ethics	Assist the Board in overseeing that the company, amongst other, embodies and practices ESG principles, averts unethical, corrupt, discriminatory conduct as well promotes good corporate citizenship and impact on society.	Velile Dlamini (C) HRH Princess Sibahle Winnie Stewart Hlobsile Ndzimandze	4
Technical	Assist the Board ensure that dynamic demands for self-sufficiency, cost-efficient electrical power generation, supply and maintenance of the national grid within Eswatini.	Thandazile Dlamini (C) HRH Princess Sibahle Henry Shongwe Winnie Stewart Velile Dlamini	4
Remuneration	Assist the Board oversee that adequate remuneration policies and levels are in place throughout the company, performance is appropriately assessed, managed, and rewarded.	Winnie Stewart (C) Hlobsile Ndzimandze Thandazile Dlamini Esau Zwane	6

The number of Board and Committee meetings were in accordance with the stipulations of the Public Enterprises (Control and Monitoring) Act, 1989, circulars, Board Charter, and annual plans. In discharging its functions, the Board observed and was guided by the principles of good governance, such as transparency, fairness, integrity, responsibility and accountability as espoused by the King Reports. It commits to continue to adhere to them in the ensuing period.

GOVERNANCE continued

Our leadership structure

Board of Directors



MR. PATRICK MYENI

CHAIRPERSON
Nationality: Liswati
Gender: Male
Date of appointment: 7 April 2023

- BSc Agriculture – University of Eswatini, Eswatini
- Master's in Business Leadership – University of South Africa (UNISA), South Africa
- Master's of Science, Agricultural Mechanisation

MR. ERNEST MKHONTA

MANAGING DIRECTOR
Nationality: Liswati
Gender: Male
Date of appointment: 1 November 2021

- Master's in Engineering (Engineering Management) – University of Pretoria, South Africa
- MBA – University of Stellenbosch, South Africa
- Advanced Management Programme – INSEAD, France
- Leading Strategic Innovation – University of Eswatini (UNESWA), Eswatini
- BSc Engineering – University of the Witwatersrand, South Africa
- BSc and CDE – University of Eswatini (UNESWA), Eswatini
- Supervisory Development Programme – Maccauvlei Learning Academy, South Africa
- Middle Management Development Programme – University of Johannesburg, South Africa

Mr. Henry Shongwe
NON-EXECUTIVE DIRECTOR

Ms. Hlobsile Ndzimandze
NON-EXECUTIVE DIRECTOR

Ms. Thandazile Dlamini
NON-EXECUTIVE DIRECTOR

Mr. Esau Zwane
NON-EXECUTIVE DIRECTOR

HRH Princess Sibahle
NON-EXECUTIVE DIRECTOR

Mrs. Winnie Stewart
NON-EXECUTIVE DIRECTOR

Ms. Velile Dlamini
NON-EXECUTIVE DIRECTOR

Mr. Thabiso Masina
LEGAL COUNSEL & COMPANY SECRETARY

Board of Directors

MR. THABISO MASINA

LEGAL COUNSEL AND COMPANY SECRETARY

Nationality: Liswati

Gender: Male

Date of appointment: 1 February 2021

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

MR. HENRY SHONGWE

NON-EXECUTIVE DIRECTOR

Nationality: Liswati

Gender: Male

Date of appointment: 1 November 2020

- MSc in Mechanical Engineering – United Kingdom
- BSc Honours in Energy Studies – United Kingdom
- Retired and long-serving Director of Energy – Ministry of Natural Resources and Energy (MNRE), Eswatini

MRS. WINNIE STEWART

NON-EXECUTIVE DIRECTOR

Nationality: Liswati

Gender: Female

Date of appointment: 6 April 2021

- Master's of Public Sector Management – Africa University, Zimbabwe
- Advanced Certificate in Quality Management – PSB Academy, Singapore
- Certificate in Management of Public Administration – Japan
- Post-Graduate Diploma in Human Resources Management – Manchester University, England
- Diploma in Human Resource Management – Institute of Development Management, Botswana

MR. ESAU ZWANE

NON-EXECUTIVE DIRECTOR

Nationality: Liswati

Gender: Male

Date of appointment: 28 January 2020

- MBA – University of Ashland, United States of America
- Bachelor of Commerce (B.com) – University of Botswana and Eswatini

HRH PRINCESS SIBAHLE

NON-EXECUTIVE DIRECTOR

Nationality: Liswati

Gender: Female

Date of appointment: 6 April 2021

- Associate Degree in Business Management/Leadership – Santa Monica College, United States of America
- Certificate of Achievement in Business Management/Leadership – Santa Monica College, United States of America
- Entrepreneur and real estate investor (2009 to present)

MS. THANDAZILE DLAMINI

NON-EXECUTIVE DIRECTOR

Nationality: Liswati

Gender: Female

Date of appointment: 18 March 2020

- BSc Chemical Engineering – University of KwaZulu-Natal, South Africa
- BSc Chemistry and Mathematics – University of Eswatini (UNESWA), Eswatini

MS. HLOBSILE NDZIMANDZE

NON-EXECUTIVE DIRECTOR

Nationality: Liswati

Gender: Female

Date of appointment: 18 March 2020

- Bachelor of Law (LLB) – University of Eswatini (UNESWA), Eswatini
- BA (Law) – University of Eswatini (UNESWA), Eswatini
- Legislative Drafting – Ghana School of Law, Ghana

MS. VELILE DLAMINI

NON-EXECUTIVE DIRECTOR

Nationality: Liswati

Gender: Female

Date of appointment: 28 January 2020

- B.Eng. (Electrical Engineering) – University of Pretoria, South Africa
- Candidate Engineer – Engineering Council of South Africa (ECSA)
- Government Certificate Competency (GCC Factories)
- Member of Women In Engineering (WomEng Eswatini)

GOVERNANCE continued

Executive management

MR. ERNEST MKHONTA

MANAGING DIRECTOR
Nationality: Liswati
Gender: Male
Date of appointment: 1 November 2021

- Master's in Engineering (Engineering Management) – University of Pretoria, South Africa
- MBA – University of Stellenbosch, South Africa
- Advanced Management Programme – INSEAD, France
- Leading Strategic Innovation – University of Eswatini (UNESWA), Eswatini
- BSc Engineering – University of the Witwatersrand, South Africa
- BSc & CDE – University of Eswatini (UNESWA), Eswatini
- Supervisory Development Programme – Maccauvlei Learning Academy, South Africa
- Middle Management Development Programme – University of Johannesburg, South Africa

Responsibilities:
Corporate strategy and vision, capital allocation, and team building

MR. THABISO MASINA

LEGAL COUNSEL AND COMPANY SECRETARY
Nationality: Liswati
Gender: Male
Date of appointment: 1 February 2021

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

Responsibilities:
Legal, compliance, and company secretaryship

MS. NONCEDO MAMBA

GENERAL MANAGER, CORPORATE SERVICES
Nationality: Liswati
Gender: Female
Date of appointment: 6 July 2015

- B. Comm, Management Sciences – University of Eswatini (UNESWA), Eswatini
- Leadership Development Programme – GIBS Business School, South Africa
- Certified Global Remuneration Practitioner – GRP
- Applied Global Remuneration Specialist (AGRS)
- Leading Change (LCOR) – Harvard
- Member – IPM (SA) and (SD)
- Member – SARA (Southern Africa Rewards Association)

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

MR. PATRICK MATHUNJWA

GENERAL MANAGER, FINANCE
Nationality: Liswati
Gender: Male
Date of appointment: 17 September 2018

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

Responsibilities:
Finance, information technology, and procurement

MR. MPHUMUZI MAZIYA

GENERAL MANAGER, RESEARCH AND DEVELOPMENT
Nationality: Liswati
Gender: Male
Date of appointment: 1 March 2022

- BSc in Electrical Engineering (awarded with Hons) – University of Cape Town, South Africa
- MSc in Electrical Engineering – University of Cape Town
- Advanced Diploma in Business Project Management – University of Cape Town
- MSc in Project Management – Copperbelt University, Zambia
- Professional Engineer – Engineering Council of South Africa, and AESAP in Eswatini

Responsibilities:
Research and development, innovation, network system planning, project development and implementation of infrastructure projects, and generation expansion

MR. VUSIE GAMA

GENERAL MANAGER, OPERATIONS
Nationality: Liswati
Gender: Male
Date of appointment: 11 June 2018

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

Responsibilities:
System operations, generation, transmission, and distribution

MR. BHEKI MOTSA

GENERAL MANAGER, SUPPORT SERVICES
Nationality: Liswati
Gender: Male
Date of appointment: 1 March 2022

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

Responsibilities:
SHERQ management, GIS and survey, fleet management, and outsourced services

MS. ELIZABETH MABUZA

HEAD OF INTERNAL AUDIT
Nationality: Liswati
Gender: Female
Date of appointment: 7 December 2012

- MBA – GIBS Business School (University of Pretoria), South Africa
- BCom Accounting – University of Eswatini (UNESWA), 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
Nationality: Liswati
Gender: Male
Date of appointment: 1 March 2022

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

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

GOVERNANCE continued

Governance and sustainability

EEC operates under a unitary Board structure comprising nine members: eight Non-Executive Directors appointed by the Minister for Natural Resources and Energy in accordance with the Eswatini Electricity Company Act, 2007, and one Executive Director who serves as the Managing Director. Our governance framework, as detailed in the Board Charter, provides a structured approach to corporate leadership.

The Board's responsibilities are multifaceted and crucial. We set the Company's strategic direction, ensure adequate resources for achieving objectives, oversee executive management's performance, and safeguard long-term stakeholder interests. Effective communication with the Ministry of Natural Resources and Energy, employees, customers, and other stakeholders is a key priority, with their views actively incorporated into our decision-making processes.

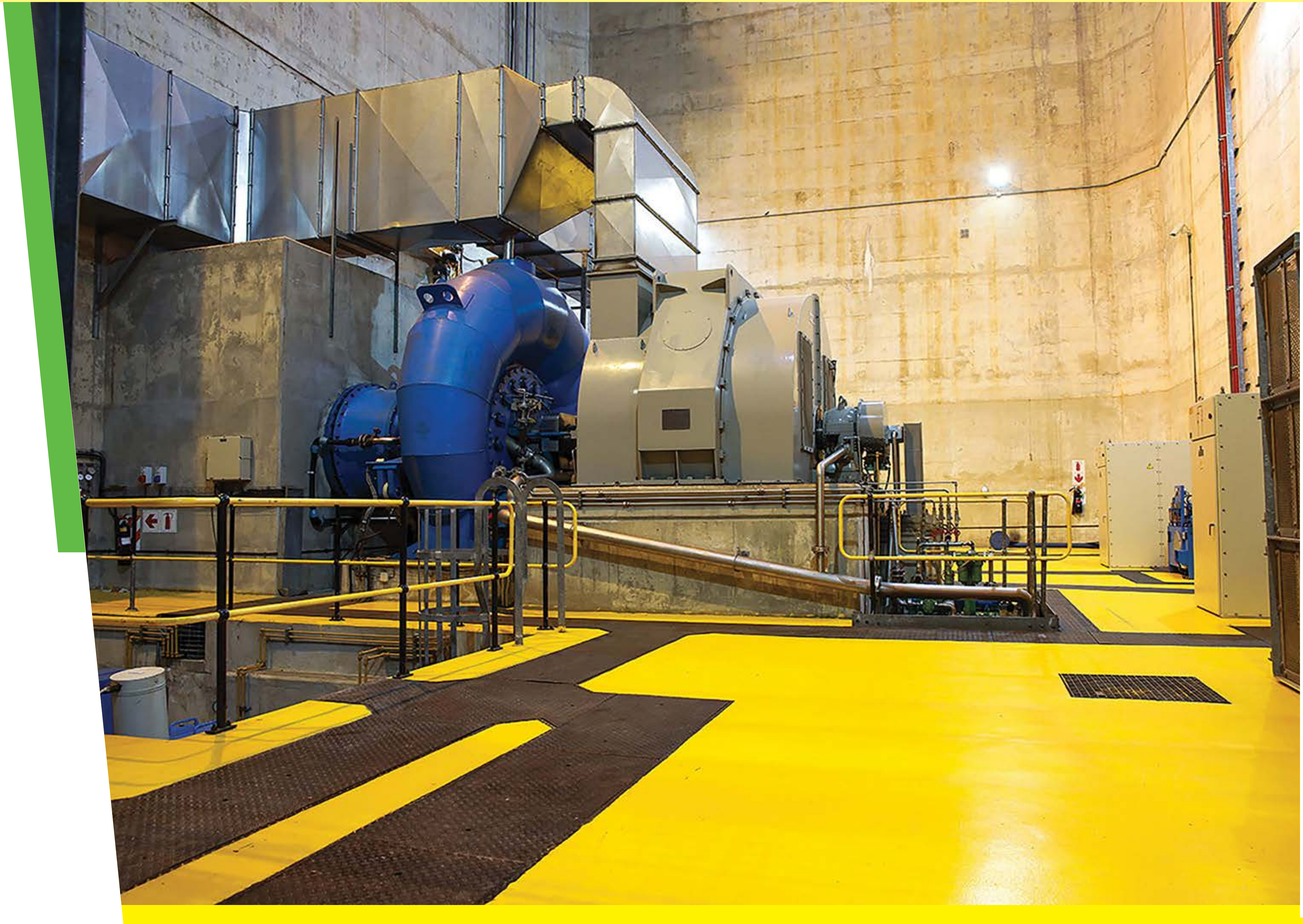
Our commitment to good corporate governance is reflected in our stringent audit and financial controls. The Audit and Risk Committee plays a vital role in this regard, overseeing financial reporting, audit processes, internal controls, and compliance with relevant laws, regulations, and standards. This Committee also assesses and monitors key risks facing the Company, ensuring appropriate mitigation strategies are in place.

