east london idz
business streamlined

ANNUAL REPORT 2025 2026

Impact-driven ***Industrial Innovation Hub***

A World-Class Industrial Complex for **Growth Oriented Manufacturers**

Approval of **Annual Report 2025/26**

PREPARED BY
NAME: Mr. S Jele
DESIGNATION: Senior Manager: Office of the CEO

ENDORSED BY
NAME: Mr. G Matengambiri
DESIGNATION: Chief Financial Officer

RECOMMENDED BY
NAME: Mr. T Zweni
DESIGNATION: Chief Executive Officer

SUPPORTED BY
NAME: Ms. N Mnconywa
DESIGNATION: Chairperson: Audit & Risk Committee

APPROVED BY
NAME: Mr. A Kanana
DESIGNATION: Chairperson: ELIDZ Board of Directors

east london idz
business streamlined

Table of Contents

a. General Information 7

1.1 ELIDZ General Information 8
1.2 List of Acronyms/Abbreviations 9
1.3 Foreword by Board Chairperson 10
1.4 Chief Executive Officer's Overview 12
1.5 Statement of responsibility and confirmation of the accuracy of the annual report 16
1.6 Strategic Overview 17
1.7 Legislative and Other Mandates 22

b. Performance Information 25

2.1 Auditor-General's Report: Predetermined Objectives 26
2.2 Situational Analysis 30
2.3 Progress towards achievement of Institutional Impacts and Outcomes 39
2.4 Purpose and Outputs of ELIDZ Programmes 40
2.5 ELIDZ Programme Performance Information 41
2.6 Linking Performance with Budgets 49

c. Corporate Governance 51

3.1 Introduction 52
3.2 Portfolio Committee 52
3.3 Executive Authority 52
3.4 The Board of Directors 53
3.5 Risk Management 59
3.6 Internal Audit and Audit and Risk Committee 60
3.7 Fraud and Corruption 62
3.8 Minimising Conflict of Interest 62
3.9 Code of Conduct 62
3.10 Health, Safety and Environmental Issues 62
3.11 Company Secretary 63
3.12 ELIDZ Social and Ethical Responsibility 64
3.13 B-BBEE Compliance Performance Information 68

d. Human Capital Management

4.1 Human Capital Strategy 70
4.2 Human Capital Management Oversight Statistics 70

e. PFMA Compliance 75

5.1 Irregular Expenditure 76

f. Annual Financial Statements 79

International Footprint and **Zone Customers**

FELTEX AUTOMOTIVE TRIM
Fehrer AUTOMOTIVE
caravelle AUTOMOTIVE CARPETS
Yanfeng Global Automotive Interiors
AURIA
LINDE+WIEMANN
TI Automotive
POLYTEC
MOLAN PINO
EBOR AUTOMOTIVE SYSTEMS (PTY) LTD

Mercedes-Benz
Valeo
Wheel Assemblers
ZF
voestalpine ONE STEP AHEAD.
DAIMLER TRUCK Southern Africa
INTEVA PRODUCTS
FELTEX
clariter
msc
COLLECTALL

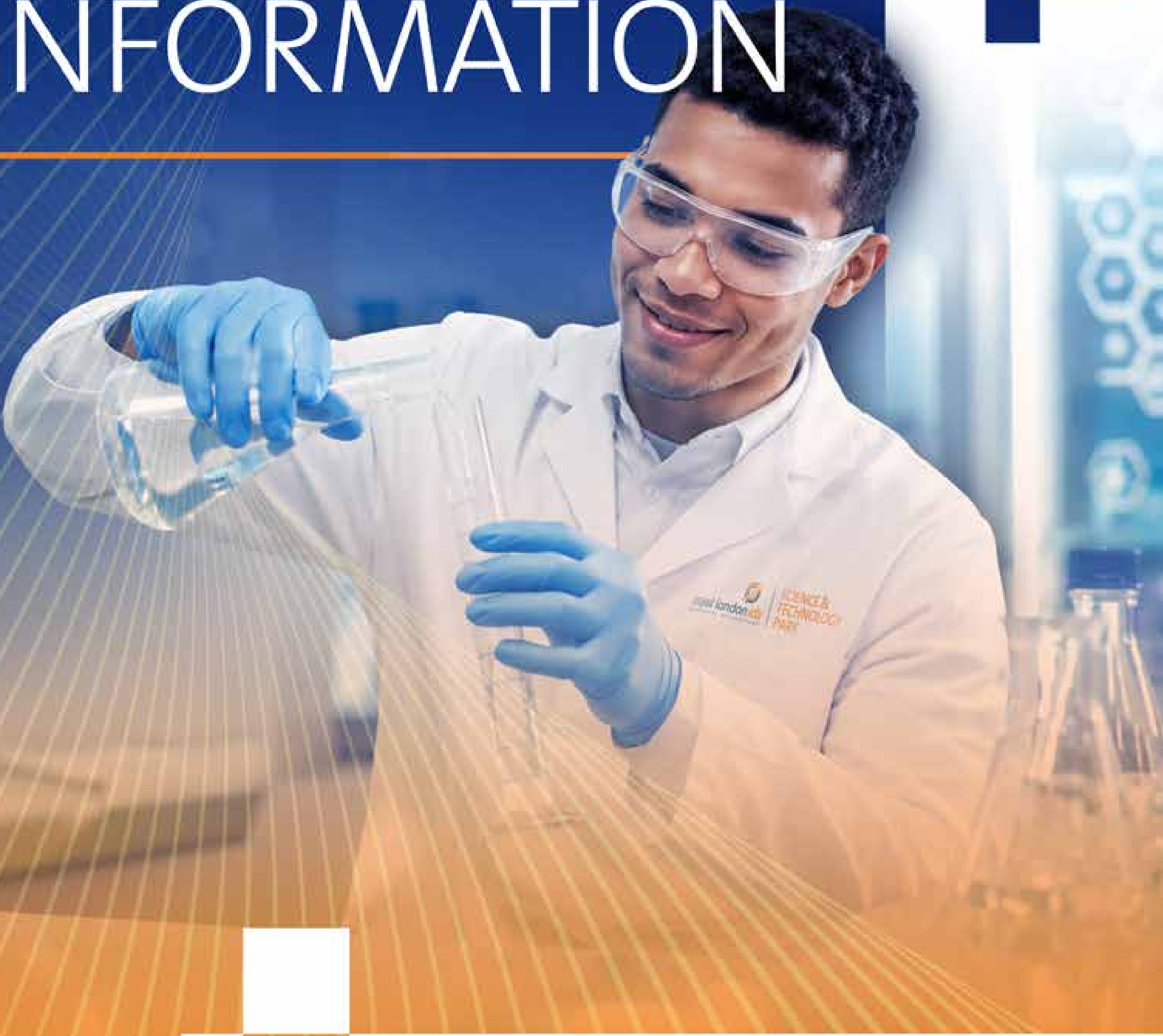
Techniplas Making the Connected World
GEMILATEX
BOYSEN INNOVATIONEN ABGASTECHNOLOGIE
AIH GROUP
RG brose
Wallenius Wilhelmsen Solutions
MARTINREA
TEM Tooling
ram HAND-TO-HAND COURIERS
Thezi Langa Pty Ltd
BUSHVELD ELECTROLYTE COMPANY

Sundale
MAXHOSA AFRICA
DSV
RSC
MILLTRANS
ONELOGIX VDS
BIGFOOT EXPRESS FREIGHT
Dräger
SHELFORD

east london idz
business streamlined

a.

