REIMAGINING GROWTH
THROUGH IMPACT-DRIVEN INNOVATION
TRANSFORMING LIVES, COMMUNITIES, AND ECONOMIES.

ANNUAL GENERAL MEETING 2024/25

13 November 2025

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REIMAGINING GROWTH
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TRANSFORMING LIVES, COMMUNITIES, AND ECONOMIES.

REPORT OF THE BOARD OF DIRECTORS

PRESENTED BY: MR M MFULENI
13 November 2025

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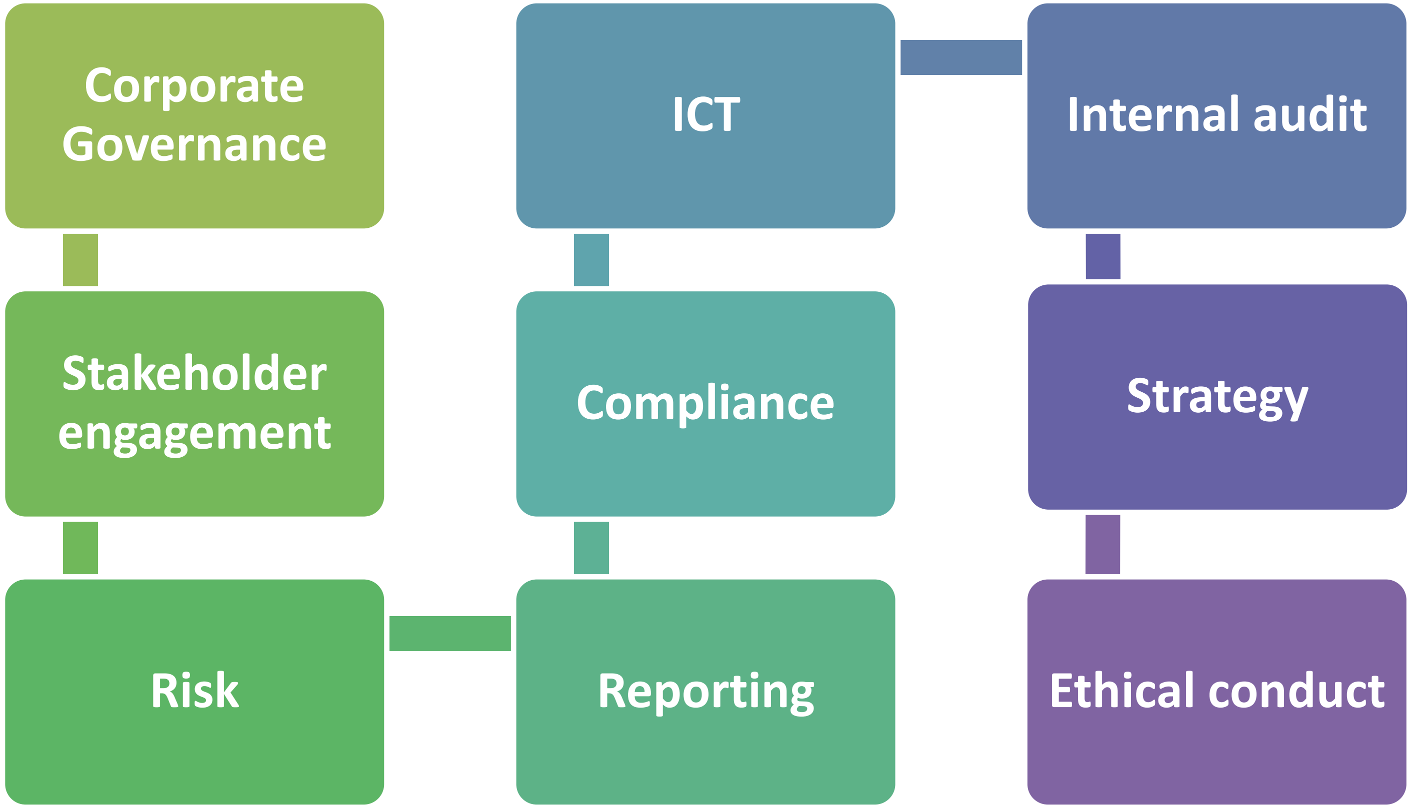
INTRODUCTION

- The Board of Directors is the **accounting authority** of the ELIDZ.

- The ELIDZ is **directed and controlled by the Board,** which comprises wholly of non-executive directors who have the appropriate mix of skills and experience to strategically lead and guide the company.

- The Board has in place a **Charter that sets out its role and responsibilities.** The Charter was developed in accordance with the provisions of the Companies Act, the PFMA, the principles contained in the King IV Code and the Memorandum of Incorporation of the Company.

THE BOARD’S ROLE AND RESPONSIBILITIES



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COMPOSITION OF THE BOARD

As at 31 March 2025, the Board comprised of **10 independent, non-executive members**

There were three retirements and five new appointments during 2024/25

FRONT ROW - From left to right:
Ms N. Mnconywa | Mr N. Penxa | Dr Z. Dweba | Prof M.W. Makalima | Ms P. Dhlamini
Cllr B. Sauli

BACK ROW - From left to right:
Mr B. Mpondo | Mr S. Gqalangile | Ms N. Sonjani | Mr M. Mlota | Mr M. Mfuleni
Mr A. Kanana | Mr T. Zweni | Mr E. Jooste

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MEETINGS OF THE BOARD AND SUB-COMMITTEES

The Board and its sub-committees met several times during the financial year in order to discharge their responsibilities

Board
(6 meetings)

Audit Committee
(7 meetings)

Finance Committee
(4 meetings)

Operations and Risk Committee
(4 meetings)

Governance Committee
(4 meetings)

KEY FOCUS AREAS FOR THE 2025/26 FY

- Implement **well-resourced, comprehensive initiatives** to drive industrial innovation, modernisation, technological advancement, productivity improvements, and skills development.
- Advance a **comprehensive SEZ value proposition** that fully aligns with the government's SEZ programme mandate and its associated policy enablement commitments.
- **Advocate for the resolution of legislative gaps and inconsistencies** within the SEZ sector to enhance clarity and certainty in its legal and regulatory framework.
- **Facilitate and secure strategic partnerships** across all three spheres of government, as well as with the private sector, to accelerate and realise the SEZ sector's industrialisation and transformation objectives.
- **Accelerate efforts to develop an industry ecosystem** supported by robust institutional and business frameworks that enhance operational efficiency and reduce the regional cost of doing business.

REIMAGINING GROWTH
THROUGH IMPACT-DRIVEN INNOVATION
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REPORT OF THE SOCIAL & ETHICS COMMITTEE

PRESENTED BY: MR T ZWENI
13 November 2025

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INTRODUCTION

East London Industrial Development Zone is a **Schedule 3D entity – State Owned Enterprise**. There is a requirement for **3D entities to be run in accordance with general business principles**. This includes **compliance with the Companies Act No 71 of 2008 and other best practice** with regards to Social Responsibility.

Additionally, the **King IV Report provides significant guidance and best practice on the role of the Social and Ethics committee** in monitoring the impact of the organisation's operations.

Environmental, Social and Governance (ESG) reporting has become a growing phenomenon globally. ESG reporting is aimed at addressing social and environmental problems while also achieving a sustainable society. As an organisation that is focused on attracting global industries into South Africa and whose **value proposition is anchored on enabling industries to be globally competitive,** the ELIDZ as part of its Social and Ethics agenda is also **prioritising ESG Investment and reporting and has set on a path to establish robust systems that would effectively track and measure ESG performance.**

The ELIDZ governing body has allocated the role of Social and Ethics Strategy Implementation and Monitoring to the Operations and Risk Committee of the Board.

ELIDZ 2024/25 SOCIAL AND ETHICS APPROACH

- Compliance to section 72(4) of Companies Act read together with Regulation 43 of the Companies Act
- Compliance to King IV Report (Principle 2 and 3)
- Alignment to ESG Best Practice
- Contribution to SDG Goals

For the 2024/25 financial year, the ELIDZ's approach to Social and Ethical priorities was driven by the organisation's ambition to transition for **Compliance to Impact**

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ROLE OF SOCIAL AND ETHICS COMMITTEE

- Monitors the company's activities with regards to social and economic development; good corporate citizenship, environment, health and public safety, consumer relationships and labour and employment
- Monitors the prioritisation and execution of the company's ESG Agenda
- Monitors the company's contribution towards its prioritised SDGs
- Reports to Board and the organisation's stakeholders on progress and achievements of the Social and Ethics priorities for the organisation.

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SOCIAL AND ETHICS PRIORITY AREAS 2024/25

In planning and reporting on its Social and Ethics Agenda in the past, the ELIDZ has prioritised five priority areas as guided by both the Companies Act and King IV.

As part of integrating ESG reporting in the ELIDZ it is proposed that the ELIDZ Streamlines its priorities into three priorities namely, Environment, Social and Governance.