Recognising the critical importance of sustainability, we have evolved our governance structure to integrate Environmental, Social, and Governance (ESG) considerations into our decision-making processes. The Social and Ethics Committee is instrumental in this integration, guiding the Board and the Company on ESG matters.

This Committee's mandate extends beyond ESG adherence to include preventing unethical, corrupt, or discriminatory conduct, and promoting corporate citizenship and positive societal impact. The Committee actively builds capacity by developing relevant skills and staying informed on emerging sustainability challenges. Regular updates on sustainability-related risks and opportunities ensure our strategies align with our sustainability objectives.

Our approach to integrating sustainability into governance is company-wide, fostering transparency and accountability through public reporting, stakeholder engagement, and environmental impact assessments. Through these collective efforts, EEC is embedding sustainability considerations deeply into our governance structures, driving responsible and sustainable growth for all stakeholders.

This comprehensive approach to governance and sustainability underscores our commitment to ethical business practices, long-term value creation, and positive societal impact. As we navigate the complex landscape of the energy sector, these principles will continue to guide our decisions and actions, ensuring that EEC remains a responsible corporate citizen and a driving force in Eswatini's sustainable development.



FINANCIAL STATEMENTS

Directors' Responsibility Statement

For the year ended 31 March 2024

The Directors of the Company are responsible for the preparation and fair presentation of the financial statements of Eswatini Electricity Company Ltd. comprising of the statement of financial position as at 31 March 2024, the statements of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the Directors' report, in accordance with International Financial Reporting 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.

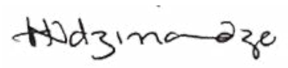
The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements are presented fairly in accordance with International Financial Reporting 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 Ltd. as identified in the first paragraph were approved by the Board of Directors on 25 July 2024 and are signed on its behalf by:

....
Director



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Director

Independent Auditor's Report
For the year ended 31 March 2024

To the Shareholder of Eswatini Electricity Company Limited

Opinion
We have audited the financial statements of the Eswatini Electricity Company Ltd. (EEC) set out on pages 62 to 148, which comprise the statement of financial position as at 31 March 2024, and the statement of comprehensive income, the statement of changes in funds 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Eswatini Electricity Company Ltd. as at 31 March 2024, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of 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 comprise the Directors' responsibility statement attached to the financial statements and the detailed statement of comprehensive income which were obtained prior to the date of the auditors' report. 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 an audit opinion or 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 obtained prior to the date of this auditors' report, 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.

To the Shareholder of Eswatini Electricity Company Limited continued

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 International Financial Reporting Standards and the requirements of the Companies Act of Eswatini, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report continued

For the year ended 31 March 2024

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

SNG Grant Thornton

SNG Grant Thornton Chartered Accountants (Eswatini)
31 July 2024

Directors' Report
For the year ended 31 March 2024

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

2. Business issues
The EEC managed to close the year ended 31 March 2024 profitably (profit after tax) despite the many challenges that the company faced. The EEC, however, has recorded a negative operating profit for the financial year ended 31 March 2024; a situation that is not desired. The profit has been trending downward over the past five years mainly due to the cumulative effect of adverse tariff decisions while absorbing very high increases from electricity import tariffs. Nevertheless, the EEC was granted an average tariff increase of 9.08% for the financial years 2023/24 and 2024/25. The implementation of a positive tariff will enable the company to slowly recover from a difficult period of stagnant revenue versus rising input costs.

The company continues to utilise the Day Ahead Market (DAM) power trading platform for cheaper power purchases as well as the coming on stream of our Lavumisa Solar PV plant. The increase in DAM purchase coincided with the high season during which electricity rates especially from Eskom are highest. EEC continued power trading with Electricidade de Moçambique (EdM) which also contributed positively to the optimisation of power trading during the year.

The Company closed the financial year with a positive cash balance of E267 million. This shows an increase of E57 million from prior year closing cash position of E210 million.

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

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

Revenue and expenditure
Electricity sales turnover for the period under review amounted to E2 644 million representing an increase of 12.9% from prior the year figure of E2 341 million This can be attributed to the tariff increase awarded by the Regulator, averaging 9.08% for the 2023/24 financial year. We also noted a slight increase in the energy sold in the year resulting from additional customers being added to the grid. Actual energy sold during the year was 1 173 GWh (2023: 1 126 GWh), an increase in energy sales of 4.2%.

Costs of sales for the year were E2 525 million (2023: E2 178 million). The increased cost of sales was attributable to the increase in import tariffs, with the major supplier, Eskom, increasing by 19.15% during the year. Other cost of sales excluding power purchase increased by E48 million (6.8%), due to increased maintenance costs on the supply network infrastructure exacerbated by the global warming effect on weather patterns.

3. Technical performance
Internal generation by the Company for the year stood at 319GWh representing 23.5% of total units sent out; an increase of 5.28% from the 303 GWh from previous year. Local generation from Ubombo Sugar Ltd. (USL) stood at 61.4 GWh (2023: 75.06 GWh). The Company's total electricity imports were 962.05 GWh (2023: 931.88 GWh). The total cost of these power purchases was E1 774 million (2023: E1 474) including wheeling charges. The increased cost of imports was as a result of the tariff increases effected by the suppliers.

Total units sent out during the period were 1 356 GWh (2023: 1 326 GWh) and units sold were 1 173 GWh (2023: 1 126 GWh) resulting in system losses of 12.6% (2023: 11.60%). Management continues to focus on reducing system losses as a means of improving revenue.

4. Capital expenditure
Capital projects total cost incurred during the year amounted to E659 million (2023: E856 million). Most of the capital projects were to improve the transmission and distribution networks. E201 million (2023: E247 million) of total capital projects were related to additional distribution lines.

5. Cash flow for the year
Cash and cash equivalents at the end of the financial year decreased to E267 million from E210 million in the previous year.

6. Motraco Joint venture
During the year under review the joint venture company declared and paid a dividend. The company's net share of the dividends was US$4.8 million or E95 million (2023: US$8 million or E135.2 million), after deducting 20% withholding tax as per the Mozambican tax code.

Directors' Report continued

For the year ended 31 March 2024

7. Corporate governance issues

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

Environmental responsibility

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

Social responsibility

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

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

8. Share capital

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

9. Dividend

The company declared and paid a dividend of E4 173 335 (2023: E10 563 476) during the year ended 31 March 2024.

10. Subsequent events

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

11. Going concern

The Directors are of the opinion that the company will be a going concern for the next 12 months. The company has assessed the going concern and the ability of the company to continue in business. Management has considered the liens on its financial liabilities and there is no foreseen prospect of default. Management has also returned to austerity given the state of the economy. The company is still within its major lender liens, being Inhlonhla and the World Bank. Debt has been serviced appropriately, and such in envisaged into the future.

It is noteworthy that Eskom has finally agreed to renew the contract for a further 10 years reviewable after five years. The two companies will work to conclude the terms of the PPA before the end of the 2024/2025 financial year. The new contract will come with a different tariff structure in line with the unbundling of Eskom. With no threats to continued operation, and ample ability to honour major liens, the Directors believe the going concern approach is appropriate for presentation of this year's financial statements.

12. Management commentary on internal control deficiencies

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

Directors' Report continued

For the year ended 31 March 2024

13. Directors

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

Non-Executive Directors

Chairperson

Patrick Myeni
Appointed : 07 April 2023 – 06 April 2025

Directors

HRH Princess Sibahle
Appointed : 07 Apr 2023 – 06 Apr 2025
Ms Winnie Stewart
Appointed : 07 Apr 2023 – 06 Apr 2025
Ms Hlobsile Ndzimandze
Appointed : 01 Jun 2024 – 31 May 2026
Ms Velile Dlamini
Appointed : 01 Jun 2024 – 31 May 2026
Mr Esau Zwane
Appointed : 18 Jan 2023 – 28 Jan 2024
Ms Thandazile Dlamini
Appointed : 01 Jun 2024 – 31 May 2026
Mr Henry Shongwe
Appointed : 02 Nov 2022 – 01 Nov 2024
Mr Vusi H. Dlamini
Appointed : 01 Jun 2024 – 31 May 2026

Executive Director

Managing Director

Mr Sipho E. Mkhonta
Appointed : 01 November 2021

Secretary

Mr. Thabiso Masina
Appointed : 01 February 2021

14. Bankers

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

Standard Bank Eswatini Ltd.
P O Box 667, Mbabane, Eswatini

Nedbank (Swaziland) Ltd.
P O Box 70, Mbabane, Eswatini

Swaziland Building Society
P O Box 300, Mbabane, Eswatini

First National Bank of Eswatini Ltd.
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

Eluvatsini House, Mhlambanyatsi Road, Mbabane, Eswatini

P O Box 258, Mbabane, H100, Eswatini

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

Statement of Comprehensive Income

For the year ended 31 March 2024

	Notes	2024 E	2023 E
Revenue from contracts with customers	4	**2 773 837 085**	2 450 929 891
Cost of sales	5	**(2 524 844 639)**	(2 178 281 313)
Gross profit		**248 992 446**	272 648 578
Other income	6	**50 937 458**	54 323 232
Expenses	7	**(363 567 900)**	(374 263 259)
Net impairment gains / (losses) on financial assets		**(22 213 187)**	(8 038 140)
Administrative expenses		**(341 354 713)**	(366 225 119)
Other losses	8	**(5 897 207)**	(27 236 812)
Operating (loss)/profit		**(69 535 203)**	(74 528 261)
Net finance income	9	**(4 770 794)**	3 911 612
Finance costs	9	**(30 819 676)**	(26 901 574)
Finance income	9	**26 048 882**	30 813 186
Share of profit of joint venture	12	**112 752 575**	87 373 336
Profit before income tax		**38 446 578**	16 756 687
Income tax charge	10	**62 630 823**	66 710 036
Profit for the year		**101 077 401**	83 466 723
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	**17 767 319**	98 254 658
Income tax relating to these items	10	**(3 553 464)**	(19 650 932)
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit asset	17	**1 592 599**	(1 723 886)
Income tax relating to these items	10	**(437 965)**	474 069
Other comprehensive loss for the year – net of tax		**15 368 489**	77 353 909
Total comprehensive income for the year		**116 445 890**	160 820 633