GENERAL INFORMATION



Impact-driven **Industrial Innovation Hub**

1.1

ELIDZ General **Information**

REGISTERED NAME:	East London Industrial Development Zone SOC Ltd
REGISTRATION NUMBER:	2003/012647/30
PHYSICAL ADDRESS:	Lower Chester Road, Sunnyridge, East London, 5201
POSTAL ADDRESS:	P.O. Box 5458, Greenfields, East London, 5208,
TELEPHONE NUMBER/S:	+27 43 702 8200
FAX NUMBER:	+27 43 702 8251
EMAIL ADDRESS:	info@elidz.co.za
WEBSITE ADDRESS:	www.elidz.co.za
EXTERNAL AUDITORS:	Auditor-General South Africa
BANKERS:	Standard Bank
COMPANY SECRETARY:	Jo-Anne Palmer

1.2

List of **Abbreviations/Acronyms**

AFS	Audited Financial Statements
AGSA	Auditor-General of South Africa
AIDC	Automotive Industry Development Centre
BBBEE	Broad-Based Black Economic Empowerment
BCMM	Buffalo City Metropolitan Municipality
BFI	Budget Facility for Infrastructure Fund
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism
DOA	Delegation of Authority
DTIC	Department of Trade, Industry and Competition
EC2030	Eastern Cape Vision 2030 provincial development plan
ECDC	Eastern Cape Development Corporation
ELIDZ	East London Industrial Development Zone
FDI	Foreign Direct Investment
GAAP	Generally Accepted Accounting Principles
GBE	Government Based Enterprise
GRAP	Generally Recognized Accounting Practice
ICT	Information Communication Technology
IDZ	Industrial Development Zone
IPAP	Industrial Policy Action Plan
MBSA	Mercedes-Benz South Africa
MDA	Manufacturing and Development Act
MEC	Member of Executive Council
MGDS	Metro Growth and Development Strategy 2030
MTEF	Medium Term Expenditure Framework
NDP	The National Development Plan
NIPF	National Industrial Policy Framework
OEM	Own Equipment Manufacturer
PEDS	Provincial Economic Development Strategy
PGBE	Provincial Government Business Enterprise
PFMA	Public Finance Management Act
PIDS	Provincial Industrial Development Strategy
SAICA	South African Institute of Chartered Accountants
SCM	Supply Chain Management
SEZ	Special Economic Zone
SEZA	Special Economic Zones Act
SMME	Small, Medium and Micro Enterprises
SOE	State-Owned Entity
STP	Science and Technology Park
TR	Treasury Regulations

1.3

Foreword by the **Board Chairperson**

The 2025/26 financial year marked the first year of implementing the ELIDZ Vision 2030 Strategy. It was a year that tested the resilience of industrial development institutions, with global uncertainty, sectoral pressure, constrained public finances and shifting investment patterns all shaping the environment in which the organisation operated. For the Board, this context reaffirmed the importance of steady stewardship, long-term strategic focus and disciplined governance.

While the detailed account of operational performance is appropriately addressed in the CEO Overview, the Board's reflection is that the ELIDZ remained anchored to its mandate during a complex year. The organisation continued to pursue industrialisation, investment attraction, innovation, enterprise development and inclusive economic growth in a manner that supports both the Eastern Cape's development priorities and South Africa's broader Special Economic Zone agenda. The Board is committed to ensure stewardship through demanding years to come in the effort to achieve Vision 2030.

Mandate and Strategic Role

The Board views the ELIDZ as more than an industrial location. It is a strategic platform for regional economic development, industrial diversification, export-oriented production, technology adoption and enterprise participation. Vision 2030 strengthens this role by placing greater emphasis on long-term competitiveness, sustainable infrastructure, innovation-led growth and a wider regional industrial ecosystem.

The refinement of the organisation's sector focus, including the growing relevance of the digital and knowledge economy, reflects the changing nature of industrial development. The Board supports this evolution, recognising that future competitiveness will depend not only on traditional manufacturing strengths, but also on the Zone's ability to enable data, technology, innovation and modern industrial services as part of its value proposition.

Governance and Oversight

As the Accounting Authority, the Board's responsibility extends beyond compliance. Its role is to provide strategic direction, exercise ethical leadership, safeguard public resources, oversee risk and ensure alignment with shareholder expectations. During the reporting period, the Board remained focused on ensuring that the first year of Vision 2030 was implemented within a governance framework that supports accountability, transparency and responsible decision-making.

The Board is particularly mindful that the ELIDZ operates at the intersection of public mandate and commercial sustainability. This requires careful oversight of strategic choices, funding priorities, infrastructure commitments and stakeholder expectations. In this context, the organisation's governance culture remains one of its most important assets, enabling it to pursue developmental outcomes while maintaining appropriate financial discipline and institutional credibility.
Financial Resilience and Sustainability

Financial sustainability remains a strategic priority for the Board. The operating environment underscored the need to balance grant funding, own-generated revenue, long-term infrastructure investment and the pursuit of the developmental mandate of the organisation. The Board therefore continues to support efforts to deepen revenue resilience, strengthen investment readiness, unlock funding partnerships and ensure that the ELIDZ remains financially capable of delivering on its public purpose over the long term.

Socio-Economic Impact and Inclusive Growth

The Board remains mindful that the ultimate value of the ELIDZ is measured not only in investment commitments or infrastructure assets, but in its contribution to people, communities and regional capability. Enterprise development, skills formation, value chain localisation, innovation support and community upliftment all form part of a broader transformation agenda. These areas remain important to the Board because they connect the Zone's industrial development role to inclusive growth and long-term social value.

Stakeholder Partnerships

The ELIDZ's work depends on strong partnerships across government, industry, investors, tenants, communities and development institutions. The Board acknowledges the continued role of DEDEAT, the dtic, Buffalo City Metropolitan Municipality and other partners in supporting the SEZ mandate. These relationships remain essential as the organisation advances infrastructure readiness, investment facilitation, policy alignment and regional economic development.

Outlook and Priorities for the Year Ahead

Looking ahead, the Board remains confident in the strategic direction of the ELIDZ. The year ahead will require continued focus on investor confidence, infrastructure funding, revenue diversification, energy security, ESG implementation and the development of emerging sectors. The Board will continue to provide oversight that supports strategic agility while ensuring that the organisation remains accountable, sustainable and aligned with its developmental mandate.

Appreciation and Closing Remarks

On behalf of the Board, I extend sincere appreciation to our shareholders, strategic partners, investors, tenants, development institutions and community stakeholders for their continued support. I also thank my fellow Board members, the Chief Executive Officer, Executive Management and employees of the ELIDZ for their commitment and professionalism during a demanding year. As Vision 2030 continues to unfold, the Board remains committed to guiding the organisation in a manner that advances industrialisation, promotes inclusive economic development and creates lasting value for the Eastern Cape and South Africa.

Mr. A Kanana

Chairperson
Accounting Authority

As Vision 2030 continues to unfold, the Board remains committed to guiding the organisation in a manner that advances industrialisation, promotes inclusive economic development and creates lasting value for the Eastern Cape and South Africa.

1.4

The 2025/26 financial year was a demanding but important year for the ELIDZ. We operated in an environment shaped by global uncertainty, pressure in the automotive sector and tighter public-sector funding conditions.

Chief Executive **Officer's Overview**

These realities affected revenue volumes, investment timing and employment levels, but they also sharpened our focus on disciplined execution, resilience and the need to keep building a more diversified and future-ready Zone.

Performance Against Mandate

Against this backdrop, the organisation delivered a strong overall performance. The ELIDZ achieved 25 of its 26 annual Corporate Plan KPIs, representing 96% achievement for the year. Programme 2 delivered all its targets, while Programme 1 recorded broad progress across investment attraction, infrastructure readiness, utilities reliability, innovation, incubation and skills development. The one area of underperformance was manufacturing and services employment, which was directly affected by reduced production and shutdowns in the automotive sector. As a mitigative response, the ELIDZ is promoting its vacant facilities in a bid to operationalise more investors as part of a sector diversification strategy. Promising prospects in the ICT sector should help boost employment in future financial periods, especially in relation to services employment.

Performance area		Importance
Overall KPI achievement	25 of 26 KPIs achieved; 96% overall achievement	Demonstrates strong execution against the Corporate Plan.
Programme 1	17 of 18 KPIs achieved	Shows broad progress across operations, investment, infrastructure, innovation and enterprise support.
Programme 2	8 of 8 KPIs achieved	Confirms institutional support and governance stability.

Financial Sustainability and Cost Discipline

Financially, we closed the year with discipline and stability. The operating budget was revised from R499.6 million to R475.4 million in response to lower utilities revenue, driven mainly by reduced consumption linked to automotive-sector volume reductions. Despite this pressure, 99.9% of the operational budget was spent by year-end, reflecting sound planning, effective cost control and continued delivery of core services. Total expenditure amounted to R537.8 million against a year-to-date budget of R552.2 million, a favourable variance of approximately 2.6%, mainly due to capital project timing.

Revenue performance was slightly below target, ending 1.3% under the revised annual forecast. This was largely the result of lower rentals, lower electricity consumption, reduced Science and Technology Park revenue and ICT services coming in below forecast.

The underlying drivers were not a weakening of the Zone's offer, but rather the timing of investor occupation, lower municipal volumes in STP activity and the wider production cycle in the automotive sector. Importantly, water, sewerage, conference centre income and other income performed ahead of forecast, while debt management remained strong, with debtor collections exceeding the annual target.