ENVIRONMENT	SOCIAL	GOVERNANCE
• Environmental Impact Management	• Employment Practices (safety, human rights)	• Business Ethics and Transparency
• Climate Change	• Economic Development and Transformation	• Board functionality and transparency
• Energy Efficiency	• Community Development and Relations	• Executive Compensation
• Carbon intensity	• Customer and product responsibility	
• Biodiversity and natural resources		

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PRIORITY AREA: ENVIRONMENT

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SOCIAL AND ETHICS PROGRESS – ENVIRONMENT

ELIDZ's priority in prior years had mainly been focused on **monitoring and minimising the impact of the zone on the environment**. This was mainly accomplished through compliance to various Environmental Management Systems and best practice. To align to ESG best practice, the priority for the ELIDZ in the ESG roadmap is to broaden its focus to include setting priorities in relation to climate change, energy efficiency, carbon intensity and the management of biodiversity and other natural resources. Progress during this period included the following:

- Effective Implementation and compliance to ISO14001:2015 Environmental Management System; ISO 45001:2018 Occupational Health and Safety Management system ISO 9001:2015 Quality Management System
- Environmental analysis had been completed
- Carbon footprint analysis has been completed.
- Alien vegetation analysis and protection programmes in place.
- Water quality and air quality analysis systems in place and integrated into SHEQ objectives.
- By the end of the period the ELIDZ had developed an energy masterplan to ensure energy efficiency through a mixed energy mix.
- There were no she citations for the ELIDZ during the period under review

PRIORITY AREA:
SOCIAL

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SOCIAL AND ETHICS PROGRESS

With its mandate rooted in being a catalyst for economic development and broad-based socio-economic impact, the ELIDZ has in the past mainstreamed its reporting on employment practices, economic development and transformation, and community development. To ensure alignment with ESG best practice, the ELIDZ will, going forward, need to set priorities relating to customer and product responsibilities and develop clear indexes to measure these. Additionally, the ELIDZ will need to align its economic development and transformation priorities and its CSR priorities with its prioritised SDGs.

Progress during this period included the following:

SOCIAL AND ETHICS PROGRESS

Social category	Social impact measure	Target	Actual
Workplace practices	Staff turnover	10%	**5.62%**
	Staff vacancy rate	15%	**9.90%**
Economic transformation, inclusivity and participation	BBBEE status	Level 2	**Level 3**
	SMME development beneficiaries active in ELIDZ construction incubation programme	45	**56**
	Skills development beneficiaries trained	90	**348**
	Prototypes developed in the Science and Technology Park	2	**4**
	Meaningful construction job opportunities from ELIDZ construction activities in the Zone	600	**218**
	Number of active manufacturing and services jobs	6000	**5409**
	Customer satisfaction index	75%	**78.7%**
Society	Year-on-year growth in ELIDZ Corporate Social Investment	7%	**7%**
	CSI initiatives implemented	12	**20**
	Bursary beneficiaries awarded	8	**13**

PRIORITY AREA:
GOVERNANCE

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SOCIAL AND ETHICS PROGRESS – GOVERNANCE

The ELIDZ's past Social and Ethics priorities have focused a great deal on business ethics and transparency and the creation of a conducive organisational culture. As part of the ESG roadmap the ELIDZ prioritises reporting on board functionality and transparency as well as executive compensation reporting in line with guiding ESG frameworks as key growth areas for the near future. Progress made during the period under review includes the following:

POLICY : ELIDZ amended its ethics framework to strengthen its controls in the declaration of interest process.

AWARENESS: Ongoing awareness to ensure that employees were aware of the ELIDZ's policies in relation to employee conduct, fraud and ethics management was implemented.

CULTURE : ELIDZ nominated an organisational culture task team who implemented a culture enhancement programme that supported the living of the ELIDZ values and the promotion of good ethics within the organisation.

SYSTEMS : ELIDZ has an automated process for the declaration of interest and requires all employees to recommit to the Code of Conduct annual and further requires the declarations of interest to be updated at the beginning of each financial year.

STANDARDS : The ELIDZ has various policies and practices in place to ensure that the organisation's ethical standards are applied in all recruitment AND performance evaluation, reward of employees and award of contracts to suppliers

REPORTING : The ELIDZ continues to have an externally managed Fraud Hotline and all matters reported to the hotline are handled confidentially and investigated.

ASSURANCE : The Auditor General of South Africa (AGSA) is an important assurance partner for the ELIDZ in ensuring that ELIDZ complies to all its policies and applicable legislation in all its operations.

KEY OBSERVATIONS BY THE SOCIAL AND ETHICS COMMITTEE

- Based on the committee's performance during the year, we are satisfied that it has fulfilled its mandate in terms of the Companies Act read with Regulation 43 of the Regulations to the Companies Act.

- There were **no known instances of material non-compliance with legislation or regulations, or non-adherence with codes of best practice** in terms of the areas within the Committee's mandate, during the year under review, or repeated regulatory penalties, fines, censures or compliance orders.

- As such, we are satisfied that **the organisation has operated as a socially responsible corporate citizen** demonstrating an ongoing commitment to sustainable development.

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FUTURE OUTLOOK

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KEY AREAS OF FOCUS FOR 2025/26

In 2025/26, the ELIDZ will deepen its commitment to environmental, social, and governance excellence by embedding sustainability into all operations. Key environmental priorities include reducing our footprint through **improved energy efficiency, water stewardship, and waste minimisation.** The Zone will continue **advancing renewable energy and circular economy initiatives** to help tenants transition toward greener production practices.

Social impact remains a central focus. The ELIDZ will expand programmes in **skills development, youth employment, and supplier growth to ensure inclusive local participation.** Through the Science and Technology Park, we will continue fostering innovation, technology transfer, and SME integration into regional value chains. Stakeholder engagement will prioritise collaboration with government, industry, and community partners.

On governance, ELIDZ will uphold **strong ethical leadership, transparency, and accountability** aligned with King IV principles.

Together, these focus areas reflect ELIDZ's drive to **balance industrial growth with environmental responsibility and social value**—positioning the Zone as a leader in sustainable and inclusive economic development within South Africa's SEZ landscape.

REIMAGINING GROWTH
THROUGH IMPACT-DRIVEN INNOVATION
TRANSFORMING LIVES, COMMUNITIES, AND ECONOMIES.

REPORT OF THE CHIEF EXECUTIVE OFFICER

PRESENTED BY: MR T ZWENI
13 November 2025

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2024/25 IN REVIEW

ELIDZ ended both the 2024/25 financial year and the five year cycle on a strong note - particularly with regards to its core business.

On the investment front, the ELIDZ has met both its five year target and its annual target on the **value and number of investments that the Zone has secured**.

For the 2024/25 financial year, the ELIDZ targeted R500 million worth of investment from five investors and by the end of the financial year, **the ELIDZ had signed six new investments with a combined investment value of R 4,6 billion**.

While there has been growth on the investment pipeline and the maturity of investment projects approved by the ELIDZ Board, the operating environment continues to be a challenging one for the ELIDZ.

Global economic fragmentation, tightening industrial policies, and escalating trade disruptions have led multinational enterprises to adopt a more cautious stance on expansion. **Tariff measures** introduced during the Trump administration continue to reverberate across global commerce, **contributing to market volatility and heightened concerns over long-term economic stability**. While designed to safeguard domestic industries, these policies have strained supply chains and intensified the risk of trade conflicts.

2024/25 IN REVIEW

In South Africa, the automotive sector, a key revenue driver confronts considerable headwinds due to geopolitical volatility, erratic tariff hikes, and potential trade disputes.

Regulatory uncertainty and the possible withdrawal of excise and customs duty concessions by SARS for the participant in the auto value chain, further heighten these pressures, **threatening the long-term viability of automotive sector**.

Despite ongoing turbulence, **ELIDZ retains its appeal as an investment destination**, evidenced by the signing of a global ICT company to establish a ground gateway for Low Earth Orbit satellite services, alongside another ICT provider planning to land an undersea cable.

These cohort of investors, positions ELIDZ as a hub of technological advancement and economic growth, enhancing its attractiveness to ICT businesses and investors.

Within this context, **ELIDZ is proactively working towards a diversified investment portfolio and tenancy** as part of its strategy to counter sectoral headwinds, particularly in the automotive sector.

2024/25 ANNUAL PERFORMANCE REVIEW

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OUTCOME 1:
HIGH PERFORMING, COMPETITIVE AND RESILIENT INDUSTRIES

Indicator	Annual Target	Actual Performance
1.1 Value of new private sector investment secured	R500m	R4 595,3m
1.1.1 Annual percentage increase in constructed tenant facilities (sqms)	4%	0,8%
1.1.2 Number of economic enabling construction projects implemented	1	1
1.2 Number of active manufacturing and services jobs	6 000	5 409
1.2.1 Customer Satisfaction Index	75%	78.7%
1.3 Number of construction jobs created	600	218
1.3.1 Percentage of approved and operational investors enabled to benefit from SEZ incentives and other supporting tools.	75%	94%
1.4 Growth of Industrial turnovers of zone enterprises	4%	11.7%
1.4.1 Number of new investors operationalised	3	1
1.5 Growth in export-oriented production by SEZ enterprises	4%	11.7%
1.5.1. Percentage achieved against completion of ESG best practice plan	60%	70%
1.6.1 Number of new investors attracted	5	6

78% **Achievement of 2024/25 targets**

OUTCOME 2:
TECHNOLOGY-LED INNOVATION AND INDUSTRIAL MODERNISATION

Indicator	Annual Target	Actual Performance
2.1 Number of Prototypes Developed	2	4
2.2. Number of New Innovations Commercialized	1	2
2.2.1 Number of enterprises in active ELIDZ incubators	5	5
2.2.2 Number of incubators operational	2	3
2.3. Number of New Technologies Localized in Targeted Industries	1	2
2.3.1 Number of skills beneficiaries trained	90	348

AREAS OF UNDER PERFORMANCE: OUTCOME 1

CONSTRUCTION SQM GROWTH: The under-performance in this KPI is directly linked to low growth of the investment pipeline as the ELIDZ's buildings are build based on demand. There are, however, projects in the pipeline that will improve performance in the next financial year. These include the BPO facility and the Daimler Chrysler South Africa facility.