Statement Of Financial Position

For the year ended 31 March 2024

	Notes	2024 E	2023 E
Assets			
Non-current assets			
Property, plant and equipment	11	**4 424 670 108**	3 993 915 378
Right-of-use asset	11.1	**5 724 799**	2 219 478
Investment in joint venture	12	**474 475 611**	462 149 117
USL electricity prepayment	15	**10 000 000**	20 000 000
Retirement benefit asset	17	**1 627 089**	274 419
Embedded derivative asset	23(d)	**4 138 727**	3 750 755
		4 920 636 334	4 482 309 147
Current assets			
Inventories	16	**125 276 181**	132 432 834
Trade and other receivables	14.1	**384 885 789**	394 156 320
USL electricity prepayment	15	**10 000 000**	10 000 000
Current income tax assets	20.1	**302 722 003**	244 320 763
Financial assets	14.7	**97 870 052**	153 587 363
Restricted cash	14.2	**784 370**	58 139 431
Cash and cash equivalents	14.3	**267 241 585**	209 721 768
		1 188 779 980	1 202 358 479
Total assets		**6 109 416 314**	5 684 667 626
Equity and liabilities			
Equity attributable to owners of the company			
Ordinary shares	18	**433 493 841**	433 493 841
Foreign currency translation reserves	13	**235 941 997**	221 728 143
Retained earnings		**3 340 727 650**	3 242 668 950
		4 010 163 488	3 897 890 934
Liabilities			
Non-current liabilities			
Deferred grant income	19.1	**499 561 028**	463 553 747
Other deferred income	19.2	**175 619 776**	58 139 431
Borrowings	14.5	**565 899 558**	491 316 810
Lease liability	14.6	**4 591 196**	1 131 495
Deferred income tax liabilities	20.2	**242 734 899**	301 374 293
		1 488 406 457	1 315 515 776
Current liabilities			
Borrowings	14.5	**50 287 895**	28 351 162
Lease liability	14.6	**1 316 729**	1 531 835
Trade and other payables	14.4	**503 624 826**	388 067 132
Provisions for employee benefits	21	**13 001 919**	18 560 348
Contract liabilities	19.3	**42 615 000**	34 750 439
		610 846 369	471 260 916
Total liabilities		**2 099 252 826**	1 786 776 692
Total equity and liabilities		**6 109 416 314**	5 684 667 626

Statement of Changes in Equity

For the year ended 31 March 2024

	Notes	Share capital E	Foreign exchange translation reserves E	Retained earnings E	Total E
Balance at 1 April 2023		433 493 841	221 728 148	3 242 668 950	3 897 890 933
Total comprehensive income for the year		–	14 213 855	102 232 035	116 445 890
Profit for the year		–	–	101 077 401	101 077 401
Other comprehensive income for the year		–	14 213 855	1 154 634	15 368 489
Dividends to equity holders of the company	18.1	–	–	(4 173 335)	(4 173 335)
Balance at 31 March 2024		**433 493 841**	**235 941 997**	**3 340 727 650**	**4 010 163 488**
		Note 18	Note 13		
Balance at 1 April 2022		433 493 841	143 124 416	3 171 015 521	3 747 633 778
Total comprehensive loss for the year		–	78 603 726	82 216 905	160 820 631
Profit for the year		–	–	83 466 722	83 466 722
Other comprehensive income for the year		–	78 603 726	(1 249 817)	77 353 909
Dividends to equity holders of the company	18.1	–	–	(10 563 476)	(10 563 476)
Balance at 31 March 2023		433 493 841	221 728 142	3 242 668 950	3 897 890 933
		Note 18	Note 13		

Statement of Cash Flows

For the year ended 31 March 2024

	Notes	2024 E	2023 E
Cash flows from operating activities			
Cash generated by operations	22	**287 401 115**	116 876 828
Tax paid	20.1	**–**	–
Interest received	9	**26 048 883**	30 813 186
Interest paid	9	**(30 819 676)**	(26 901 574)
Net cash generated from operating activities		**282 630 322**	120 788 440
Cash flows from investing activities			
Additions to property, plant and equipment to maintain operating capacity	11	**(660 321 316)**	(583 963 442)
Proceeds from disposal of property, plant and equipment		**4 339 040**	–
Additions to investments	14.7	**(534 631 607)**	(263 752 671)
Proceeds from disposal of investments	14.7	**603 500 000**	576 519 504
Grants received	19	**59 198 549**	139 620 813
Dividends received from Motraco Joint Venture	12	**94 554 720**	135 218 800
Net cash utilised in investing activities		**(433 360 614)**	3 643 004
Cash flows from financing activities			
Proceeds from borrowings	22.1	**125 216 821**	30 214 209
Repayment of borrowings	22.1	**(28 664 216)**	(27 940 200)
Payment of lease liability		**(1 609 505)**	(1 990 659)
Proceeds from other assets		**117 480 344**	5 540 736
Dividends paid	18.1	**(4 173 335)**	(10 563 476)
Net cash inflows from financing activities		**208 250 109**	(4 739 390)
Net decrease in cash and cash equivalents		**57 519 817**	119 692 054
Cash and cash equivalents at beginning of the year		**209 721 768**	90 029 714
Cash and cash equivalents at end of the year	14.3	**267 241 585**	209 721 768

Notes to the Financial Statements

For the year ended 31 March 2024

1. Basis of preparation

Reporting entity

Eswatini Electricity Company Ltd. 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 (formerly known as Swaziland). 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.

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements comply with IFRS 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 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

At the date of authorisation of the financial statements of Eswatini Electricity Company Ltd. for the year ended 31 March 2024, the following Standards and Interpretations were in issue but not yet effective:

Effective for the financial year commencing 1 April 2026 and beyond

- Presentation and disclosure in financial statements-IFRS 18

Effective for the financial year commencing 1 April 2025

- None

Effective for the financial year commencing 1 April 2024

- Non-current liabilities with covenants - Amendments to IAS 1
- Classification of liabilities as current or non-current – Amendments to IAS 1
- Lease liability in sale and leaseback - Amendments to IFRS 16
- Supplier finance arrangements - Amendments to IAS 7 and IFRS 7
- Lack of exchangeability - Amendments to IAS 21

All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the company). These are not expected to have a material impact on the financial statements in the next financial period.

Notes to the Financial Statements continued

For the year ended 31 March 2024

2. Summary of material accounting policies continued

2.2 Joint venture

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

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

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

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

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

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in '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 or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in other comprehensive income.

(c) Joint venture translations

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

2.4 Property, plant and equipment

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

Freehold land is not depreciated.

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

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

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

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

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

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

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

Notes to the Financial Statements continued

For the year ended 31 March 2024

2. Summary of material accounting policies continued

2.4 Property, plant and equipment continued

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

2.5 Impairment of assets

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

2.6 Share capital

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

2.7 Financial assets and liabilities

The Company classifies its financial assets in the following categories:

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

Accounting for financial instruments

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

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

Financial instrument classification

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

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

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

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

- 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).

Notes to the Financial Statements continued

For the year ended 31 March 2024

2. Summary of material accounting policies continued

2.7 Financial assets and liabilities continued

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.

2.8 Revenue recognition

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

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

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

Notes to the Financial Statements continued

For the year ended 31 March 2024

2. Summary of material accounting policies continued

2.9 Dividend income and dividend distributions

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

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

2.10 Inventories

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

2.11 Provisions

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

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

2.12 Taxation

Deferred income taxes

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

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

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

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

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.

Notes to the Financial Statements continued

For the year ended 31 March 2024

2. Summary of material accounting policies continued

2.15 Borrowings

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

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

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

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

2.16 Employee benefits

(a) Short-term employee benefits

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

(b) Pension obligations

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

c) Defined benefit plans

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

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

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.

Notes to the Financial Statements continued

For the year ended 31 March 2024

2. Summary of material accounting policies continued

2.17 Grants received

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

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

Government and donor grants

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

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

Rural electrification fund

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

Counterparty fund

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

2.18 Offsetting financial assets and financial liabilities

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

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

2.19 Derivative financial instruments and hedging activities

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

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

As at 31 March 2024 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.

2.20 Trade payables

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

Notes to the Financial Statements continued

For the year ended 31 March 2024

2. Summary of material accounting policies continued

2.21 Leases

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

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

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

Short-term leases and leases of low-value assets

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

Amortisation

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

Impairment

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

3. Critical accounting estimates and judgements

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

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

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

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

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

Valuation date

The valuation date is 31 March 2024.

Maturity date

The maturity date of the electricity wheeling agreement is 30 September 2024.

Embedded derivative valuation

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

(c) Estimated impairment of trade and receivables

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

Notes to the Financial Statements continued

For the year ended 31 March 2024

3. Critical accounting estimates and judgements continued

(d) Depreciation

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

(e) Income taxes

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

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

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

(g) Prepaid revenue

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

The table below shows the sensitivity analysis of deferred revenue to any change in customer electricity consumption patterns which is the key input variable to the deferred revenue model used by the company to estimate the amount of revenue earned and deferred derived from prepaid customers. The current consumption pattern assumption is that 35% of the March 2024 revenue is deferred; therefore, the sensitivity analysis shows the impact of a 5% change in this assumed consumption pattern.

The other input variables are assumed to be constant.

	Balance	Effect of 5% increase on profit or loss	Effect of 5% decrease on profit or loss
	E	E	E
Deferred revenue 2024			
Deferred revenue (Note 19.3)	**42 615 000**	**2 130 750**	**(2 130 750)**
Deferred revenue 2023			
Deferred revenue (Note 19.3)	34 750 439	1 737 522	(1 737 522)

(h) Impairment of right-of-use assets

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

Notes to the Financial Statements continued

For the year ended 31 March 2024

4. Revenue from contracts with customers

	2024 E	2023 E
4.1 The analysis of electricity revenue per customer category is as follows:		
Domestic and Small Commercial	**1 289 670 149**	1 166 094 819
Irrigation, Industrial, and Large Commercial	**1 349 901 425**	1 170 711 545
Other	**4 130 996**	4 270 893
Contributions from customers towards infrastructure	**130 134 515**	109 852 634
	2 773 837 085	2 450 929 891
4.2 The analysis of electricity by service nature is as follows:		
Revenue from sale of electricity	**2 643 702 570**	2 341 077 257
Contributions from customers towards infrastructure	**130 134 515**	109 852 634
	2 773 837 085	2 450 929 891

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 2024

5. Cost of sales

	2024 E	2023 E
Cost of sales comprise of:		
Electricity transmission costs	**195 289 652**	191 984 614
Distribution costs	**482 380 486**	436 267 625
Electricity purchases	**1 694 853 374**	1 408 080 407
Electricity wheeling charges	**68 973 403**	55 677 743
Electricity generation cost	**73 347 724**	76 270 924
Amortisation of USL electricity prepayment	**10 000 000**	10 000 000
	2 524 844 639	2 178 281 313

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

Distribution costs

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

Electricity purchases

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

Electricity wheeling chargers

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

Electricity generation cost

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

Electricity transmission cost

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

Amortisation of USL electricity prepayment

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

Classification as cost of sales

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

Notes to the Financial Statements continued

For the year ended 31 March 2024

6. Other income

	2024 E	2023 E
Rental income	**3 322 919**	3 230 488
Profit on sale of scrap	**1 366 377**	1 454 807
Bad debt recovery	**28 372**	4 171 375
Reconnection fees	**4 668 325**	4 849 242
Other items (i)	**16 772 877**	17 987 987
Tampering charges	**1 298 831**	1 218 961
Tender fees	**288 489**	145 290
Grant income (Note 6.1)	**23 191 268**	21 265 082
	50 937 458	54 323 232
6.1 Grant income		
Grants realised during the year (Note 19.1)	**23 191 268**	21 265 082
Other grants received from Government during the year	**–**	–
	23 191 268	21 265 082

(i) Other items

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

(ii) Grant income

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

Deferral and presentation of grants

Government grants relating to rural electrification project:

Grants relating the rural electrification project are recognised as a liability under deferred grant income (Note 19.1) 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 2024

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.