Financial signal	Reported position	Operational Significance
Operating budget	Revised from R499.6 million to R475.4 million	*Budget alignment responded to reduced utilities revenue while protecting service delivery.*
Operational spend	99.9% of operational budget spent	*Reflects disciplined execution and delivery of planned activities.*
Operating expenditure	R475.3 million against R475.4 million budget	*Favourable variance mainly due to cost of employment savings.*
Capital expenditure	R62.4 million against R76.7 million budget	*Favourable variance was mainly linked to DTSA & ERP upgrade project timing, not reduced ambition.*
Total expenditure	R537.8 million against R552.2 million budget	*Favourable variance was mainly linked to capital project timing, not reduced ambition.*
Revenue performance	1.3% below revised forecast	*Variance was driven by sector conditions, delayed occupation and lower STP volumes.*
Debtor collection	98% against a 95% target	*Shows strong financial controls and credit management.*

We also continued to manage expenditure with care. Cost containment measures remained in place, with training, travel, catering and professional fees managed against business need. Key senior management vacancies were filled during the year, strengthening leadership capacity without compromising financial discipline. The organisation maintained service delivery continuity while completing recruitment processes for remaining vacancies.

Infrastructure, Utilities and Zone Readiness

Capital expenditure reflected the practical realities of infrastructure delivery. The capital budget was reduced from R528 million to R76.7 million, mainly because the Solar Rooftop and Battery Storage project was not yet funded, the Daimler Trucks SA project started later than initially expected and the Bulk Electrical Upgrade tender had not yet been awarded.

By year-end, R62.4 million had been spent, with key projects such as the Daimler Trucks SA facility, data centre certification and ERP upgrade progressing into the 2026/27 financial year. These rollovers are not a retreat from our infrastructure ambitions; they are a managed transition of committed work into the next delivery cycle. To finalise the projects, the ELIDZ has applied for rollover of funds that were committed at year end but not utilised. Table 2 shows the projects that were in progress and that had funds that needed to be rolled over to the following year.

Description	Amount
DEDEAT Projects	R6 707 303
STP Projects	R138 999
ERP Upgrade *(own revenue funding)*	R4 599 451
DTIC Projects *(excluding interest)*	R199 843 158
TOTAL	**R211 288 911**

At the same time, we made meaningful progress in strengthening the Zone's long-term readiness. The Integrated Infrastructure Masterplan was developed and approved, giving the ELIDZ a clearer framework for coordinated infrastructure planning and future investment support. Utilities performance remained a major strength, with 100% uptime achieved against a 98% target. This reliability is fundamental to investor confidence and business continuity, especially in a period when energy security remains a strategic concern for industrial platforms.

Investment Attraction and Pipeline Momentum

Our investment performance tells a story of recalibration and resilience. While investment recognition timing affected some quarterly results, the annual performance report confirms R700 million in new private sector investment commitments by year-end.

The investment pipeline ended Q4 with 47 potential investors valued at approximately R14.46 billion, with an estimated employment potential of 4,590 direct jobs. Importantly, the pipeline is becoming more balanced across advanced manufacturing, sustainable energy, agro-industry, aquaculture, the digital economy, logistics and automotive opportunities. This diversification is deliberate and necessary as we reduce over-exposure to any single sector.

Employment Pressure and Sector Response

The pressure on manufacturing and services jobs was the clearest reminder that our operating environment remains vulnerable to external industry cycles. The automotive sector continued to face weak global demand and production interruptions, which affected supplier activity and employment. However, there are also early signs of stabilisation. ELIDZ continues to support the sector through targeted investor facilitation, engagement with alternative automotive markets, refinement of incentive packages and collaboration with strategic partners. The operationalisation of investments such as RG Brose Expansion, Collondale, Gemilatex, Daimler Truck Southern Africa, Collondale Expansion and MaXhosa is also expected to support employment recovery over the medium term.

Socio-Economic Impact, Innovation and ESG

Beyond the financial numbers, the ELIDZ continued to deliver developmental impact. Three incubators were operational during the year, namely the Construction Incubator, Digital Hub and Manufacturing Incubator, supporting 65 enterprises against a target of 20. Skills development performance was especially strong, with 602 beneficiaries trained against a target of 200 in areas such as artificial intelligence, data science, cybersecurity, additive manufacturing, green hydrogen, game development and other future-focused disciplines. These initiatives are helping to strengthen the regional skills base and support enterprise participation in new industrial opportunities.

Innovation and sustainability also gained momentum. The Science and Technology Park exceeded its targets for prototypes, commercialised innovations and localised technologies, demonstrating that our role is not only to host industrial activity, but also to help modernise it. ESG implementation moved through an important foundation-building year, with baseline information, governance processes and reporting frameworks established to support more formal target-driven implementation from 2026/27. Our renewable energy work, including the energy masterplan and solar rooftop business case, remains central to the Zone's long-term competitiveness.

Governance, Risk and Institutional Stability

Governance and institutional performance remained solid. The ELIDZ maintained its Level 3 BBBEE contributor status, achieved strong debtor collection performance and continued to administer CSI projects in areas such as education, youth development, community upliftment, support to persons with disabilities, enterprise support and crime prevention. The organisation also sustained a strong control environment, supported by its history of clean audits and continued focus on compliance, risk management and ethical administration.

Outlook: Priorities for the Year Ahead

Looking ahead, our priorities are clear. We must convert the improved investment pipeline into operational projects, accelerate infrastructure delivery, secure funding for strategic projects, strengthen revenue diversification and continue supporting existing tenants through a volatile industrial cycle. We will also keep advancing our diversification strategy, particularly in sustainable energy, agro-industry, advanced manufacturing, aquaculture and the digital economy, while preserving our automotive base and modernising the value proposition we offer investors.

4773

Direct manufacturing and service jobs created.

602

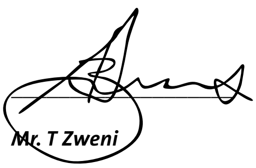
Beneficiaries trained through the ELIDZ Science & Technology Park.

Priority	Management focus	Expected contribution
Pipeline conversion	Move quality investment prospects into operational projects.	*Supports investment value, jobs and sector diversification.*
Infrastructure delivery	Advance rollover projects and secure funding for strategic infrastructure.	*Improves readiness for future industrial growth.*
Revenue diversification	Grow alternative revenue streams and support existing tenants.	*Strengthens long-term financial sustainability.*
Energy and ESG	Progress renewable energy, ESG measurement and sustainability reporting.	*Enhances competitiveness and investor confidence.*
Skills and innovation	Scale future-focused skills, incubation and technology support.	*Builds inclusive industrial capability in the region.*

Appreciation and Closing Message

I want to acknowledge the Board, shareholders, employees, investors, tenants, government partners and communities who continue to support the ELIDZ's work. The year tested our resilience, but it also confirmed the strength of our mandate and the importance of its disciplined execution. We enter the next financial year focused on delivery, partnership and impact, with confidence that the ELIDZ remains well positioned to contribute meaningfully to industrialisation, regional economic development and inclusive growth in the Eastern Cape.

Yours faithfully



Mr. T Zweni

Chief Executive Officer

65

Enterprises supported through the ELIDZ incubation programme.

100%

Uptime on ELIDZ utilities during the period under review.

1.5

Statement of responsibility and confirmation of the **accuracy of the annual report**

To the best of my knowledge and belief, I confirm the following:

- All information and amounts disclosed in the annual report are consistent with the AFS audited by the AGSA.
- The annual report is complete, accurate and free from any material omissions.
- The annual report has been prepared in accordance with the Guidelines on the Annual Report as issued by National Treasury.
- The AFS have been prepared in accordance with GRAP, and the Companies Act and the PFMA the GRAP standards applicable to the public entity.
- The accounting authority is responsible for the preparation of the AFS and for the judgements made in this information.
- The accounting authority is responsible for establishing, and implementing, a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the AFS.
- The external auditors are engaged to express an independent opinion on the AFS.

In our opinion, the annual report fairly reflects, in all material respects, the operations, performance information, human resources information and the financial affairs of the public entity for the financial year ended 31 March 2026.

Yours faithfully

Mr. T Zweni
Chief Executive Officer

Mr. A Kanana
Chairperson of the Board

1.6

Strategic **Overview**

The East London Industrial Development Zone SOC Ltd is reporting on year 1 of implementing its new five-year strategic term that is poised to be the most pivotal in the history of the company to date. This is as it transitions from its Vision 2025 planning to embrace new frontiers in an even bolder Vision 2030 five-year strategic agenda.