MANUFACTURING AND SERVICES JOBS: The under-performance in this KPI is linked to the under-performance of the auto sector investment . The ELIDZ is currently looking at diversification of its investment portfolio and the BPO investment as well as other investments that will be operationalised in the agro-processing and ICT sector will help improve performance in this regard.

CONSTRUCTION JOBS: The under-performance in this KPI is directly linked to low growth of the investment pipeline as the ELIDZ's buildings are build based on demand. There are, however, projects in the pipeline that will improve performance in the next financial year. These include the BPO facility and the Daimler Chrysler South Africa facility.

INVESTORS OPERATIONALISED: The ELIDZ will continue to support investors that have been operationalised to construct and operationalise their facilities in the zone. The ELIDZ will also implement a marketing strategy for the current vacant facilities in the zone.

OUTCOME 3:
SUSTAINABLE OPERATIONAL EFFICIENCIES AND GLOBAL BEST PRACTICE

Indicator	Annual Target	Actual Performance
3.1 Number of SMME development beneficiaries upgraded by at least 2 levels in CIDB grading	5	11
3.1.1 Annually assessed ELIDZ BBBEE Status	Level 2	Level 3
3.1.2. Number of SMME development beneficiaries active in ELIDZ construction incubation programme	45	56
3.2 Best practice systems compliance index	4	4
3.2.1 Number of internships offered per annum within ELIDZ	30	44
3.2.2 Number of active bursaries awarded by ELIDZ	8	13
3.2.3 Number of Corporate Social Investment projects administered by ELIDZ	12	20
3.3.1 Increase in gross income from ELIDZ services billed per annum	10%	5,5%
3.3.2 Average Vacancy Rate per annum	7%	6,991%

AREAS OF UNDER PERFORMANCE OUTCOME 3

BBBEE: The ELIDZ has developed a BBBEE response plan which it is currently implementing to improve under-performance . This plan has improved the ELIDZ's rating from Level 5 to Level 3 in the current financial year and the ELIDZ is confident that there will be gradual improvement in this initiative over the next period.

INCREASE IN GROSS INCOME FROM SERVICES: The ELIDZ is looking at other sources of revenue from the Data Centre and other services and this will help diversify the ELIDZ's income streams and improve performance in this KPI.

PERFORMANCE OVERVIEW: 2024/25

ELIDZ delivered strong results across multiple performance areas, achieving **78% of its annual targets** and continuing to demonstrate operational excellence, investment growth, and innovation leadership.

Under **Outcome 1 – High Performing, Competitive and Resilient Industries,** the Zone secured R4.6 billion in new private sector investment, significantly exceeding the annual target of R500 million and underscoring continued investor confidence in the ELIDZ. The customer satisfaction index improved to 78.7%, surpassing the 75% target and reflecting strong stakeholder relationships. The percentage of investors enabled to benefit from SEZ incentives rose to 94%, while industrial turnover and export-oriented production each grew by 11.7%, well above the 4% annual target.

Performance under **Outcome 2 – Technology-led Innovation and Industrial Modernisation** was equally strong. The ELIDZ exceeded innovation targets by developing four prototypes and commercialising two innovations, both above target. All five incubators remained operational, and 348 beneficiaries were trained through skills development programmes. These achievements highlight the Zone's growing role in advancing industrial innovation, enterprise development, and human capital capability.

PERFORMANCE OVERVIEW: 2024/25

Under **Outcome 3 – Sustainable Operational Efficiencies and Global Best Practice**, the Zone achieved or surpassed most operational excellence and transformation targets. ELIDZ also exceeded its SMME development targets, with 11 beneficiaries upgraded by at least two CIDB levels and 20 Corporate Social Investment projects administered. The average vacancy rate improved to 7%, indicating continued stability and investor retention within the Zone.

Overall, the 2024/25 performance period **showcased a year of strong delivery and measurable impact**. The ELIDZ exceeded expectations in investment attraction, innovation, transformation, and sustainability—reinforcing its position as one of South Africa's top-performing Special Economic Zones and a key driver of industrial growth in the Eastern Cape.

VISION 2025 PERFORMANCE REVIEW

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REFLECTION ON ELIDZ VISION 2025

The ELIDZ's Vision 2025 was responding to the provincial government's ambition to industrialise and grow the Eastern Cape's economy and sustain its citizens. Key strategic priorities for the ELIDZ during this period were to:

- Augment and maintain ELIDZ infrastructure and services offering to enable the attraction and retention of high performing and resilient industries.
- Develop critical industrial capabilities (skills and technology) to drive technology –led innovation and industrial modernisation and reposition the region for global competitiveness.
- Prioritise sustainable and best practice zone operations that stimulate social and economic outcomes and benefits for local communities

In seeking to grow into this more expansive role, ELIDZ's Vision 2025 sought to **direct and combine complementary activities promoting ELIDZ's development and growth across three identified 'planning horizons'** that can be expected to remain relevant and active over the coming five-year cycle. The three-horizon planning approach sought to arm the business to manage current performance while maximising future opportunities for growth. It further sought to:

1. **Optimise the organisation's delivery of its core products and services**, with an emphasis on building higher levels of efficiency and effectiveness;
2. **Extend the core market offering** by investing into and mainstreaming initiatives that were piloted in the current five-year term; and
3. Make room within the activities and resources of the organisation to permit ELIDZ sufficient space to **experiment with initiatives that could see the business breaking new ground** and initiating future market offerings not currently in existence.

PROGRESS ON ELIDZ VISION 2025 THREE HORIZON GROWTH MODEL INITIATIVES

	HORIZON 1	HORIZON 2	HORIZON 3
STRATEGIC INTENT	EXTEND AND IMPROVE *(fully implemented)*	NURTURE AND GROW *(fully implemented)*	TEST AND EXPLORE *(fully implemented)*
Characteristic	• Property-based offering with provision of serviced tenant facilities for targeted manufacturing, international tradable services and related zone support industries. • Zone Services (existing mandatory)	• Office tenants • STP Water and Food Testing Laboratory • Innovation Support Services (Design Centre, Prototype, Incubation and Skills Development) • ELIDZ Value Added Zone Services • Existing ICT Services	• STP Sector Research Services • ELIDZ Industry Incubator Facility • ICT Data Centre and other 4IR services • Alternative Energy Generation • ELIDZ Smart City (green and smart city) • ELIDZ Mixed Development
Returns	Will generate results within the first year of the 5 year cycle. Will result in accumulated impact by the end of the 5 year cycle	Could generate substantial returns but still requires considerable investment	Requires some investment from the company, high risk. Potential of failure

- The ELIDZ has succeeded in extending and improving the initiatives under horizon 1 and this is evident in the growth in investment, revenue, impact and the zone's footprint. All of the services under Horizon 2 have now been mainstreamed as part of the ELIDZ's offering and there has been notable growth in revenue from these services (see KPI performance).
- The ELIDZ has undertaken a number of sector value chain studies which has led to the identification of innovation opportunities. The manufacturing incubator will be operational by end of 2025 with at least 10 incubates being supported.
- Alternative energy, smart city and mixed development project are currently at different stage of implementation – all three of these initiatives will require the operationalisation of the ELIDZ SPV which will enable fundraising beyond the traditional government funding sources.

OUR IMPACT – FIVE-YEAR PERFORMANCE

R9 billion worth of new **private sector investment** secured

5409 active **manufacturing and services** jobs

4455 construction jobs created

580% growth in **industrial turnovers of zone enterprises**

25 new investors attracted

880% growth in **export-oriented production** by SEZ enterprises

19 new investors operationalised

15 prototypes developed through the ELIDZ STP

5 new innovations commercialized

5 enterprises active in ELIDZ incubators

3 incubators operational

11 SMME development programme beneficiaries upgraded by at least 2 levels in CIDB grading

56 development beneficiaries active in ELIDZ construction incubation programme

255 internships offered within ELIDZ

64 bursaries awarded by ELIDZ

86 CSI projects administered by ELIDZ

1102 skills beneficiaries trained

PERFORMANCE OVERVIEW: VISION 2025

Despite the **adverse impact of Covid 19 and the downturn in the automotive sector,** the ELIDZ has done well in its attraction and operationalisation of strategic investments in the automotive, renewable energy, agro-processing and advance manufacturing sectors.

Similarly, the ELIDZ's Science and Technology Park has continued with **harnessing and incubating local manufacturers and technology start-ups that want to take advantages of new opportunities in the various sector value chains.** There has also been mainstreaming of the ELIDZ's skills development initiatives, and this has increased the socio-economic impact of the zone.

While there has been notable progress in the creation of jobs in the first four years of the of the five year cycle, this has been affected by the **downturn in the auto sector; the delayed funding of critical projects such as the Data Centre and BPO facility.**

Having said that the completion of the construction of the ELIDZ Data Centre has already started attracting strategic ICT players into the Zone and the completion of the manufacturing incubator will be critical in developing home-grown manufacturers in our strategic sectors.