	2024 E	2023 E
Auditors' remuneration (Note 7.1)	**1 604 299**	1 300 653
Depreciation on property, plant and equipment (Note 7.2)	**29 366 996**	27 930 286
Net impairment charges on electricity receivable and other receivables (Note 23(b))	**16 573 505**	8 038 140
Director expenses	**946 738**	1 090 186
Motor vehicle expenses	**5 347 526**	7 124 275
Repairs and maintenance	**6 897 377**	14 128 175
Travelling and disbursements expenses	**7 044 047**	8 118 366
Employee benefit expense (Note 7.3)	**128 169 691**	113 122 147
Performance bonus	**4 209 864**	1 890 843
Third party vendors commission	**16 248 704**	14 802 947
Insurance	**1 764 517**	3 947 258
Sales Tax and Non-refundable foreign taxes paid	**48 443 290**	50 236 841
License fees	**48 021 338**	39 604 085
Staff training and welfare	**15 247 847**	15 979 290
Management fees	**19 197 355**	18 212 200
Other expenses	**14 484 806**	48 737 567
Total administrative and net impairment expenses	**363 567 900**	374 263 259

Notes to the Financial Statements continued
For the year ended 31 March 2024

7. Material other expense items continued

	2024 E	2023 E
7.1 Auditors' remuneration	**1 604 299**	1 300 653
7.2 Depreciation expense (Note 11)	**229 150 275**	213 235 085
Included in cost of sales	**199 783 279**	185 304 799
Included in administrative expenses	**29 366 996**	27 930 286
7.3 Employee benefit expense	**381 358 425**	354 707 480
Included in cost of sales	**253 188 734**	241 585 333
Included in administrative expenses	**128 169 691**	113 122 147
8. Other (losses)/gains		
Fair value losses – Embedded derivative (Note 23(d))	**387 972**	(9 078 409)
Electricity wheeling agreement embedded derivative (Note 23(d))	**387 972**	(9 078 409)
Net foreign exchange gains/(losses) - foreign transactions	**(6 318 302)**	4 798 941
Net fair value losses on derivatives	**–**	–
Foreign currency swaps (Note 23(d))	**–**	–
Interest rate swaps (Note 23(d))	**–**	–
Net foreign exchange (losses)/gains on foreign loans (Note 14.5)	**33 123**	(22 957 344)
Net losses	**(5 897 207)**	(27 236 812)

Notes to the Financial Statements continued

For the year ended 31 March 2024

9. Finance income and costs

	2024 E	2023 E
Finance costs	**(30 819 676)**	(26 901 574)
Interest – Bank overdraft	**(19 272)**	–
Interest – Other foreign currency denominated loans	**–**	–
Interest – Local currency denominated loans	**(30 312 786)**	(26 620 696)
Interest – Lease liability	**(487 618)**	(280 878)
Finance income	**26 048 882**	30 813 186
Interest on short-term bank deposits	**17 972 884**	23 596 449
Interest on accounts receivable	**8 075 998**	7 216 737
Finance income – net	**(4 770 794)**	3 911 612

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 2024

10. Income tax expense

	2024 E	2023 E
The statutory tax rate of 27.5% (2023: 27.5%) was used to calculate the current tax charge and a statutory rate of 27.5% (2023: 27.5%) was used for deferred tax liabilities calculation.		
- Current tax - Kingdom of Eswatini normal taxation (Note 20.1)	**–**	571 786
- Deferred tax – current year	**(62 630 823)**	(67 281 822)
(Increase)/decrease in deferred tax assets (Note 20.2)	**(45 669 318)**	(51 799 294)
Increase/(decrease) in deferred tax liabilities (Note 20.2)	**(12 970 076)**	3 627 456
Other deferred tax adjustment	**–**	66 879
Changes in deferred tax relating to foreign exchange losses	**(3 991 429)**	(19 176 863)
Income tax expense	**(62 630 823)**	(66 710 036)

Notes to the Financial Statements continued

For the year ended 31 March 2024

10. Income tax expense continued

	2024 E	2023 E
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:		
Profit before tax	**38 446 578**	16 756 687
Tax calculated at company tax rate	**10 572 809**	4 608 089
Tax effects of:		
Legal fees	**221 292**	777 020
Donations	**448 654**	562 796
Net income from joint venture	**(31 006 958)**	(24 027 667)
Grant amortised	**(6 377 599)**	(5 847 898)
Tax Penalties and interest	**18 761**	193 362
Fair value adjustment on embedded derivatives	**(106 692)**	2 496 562
Withholding tax on Motraco unremitted earnings	**(1 088 165)**	(16 330 033)
Prior year deferred tax adjustment	**474 069**	1 067 208
Contributions from customers towards infrastructure	**(35 786 994)**	(30 209 475)
Tax charge	**(62 630 823)**	(66 710 036)
Tax Recognized in other comprehensive income:		
Foreign exchange losses on translation of Motraco Investment		
Deferred tax	**3 553 464**	19 650 923
Actuarial re-measurements		
Deferred tax	**437 965**	(474 069)
Total tax charge on statement of comprehensive income	**3 991 429**	19 176 863

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 2024

11. Property, plant and equipment

	Carrying amount at 1 April 2023	Additions	Disposals Cost	Re-classi-fication	Transfers	Deprecia-tion for the year	Net carrying amount at 31 Mar 2024	Cost at 31 Mar 2024	Accumu-lated Deprecia-tion at 31 Mar 2024
	E	E	E	E	E	E	E	E	E
As at 31 March 2024									
Dam and Spillway	8 167 408	–	–	–	–	(733 288)	7 434 121	36 573 531	(29 139 410)
Power station civil works	19 141 085	–	–	–	–	(826 424)	18 314 661	20 647 791	(2 333 130)
Freehold land	13 311 212	–	–	–	–	–	13 311 212	13 311 212	–
Buildings and staff housing	223 280 052	–	–	558 390	16 152 082	(6 656 582)	233 333 942	279 164 632	(45 830 690)
Leasehold buildings	250 473	–	–	–	–	(43 179)	207 294	1 554 433	(1 347 139)
Canal, weirs, conduits and valves	6 566 340	–	–	(79 860)	–	(511 708)	5 974 772	27 926 157	(21 951 385)
Generation plant	291 677 026	–	–	(9 311 500)	–	(10 978 931)	271 386 595	336 386 039	(64 999 444)
Substations, transformers and	535 162 600	–	–	(5 851 679)	–	(36 520 668)	492 790 253	919 555 065	(426 764 812)
Distribution and transmission	2 275 690 667	–	–	12 608 015	215 669 661	(133 543 616)	2 370 424 727	3 495 583 499	(1 125 158 772)
Motor vehicles	43 368 833	–	(70 526)	1 142 060	26 681 526	(18 192 230)	52 929 663	148 599 039	(95 669 376)
Radio and communication equipment	23 460 251	–	–	601 544	9 534 343	(4 289 297)	29 306 841	49 955 945	(20 649 104)
Computer equipment	22 626 120	–	–	298 732	6 967 834	(12 917 108)	16 975 578	56 565 067	(39 589 489)
Site works and roads, servitudes, furniture, small plant, tools and instruments	28 309 929	–	–	34 298	2 389 710	(3 937 244)	26 796 693	43 721 359	(16 924 666)
Capital work-in-progress	502 903 382	659 975 530	–	–	(277 395 156)	–	885 483 756	885 483 756	–
	3 993 915 378	659 975 530	(70 526)	–	–	(229 150 275)	4 424 670 108	6 315 027 525	(1 890 357 417)

Notes to the Financial Statements continued

For the year ended 31 March 2024

11. Property, plant and equipment continued

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

Notes to the Financial Statements continued

For the year ended 31 March 2024

11. Property, plant and equipment continued

	Carrying amount at 1 April 2022	Additions	Disposals Cost	Re-classification	Transfers	Depreciation for the year	Net carrying amount at 31 Mar 2024	Cost at 31 Mar 2024	Accumulated Depreciation at 31 Mar 2023
	E	E	E	E	E	E	E	E	E
As at 31 March 2023									
Dam and Spillway	8 504 390	–	–	–	391 564	(728 546)	8 167 408	36 573 532	(28 406 124)
Power station civil works	19 819 754	–	(1 746 852)	1 746 852	144 597	(823 266)	19 141 085	20 647 791	(1 506 706)
Freehold land	13 311 212	–	–	–	–	–	13 311 212	13 311 212	–
Buildings and staff housing	178 036 771	–	(3 190 537)	3 188 906	51 705 499	(6 460 586)	223 280 052	263 012 551	(39 732 499)
Leasehold buildings	293 652	–	(1 521 615)	1 521 615	–	(43 179)	250 473	1 554 434	(1 303 961)
Canal, weirs, conduits and valves	7 003 912	–	(431 660)	424 520	–	(430 432)	6 566 340	27 926 154	(21 359 814)
Generation plant	231 202 765	–	(1 196 148)	1 196 148	61 284 928	(810 668)	291 677 026	336 971 992	(45 294 966)
Substations, transformers and gears	493 767 657	–	(4 707 336)	4 694 405	70 771 789	(29 363 915)	535 162 600	956 599 429	(421 436 829)
Distribution and transmission	2 159 834 303	–	(119 340 560)	119 340 560	253 198 931	(137 342 568)	2 275 690 667	3 242 305 225	(966 614 558)
Motor vehicles	35 345 391	–	(2 651 318)	2 651 318	24 523 257	(16 499 815)	43 368 833	134 769 013	(91 400 180)
Radio and communication equipment	26 554 260	–	(80 005 249)	80 005 249	1 448 494	(4 542 504)	23 460 251	40 421 603	(16 961 352)
Computer equipment	23 166 751	–	(153 849 169)	153 849 169	11 506 626	(12 047 257)	22 626 120	49 756 329	(27 130 209)
Site works and roads, servitudes, furniture, small plant, tools and instruments	23 440 699	–	(46 641 804)	46 641 804	9 011 580	(4 142 351)	28 309 929	41 331 648	(13 021 719)
Capital work-in-progress	402 905 507	583 985 141	–	–	(483 987 265)	–	502 903 382	502 903 382	–
	3 623 187 024	583 985 141	(415 282 248)	415 260 546	–	(213 235 087)	3 993 915 378	5 668 084 295	(1 674 168 917)

Notes to the Financial Statements continued

For the year ended 31 March 2024

11. Property, plant and equipment continued

	Carrying amount at 1 April 2022	Additions	Transfers	Net carrying amount at 31 Mar 2024	Cost at 31 Mar 2023
	E	E	E	E	E
As at 31 March 2023					
Capital work-in-progress comprises: -					
Rural Electrification Project	19 472 922	75 912 641	(61 477 915)	33 907 648	33 907 648
Company Schemes & Services	326 843 998	425 025 330	(421 902 463)	329 966 865	329 966 865
Major Projects	56 588 587	83 047 170	(606 888)	139 028 869	139 028 869
	402 905 507	583 985 141	(483 987 266)	502 903 382	502 903 382

	2024	2023
	E	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	**144 771 935**	138 329 665
Accumulated depreciation	**144 771 935**	(138 329 665)
Net carrying amount	**–**	–

Distribution and transmission assets are stated after deducting net customers' contributions of E145 889 167 (2023: E145 889 167). These are assets that were capitalised before the promulgation of IFRIC 18 – Transfer of assets from customers.

Land costing E 23 288 (2023: E23 288) on which buildings costing E443 520 (2023: E443 520) have been erected, has not yet been registered in the name of the Company.

Buildings costing E 173 307 (2023: E173 307) have been erected on land which has not yet been acquired by the Company but which the Kingdom of Eswatini Government has consented to transfer to the Company. The Government is in the process of transferring the land in question to the Company.

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

Notes to the Financial Statements continued
For the year ended 31 March 2024

11. Property, plant and equipment continued
11.1 Right-of-use asset

	2024 E	2023 E
Year ended 31 March		
Opening Balance	**2 219 479**	2 940 307
Additions	**4 366 481**	816 796
Disposals	**–**	–
Depreciation	**(861 161)**	(1 537 624)
Balance 31 March	**5 724 799**	2 219 479
At 31 March		
Cost	**11 119 734**	6 753 253
Accumulated depreciation	**(5 394 935)**	(4 533 774)
	5 724 799	2 219 479
The statement of profit or loss shows the following amounts relating to leases:		
Depreciation charge of right-of-use assets	**861 161**	1 537 624

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 2024

12. Investment in joint venture

	2024 E	2023 E
Balance at beginning of year	**462 149 117**	445 544 622
Share of profit for the year	**112 752 575**	87 373 336
Exchange differences (Note 13)	**17 767 319**	98 254 659
Dividends received – net of taxes	**(94 554 720)**	(135 218 800)
Foreign taxes on dividends – 20%	**(23 638 680)**	(33 804 700)
Balance at end of year	**474 475 611**	462 149 117
The carrying value of the investment comprises:		
Cost of investment	**90 271 236**	90 271 236
Accumulated post-acquisition gains	**101 974 333**	107 415 158
Accumulated foreign exchange gains on translation of Company's interest	**282 230 042**	264 462 723
	474 475 611	462 149 117

The investment in joint venture does not include any goodwill as at 31 March 2024.