Re-imagining the Future

In gearing up for the new term, the directors of the company signalled to the executive and management their desire that the business undertake a fundamental, research-based reset of the core thrust of the business. Facing a complex and fast-changing world of business and industry, it was the directive of the Board that management take extra time and resources in the planning process to undertake a thorough body of research to freshly identify key initiatives to be taken on board as the foundation of the Vision 2030 agenda.

This included a retesting and re-prioritisation of the company's targeted industrial sector growth opportunities where the company will now be seeking to accelerate and enhance its industrialisation advances. This will be spearheaded through more selective and tactically pro-active and reactive responses to research-defined business opportunities. This will also be underpinned through an optimisation of the ELIDZ's go-to-market strategies and gameplay, including aspirations of pursuing new business growth opportunities for the SEZ and its tenant industries in the African continental marketplace.

The sector research has pointed to exciting and promising emerging sector growth prospects as the ELIDZ steels itself to underpin this business development drive by also asserting a stronger and broader developmental role across the provincial landscape. Important among these are industrial sub-sectors within the Agri-industry and Digital Economy space, both of which offer attractive opportunities and labour-absorption potentials.

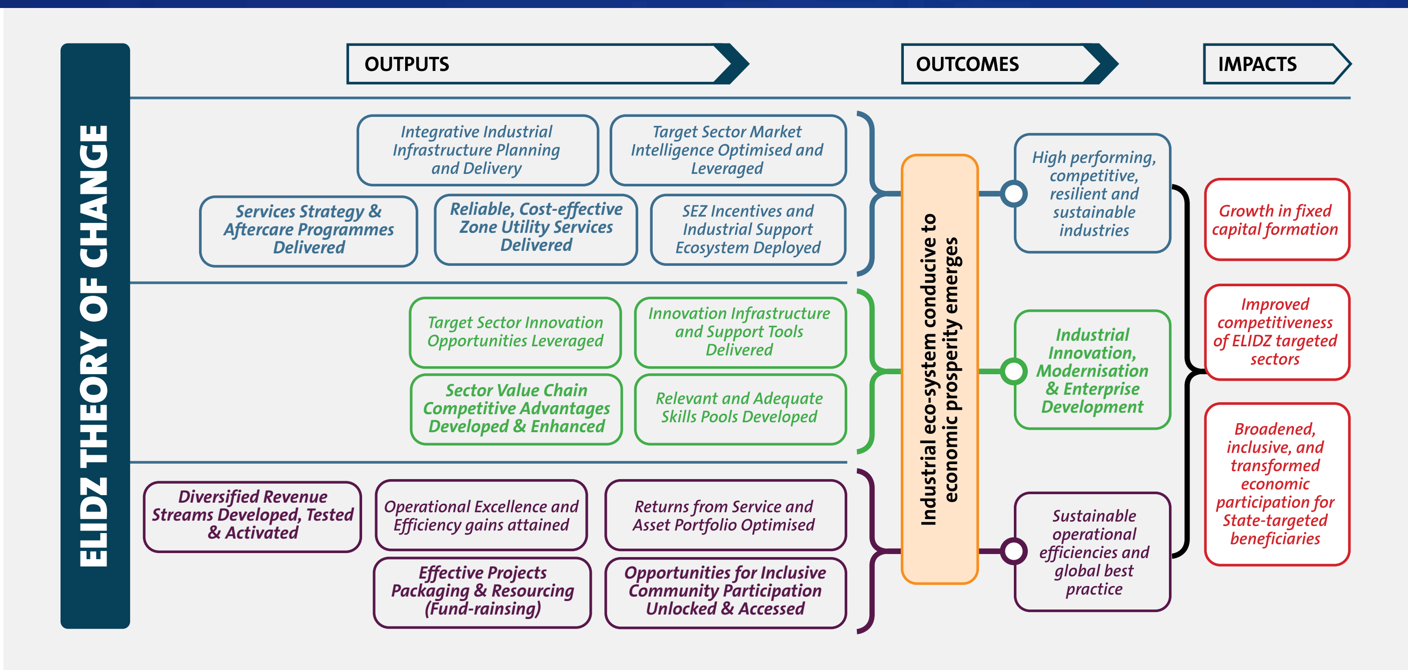
Specifically, the ELIDZ aims to impact and grow sector value chains in dynamic sectors more emphatically with promising longer-term spatial and rural economy socio-economic linkages benefits also. At the centre of this drive towards the delivery of more inclusive economic development is a firm resolve taken jointly by the board and management to respond more holistically to the full developmental mandate assigned to the SEZ programme and its operators under its enabling legislation and policy.

It is recognised that this is now a critical necessity if the community of economic and industrial development institutions of the Eastern Cape is to have real hopes of changing the provincial economic trajectory from the doldrums which it finds itself in. And this must happen if government is to succeed in uplifting and developing the region's enterprises, citizens and communities at a quicker and more socially acceptable pace. With its broadened institutional change desires, the company has also moved to reconsider how it wishes to express its core ideology statements of Vision and Mission.

There is a realisation that a concerted development drive by the whole of government is now a burning imperative. And hence a strong and persuasive core business philosophy will need to be articulated by the ELIDZ in order to rally all relevant stakeholders to join hands with it in what amounts to a very brave and intrepid strategic intent.

Validation of Organisational Theory of Change

The development of a shared agenda with the ELIDZ's stakeholder partners is aided by the organisation's theory of change which has been embedded and serves as sound strategic planning framework. The theory of change connects the organisation's inputs, activities and interventions to outputs, outcomes and long-term socio-economic impact. It clarifies how the organisation's strategic choices contribute to economic growth, industrialisation, investment attraction and job creation, while strengthening alignment across stakeholders. By making these causal links explicit, the ToC supports focused implementation, shared accountability, evidence-based decision-making and effective use of resources.



For the East London Industrial Development Zone (ELIDZ), the Theory of Change guides strategic planning by anchoring the organisation's mission to drive economic growth, industrialisation and job creation in the region. It supports alignment between the ELIDZ vision, strategic objectives and implementation priorities, and provides a common basis for engaging government, investors, businesses and communities. The framework also clarifies the interventions required to address challenges such as unemployment, infrastructure constraints and economic inequality, ensuring that initiatives remain targeted, coordinated and impact-driven.

The ToC also strengthens monitoring, evaluation and learning by enabling ELIDZ to track progress, test assumptions, assess results and adapt implementation where required. It demonstrates the causal relationship between organisational activities and broader socio-economic benefits, thereby reinforcing credibility, investment attraction and partnership development. The ELIDZ Theory of Change builds on the existing framework by expanding the SEZ footprint beyond the zone as a deliberate response to major socio-economic challenges in the Eastern Cape. It further emphasises the role of an innovation ecosystem in growing targeted sectors and improving their competitiveness.

Key Business Assumptions to the ELIDZ Theory of Change

The revised TOC is premised on the following assumptions to realise the intended outcomes and impact.

CATEGORY 1: INFRASTRUCTURE RELATED CORE ASSUMPTIONS	
All role players will collaborate to improve the efficiencies in the logistics value chains that support industry.	There are sufficient, cost-effective and sustainable utilities and infrastructure to support the targeted industries.
The in-zone infrastructure will be maintained to be on par with best practice and global competitiveness.	There will be value co-creation in partnership with the SEZ host provincial and municipal governments and other enabling stakeholder partners to roll out infrastructure in new precincts.
The host municipality and other bulk providers are able to assure the adequacy, quality and reliability of all utilities infrastructure and services.	The host region is able to effectively support attracted investments with a full range of business support and technical/professional facilities and services.

CATEGORY 2: POLICY AND PROGRAMME INSTITUTIONAL CORE ARRANGEMENT ASSUMPTIONS	
There are policy consistency and coherence to enable the support of targeted industries (e.g. relevant support packages/incentives, for targeted).	There are strong trade relationships and trade agreements to enable new market penetration by South African industries in targeted global markets.
ELIDZ can leverage the SEZ incentives and support programmes to aid investors to penetrate new markets.	The social, economic and political conditions in SA are positive and fully agreeable to the targeted investor community.
The national and global economies perform well and remain positive for growth and the stimulation of export production and trade.	There is value co-creation by national, provincial and local government to ensure a competitive suite of industry support measures, such as tax incentives and regulatory easing and reduced cost of doing business.