REIMAGINING GROWTH
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REPORT OF THE AUDIT COMMITTEE

PRESENTED BY: MS N MNCONYWA
13 November 2025

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ABOUT THE 2024/2025 AUDIT COMMITTEE

Name	Expertise	Date of appointment	Date of retirement
Ms N Mnconywa (Chairperson)	Auditing, finance, public sector governance	26/09/2016	N/A
Mr M Mfuleni	Telecommunications Industry Expert; ICT Governance; Manufacturing and Development Experience;	31/10/2018	N/A
Mr S Gqalangile	Environmental management, public sector governance	01/08/2023	N/A
Mr A Kanana *(Retired)*	Chartered Accountant (SA), Audit, Finance and Governance	24/10/2012	30/11/2024
Mr E Jooste *(Retired)*	Public Finance Management and Governance, Supply Chain Management, Public Private Partnerships, Project Finance.	01/11/2013	30/11/2024

REPORT OF THE AUDIT COMMITTEE

ATTENDANCE

Name	Number of meetings attended
Ms N Mnconywa (Chairperson)	1/7
Mr M Mfuleni	6/7
Mr S Gqalangile	1/7
Mr A Kanana (Retired)	6/7
Mr E Jooste (Retired)	6/7

Separate closed meetings were held with Auditor-General (AG), Internal Auditors and management during the year under review.

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AUDIT COMMITTEE OVERSIGHT AREAS

- Financial Management and other reporting practices
- Internal controls and management of risks
- Compliance with laws and regulation
- The external audit
- The internal audit function

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AUDIT COMMITTEE COMMITMENT

- **Committed Culture of Integrity:** The Audit Committee is dedicated to fostering a culture of integrity where every team member understands the importance of internal controls and is committed to upholding ethical values and standards.

- **Preventing Errors and Fraud:** We recognize the critical role of a strong control environment in preventing errors and fraud, safeguarding the ELIDZ's assets, and ensuring the accuracy of financial reporting.

- **Ongoing Enhancement:** Our commitment extends to continuous enhancement of control environment components, aligning with our corporate values, and adapting to evolving business needs and regulatory requirements.

- **Steadfast Oversight:** The Audit Committee provides steadfast oversight and support to ensure that the control environment remains robust and that ELIDZ's reputation for excellence in internal controls is upheld

AUDIT COMMITTEE RESPONSIBILITY

In the conduct of its oversight duties, the Audit Committee has, inter alia, reviewed and is satisfied with the effectiveness of the following:

- The expertise, resources and experience of the finance function;
- The effectiveness of the CFO;
- Internal control, management of risks and compliance with legal and regulatory provisions;
- The effectiveness of the internal control systems;
- The effectiveness of the system and process of risk management;
- Financial and sustainability information provided;
- The adequacy, reliability and accuracy of financial information provided by management

THE ELIDZ INTERNAL CONTROLS ENVIRONMENT

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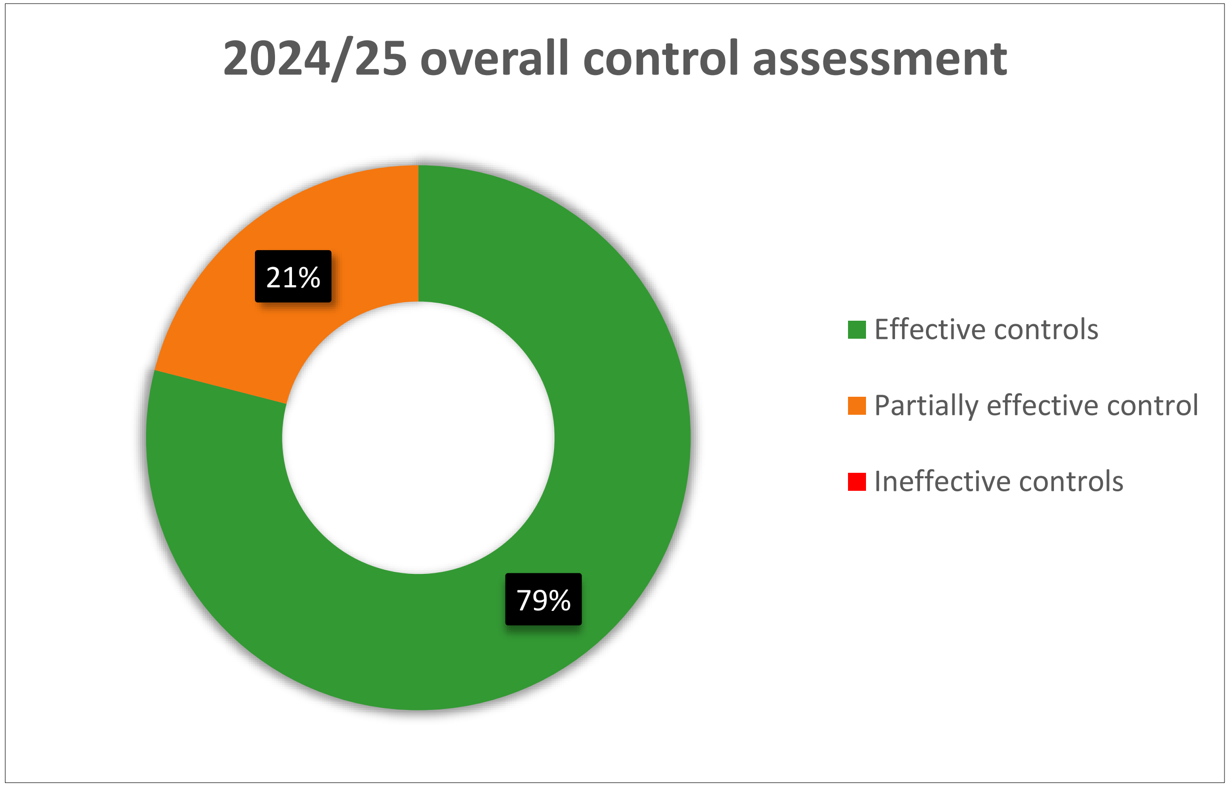
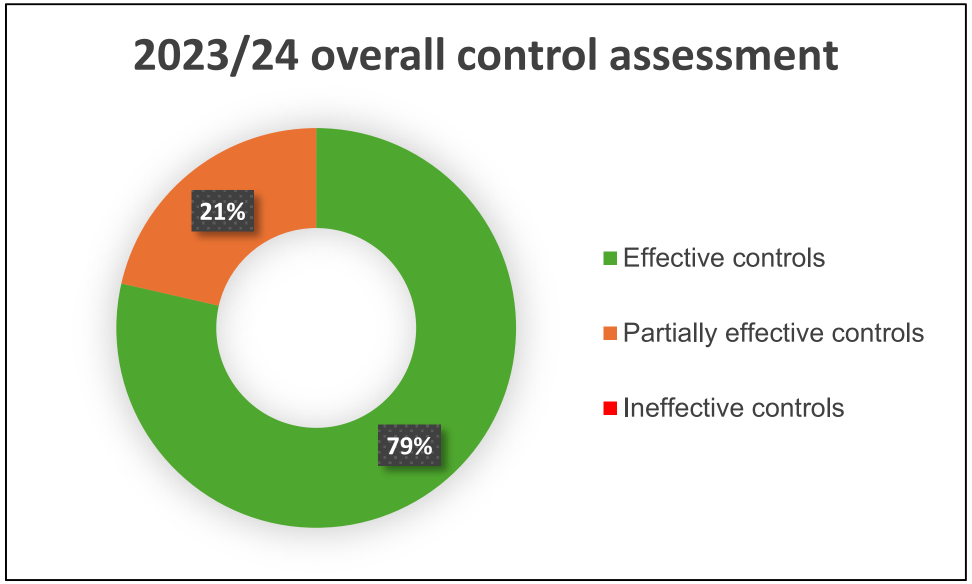
STRENGTHENING OUR CONTROL ENVIRONMENT

The following key milestones have been noted in improving the ELIDZ control environment:





SUPPLY CHAIN MANAGEMENT

Due to the significant legislation and compliance requirements, SCM controls have been a focus area for the Audit Committee.