Notes to the Financial Statements continued

For the year ended 31 March 2024

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

Notes to the Financial Statements continued

For the year ended 31 March 2024

12. Investment in joint venture continued

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

The company's 33% interest in Motraco was translated at average and closing exchange rate against the US Dollar of E18.78 and E18.30 (2023: E17.17 and E15.12) respectively.

	Aggregate amount	Company's 33% Interest	Company's 33% Interest
	US$	US$	E
Statement of financial position – 31 December 2022			
Non-current assets	38 855 106	12 822 185	193 871 437
Current assets	65 415 717	21 587 187	326 398 267
Total assets	104 270 823	34 409 372	520 269 704
Current liabilities	(26 536 428)	(8 757 021)	(132 406 158)
Total liabilities	(26 536 428)	(8 757 021)	(132 406 158)
Net asset value	77 734 395	25 652 351	387 863 546
Statement of comprehensive income – year ended 31 December 2022			
Revenue	29 449 696	9 718 400	166 817 075
Operating cost	(12 160 657)	(4 013 017)	(68 883 741)
Other income	425 616	140 453	2 410 891
Operating profit	17 714 655	5 845 836	100 344 225
Net finance costs	2 125 908	701 550	12 042 153
Finance Income	(1 343 199)	(443 256)	(7 608 518)
Tax	(3 072 575)	(1 013 950)	(17 404 524)
Profit for the year	15 424 789	5 090 180	87 373 336

Notes to the Financial Statements continued

For the year ended 31 March 2024

13. Foreign currency translation reserve

	2024 E	2023 E
Opening balance	**221 728 142**	143 124 417
Other comprehensive income	**14 213 855**	78 603 725
Foreign exchange loss – Joint Venture (Note 12)	**17 767 319**	98 254 658
Tax effect	**(3 553 464)**	(19 650 933)
Closing balance	**235 941 997**	221 728 142

Notes to the Financial Statements continued

For the year ended 31 March 2024

14. Financial assets and liabilities

	Notes	Assets at FVPL E	Assets at amortised cost E	Total E
The company holds the following financial instruments:				
Financial assets				
2024				
Trade and other receivables*	14.1	**–**	**325 185 040**	**325 185 040**
Restricted cash	14.2	**–**	**784 370**	**784 370**
Other Investments	14.7	**97 870 052**	**–**	**97 870 052**
Embedded derivative asset	23(d)	**–**	**–**	**–**
Cash and cash equivalents	14.3	**–**	**267 241 585**	**267 241 585**
		97 870 052	**593 210 995**	**691 081 047**
2023				
Trade and other receivables*	14.1	–	306 876 507	306 876 507
Restricted cash	14.2	–	58 139 431	58 139 431
Other investments	14.7	43 033 939	110 553 425	153 587 364
Embedded derivative asset	23(d)		–	–
Cash and cash equivalents	14.3	–	209 721 768	209 721 768
		43 033 939	685 291 131	728 325 070

Notes to the Financial Statements continued

For the year ended 31 March 2024

14. Financial assets and liabilities continued

	Notes	Derivatives at FVPL E	Liabilities at amortised cost E	Total E
Financial liabilities				
2024				
Trade and other payables	14.4	–	**503 624 826**	**503 624 826**
Borrowings	14.5	–	**616 187 453**	**616 187 453**
Lease liability	14.6	–	**5 907 925**	**5 907 925**
		–	**1 125 720 204**	**1 125 720 204**
2023				
Trade and other payables	14.4	–	388 067 132	388 067 132
Borrowings	14.5	–	519 667 972	519 667 972
Lease liability	14.6	–	2 663 329	2 663 329
		–	910 398 433	910 398 433

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 2024

14. Financial assets and liabilities continued

14.1 Trade and other receivables

	2024 E	2023 E
Electricity receivables	**247 586 234**	214 772 008
Related party electricity receivables (Note 27.3)	**9 779 191**	11 383 962
Provision for impairment of electricity receivables (iv)	**(47 185 857)**	(36 572 992)
Net electricity receivable	**210 179 568**	189 582 978
Capital contribution debtors	**19 943 357**	16 812 271
Staff debtors	**–**	–
Other sundry debtors (ii)	**86 317 960**	81 439 462
Provision for impairment of other receivables	**(19 241 152)**	(13 280 512)
VAT receivable	**27 985 307**	32 322 308
Financial assets at amortised cost	**325 185 040**	306 876 507
Prepayments	**59 700 749**	87 279 813
Total trade and other receivables	**384 885 789**	394 156 320

Notes to the Financial Statements continued

For the year ended 31 March 2024

14. Financial assets and liabilities continued

14.1 Trade and other receivables continued

(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).

14.2 Restricted cash

	2024 E	2023 E
Rural electrification funds (i)	**9 460 198**	80 865
Probec call account (ii)	**–**	–
Energy Efficiency study (iii)	**1 067 083**	1 027 661
MOTRACO Maintenance Fund (iv)	**25 843 950**	19 413 741
Grant Funded Portion of NRAP Project (v)	**(35 586 861)**	37 617 164
	784 370	58 139 431

Classification as restricted cash assets

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

Fair values

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

Notes to the Financial Statements continued

For the year ended 31 March 2024

14. Financial assets and liabilities continued

14.2 Restricted cash continued

(i) Rural electrification fund

	2024 E	2023 E
The analysis of the balance on the fund at 31 March 2024 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	**516 905 287**	492 817 622
Total contributions received	**535 377 087**	511 289 422
Total interest received to date	**13 721 799**	12 880 792
Costs of projects capitalised to date	**(539 638 688)**	(524 089 349)
	9 460 198	80 865
The analysis of movements of the fund bank balances during the year is as follows:		
Fund balance at beginning of year	**80 865**	37 750 554
Interest received for the year	**841 007**	529 121
Amounts utilised in financing of capital expenditure	**(15 549 339)**	(86 164 868)
Fund received from the Republic of China through the Government of Eswatini for the rural electrification project	**24 087 665**	47 966 058
Fund balance at the end of the year (Note 19.2)	**9 460 198**	80 865

Notes to the Financial Statements continued

For the year ended 31 March 2024

14. Financial assets and liabilities continued

14.2 Restricted cash continued

(ii) Probec call account

	2024 E	2023 E
Fund balance at beginning of year	–	7 326
Add: Interest received for the year	–	–
Less: Expenditure incurred during the year	–	(7 326)
	–	–

This relates to money received by the Company from the Government of Eswatini to assist low-income Companies in the country with improved access to sustainable and affordable electricity.

(iii) Energy Efficiency Study

	2024 E	2023 E
Balance at beginning of the year	**1 027 661**	1 011 141
Contributions received from the Ministry of Natural Resources and Energy	–	–
Add: Interest received for the year	**39 422**	17 889
Less: Expenditure incurred during the year	–	(1 369)
	1 067 083	1 027 661

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

Notes to the Financial Statements continued

For the year ended 31 March 2024

14. Financial assets and liabilities continued

14.2 Restricted cash continued

(iv) MOTRACO maintenance fund

	2024 E	2023 E
Balance at beginning of the year	**19 413 741**	13 829 672
Contributions received from MOTRACO	**5 240 850**	4 839 000
Interest received for the year	**1 189 359**	745 069
	25 843 950	19 413 741

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

(v) Grant Funded Portion of NRAP Project

	2024 E	2023 E
Balance at beginning of the year	**37 617 164**	–
Contributions received from NRAP	**–**	37 617 164
Interest received for the year	**333**	–
Less: Expenditure incurred during the year	**(74 151 146)**	–
Foreign exchange revaluation	**946 788**	–
	(35 586 861)	37 617 164

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

Notes to the Financial Statements continued

For the year ended 31 March 2024

14. Financial assets and liabilities continued

14.3 Cash and cash equivalents

	2024 E	2023 E
Cash at bank	**155 444 375**	128 759 111
Short-term bank deposits	**111 694 710**	80 860 157
Petty cash	**102 500**	102 500
	267 241 585	209 721 768
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:	**–**	–
Cash and cash equivalents	**267 241 585**	209 721 768

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.

14.4 Trade and other payables

	2024 E	2023 E
Trade payables and accrued expenses	**470 443 574**	347 272 350
Electricity connections contributions deposit	**33 181 252**	40 794 782
	503 624 826	388 067 132

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.

Dividend accrual

This is a dividend accrual for dividends declared but not paid in favour of the shareholder.

Fair values of trade and other payables

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

Notes to the Financial Statements continued

For the year ended 31 March 2024

14. Financial assets and liabilities continued

14.5 Borrowings

			2024			2023
	Current	Non-current	Total	Current	Non-current	Total
Secured	E	E	E	E	E	E
Borrowings (i)	**41 781 900**	**542 646 000**	**584 427 900**	22 734 730	473 151 573	495 886 303
Finance leases (ii)	**8 505 995**	**12 013 377**	**20 519 372**	5 616 432	6 925 056	12 541 488
Total secured	**50 287 895**	**554 659 377**	**604 947 272**	28 351 162	480 076 629	508 427 791
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	**50 287 895**	**565 899 558**	**616 187 453**	28 351 162	491 316 810	519 667 972

Secured liabilities

Of the borrowings above, the Government of Eswatini has guaranteed E33 489 684 (2023: E 33 489 684).

Other borrowings are secured by various agreements and covenants the company entered into with the counterparties, including encumbrances on certain assets.

Unsecured liabilities

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

Compliance with loan covenants

The company has complied with all financial covenants of its borrowing facilities during the 2024 and 2023 reporting periods.

Fair values of borrowings

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

Risk exposures

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

Notes to the Financial Statements continued

For the year ended 31 March 2024

14. Financial assets and liabilities continued

14.5 Borrowings continued

(i) Movement schedule

	Opening amount E	Addition E	Repaid E	Foreign exchange adjustment E	Closing balance E
As at 31 March 2024					
Foreign currency					
NRAP-23(a)(iii)	**209 151 574**	**111 309 449**	**–**	**(33 123)**	**320 427 900**
	209 151 574	**111 309 449**	**–**	**(33 123)**	**320 427 900**
Local currency					
DBSA 400 kV Integration Project - 23(a)(iii)	**734 729**	**–**	**(734 729)**	**–**	**–**
Inhlonhla Investment- 23(a) (iii)	**286 000 000**	**–**	**(22 000 000)**	**–**	**(264 000 000)**
	286 734 729	**–**	**(22 734 729)**	**–**	**(264 000 000)**
Total long-term borrowings	**495 886 303**	**111 309 449**	**(22 734 729)**	**(33 123)**	**584 427 900**
As at 31 March 2023					
Foreign currency					
NRAP-23(a)(iii)	155 980 021	30 214 209	–	22 957 344	209 151 574
	155 980 021	30 214 209	–	22 957 344	209 151 574
Local currency					
DBSA 400 kV Integration Project - 23(a)(iii)	1 469 459	–	(734 729)	–	734 730
Inhlonhla Investments – 23(a)(iii)	308 000 000	–	(22 000 000)	–	286 000 000
	309 469 459	–	(22 734 729)	–	286 734 730
Total long-term borrowings	465 449 480	30 214 209	(22 734 729)	22 957 344	495 886 304

Notes to the Financial Statements continued

For the year ended 31 March 2024

14. Financial assets and liabilities continued

14.5 Borrowings continued

(i) Movement schedule 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.

	2024 E	2023 E
Total liability	**20 519 372**	12 541 488
Less due within 1 year	**8 505 995**	5 616 432
Due after 12 months but not later than 5 years	**12 013 377**	6 925 056
Finance lease liabilities – minimum lease payments		
Not later than 1 year	**10 329 562**	6 987 558
Later than 1 year and not later than 5 years	**13 027 074**	8 460 125
Total lease payments	**23 356 636**	15 447 683
Future finance charges on finances	**(2 837 264)**	(2 906 195)
Present value of future finances liabilities	**20 519 372**	12 541 488

Notes to the Financial Statements continued

For the year ended 31 March 2024

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.