CATEGORY 3: CUSTOMER TRENDS AND CORE PERFORMANCE ASSUMPTIONS	
The location has strategic advantages in terms of cost/cost benefit for targeted sectors.	There is participation of all key role players in developing and strengthening the value chains for targeted industries.
There is an existence of capabilities for new product development in the private sector.	ELIDZ has selected those industry sectors for investment attraction where the host region is able to demonstrate a competitive advantage strength.
Targeted industries find government's incentives and support measures relevant, valuable and compelling.	ELIDZ's marketing strategy and promotional activities are competent, optimally focused and well executed.
ELIDZ's industrial support strategies and related operational plans pursue the demonstration and advocacy of sustainable ESG practices that respond well to investor expectations. Areas of ESG focus extend to include energy, water, waste, greenhouse-gas emissions, and the circular economy.	

CATEGORY 4: STAKEHOLDER SUPPORT CORE ASSUMPTIONS	
All public institutional partners that enable SEZ implementation stand ready to commit the necessary funds or other resources needed.	ELIDZ's shareholders are 100% committed to the realisation of the company's vision, mission, programmes and goals.
All public institutional partners that enable SEZ implementation stand ready to commit the necessary funds or other resources needed. ELIDZ's shareholders are 100% committed to the realisation of the company's vision, mission, programmes and goals.	

ELIDZ Core Ideology

The scope for ELIDZ's core ideology setting has been expanded and enriched in response to several key inter-related external developments. These developments include:

- Moves by the SEZ programme to accommodate and formalise a more expansive role for SEZs in the regional economic development of their host provinces.
- Growing political sentiment at provincial and municipal level that wishes to see initial successes in SEZ roll-out being replicated and leveraged more broadly provincially; and
- Corresponding groundswell pressure emanating from local communities wishing to utilise SEZ projects to unlock economic participation opportunities for all citizens.

Re-alignment of ELIDZ Mission

In response to the ELIDZ's strategic intent to include expansion of the industrial footprint of the region, the development of local industrial capability and the prioritisation of sustainability required the ELIDZ to enhance its mission to not only focus on operating the zone but also embrace some of the activities that are required as part of the mandate to expand and grow the industrial ecosystem of the region. As such, the ELIDZ's mission has been revised.

Re-alignment of ELIDZ Vision

The re-alignment of the Mission also allowed the organisation to refine its lens of it future state – the organisation's vision statement to emphasises that development is a result of collaborative action and shared investment between the private and public sectors. It introduces the focus on impacting communities. The new vision recognises that the ELIDZ is no longer just an SEZ precinct but and industrial hub (zone; ecosystem; multiple precincts) for development and it further localises the zone and it impact to the Eastern Cape province. Moreover, the new vision also highlights the ELIDZ's transformative responsibility to surrounding communities and local enterprises.

VISION

A globally recognised hub of innovative industries and technologies that

- *transform the Eastern Cape industrial base and*
- *drive the sustainable development of enterprises and communities*

MISSION

To attract and sustain investment activities that grow the region's industrial productivity through:

- *the operation of a world-class investment location and the optimisation of a supportive innovative ecosystem.*

Adoption of Vision 2030 Triple Lens Planning and Internal Environment Responsiveness

The ELIDZ has formulated a 'triple lens' planning development and implementation approach in giving expression to the guidance of shareholders on Re-imagining our Future and reshaping the organisational purpose. These shifts, in turn, contemplate how the company can better position itself institutionally to deepen both its reach and effectiveness in delivering on the full SEZ mandate and in lifting the socio-economic outcomes and impact potentials of the SEZ.

Responding to strong government sentiment that came to the fore with the establishment of the Seventh Administration, Shareholders are anxious that the organisation step more fully into its legislated mandate and find inventive ways to begin to unlock not only static but also dynamic and transformational benefits for served industries and communities.

Planners foresee that these objectives can best be accomplished through the adoption of a triple lens approach towards mandate implementation optimisation as shown below:

DEVELOP AND OPERATE AN SEZ PRECINCT AND RELATED SUPPORTING SERVICES	EXPAND THE REGIONAL INDUSTRIAL DEVELOPMENT AND INNOVATION ECOSYSTEM	INVEST IN NEW AND INNOVATIVE BUSINESS ACTIVITIES
• Develop, operate, maintain and expand designated SEZ precincts. • Develop infrastructure required to support the development of targeted industrial activities. • Attract, settle amd retain FDI and DDI in targeted strategic sectors. • Enable beneficiiation of mineral and natural resources.	• Promote skills development and technology transfer. • Support innovation and development of new industrialcapability in targeted and emerging sectors. • Promote participation of small, micro and medium enterprises in the economy. • Support and participate in the development and upgrading of social and economic infrastructure. • Support and facilitation of OFDI	• Create new and innovative economic activity. • Diversify ELIDZ revenue generation capability. • Optimise ELIDZ assets, intellectual capability, experience. • Expand ELIDZ's funding network.
CORE BUSINESS	**ECOSYSTEM DELIVERY**	**NEW BUSINESS ACTIVATION**

The ELIDZ has also revised its values to talk to its aspirations to strive for excellence.

ELIDZ SHARED **VALUES**

Inspired by **Impact**

"We are not satisfied with our performance unless it has a lasting and meaningful impact in uplifting the lives and future potentials of the citizens we have been created to serve."

Builders of **Synergy**

"We actively lead in building productive synergies and collective expertise with our key stakeholders, exploiting our knowledge and continuous learning."

Ethical by **Nature**

"We are responsible and accountable for how we do business, how diligently we utilise all resources entrusted to us and how we manage our operations in a manner that assures the safety and reliability of our industrial precinct and its services."

Seekers of **Solutions**

"In every situation, we seek out possibilities that foster and yield innovative and practical solutions in order to deliver superior outcomes of value to our customers, stakeholders, and ourselves."

Passion for **Efficiency**

"We respond to address the needs of customers with speed and efficiency and these needs direct and energise both our plans and actions."

Committed to **Excellence**

"We strive to set ambitious goals, prioritize innovation for continuous improvement, and deliver high-quality results that exceed the expectations of our customers and stakeholders."

The Strategic planning process took great care to review and refine all elements of the core ideology of the business, including its Vision, Mission, Values and Theory of Change.

This was done to obtain best comfort and assurances of a robust strategic intent both for the entity internally and for purposes of mounting renewed stakeholder engagements in support of the Vision 2030 shared outcomes.

1.7

Legislative and **Other Mandates**

Special Economic Zones Act

In its role as an approved SEZ Operator, ELIDZ's legislative and policy mandate is primarily prescribed in terms of the special economic zones programming legislation and policy instruments. These were set out by national government respectively in the issue of the Special Economic Zones Act No 16 of 2014 and in the SEZ Programme Policy Statement as issued in 2012.

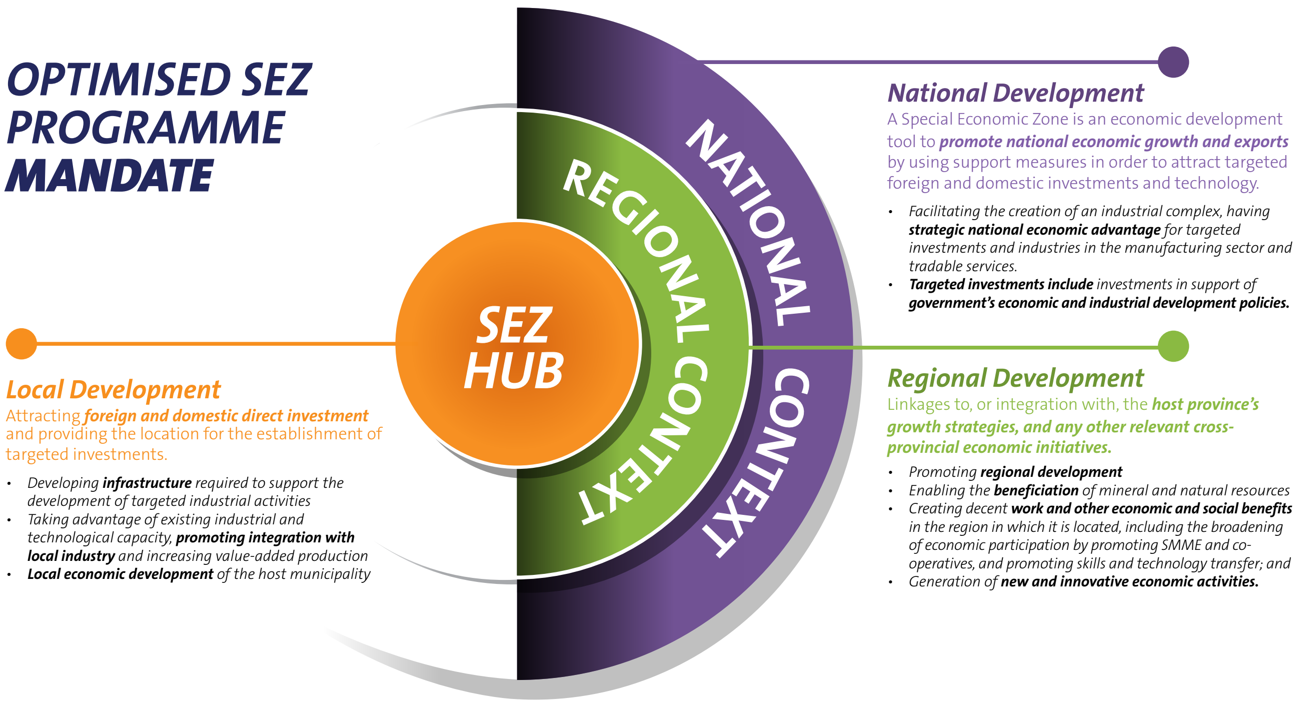
SEZs were conceived and established by the Department of Trade, Industry and Competition (The DTIC)) to operate as a mechanism that will contribute towards the realisation of the country's pressing economic growth and development goals, both in respect to the domestic economy and SA's participation in the global economy.