Findings were raised during the 2024/25 external audit as follows:

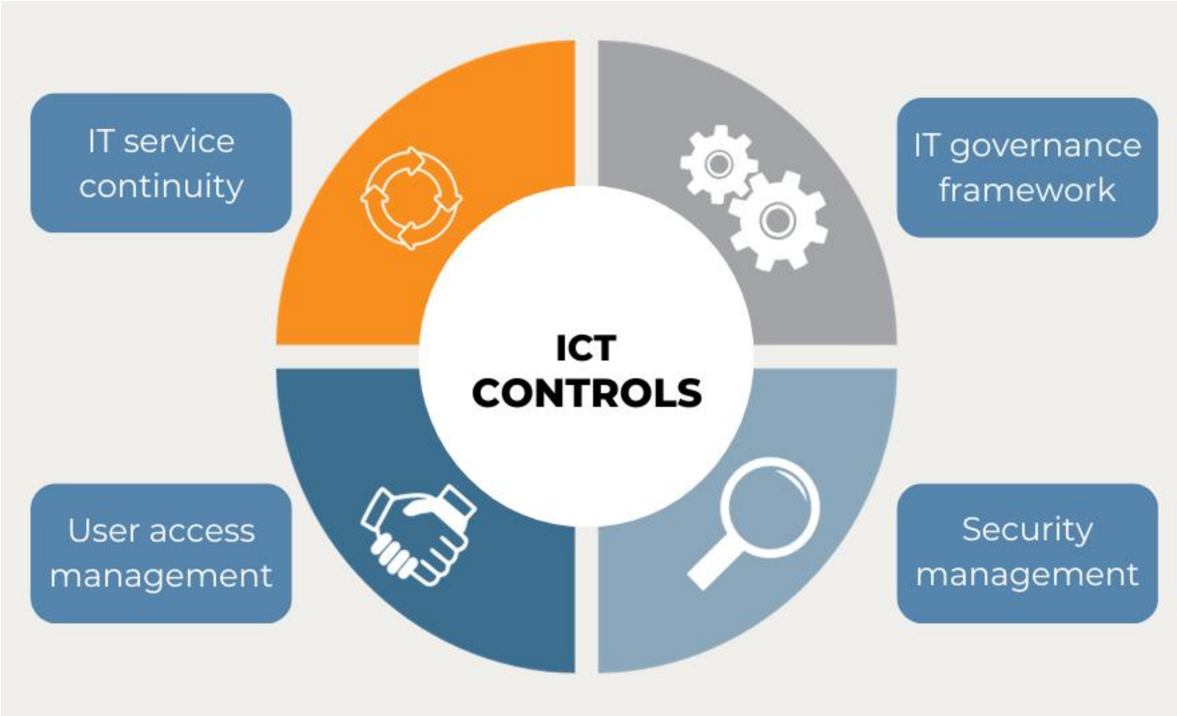
Area	Findings		
	2024-25	2023-24	2022-23
Audit limitations			
Deviations			
Conflict of interest			
Non-compliance: competitive bidding process			
Non-compliance: quotation process			
Contract management			

	Material non-compliance with legislation		Findings		No findings

No undisclosed related party interests were noted during the 2024/25 financial year.

INFORMATION SYSTEMS

- Information systems controls are assessed on the following four categories:



- ELIDZ acts as service provider to government in the ICT sector as a result of the strength of their ICT control environment and their reliability to provide uninterrupted ICT facilities

ELIDZ ASSURANCE PROCESSES

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ELIDZ ASSURANCE PROCESSES

INTERNAL AUDIT

- The internal audit function was **effective throughout the period of reliance.**
- They carried out their duties **independently and objectively**.
- Their audit plan was **informed by the key risks in the organisation**.
- They reported **functionally to the Audit Committee**.

EXTERNAL AUDIT

- ELIDZ received their **10th consecutive clean audit opinion** for the 2024/25 financial year
- **No findings** were raised on performance information
- **No significant internal control deficiencies** or fraud risk factors were identified
- **There was irregular expenditure** incurred in the 2024/25 financial year.
- Accountability ecosystem was found to be **effective**

REPORT OF THE AUDITOR-GENERAL

- The Auditor-General of South Africa is of the opinion, that **the financial statements present fairly**, in all material respects, the financial position of the ELIDZ as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with GRAP and the requirements of the PFMA and the Companies Act.

- The audit was conducted in accordance with the **International Standards on Auditing**.

- One matter disclosed in the financial statements related to a **halted project was emphasized**.

- **No material findings** were raised related to **performance information**.

- **No material non-compliance** was identified with the selected legislative requirements.

AUDIT COMMITTEE OPINION

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AUDIT COMMITTEE OPINION

The Audit Committee is of the opinion, based on the explanations given by management and information gathered by the committee through its extended oversight programme as well as internal audit reports, that:

- The **systems and process of risk management and compliance processes are adequate, effective, efficient and transparent**;
- The **internal accounting controls are adequate** to ensure that the financial records may be relied upon for preparing the financial statements, and accountability for assets and liabilities is maintained; and
- Having considered the matters set out in section 94(8) of the Companies Act No. 71 of 2008, that it is **satisfied with the independence and objectivity of the external auditors**.

ELIDZ GOING CONCERN

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ELIDZ GOING CONCERN

- Assets of the company **exceeded liabilities** by R2 790 048 314 and a loss of R7 329 756 was realised for 2024/25. ELIDZ is expected to realise profits for the foreseeable future.

- The directors have satisfied themselves that **the company has adequate financial resources to continue in operation for the foreseeable future and AFS have been prepared on a going concern.**

- **DEDEAT committed to meet ELIDZ's operational needs for the next three years** to augment own generated revenue.

- **Own-generated revenue contribution to the operating budget** increased by 5% for the year.

- ELIDZ has access to **funding for capital projects under the SEZ funding** mechanism.

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EVALUATION OF FINANCIAL STATEMENTS

- The Audit Committee has **evaluated and discussed** the financial statements for the year ended 31 March 2025 and, based on the information provided to it, considers that **the statements comply**, in all material respects, with the requirements of the **Companies Act** and the **PFMA**.

- The Audit Committee concurs with the Board of Directors and management that the adoption of the **going concern premise** in the preparation of the financial statements **is appropriate**.

- The Audit Committee has therefore, at its meeting held on 20 August 2025 **recommended the adoption** of the financial statements by the Board of Directors.

- The Audit Committee **concurs with and accepts** the AGSA's report on the AFS and is of the opinion that the AFS should be accepted and read together with the report of AGSA.

REIMAGINING GROWTH
THROUGH IMPACT-DRIVEN INNOVATION
TRANSFORMING LIVES, COMMUNITIES, AND ECONOMIES.

REPORT OF THE FINANCIAL STATEMENTS

2024/25 FINANCIAL OVERVIEW

PRESENTED BY: MR G MATENGAMBIRI
13 November 2025

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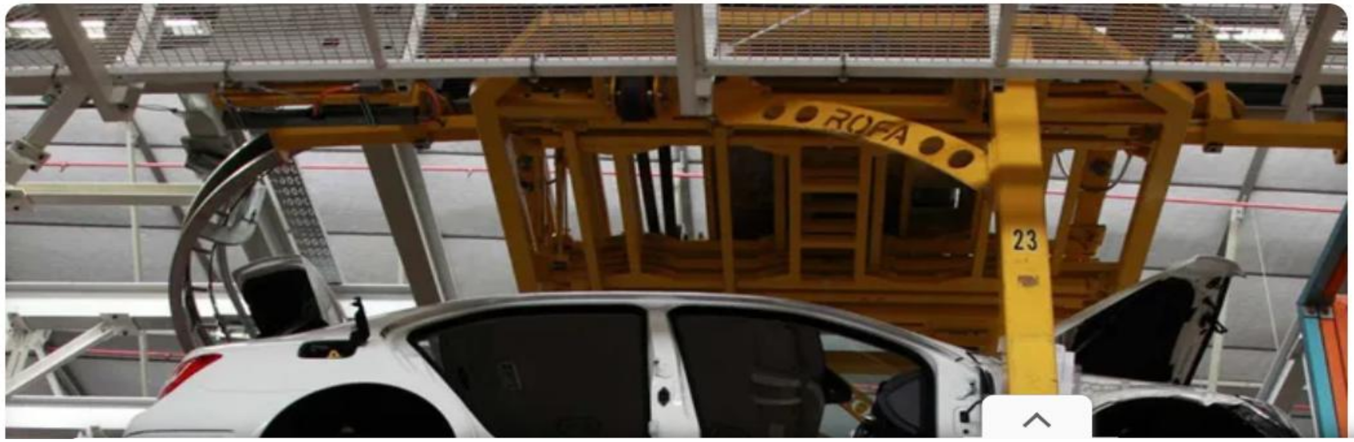
DEFINING MATTERS

Mercedes-Benz SA enters Section 189 process that will affect 700 workers

Ashley Lechman | Published 1 year ago

1min



VISION FOR FINANCIAL MANAGEMENT

To build a self-sustainable organisation with clean administration, driving inclusive economic participation and industrial growth

ELIDZ continues to strengthen its financial position, grow its investment portfolio, and advance inclusive industrial development.

Our focus remains on sustainability, innovation, and clean governance

FINANCIAL HIGHLIGHTS

- Revenue growth since 2020/21: ***+82%***
- Revenue growth in the last financial year: ***+5%***
- Asset base: ***R839.2 million***
- Vacancy rate: ***6.99% (below target)***
- BBBEE ***Level 3*** maintained
- Clean ***audit*** outcome

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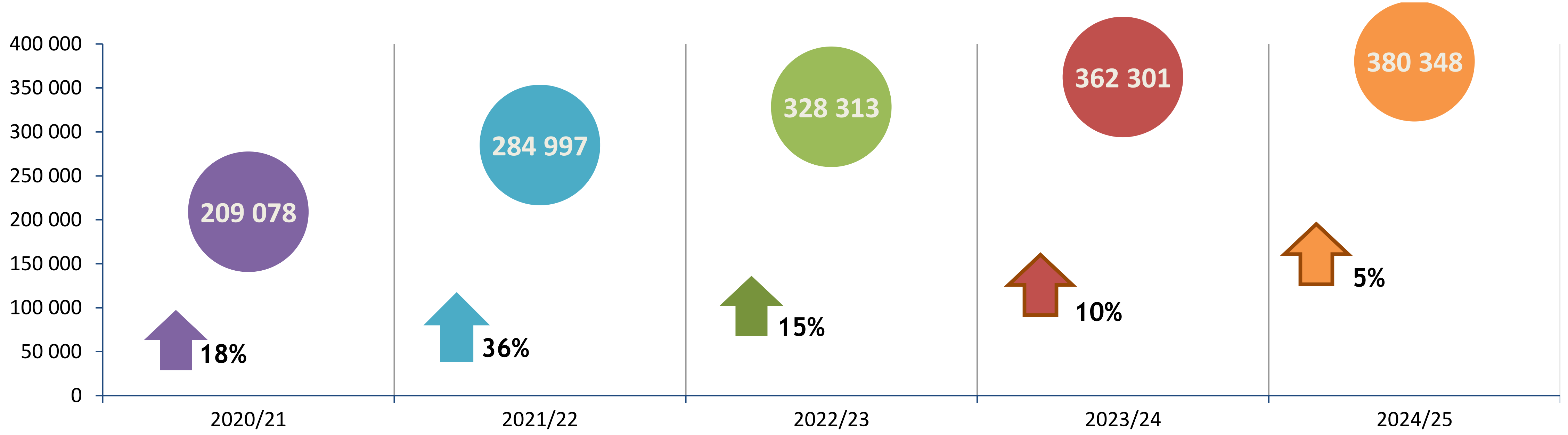
REVENUE GENERATION FOR THE PAST FIVE YEARS

OWN REVENUE GENERATION TRENDS- 2021 TO DATE

Since 2020/21 ELIDZ has increased its annual own revenue generation capability by 82% and in the last financial year it has increased by 5%



Sustained growth in own-revenue generation demonstrates increasing financial independence from grant funding.