	2024 E	2023 E
Non-Current	**4 591 196**	1 531 835
Current	**1 316 729**	1 131 494
	5 907 925	2 663 329
The statement of profit or loss shows the following amounts relating to leases:		
Interest expense (included in finance cost)	**487 618**	280 878
Maturity Analysis of lease liability		
Less than 1 year	**1 900 249**	1 271 825
1 year to 5 years	**5 364 498**	1 904 361
	7 264 747	3 176 186
Less finance costs	**(1 356 822)**	(512 857)
	5 907 925	2 663 329
Reconciliation of closing carrying amount of lease liabilities:		
Opening balance	**2 663 329**	3 556 314
Non-Cash: Interest expense	**1 356 822**	512 857
Additions	**3 497 279**	584 817
Cash: Lease payments	**(1 609 505)**	(1 990 659)
Balance at 31 March 2024	**5 907 925**	2 663 329

Notes to the Financial Statements continued

For the year ended 31 March 2024

14. Financial assets and liabilities continued

14.7 Financial assets

	2024 E	2023 E
(i) Financial assets at amortised cost		
Financial assets measured at amortised cost include the following:		
Carrying amount – opening	**110 553 424**	348 072 928
Additions	**–**	–
Redemption	**(100 000 000)**	(246 519 504)
Interest received	**(10 553 424)**	9 000 000
	–	110 553 424
(ii) Financial assets at fair value		
Financial assets measured at fair value include the following:		
Carrying amount – opening	**43 033 938**	85 705 289
Additions	**534 631 607**	263 752 671
Redemption	**(503 500 000)**	(330 000 000)
Interest reinvested and fair value gains	**23 704 507**	23 575 978
	97 870 052	43 033 938
Total financial assets	**97 870 052**	153 587 362

Notes to the Financial Statements continued

For the year ended 31 March 2024

14. Financial assets and liabilities continued

14.8 Recognised fair value measurements

	Level 1 E	Level 2 E	Level 3 E	Level 4 E
Recurring fair value measurements				
31 March 2024				
Financial assets				
Embedded derivative	**–**	**4 138 727**	**–**	**4 138 727**
Total financial assets	**–**	**4 138 727**	**–**	**4 138 727**
31 March 2023				
Embedded derivative	–	3 750 755	–	3 750 755
Total financial assets	–	3 750 755	–	3 750 755

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 2024

15. USL electricity prepayment

	2024 E	2023 E
Ubombo Sugar Ltd. Power Purchase Agreement Prepayment	**150 000 000**	150 000 000
Current	**10 000 000**	10 000 000
Non-Current	**10 000 000**	20 000 000
Total prepayment	**20 000 000**	30 000 000
Opening balance	**30 000 000**	40 000 000
Amortisation	**(10 000 000)**	(10 000 000)
Closing balance	**20 000 000**	30 000 000

Eswatini Electricity Company Ltd. has purchased an exclusive right to buy surplus electricity from Ubombo Sugar Ltd. (USL). The total cost of that exclusive right amounts to E150 000 000. As at 31 March 2024 the entity had paid E150 000 000 (2023: E150 000 000) to Ubombo Sugar Ltd. 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 Ltd. 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

Notes to the Financial Statements continued

For the year ended 31 March 2024

16. Inventory

	2024 E	2023 E
Stores	**129 631 753**	141 668 730
Write-down for obsolete stock	**(4 355 572)**	(9 235 896)
Net realisable value	**125 276 181**	132 432 834

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 E3 676 478 (2023: E1 454 807). The amount received has been included as “other income” in profit or loss.

Write-downs of inventories to net realisable value amounted to E12 812 295 (2023: E2 889 312). These were recognised as an expense during the year ended 31 March 2024 and included in “cost of sales” in profit or loss.

Inventory issues which are part of the total repairs and maintenance amount to E324 014 589 (2023: E196 720 022) 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 2024

17. Employee retirement benefits obligation

	2024 E	2023 E
Retirement benefit asset	**1 627 089**	274 419
The amount of employee retirement benefit obligation recognised in the statement of financial position is determined as follows:		
Present value of plan obligations	**(56 808 305)**	(58 817 083)
Fair value of plan assets	**58 434 394**	59 091 502
Present value of overfunded obligations	**1 627 089**	274 419
Asset in the statement of financial position	**1 627 089**	274 419
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:		
Asset at beginning of year	**274 419**	2 119 410
Contributions to the fund		
Amounts recognised in profit or loss	**(239 929)**	(121 105)
Amounts recognised in other comprehensive income	**1 592 599**	(1 723 886)
Asset in the statement of financial position	**1 627 089**	274 419

The defined net benefit loss of E239 929 (2023: E121 105) 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 2024

17. Employee retirement benefits obligation continued

	2024 E	2023 E
Movement in the defined benefit obligation over the year is as follows:		
Beginning of year	**58 817 083**	61 393 833
Total amount recognised in profit or loss	**5 930 679**	6 136 102
Expenses	**–**	–
Interest cost	**5 930 679**	6 136 102
Total amount recognised in other comprehensive income	**72 696**	(407 670)
Re-measurements arising from:		
Financial assumptions	**72 696**	(407 670)
Other sources	**–**	–
Other movements	**(8 012 153)**	(8 305 182)
Benefits paid	**(8 012 153)**	(8 305 182)
Expense	**–**	–
End of year	**56 808 305**	58 817 083

Notes to the Financial Statements continued

For the year ended 31 March 2024

17. Employee retirement benefits obligation continued

	2024 E	2023 E
The movement in the fair value of plan assets of the year is as follows:		
Beginning of year	**59 091 502**	63 513 243
Interest income	**5 946 842**	6 345 639
Total amount recognised in profit or loss	**5 946 842**	6 345 639
Re-measurements arising from:		
Return on planned assets excluding interest income	**1 665 295**	(2 131 556)
Total amount recognised in other comprehensive income	**1 665 295**	(2 131 556)
Other movements:	**(8 268 245)**	(8 635 824)
Benefits paid	**(8 012 153)**	(8 305 182)
Expenses/other scheme payments	**(256 092)**	(330 642)
End of the year	**58 435 394**	59 091 502
The principal actuarial assumptions for defined **benefit obligations as at reporting date (expressed as weighted averages):**		
Discount rate at 31 March	**6.52%**	6.70%
Expected return on plan assets at 31 March	**6.52%**	6.70%
Future salary increases	*	*
Future pension increases	**5.25%**	3.27%
Inflation	*	*
* Not relevant due to the ages of the active members.		

Notes to the Financial Statements continued

For the year ended 31 March 2024

17. Employee retirement benefits obligation continued

	2024		2023	
	E	%	E	%
Plan assets are comprised as follows:				
Managed funds	**58 487 643**	**100**	59 802 414	100
Net current (liabilities)/assets	**(52 249)**	**–**	(710 912)	–
	58 435 394	**100**	59 091 502	100

	2024	2023
	E	E
The managed funds comprise of the following:		
African Alliance – Offshore Fund	**1 661 229**	4 166 731
African Alliance - Portfolio Fund	**599 891**	1 765 289
African Alliance – Ligcebesha fund	**1 887 677**	5 163 344
African Alliance- Lilangeni Fund	**25 223**	138 819
Standard Bank of Swaziland	**53 380 013**	46 738 069
African Alliance – Umnotfo Fund	**933 610**	1 830 162
	58 487 643	59 802 414

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.

	2024	2023
The actuarial position of the fund as at year end was as follows:		
Present value of defined benefit obligation	**56 808 305**	58 817 083
Fair value of plan assets	**(58 435 394)**	(59 091 502)
Surplus	**(1 627 089)**	(274 419)

Notes to the Financial Statements continued

For the year ended 31 March 2024

17. Employee retirement benefits obligation continued

	2024 E	2023 E
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:		
Present value of defined benefit obligation	**56 808 305**	58 817 083
Fair value of plan assets	**(58 435 394)**	(59 091 502)
Surplus	**(1 627 089)**	(274 419)

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.

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

	Increase/(decrease) of benefit obligation			
	2024		2023	
	E	% impact	E	% impact
Assumption change				
Base	**56 808 305**	**–**	58 817 083	–
Discount rate (+1%)	**53 947 944**	**-5.00%**	55 756 020	-5.20%
Discount rate (-1%)	**59 971 682**	**5.60%**	62 213 968	5.80%
Post retirement mortality (+2 years)	**53 341 894**	**-6.10%**	55 313 830	-6.00%
Post retirement mortality (-2 years)	**60 309 406**	**6.20%**	62 337 984	6.00%
Pension increase (+1%)	**60 340 477**	**6.20%**	62 439 201	6.20%
Pension decrease (-1%)	**53 589 668**	**-5.70%**	55 514 301	-5.60%

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 2024

18. Share capital

	2024 E	2023 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 approved by a Directors' resolution during the year:

	2024 E	2023 E
Dividends	**4 173 335**	10 563 476

The dividend per share amount is E0.01 (2023: E0.02).

Notes to the Financial Statements continued

For the year ended 31 March 2024

19. Deferred income

	2024 E	2023 E
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.

	2024 E	2023 E
Non-current		
Balance at beginning of year	**463 553 747**	345 198 015
Grants realised in statement of comprehensive income (Note 6.1)	**(23 191 268)**	(21 265 082)
Rural electrification grant received	**59 198 549**	139 620 814
	499 561 028	463 553 747

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 2024

19. Deferred income continued

19.2 Other deferred income

	2024 E	2023 E
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.		
Rural electrification funds (Note 14.2)	**9 471 247**	80 865
Probec call account (Note 14.2)	**–**	–
Energy Efficiency study (Note 14.2)	**1 067 083**	1 027 661
MOTRACO Maintenance Fund (Note 14.2)	**25 843 950**	19 413 741
Grant funded portion of NRAP project (Note 14.2)	**139 237 496**	37 617 164
	175 619 776	58 139 431

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.

Notes to the Financial Statements continued

For the year ended 31 March 2024

19. Deferred income continued

19.3 Contract liabilities

	2024 E	2023 E
Deferred electricity revenue (i)	**42 615 000**	34 750 439

(i) Deferred electricity revenue

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

The company uses point of sale purchasing patterns to infer consumption behaviour and to estimate deferred revenue. For the months of January and February 2024, this assumption resulted in inferred deferred consumption of 43% and 49% of total monthly purchases, respectively. The same estimation methodology resulted in a 35% deferral rate for the month of March 2024. To estimate the total deferred revenue amount, the inferred amount at 31 March 2024 is added to the actual vendor balances at points of sale. For the year ended 31 March 2024, the estimated deferred revenue balance was E42.6 million

20. Income taxes

20.1 Current income tax asset

	2024 E	2023 E
Opening balance	**244 320 763**	244 892 549
Income tax charge (Note 10)	**–**	(571 786)
Tax paid	**–**	–
Other income tax adjustment	**58 401 240**	–
Closing balance	**302 722 003**	244 320 763

Notes to the Financial Statements continued
For the year ended 31 March 2024

20. Income taxes continued
20.2 Deferred income tax liabilities

	2024 E	2023 E
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:		
Deferred tax assets:		
- Deferred tax asset to be recovered after more than 12 months	**(177 439 616)**	(131 770 298)
Deferred tax liabilities:		
- Deferred tax liability to be recovered after more than 12 months	**420 174 515**	433 144 591
Deferred tax liabilities (net)	**242 734 899**	301 374 293
The gross movement on the deferred income tax account is as follows:		
Opening balance	**301 374 293**	349 546 131
Profit or loss charge (Note 10)	**(62 630 823)**	(67 348 701)
Other comprehensive income charge (Note 10)	**3 991 429**	19 176 863
End of year	**242 734 899**	301 374 293