A very broad institutional mandate was therefore envisaged and provisioned within the Programme's legislative and policy prescriptions. This mandating basis has remained stable, relevant and unchanged during recent strategic planning terms of the ELIDZ. What does change from one strategic cycle to the next is a re-assessment of how the company should best position itself and act to prioritise its responses towards the fulfilment of the desired mandate outcomes.

In reviewing and developing fresh strategic and operational plans for the strategic term 2026-2030 the directors of the company placed special emphasis on re-evaluating where the ELIDZ had been successful in discharging the SEZ mandate while also identifying areas where the mandate delivery has not materialised as fully as expected or desired for corrective interventions.

Under the Special Economic Zones Act the developer and operator of an SEZ is charged with a series of far-reaching desirable performance outcomes. The company's strategic plans for 2026-2030 have now sought to re-interpret, re-frame, resource, enable and realise its five-year mission based on the recalibration of the mandate.

The SEZ Act sets out the purposes of SEZ implementation projects. It mandates SEZs to mount initiatives and facilitate coordinated public/private sector collaborative efforts in addressing the developmental needs and potentials of the SEZ host region's industrial economy holistically:



More broadly, and taking reference to the mandate ordinarily placed with economic zones internationally, SEZ platforms are seen as tools to drive the following transformative development outcomes:

- Transformation and rehabilitation of ailing and emerging economies
- Testing ground for economic reform and new economic activity
- Industrialisation
- Increased socio-economic benefit
- Upgrading of local industries

National SEZ Framework.

The National SEZ Framework provides a broader implementation lens through which the ELIDZ mandate is understood as extending beyond the provision of serviced industrial land. It positions SEZs as coordinated industrial development platforms intended to advance industrialisation, investment attraction, regional development, employment creation, export growth, enterprise participation and improved national competitiveness. In this context, ELIDZ is required to operate not only as a zone developer and operator, but also as a catalytic institution that helps organise public and private sector action around clearly defined industrial opportunities, infrastructure requirements and socio-economic outcomes.

The framework also reinforces the importance of integrated planning across national, provincial and local spheres of government. For ELIDZ, this means that infrastructure planning, land readiness, sector targeting, investment facilitation, incentives, skills development, enterprise support and community benefit must be coordinated with the priorities of DTIC, DEDEAT, Buffalo City Metropolitan Municipality and other enabling partners. The intent is to ensure that SEZ development is not implemented in isolation, but is aligned to wider spatial, industrial, trade, infrastructure and regional economic development priorities.

From an institutional perspective, the National SEZ Framework strengthens the expectation that SEZ Operators must provide a credible and competitive investor value proposition. This includes reliable infrastructure and utilities, responsive investor facilitation, effective aftercare, access to relevant incentives and support measures, reduced administrative barriers, and a stronger focus on sector-specific competitiveness. It further implies that ELIDZ must continue to deepen its capability in project packaging, stakeholder coordination, investment promotion, sector development, industrial innovation and enterprise participation.

The framework is therefore directly relevant to the ELIDZ Vision 2030 strategic posture. It supports the shift toward a broader industrial ecosystem role, including value-chain development, technology and innovation support, SMME participation, skills formation, inclusive procurement, ESG responsiveness, renewable energy readiness and spatial expansion where justified by demand. It also places greater emphasis on measurable developmental impact, requiring the Zone to demonstrate how its activities contribute to jobs, investment, industrial capability, exports, localisation, regional transformation and improved community outcomes.

DTIC Spatial Industrial Development Strategy.

The DTIC Spatial Industrial Development Strategy is recognised as a stand-alone policy framework informing the ELIDZ mandate and strategic posture. The strategy strengthens the role of SEZs and other spatial industrial initiatives as instruments for geographically targeted industrial development, catalytic investment mobilisation, regional economic development, infrastructure coordination, improved governance of industrial platforms, and inclusive socio-economic impact. For ELIDZ, this reinforces the need to position the Zone not only as an investment location, but as an integrated spatial industrial development platform that supports regional transformation, private sector-led investment, value-chain development, SMME participation, community benefit and alignment across national, provincial and local development priorities.

The strategy places emphasis on moving spatial industrial development initiatives from being stand-alone property or infrastructure programmes into coordinated instruments for inclusive industrial growth. In practical terms, it seeks to strengthen how SEZs, industrial parks, township economy initiatives and other spatial industrial platforms are planned, governed, supported and linked to private sector investment. This is particularly relevant to ELIDZ because Vision 2030 requires the organisation to deepen its role as a catalytic regional platform rather than operate only as a fenced industrial estate.

A central thrust of the strategy is the acceleration of catalytic industrial projects in targeted locations. These projects are expected to unlock private sector-led investment, crowd in complementary public infrastructure, increase industrial output and generate wider socio-economic benefits. For ELIDZ, this reinforces the need to package bankable investment opportunities, strengthen project development capability, mobilise blended funding and coordinate enabling infrastructure in a manner that improves investor confidence and accelerates implementation.

The strategy further places strong emphasis on governance and operational effectiveness. It recognises that spatial industrial platforms require clearer institutional roles, better intergovernmental coordination, improved infrastructure planning, stronger investor facilitation and more responsive support systems. Within ELIDZ, this supports the continued strengthening of partnerships with DTIC, DEDEAT, Buffalo City Metropolitan Municipality, development finance institutions, utilities, logistics stakeholders, sector departments, skills institutions and private sector partners.

The inclusive growth orientation of the strategy is also significant. It requires spatial industrial development initiatives to demonstrate benefits for SMMEs, local suppliers, surrounding communities and regional value chains. This aligns with ELIDZ's focus on enterprise development, incubation, skills formation, local procurement, community benefit and broader industrial ecosystem development. The strategy therefore strengthens the basis for ELIDZ to integrate SMME work packages, localisation opportunities, supplier development and community-facing value propositions into investment projects from the outset.

The strategy also has clear implications for market expansion and regional integration. By linking spatial industrial initiatives to value-chain development and broader African market opportunities, including the African Continental Free Trade Area, it supports the positioning of SEZ-based firms for export growth, cross-border value-chain participation and regional industrial linkages. For ELIDZ, this is consistent with the Vision 2030 intent to support investors and tenant industries in accessing African and other growth markets while strengthening the Eastern Cape's role in export-oriented industrialisation.

Overall, the DTIC Spatial Industrial Development Strategy provides an important policy bridge between national industrial policy, regional economic development and site-level SEZ implementation. It gives further mandate support to ELIDZ's shift toward integrated spatial industrial development, catalytic project packaging, infrastructure coordination, investment facilitation, inclusive enterprise participation, ESG responsiveness, green industrialisation and measurable socio-economic impact.

Integrative Mandate Relevance and Alignment

There is an expectation that provincial implementations of SEZ precincts authorised and designated under the national SEZ Programme must link up and integrate with both the host province's and host municipality's economic development policies and growth aspirations.

In response to this intent, the ELIDZ takes care to develop its organizational priorities on the basis of government's industrial and economic development aspirations, as set out in the high-level strategic planning issued by its government principals located across the spheres of national, provincial and municipal government.