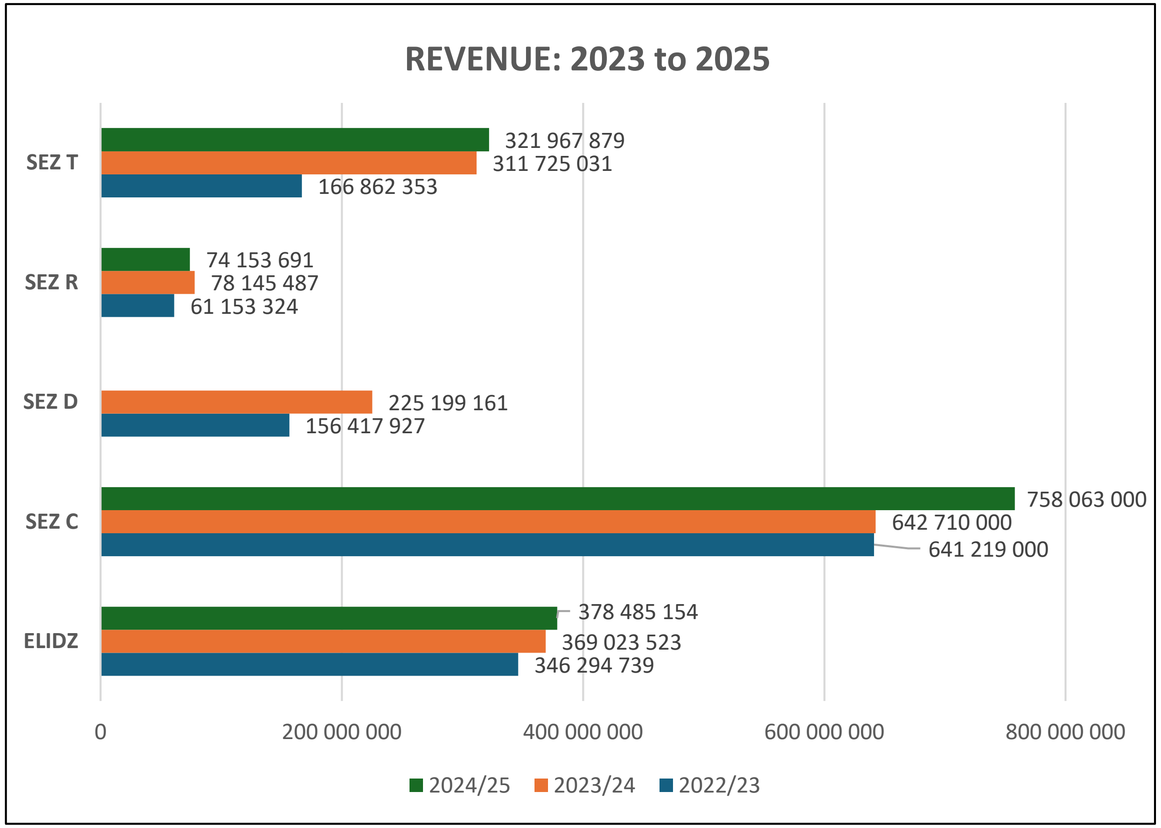
INCOME STATEMENT FOR THE PAST 5 YEARS

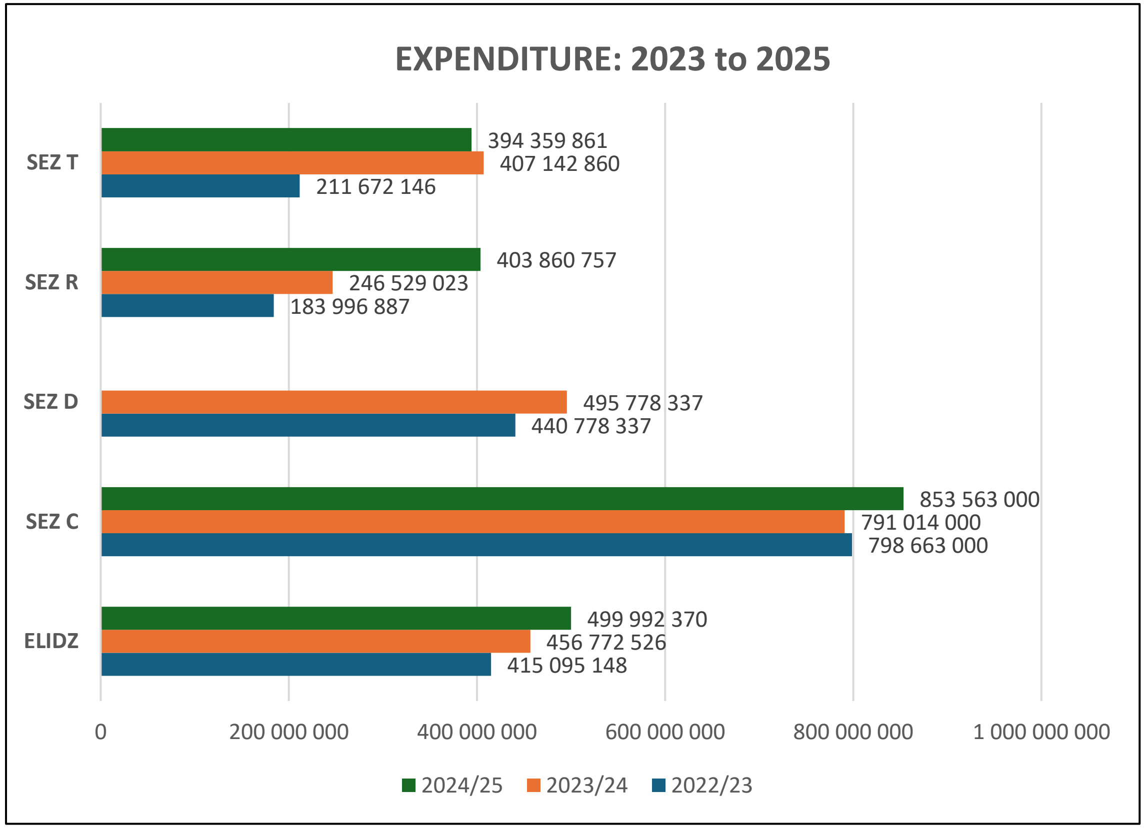
Sustained growth in own-revenue generation demonstrates increasing financial independence from grant funding.

INCOME STATEMENT FOR THE PAST 5 YEARS

Description	2021	2022	2023	2024	2025	% change (2024 vs 2025)	% change (5 years)
Rendering of service	98 625 669	131 446 251	158 386 190	187 883 300	198 277 774	6	101
Renting of facilities	107 763 572	150 386 711	159 066 876	167 136 587	177 480 245	6	65
Interest received	2 426 072	2 408 850	3 536 604	6 775 048	4 034 422	-40	66
Sundry income	263 600	755 036	7 323 353	505 164	555 389	10	111
	209 078 913	**284 996 848**	**328 313 023**	**362 300 099**	**380 347 830**	**5**	**82**
Employee costs	95 517 766	95 471 806	105 085 805	113 956 254	116 883 893	**3**	**22**
Lease Rentals	918 071	585 938	686 052	738 442	770 240	**4**	**-16**
General Expenses	184 376 700	225 685 690	282 866 776	288 392 566	324 088 027	**12**	**76**
	280 812 537	**321 743 434**	**388 638 633**	**403 087 262**	**441 742 160**	**10**	**57**
Operating loss	**- 71 733 624**	**- 36 746 586**	**- 60 325 610**	**- 40 787 163**	**- 61 394 330**	**51**	**-14**
% as total income	*-34,3*	*-12,9*	*-18,4*	*-11,3*	*-16,1*		
Non Cash items							
Debt Provision	41 706 315	- 29 390 860	728 855	24 838 785	26 688 023	**7**	**-36**
Impairment	194 727	-	-				
Depreciation	25 043 130	24 240 395	26 933 050	27 339 293	29 182 520	**7**	**17**
	66 944 172	**- 5 150 465**	**27 661 905**	**52 178 078**	**55 870 543**		
Net Profit	**- 138 677 796**	**- 31 596 121**	**- 87 987 515**	**- 92 965 241**	**- 117 264 873**	**26**	**-15**
% as total income	**-66,3**	**-11,1**	**-26,8**	**-25,7**	**-30,8**		