Notes to the Financial Statements continued

For the year ended 31 March 2024

20. Income taxes continued

20.2 Deferred income tax liabilities continued

	2024 E	2023 E
Non-current tax liability		
Deferred tax liabilities		
Accelerated tax depreciation	**337 485 025**	361 667 441
Prepayments	**5 392 057**	5 271 189
Retirement benefit asset	**447 449**	75 465
Withholding tax on Motraco unremitted earnings	**76 840 875**	74 375 576
Unrealised fair value adjustments on derivative financial instruments	**–**	–
Unrealised forex gains on translation of foreign loans	**9 109**	(8 245 080)
	420 174 515	433 144 591
Deferred tax assets		
Provisions for other employee benefits	**(3 575 528)**	(5 104 096)
Doubtful debt allowance	**(18 267 428)**	(13 709 714)
Deferred revenue	**(11 719 125)**	(9 556 371)
Lease liability	**(50 360)**	(122 059)
Unrealised actuarial valuation loss	**437 965**	(474 069)
Assessed tax loss	**(144 265 140)**	(102 803 989)
	(177 439 616)	(131 770 298)
Deferred tax liabilities (net)	**242 734 899**	301 374 293

Notes to the Financial Statements continued

For the year ended 31 March 2024

20. Income taxes continued

20.2 Deferred income tax liabilities continued

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

	Accelerated tax depreciation E	Prepayments E	Retirement benefit asset E	Unrealised actuarial valuation gains E	Unrealised fair value adjustments on derivative financial instruments E	Withholding tax on Motraco unremitted earnings E	Unrealised forex gains on translation of foreign loans E	Total E
Deferred tax liabilities								
1 April 2022	353 428 828	2 329 908	1 011 377	186 345	(3 493 620)	71 054 677	1 692 345	429 517 135
(Credited)/charged to profit or loss	8 238 613	2 941 281	(935 912)	(186 345)	3 493 620	3 320 899	(9 937 425)	3 627 456
At 31 March 2023	361 667 441	5 271 189	75 465	–	–	74 375 576	(8 245 080)	433 144 591
(Credited)/charged to profit or loss	(24 182 416)	120 868	371 984	–	–	2 465 299	8 254 189	(12 970 076)
At 31 March 2024	**337 485 025**	**5 392 057**	**447 449**	**–**	**–**	**76 840 875**	**9 109**	**420 174 515**

Notes to the Financial Statements continued

For the year ended 31 March 2024

20. Income taxes continued

20.2 Deferred income tax liabilities 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 2022	(7 615 763)	(16 442 760)	(169 402)	(428 540)	(8 655 487)	(46 659 052)	(79 971 004)
(Credited)/charged to profit or loss	2 511 667	2 733 046	47 343	(45 529)	(900 884)	(56 144 937)	(51 799 294)
At 31 March 2023	(5 104 096)	(13 709 714)	(122 059)	(474 069)	(9 556 371)	(102 803 989)	(131 770 298)
(Credited)/charged to profit or loss	1 528 568	(4 557 714)	71 699	912 034	(2 162 754)	(41 461 151)	(45 669 318)
At 31 March 2024	**(3 575 528)**	**(18 267 428)**	**(50 360)**	**437 965**	**(11 719 125)**	**(144 265 140)**	**(177 439 616)**
Net deferred tax liability							**242 734 899**

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The company has an unrecognised deferred tax asset on an assessed loss of E 525 million (2023: E430 million), for which the tax outcome is uncertain as it is under contention with the tax authorities. This would have resulted in the recognition of a deferred tax asset of E144 million (2023: E118 million).

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

Notes to the Financial Statements continued

For the year ended 31 March 2024

21. Provisions for other employee benefits

	2024 E	2023 E
Leave pay provision (Note 21.1)	**7 907 491**	6 482 787
Performance bonus provision (Note 21.2)	**4 185 466**	10 526 944
Long-term service awards provision (Note 21.3)	**908 962**	1 550 617
	13 001 919	18 560 348

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.

	2024	2023
Opening balance	**6 482 787**	6 911 561
Provisions utilized during the year	**(6 128 194)**	(9 637 130)
Current year provision	**7 552 898**	9 208 356
Closing balance	**7 907 491**	6 482 787

Notes to the Financial Statements continued

For the year ended 31 March 2024

21. Provisions for other employee benefits continued

21.2 Performance bonus provision

	2024 E	2023 E
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.		
Opening balance	**10 526 944**	19 236 101
Provisions utilised during the year	**(10 551 342)**	(8 709 157)
Current year provision	**4 209 864**	–
Closing balance	**4 185 466**	10 526 944

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.

	2024 E	2023 E
Opening balance	**1 550 617**	1 546 020
Provisions used	**(1 550 617)**	–
Prior year under provision	**–**	202 803
Current year provision	**908 962**	(198 206)
Closing balance	**908 962**	1 550 617

Notes to the Financial Statements continued

For the year ended 31 March 2024

22. Cash flow information

	Notes	2024 E	2023 E
Profit before income tax		**38 446 578**	16 756 688
Adjustment for non-cash items and separately disclosable items:		**114 663 528**	140 281 523
Grant amortisation	6.1	**(23 191 268)**	(21 265 082)
Share of profits of joint venture company	12	**(112 752 575)**	(87 373 336)
Depreciation	11	**228 634 899**	213 235 087
Depreciation on right-of-use	11.1	**861 161**	1 537 624
Amortisation	15	**10 000 000**	10 000 000
Fair value adjustments – pension fund	17	**239 929**	–
Fair value adjustment - embedded derivatives	8	**(387 972)**	9 078 409
Unrealised foreign exchange losses	8	**–**	–
Net foreign exchange gains/(losses) - foreign transactions	8	**6 488 560**	18 980 433
Finance cost on local and foreign denominated loans	9	**30 819 676**	26 901 574
Interest income	9	**(26 048 882)**	(30 813 186)
		153 110 106	157 038 211
Changes in working capital:		**134 291 009**	(40 161 383)
(Increase)/decrease in trade and other receivables		**9 270 531**	(112 626 451)
Decrease in inventories		**7 156 652**	40 024 380
Decrease in provisions for other employee benefits		**(5 558 429)**	(9 133 334)
Increase in deferred revenue		**7 864 561**	3 275 943
Increase in trade and other payables		**115 557 694**	38 298 079
Cash generated from operations		**287 401 115**	116 876 828

Notes to the Financial Statements continued

For the year ended 31 March 2024

22. Cash flow information continued

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

	2024 E	2023 E
Borrowings at the beginning of the year	**519 667 972**	494 436 620
- Current	**28 351 162**	28 014 921
- Non-current	**491 316 810**	466 421 699
Cash flows	**96 552 604**	2 274 009
- Proceeds from borrowings	**125 216 820**	30 214 209
- Interest on borrowings (excluding overdrafts)	**–**	–
- Repayment of borrowings	**(28 664 216)**	(27 940 200)
Non-cash items	**–**	–
Effects of changes in foreign exchange rates	**(33 123)**	22 957 343
Borrowings at the end of the year	**616 187 453**	519 667 972
	616 187 453	519 667 972
- Current	**50 287 895**	28 351 162
- Non-current	**565 899 558**	491 316 810

Notes to the Financial Statements continued

For the year ended 31 March 2024

23. Financial risk management

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

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

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

(a) Market risk

(i) Foreign exchange risk

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

Exposure

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

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

Amounts recognised in profit or loss

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

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

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

Notes to the Financial Statements continued

For the year ended 31 March 2024

23. Financial risk management continued

(a) Market risk continued

USD	Balance in foreign currency	Rate at year end US$	+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 2024							
Investment in Motraco	**25 931 597**	**18.2972**	**19.761**	**16.6338**	**474 475 616**	**37 958 049**	**(47 447 561)**
Investment in Motraco 2023							
Investment in Motraco	25 911 465	17.8357	19.2626	16.0521	462 149 117	36 971 929	(46 215 690)

Amounts recognised in profit or loss

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

(ii) Price risk

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

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	US PPI +1% E	US PPI -1% E	Effect of 1% increase on the profit or loss E	Effect of 1% decrease on the profit or loss E
Inflation rate risk 2024					
Electricity Wheeling Agreement	**4 138 727**	**4 180 114**	**4 097 340**	**(41 387)**	**41 387**
Inflation rate risk 2023					
Electricity Wheeling Agreement	3 750 755	3 746 027	3 755 483	(4 728)	4 728

Notes to the Financial Statements continued

For the year ended 31 March 2024

23. Financial risk management continued

(a) Market risk continued

Amounts recognised in profit or loss

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

(iii) Cash flow and fair value interest rate risk

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

Exposure

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

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

During 2024 and 2023, 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* %	Restricted cash E
2024			
Base amounts	**267 241 585**	**616 187 453**	**784 370**
Interest plus 1%	**269 914 001**	**622 349 328**	**792 214**
Interest less 1%	**264 569 169**	**610 025 578**	**776 526**
2023			
Base amounts	209 721 768	519 667 972	58 139 431
Interest plus 1%	211 828 986	524 864 652	58 720 825
Interest less 1%	207 624 550	514 471 292	57 558 037

Notes to the Financial Statements continued

For the year ended 31 March 2024

23. Financial risk management continued

(a) Market risk continued

Instruments used by the company

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

(b) Credit risk

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

Exposure

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

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

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

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

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

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

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

(i) Impairment of financial assets

The Company has two types of financial assets that are subject to the expected credit loss model:

- Electricity trade receivables:
- Other sundry receivables (including capital contribution debtors and other sundry debtors)

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, electricity trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 12 month before 31 March 2024 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).

On that basis, the loss allowance as at 31 March 2024 was determined as follows for both electricity trade and other receivables:

Notes to the Financial Statements continued

For the year ended 31 March 2024

23. Financial risk management continued

(b) Credit risk continued

(i) Impairment of financial assets continued

	Current E	30 days E	60 days E	90 days E	120 days E	Over 120 days E	Total E
31 March 2024							
Expected loss rate	3%	3%	3%	3%	–	–	3%
Live	63 646 228	9 271 674	1 322 738	878 134	–	–	75 118 774
Loss allowance	1 901 455	276 995	39 517	26 235	–	–	2 244 202
Expected loss rate	3%	3%	3%	3%	–	–	3%
Other Companys	61 104 351	4 828 463	1 514 876	3 074 721	–	–	70 522 411
Loss allowance	1 570 178	124 075	38 927	79 010	–	–	1 812 190
Expected loss rate	15%	15%	15%	15%	–	–	15%
Parastatals	13 166 446	2 080 741	1 509 289	10 858 866	–	–	27 615 342
Loss allowance	1 968 400	311 073	225 640	1 623 415	–	–	4 128 528
Expected loss rate	73%	73%	73%	73%	–	–	73%
Government	7 949 498	7 999 449	7 660 669	21 093 069	–	–	44 702 685
Loss allowance	5 787 656	5 824 024	5 577 374	15 356 873	–	–	32 545 927
Expected loss rate	66%	86%	–	100%	–	100%	88%
Sundry debtors	1 648 082	1 063 623	–	2 084 325	–	15 147 327	19 943 357
Loss allowance	1 095 261	914 239	–	2 084 325	–	15 147 327	19 241 152
Expected loss rate	–	–	–	–	–	100%	100%
Terminated	–	–	–	–	–	6 455 010	6 455 010
Loss allowance	–	–	–	–	–	6 455 010	6 455 010

Notes to the Financial Statements continued

For the year ended 31 March 2024

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 2023 was determined as follows for both electricity trade and other receivables:

	Current	30 days	60 days	90 days	120 days	Over 120 days	Total
	E	E	E	E	E	E	E
31 March 2023							
Expected loss rate	6.13%	6.13%	80%	100%	–	–	11.08%
Live	71 562 026	3 179 847	1 450 403	3 034 315	–	–	79 226 591
Loss allowance	4 388 542	195 004	1 160 323	3 034 315	–	–	8 778 184
Expected loss rate	3.33%	3.33%	3.33%	3.33%	–	–	21.35%
Other Companys	61 560 661	1 837 133	617 360	47 737 270	–	–	117 752 424
Loss allowance	2 047 332	61 098	20 532	257 320	–	–	2 386 282
Expected loss rate	11.46%	11.46%	11.46%	11.46%	–	–	11.46%
Parastatals	11 932 115	1 299 661	352 369	1 763 400	–	–	15 347 545
Loss allowance	1 367 484	148 948	40 384	202 095	–	–	1 758 911
Expected loss rate	67.75%	67.75%	67.75%	67.75%	–	–	67.75%
Government	14 176 024	3 546 124	2 653 584	9 444 276	–	–	29 820 008
Loss allowance	9 604 571	2 402 579	1 797 862	6 398 706	–	–	20 203 718
Expected loss rate	–	–	–	–	100%	–	100%
Capital Contributions	–	–	–	–	7 358 570	–	7 358 570
Loss allowance	–	–	–	–	7 358 570	–	7 358 570
Expected loss rate	–	–	–	–	100%	–	100%
Terminated	–	–	–	–	13 280 512	–	13 280 512
Loss allowance	–	–	–	–	13 280 512	–	13 280 512

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 2024

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 2024 reconcile to the opening loss allowances as follows:

	Electricity receivables		Other receivables	
	2024	2023	2024	2023
	E	E	E	E
Opening balance – 1 April	**36 572 992**	37 985 741	**13 280 512**	21 806 116
Provision raised / (reversed)	**10 612 865**	5 945 821	**5 960 640**	(8 525 604)
Bad debts written-off	**–**	(7 358 570)	**–**	–
At 31 March	**47 185 857**	36 572 992	**19 241 152**	13 280 512

See Note 7 for disclosure on amounts recognised in the income statement relating to impairment of trade receivables.