Recent articulations of public policy on industrial and economic development were taken under eye in the ELIDZ's formulation of its planning. At national level South Africa's Country Investment Strategy (CIS) 2023 was consulted as part of the Vision 2030 planning reset to re-tune and re-align the company's targeted industrial development aims through strategic industrial sectoral targeting and re-prioritization.

Specifically, the ELIDZ was able to test and locate/align the Eastern Cape's development potentials within the CIS's Big Frontiers of country strategic investment attraction imperatives (encompassing both foreign and domestic investment interests).

Sound planning alignment was also found in the six key drivers of the country's investment strategy, namely:

- Localisation and economic resilience
- Infrastructure investment
- African integration
- The green transition
- Exports development and growth
- Industrial innovation.

A similar reflection was made on the Eastern Cape Provincial economic development strategies which identify the top provincial interests in the pursuit of eight High-Priority Sectors. A good correlation was seen to exist, and the ELIDZ's Vision 2030 agenda actively seeks to contribute directly to six of the provincial sectoral aspirations.

The sector re-prioritisation process recognised some headwinds being experienced by the Eastern Cape's traditional automotive anchor industrial sector. However, this is accompanied by fast-emerging new opportunities especially within the Digital Economy, Agri-industry and Sustainable Energy sectors, all of which the ELIDZ is already strongly orienting itself towards.

Drive to extend and reinforce SEZ value proposition

Creation of a conducive environment for industrial development support forms an integral aspect of the SEZ programme value proposition. For it to operate effectively, however, it must be armed with a comprehensive package of industry-relevant incentives and support tools and measures that operate effectively and efficiently within that ecosystem.

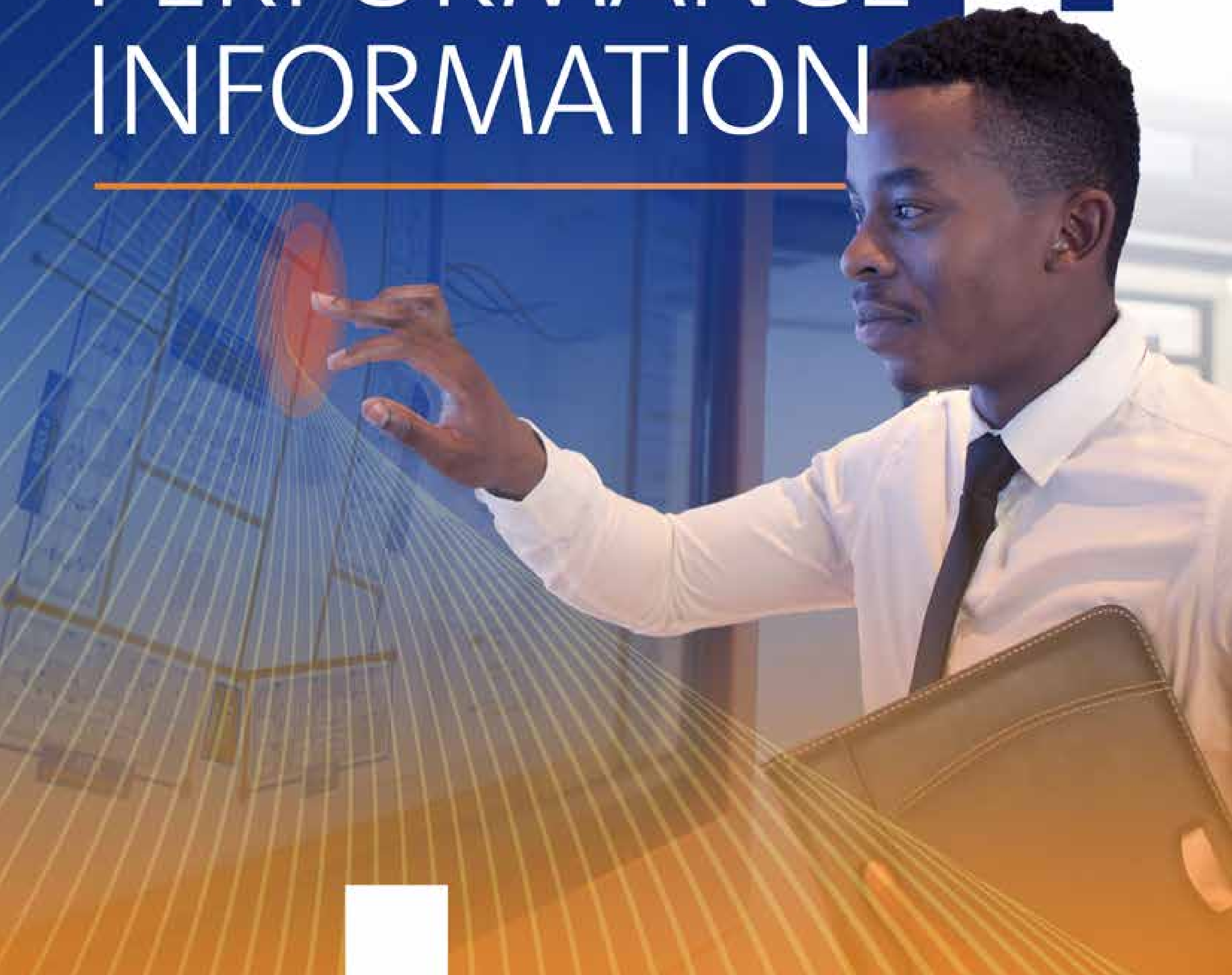
In light of this, ELIDZ's strategy seeks to position the organisation to partner more vigorously with the Department of Trade, Industry and Competition (DTIC) in identifying and advocating for national programme interventions that will strengthen the range and type of support measures offered to SEZ Enterprises. The national SEZ policy implementation calls for SEZ sites to deliver a holistic package of industrial support measures, some of which are not yet fully provisioned.

An important area in this regard relates to the formalisation of government support towards the attraction and support of strategic technologies and the development of institutional capacity to support and sustain acquired technologies. Significant growth opportunities exist for the ELIDZ's technology support programming and government has already registered its pressing interest in readying SA's industries for the fourth industrial revolution and the digital economy.

The ELIDZ operates at the confluence of this technology change and must continuously gear up to meet the challenge of identifying and securing the appropriate level of skills and technologies as complementary factors of industrial development and competitiveness. ELIDZ's planning calls for these to be actively addressed on a sector-by-sector basis and will be engaging the national zones programme and other government departments and agencies to facilitate and enable the desired outcomes.

b.

PERFORMANCE INFORMATION



Impact-driven **Industrial Innovation Hub**

2.1

Auditor-General's Report: **Predetermined Objectives**

for the year ended 31 March 2026

Report of the auditor-general to Eastern Cape Provincial Legislature on the East London Industrial Development Zone SOC Ltd

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of East London Industrial Development Zone Corporation (the public entity) as set out on pages 79 to 133, which comprise the statement of financial position as at 31 March 2026, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of East London Industrial Development Zone Corporation as at 31 March 2026 and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) as issued by the Accounting Standards Board of South Africa and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 71 of 2008 (Companies Act of South Africa).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting authority for the financial statements

6. The Accounting Authority is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP as issued by the Accounting Standards Board of South Africa and the requirements of the PFMA and Companies Act of South Africa; and for such internal control as the Accounting Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, the Accounting Authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

8. My 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 auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 29, forms part of my auditor's report.

Report on the annual performance report

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

11. I selected the following material performance indicators related to Programme 1: Operations presented in the annual performance report for the year ended 31 March 2026. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

    - Value of new private sector investment secured
    - Number of active manufacturing and services jobs
    - Number of construction jobs created
    - Percentage growth in industrial turnovers of zone enterprises
    - Percentage growth in export-oriented production by SEZ enterprises
    - Number of new investors operationalized
    - Number of new investors attracted
    - Number of Prototypes Developed
    - Number of New Innovations Commercialized (intermediate outcome)
    - Number of New Technologies Localized in Targeted Industries
    - Number of enterprises supported through all incubation and enterprise development activities undertaken by ELIDZ
    - Number of incubatees in active ELIDZ incubators
    - Number of skills beneficiaries trained

12. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

13. I performed procedures to test whether:

    - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
    - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
    - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
    - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
    - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
    - the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
    - there is adequate supporting evidence for the achievements reported

14. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

15. I did not identify any material findings on the reported performance information for the selected indicators.

Other matter

16. I draw attention to the matter below.

Achievement of planned targets

17. The annual performance report includes information on reported achievements against planned targets.

18. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report.