BENCHMARK ELIDZ WITH OTHER SEZS





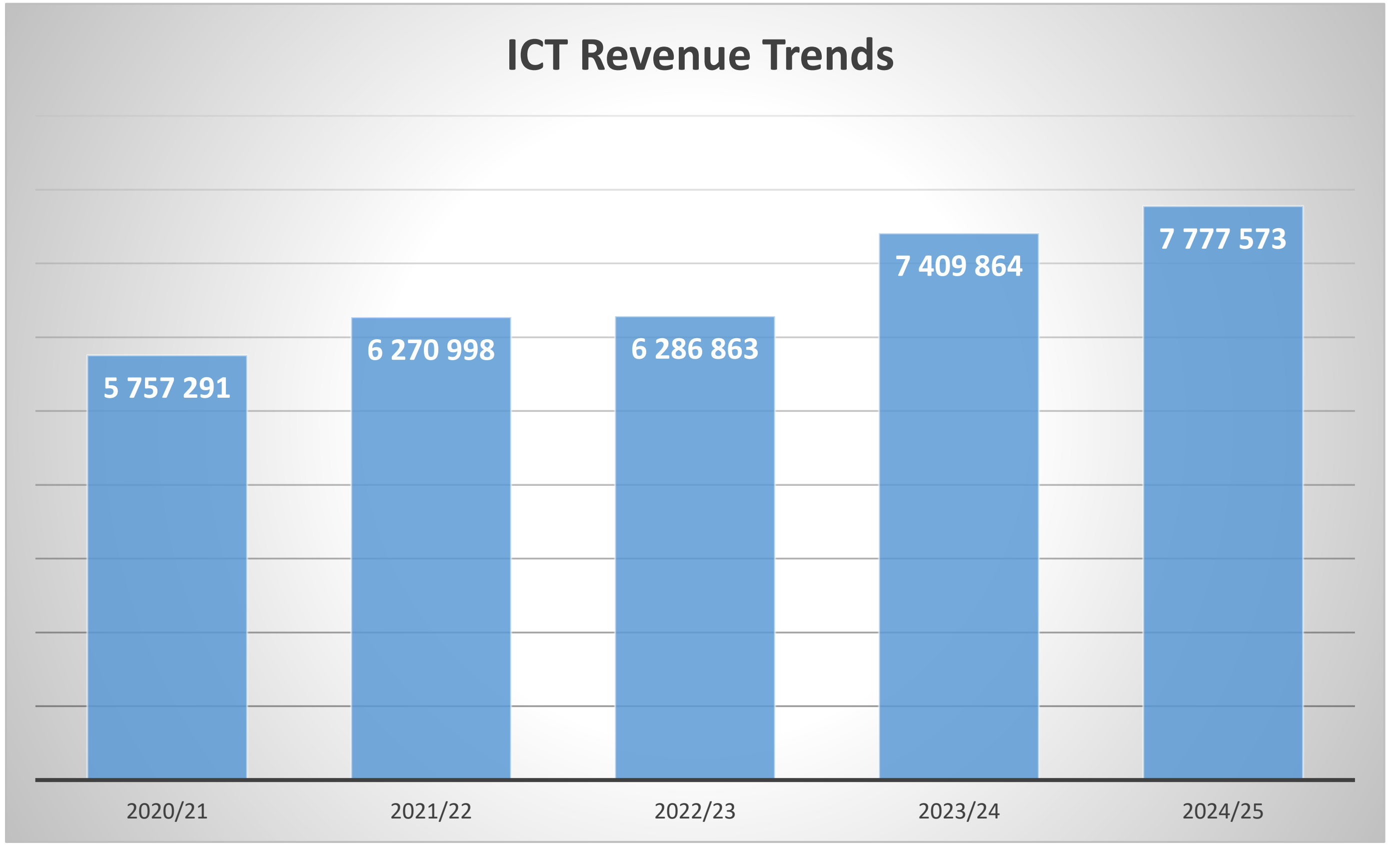
ELIDZ ranks among the leading SEZs in revenue and investment attraction

ADDITIONAL INVESTMENTS THAT WERE COMPLETED

Year	No of investments added	Rental income	Services income	Total
2020-21	-	-	-	-
2021-22	5	26 420 876	18 149 805	44 570 682
2022-23	3	4 563 359	-	4 563 359
2024-25	2	0	0	0
Total	**10**	**30 984 235**	**18 149 805**	**49 134 041**

- For the past five years, 10 new projects were completed, and they generated about **R31million** in rentals in the first year.
- The Data Centre & Manufacturing incubator were completed in 2024/25.

DIVERSIFICATION INTO ICT



Investing in digital infrastructure supports innovation and sustainability.

- The current datacenter has reached its maximum potential, as shown in the revenue graph below and the organization invested in additional capacity.
- The organization secured **R58 million** in FY2023/24 from the provincial stimulus funding for retrofitting a building and an additional **R25 million** for the datacenter equipment in FY2024/25

ECONOMIC ACTIVITY IN THE ZONE

Services Units	Total 2020/21	Total 2021/22	Total 2022/23	Total 2023/24	Total 2024/25	% change (2024 vs 2025)	% change (5 years)
Electricity Tenant Usage (kWh)	37 729 098	58 508 131	63 535 046	63 169 833	56 480 230	**-11%**	**50%**
Water Tenant Usage	359 882	367 263	228 685	205 858	256 300	**25%**	**-29%**
Conference Centre (Pax) - No of people	905	795	2 566	5 667	4 834	**-15%**	**434%**
Analytical Lab (No of samples tested)	4 683	6 684	7 198	9 692	10 006	**3%**	**114%**

The utility usage during the year was lower than the two prior years due to lower production volumes in the OEM sector.

Economic activity remains resilient, with new sectors offsetting declines.

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SUSTAINABILITY AND VACANCY RATE

The organization had a vacancy rate of 6.99% against a target of 7% and below are some of the buildings that were vacant.

Tenant Name	Total rental YE 2021-22	Total rental YE 2022-23	Total rental YE 2023-24	Total rental YE 2024-25	Current Status (2025-26)
Meek Mines	*1 833 343*	*1 980 010*	*Datacentre*	*Datacentre*	*Datacentre*
ILB Helios Southern Africa	*2 855 100*	*0*	*0*	*Occupied but the tenant was struggling (Seraphim)*	*To be occupied by OEM sector tenant from November 2025 (Umbane)*
Yekani Manufacturing	*15 358 031*	*16 433 093*	*17 583 410*	*Occupied but the tenant was struggling (SIGA)*	*To be occupied by OEM sector tenant from November 2025 (DTSA)*
D Fence building	*5 671 581*	*6 125 308*	*6 554 080*	*0*	*Occupied by Gemilatex from August 2025*
Nulatex SA	*1 864 527*	*0*	*0*	*0*	*Occupied by Techniplas*
Feltex	*1 649 512*	*2 002 047*	*2 002 047*	*2 002 047*	*AE8 Building occupied by Collondale & AE6 Building to be occupied by Shugaz Textile*
	29 232 094	***26 540 458***	***26 139 537***	***2 002 047***	

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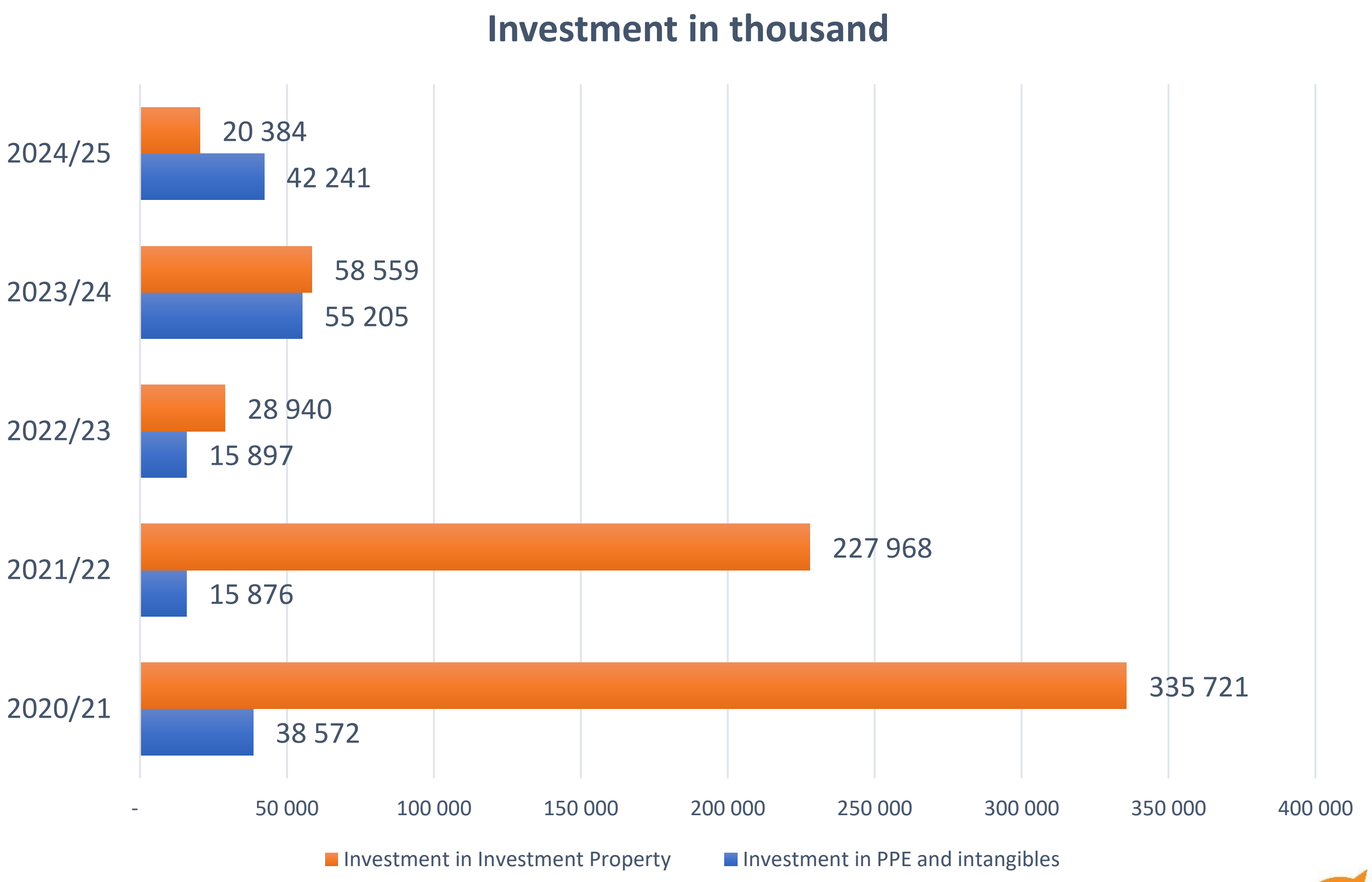
ASSET MANAGEMENT