(c) Liquidity risk

Cash flow forecasting is performed by the company. The Company monitors rolling forecasts of the company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the company's debt financing plans, covenant compliance, compliance with internal ratio targets and, if applicable external regulatory or legal requirements.

(i) Maturity of financial instruments

Liquidity Risk would be the inability to meet or honour obligations as they fall due. Amounts included in the table are the contractual undiscounted cash flows. The amounts included in the table are the contractual discounted cash flows. As a result, these amounts will not reconcile to the amounts disclosed on the statement of financial position except for short-term payables and receivables to be settled within 12 months where discounting is not applied. The Liquidity Risk Analysis statement as at 31 March is as follows:

Notes to the Financial Statements continued

For the year ended 31 March 2024

23. Financial risk management continued

(c) Liquidity risk continued

(i) Maturity of financial instruments continued

	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
Financial instruments excluding derivatives					
Financial Assets:					
31 March 2024					
Trade receivables	**384 885 789**	**–**	**–**	**384 885 789**	**384 885 789**
Cash and cash equivalents	**267 241 585**	**–**	**–**	**267 241 585**	**267 241 585**
Restricted cash	**784 370**	**–**	**–**	**784 370**	**784 370**
Other Investments	**97 870 052**	**–**	**–**	**97 870 052**	**97 870 052**
	750 781 796	**–**	**–**	**750 781 796**	**750 781 796**
31 March 2023					
Trade receivables	394 156 320	–	–	394 156 320	394 156 320
Cash and cash equivalents	209 721 768	–	–	209 721 768	209 721 768
Restricted cash	58 139 431	–	–	58 139 431	58 139 431
Other Investments	153 587 363	–	–	153 587 363	153 587 363
	815 604 882	–	–	815 604 882	815 604 882

Notes to the Financial Statements continued

For the year ended 31 March 2024

23. Financial risk management continued

(c) Liquidity risk continued

(i) Maturity of financial instruments continued

	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
Financial instruments excluding derivatives					
Financial Liabilities:					
31 March 2024					
Trade and other payables	**503 624 826**	**–**	**–**	**503 624 826**	**503 624 826**
Lease Liability	**1 316 729**	**4 591 196**	**–**	**5 907 925**	**5 907 925**
Shareholder's loan	**–**	**11 240 181**	**–**	**11 240 181**	**11 240 181**
Finance Lease	**8 505 995**	**12 013 377**	**–**	**20 519 372**	**20 519 372**
Foreign borrowings	**19 781 900**	**79 127 600**	**221 518 400**	**320 427 900**	**320 427 900**
Local borrowings	**22 000 000**	**88 000 000**	**154 000 000**	**264 000 000**	**264 000 000**
	555 229 450	**194 972 354**	**375 518 400**	**1 125 720 204**	**1 125 720 204**
31 March 2023					
Trade and other payables	388 067 132	–	–	388 067 132	388 067 132
Lease Liability	1 531 834	1 131 495	–	2 663 329	2 663 329
Shareholder's loan	–	11 240 181	–	11 240 181	11 240 181
Finance Lease	6 987 558	8 460 125	–	15 447 683	12 541 488
Foreign borrowings	–	43 135 409	202 644 785	245 780 193	209 151 574
Local borrowings	43 734 201	178 237 068	248 160 000	470 131 269	286 734 730
	440 320 725	242 204 278	450 804 785	1 133 329 788	910 398 434

Notes to the Financial Statements continued

For the year ended 31 March 2024

23. Financial risk management continued

(c) Liquidity risk continued

(i) Maturity of financial instruments continued

	Less than 1 year E	Between 2 and 5 years E	Over 5 years E	Total E
31 March 2024				
Embedded derivative assets	**4 138 727**	**–**	**4 138 727**	**4 138 727**
31 March 2023				
Embedded derivative assets	–	3 750 755	3 750 755	3 750 755

(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:

	2024 E	2023 E
Assets		
Derivative financial instruments – foreign currency swaps	**–**	–
Embedded derivative assets (A)	**4 138 727**	3 750 755
	4 138 727	3 750 755
Liabilities		
Derivative financial instruments – interest rate swaps	**–**	–
Embedded derivative liabilities	**–**	–
	–	–

Notes to the Financial Statements continued

For the year ended 31 March 2024

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 Ltd. (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 1 September 1999.

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

The 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.

	2024 E	2023 E
The value of the embedded derivative as presented below:		
Fair value at beginning of the year	**3 750 755**	12 829 164
Fair value loss (Note 8)	**387 972**	(9 078 409)
	4 138 727	3 750 755

Notes to the Financial Statements continued

For the year ended 31 March 2024

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	2024 E	2023 E
Share capital	18	**433 493 841**	433 493 841
Accumulated profit		**3 340 727 650**	3 242 668 950
Net Debt			
Total borrowings (Note 14.5)		**616 187 453**	519 667 972
Lease Liability		**5 907 925**	2 663 329
Less: Cash and cash equivalents (Note 14.3)		**(267 241 585)**	(209 721 768)
Net holdings of cash		**354 853 793**	312 609 533
Total equity		**4 010 163 488**	3 897 890 934
Total capital		**4 365 017 281**	4 210 500 467
Gearing ratio		**8%**	7%

During 2024, the Company's strategy was to maintain the gearing ratio (before interest accrual is taken into account) within 25%.

Dividends

See Note 18.1 for dividends declared by the company to the shareholder.

Loan covenants

Under the terms of the major borrowing facilities, the company is required to comply with the following financial covenants:

- The company has to maintain a ratio of at least 1:3 of its own funds to borrowings, and
- A ratio of at least 1.5:1 of its annual debt service coverage.

The company has complied with all loan covenants at the relevant measurement dates.

Notes to the Financial Statements continued

For the year ended 31 March 2024

25. Commitments

25.1 Capital commitments

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

	2024 E	2023 E
Approved capital expenditure	**94 395 030**	151 820 040

This expenditure will be financed from debt and internally generated funds and is expected to be incurred and due for completion within the next three years.

Details of capital commitments are as follows: -

25.1.1 Network upgrades

The Company has an approved capital expenditure budget of E213 million (2023: E648 million) to cater for routine additions to the network during the 2023/2024 financial year, and all this capital expenditure will be financed from current resources and external borrowings.

25.2 Right-of-use for electricity wheeling on 400kV line

The Company has committed to a fixed monthly charge of US$152 101 (2023: US$ 158 076) for right-of-use of the 400kV line. These monthly charges are being funded from internal resources. The right-of-use for electricity escalates annually by US inflation.

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 to Motraco as security that the electricity wheeling service at Edwaleni II will not discontinue. On the fourth anniversary date of Eswatini Electricity Company taking supply at Edwaleni II and every year thereafter, the amount of such secured shares shall be reduced by US$ 200 000.

25.4 Power Purchase Agreement

In terms of the power purchase agreement with Ubombo Sugar Ltd., (USL) the company paid E150 million for an exclusive right to purchase all excess power guaranteed by USL up to 2026 at a base price agreed in 2011. This commitment is funded from internally generated resources.

25.5 Supply of energy

Eswatini Electricity Company entered into long-term agreements with, ESKOM, a supplier for electricity purchases.

In January 2011 the company signed a Power Purchase Agreement with USL until 2026. The agreement provides for an exclusive right to the Company to purchase excess electricity from USL. The company is obliged to take excess electricity from USL.

Notes to the Financial Statements continued

For the year ended 31 March 2024

26. Contingencies

26.1 Litigations

	2024 E	2023 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 any legal action which may be instituted. On the basis of the evidence available it appears that no obligation is present, and the claims are therefore disclosed as a contingent liability.	**18.5 million**	19.4 million

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 Ltd. consist mainly of Government Departments, state-owned enterprises, subsidiaries of Eswatini Electricity Company Ltd., as well as key management personnel and members of Board of Directors of Eswatini Electricity Company Ltd. 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.

Notes to the Financial Statements continued

For the year ended 31 March 2024

27. Related party transactions continued

	2024 E	2023 E
27.1 Government grant funding		
Contributions received for Rural Electrification Projects (Note 19.1)	**59 198 549**	139 620 813
27.2 Purchases of goods and services		
Eswatini Energy Regulatory Authority Fees	**26 545 714**	25 972 407
Joint venture, Motraco, wheeling charges (Note 5)	**68 973 403**	55 677 743
Employee pension fund gains / (losses) (Note 17)	**1 592 599**	(1 723 886)
	97 111 716	79 926 264
27.3 Year-end balances arising from transaction		
(i) Receivables from related parties		
Government Departments (Note 14.1)	**9 779 191**	11 383 962
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		
Government (Note 23(b)(i))	**32 545 927**	20 203 718
Other Government Departments (Note 23(b)(i))	**27 615 342**	1 758 911
	60 161 269	21 962 629

Notes to the Financial Statements continued

For the year ended 31 March 2024

27. Related party transactions continued

27.3 Year-end balances arising from transaction continued

	2024 E	2023 E
(iii) Payables to related parties:		
Shareholder, including Government Departments		
- Eswatini Energy Regulatory Authority	**–**	–
- Shareholder's loan	**11 240 181**	11 240 181
Joint venture, Motraco		
- Electricity wheeling charges	**5 286 003**	4 402 460

The provision of funds to the Eswatini Electricity Company Ltd. by the Government of Eswatini is based on long-term agreement that enable the Company to obtain financing below the normal market interest rate (prime lending rate). However, interest on this loan was not set in the agreement and thus assumed to be nil.
See Note 14.5 for more on the terms of this loan.

27.4 Dividend Paid

	2024 E	2023 E
Government of Eswatini	**4 173 335**	10 563 476

27.5 Transactions with key management personnel

Key management are those charged with planning, directing and controlling the activities of the company, directly or indirectly. Transactions with key management personnel include salaries, bonuses, gratuities and Director's fees. Compensation paid to key management is shown below:

	2024 E	2023 E
Board and related fees	**946 738**	1 090 186
Executive Management:		
Short-term employee benefits	**14 213 411**	16 218 994

UNAUDITED INFORMATION FOR DISCUSSION PURPOSES ONLY
RE-FORMATTED INCOME STATEMENT

For the year ended 31 March 2024

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	2024 E	2023 E
Revenue from sale of electricity	4	**2 643 702 570**	2 341 077 257
Cost of sales		**(2 042 464 154)**	(1 742 013 688)
Gross profit		**601 238 416**	599 063 569
Other income		**50 937 458**	54 323 232
Distribution costs		**(482 380 485)**	(436 267 625)
Administrative costs		**(363 567 900)**	(374 263 259)
Gains from core operating activities		**(193 772 511)**	(157 144 083)
Net gains from non-electricity operations		**232 219 089**	173 900 770
Capital contribution revenue	4	**130 134 515**	109 852 634
Share of profit from Motraco	12	**112 752 575**	87 373 336
Finance costs – net	9	**(4 770 794)**	3 911 612
Forex, defined benefit and embedded derivatives losses	8	**(5 897 207)**	(27 236 812)
Profit before tax		**38 446 578**	16 756 687
Tax credit/ (charged)		**62 630 823**	66 710 036
Net profit for the year		**101 077 401**	83 466 723

Eswatini Electricity Company

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