- Most of the grants received by the organization are used for purchasing and building assets and this has seen the asset portfolio of the organization increasing over the years.

- The information shows the increase/additions in assets over the years.

- **TOTAL PPE : R167.7 million**
- **TOTAL Investment Property : R671.5 million**



FAIR VALUE ADJUSTMENT

Description	2020/21	2021/22	2022/23	2023/24	2023/25
Fair value adjustment *(negative)*/ positive	-456 171 926	-137 309 842	-135 367 755	57 577 138	-12 628 873

- The year under review has seen the **fair value of investment property decrease by R12.6 million (2024 +R57 million).**
- Revaluation was based on **best use methodology**
- **The fair value loss is non-cash.**

MEASURING INCLUSIVITY

BBBEE Scoring

BBBEE ELEMENT	POINTS SCORED	TARGETED POINTS
Management Control	16.38	20.00
Skills Development	15.63	25.00 + 5 Bonus
Enterprise and Supplier Development	54.00	50.00 + 4 Bonus
Socio-Economic Development	5.00	5.00
TOTAL BBBEE POINTS	**91.01**	**100.00 + 9 Bonus**

Short falls

- The organization scored **Level 3**
- The organization is aiming to level 1 in the next 3 years.
- The Challenge is skill development in people living **with disabilities** and interns program not yet accredited by a SETA.

STATUS OF PPPFA IMPLEMENTATION

51% Black Owned Sub-contracting

MAIN CONTRACTOR	PROJECT VALUE	SUBCONTRACT VALUE AFTER DEDUCTIONS	51 % BLACK OWNED SUBCONTRACT SPENT TO DATE	%
SMME INCUBATOR	54 978 084	26 579 319	25 955 926	98%
DATA CENTRE	41 060 081	29 976 924	24 825 781	83%
TOTAL	**96 038 165**	**56 556 243**	**50 781 707**	

AUDIT OUCTOME

The organization takes the issue of clean administration seriously and got a clean audit for the 10*th* ***consecutive year***.

R24.6 million irregular expenditure was incurred during the 2024/25 financial year.

The irregular expenditure was confined to maintenance contracts. Project managers trained on CIDB regulations.

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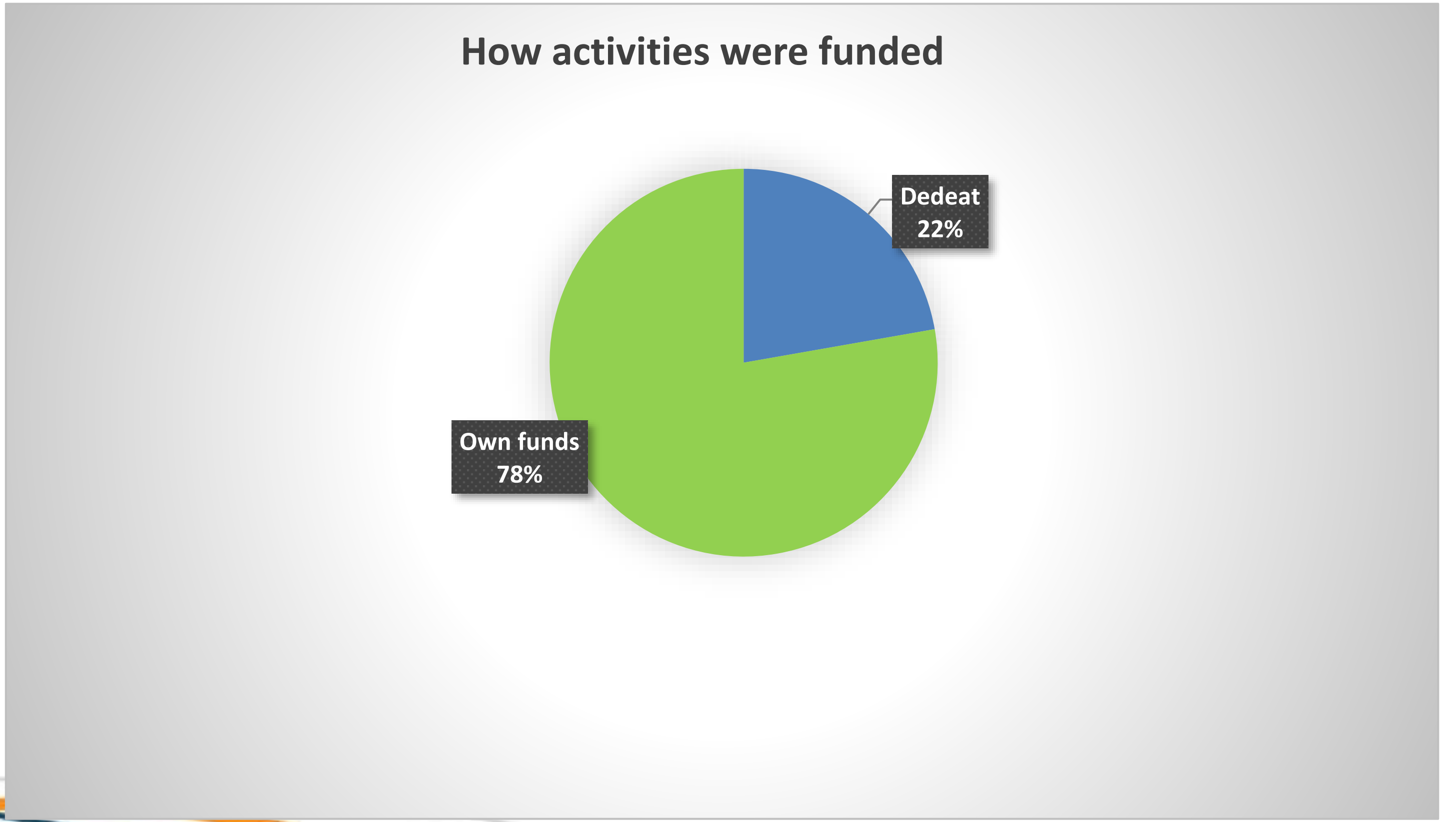
2024 – 2025 TOTAL FUNDING

- The activities for the 2024/25 financial year were funded from two sources, and DEDEAT funding includes Capex funding for the data center equipment:



DEDEAT	107 611 304
Own funds	376 346 859

Strategic capital allocations ensured balanced funding for expansion and sustainability

BUSINESS OUTLOOK: FUNDEND DEVELOPMENTAL PROJECTS

PROJECT	INVESTMENT VALUE	FUNDING STATUS	LEASE STATUS	CURRENT STATUS
Electrical Upgrade	**40 000 000**	**APPROVED**	At tender adjudication stage	Tendering stage
Daimler Trucks SA Ltd	**253 476 391**	**APPROVED**	Tenant lease commences November 2025	In progress
	293 476 391			

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ADDITIONAL FUNDING NEEDED – Private And Govt

The organization will try sourcing funding from the private sector on projects that cannot be funded from the fiscus. The organization will need to get permission from Treasury.

Description	Budget Needed	Budget Available	Funding Shortfall
Roof top and battery project	R441 075 250	R-	R441 075 250
Development of the Golf course	R1 800 000 000 (The other funding form the private sector)	R-	R1 800 000 000
Business Operating Process(BPO)	R68 000 000	R-	R68 000 000
Total	**R 2 309 075 250**	**R**	**R 2 309 075 250**

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CONCLUSION

- **ELIDZ's trajectory reflects disciplined management, strategic investment, and inclusive growth.**
- **Commitment to clean governance, innovation, and sustainable expansion.**

THANK YOU

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