Programme 1 – Operations

Targets achieved: 94% *Budget spent: 99%*		
Key indicator not achieved	**Planned target**	**Reported achievement**
Number of active manufacturing and services jobs	5 465	4 773

Report on compliance with legislation

19. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The Accounting Authority is responsible for the public entity's compliance with legislation.

20. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

21. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

22. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

23. The accounting authority is responsible for the other information included in the annual report which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act of South Africa. The other information does not include the financial statements, the auditor's report and the selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.

24. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

25. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

26. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

27. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

28. I did not identify any significant deficiencies in internal control.

Other reports

29. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on financial statements or my findings on the reported performance information or compliance with legislation.

30. An independent investigator (Special Investigating Unit) was investigating allegations of corruption and maladministration at the public entity, covering the period 1 January 2011 to the date of publication of the presidential proclamation. The investigation was initiated following a proclamation signed by the President of the Republic of South Africa during the 2021 financial year. The investigation was still in progress at the date of this auditor's report.

Auditor - General

KuGompo City
31 July 2026

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the public entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I 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 my 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 public entity's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the Accounting Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Accounting Authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No. 1 of 1999	Section 50(3)(a); 50(3)(b); 51(1)(a)(iii); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 52(b); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(3)(d); 66(5); 67
Treasury Regulations, 2005	Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; 29.2.2; 29.3.1; 31.1.2(c); 31.2.5; 31.2.7; 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3
Companies Act 71 of 2008	Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4); 46(1)(a); 46(1)(b); 46(1)(c); 112(2)(a); 129(7)
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2(1)(a); 2(1)(b); 2(1)(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4

2.2
Situational **Analysis**

2.2.1 External Environment Analysis

Key to the role of the ELIDZ is the attraction and retention of investment that will increase and grow the industrial output of the Eastern Cape province and create positive socio-economic benefit for all citizens. There are a number of external factors that impact on the ELIDZ's ability to achieve this mandate and key to these factors is the state of the global economy especially as it relates to global investment flows. These include trends in the global investment environment; political, economic social, technological legal and environmental factors (PESTLE) and coming closer to home, the status of the South African SEZ programme.

External Environment Analysis and SEZ Strategic Response Implications

Stakeholder consultations leading to the setting of the ELIDZ's Vision 2030 strategy assisted the organisation significantly in focusing and orienting its programmes and initiatives to best navigate the business through complex and uncertain prevailing external conditions.

A summary of the situational analysis is given below and is anchored strongly on the advice and guidance provided to the ELIDZ by its provincial executive authority and chief shareholder, the Department of Economic Development (DEDEAT).

The PESTEL factors are presented as both documenting the challenges at hand and in pointing the way that the executive authority guides that strategic responses be mounted by the Eastern Cape's two SEZ implementation projects and the developmental community at large.

Political

- Provincial leadership has emphasized that strategy execution and more energetic implementation of existing planning should form the key focus over the current planning cycle, rather than attempts at new strategy formulation. This signals a shift in governance culture and expectations toward accelerating delivery and tightening accountability.
- Development sector entities were urged to align their corporate scorecards to the provincial 100,000-plus jobs imperative, applying effort both in creating direct tenant employment as well as via construction jobs, supplier jobs, and additional induced jobs within industry value chains. Importantly, economic support programmes need also to be mindful of their responsibility to act to protect the existing workforce capacity through effectively targeted competitiveness interventions.
- Opportunities for SEZs to leverage their role and strengths as coordinating platforms should also be seized. This should both happen within the DEDEAT group of entities and more broadly with municipalities, Transnet, Eskom, water authorities, and via national networking relations with the DTIC and DFIs. This forms a crucial contribution in the light of findings that sub-optimal intergovernmental coordination remains a persistent binding constraint hindering both the depth and pace of industrial and economic outcomes and impact delivery.
- While investment attraction increasingly elevates the need for stepped up domestic fixed investment, this cannot dilute the reality that global competitiveness stands as a central political and institutional mandate. Hence locations facilitating investment need to be proactive in benchmarking their cost, incentives, turnaround times, logistics performance and quality of investor services against competing African and global zones rather than defaulting only to test against domestic peers.
- SEZ locations should also guard against siloed entity planning and foster the development of cluster-based joint implementation arrangements with fellow SEZs and other economic development sector institutions so that investment promotion activities are mutually reinforcing rather than competing.

Economic

- Provincial entities should be astute and become more agile in anticipating emerging economic opportunities in sectors key to the Eastern Cape economy, including automotive, agro-industries, light manufacturing, logistics, data centres, BPO, renewable energy components and biodiversity-related processing. This necessitates a constant sharpening of sector prioritisation around tradable, job-generating and infrastructure-enabled value chains.
- The developmental sector should respond to the deteriorating climate of fiscal constraints by acting to reduce dependence on provincial (and other government) funding allocations. This calls for the building of a structured resource-mobilisation pipeline in close collaboration with DFIs, drawing on blended finance opportunities and leveraging private infrastructure development participation, green finance and tenant-linked infrastructure costs recovery models.
- With the significant investment and trade uncertainties affecting the national and global economies alike, SEZs would do well to be intentional in strengthening and innovating their business retention and aftercare programmes. This need is underscored and amplified by unfortunate major business closures and job shedding in the region and protecting existing firms should be treated as seriously as attracting new investors.
- Assembly of targeted competitiveness packages for automotive and component suppliers stand as a priority and should comprehensively and simultaneously seek to address logistics costs, port services reliability, rail access, EV transition readiness, carbon requirements, skills alignment and supplier localisation.
- SEZs are viewed as instrumental role-players in advocating for the optimal use of latent port and logistics capacity more strategically through their research and packaging of export-oriented propositions that are well matched to available port capacity, to improved back-of-port logistics and to coordinated engagements with Transnet on measurable service improvements.
- Industrial sector targeting should be deliberate in pursuing industrialisation that will help support market diversification by SA industrialists into African and Gulf markets. Among other support roles, here SEZs are well positioned to help tenant and inward investment firms with standards compliance, market intelligence, trade facilitation, payment-risk management and logistics solutions.
- Citizens and communities are increasingly anxious that productive and sustainable linkages be forged between township, rural and small-town enterprise development

and formal industrial platforms. Here, SEZ's have multiple developmental levers that must be applied that go beyond historic enterprise/supplier development initiatives, such as the creation of shared warehousing, distribution centres, light manufacturing hubs and incubation pathways into SEZ tenant supply chains.

Social

- SEZ entities should exploit the long-term social contribution that they can facilitate through placing youth employment at the centre of their planning. Communities can reap great benefit from clear pipelines being built from TVET colleges, universities and labour databases into tenant recruitment, apprenticeships, internships, BPO operations and SEZ-supported technical reskilling programmes.
- SEZ enterprise-development interventions should be consciously focused and designed such that they convert township and rural enterprises from survivalist activity into formal suppliers, service providers, distributors and light manufacturers. Resilience and sustainability can be enhanced by linking such enterprises to anchor investors and to sectors with dynamic growth potentials.
- SEZ should become intentional in formulating and strengthening community-facing value propositions so that SEZ-surrounding and other served communities experience SEZs as platforms for jobs, skills, procurement access and business growth. This would also guard against misperceptions that might otherwise view SEZ precincts as inaccessible, fenced-off enclaves mostly serving the interests of foreign firms.
- SEZ platforms offer scope to build inclusion metrics into investor agreements and aftercare agreements, through provisions targeting local employment, women and youth participation, SME procurement, black industrialist participation and community training commitments.
- Where the need arises, SEZ's should advocate for and assist in the development of safer and more reliable worker-access arrangements. This includes joint mobility planning with municipalities and transport actors, because inadequate transport limits access to jobs and reduces the attractiveness of industrial locations.

Technological

- Digital-economy growth and intervention prospects are creating exciting scope for new avenues of industrialisation. However, SEZ entities need to be circumspect in adopting a measurement-before-strategy-setting approach. This is needed to furnish credible business case baselines for value-chain development interventions across digital infrastructure, digital firms, digital jobs, data-centre opportunities and tenant digital adoption.
- The packaging and marketing of datacentre and BPO-type investment opportunities also need to remain in step with local and regional infrastructural capacity. Credible tech investor value propositioning is most successful and impactful in locations that are infrastructurally well-appointed with fibre, submarine cable access, energy resilience and suitable urban labour pools.
- SEZ entities should prioritise broadband resilience, redundant connectivity and reliable digital services as core investor infrastructure, not merely as secondary amenities.
- Supporting the rapidly changing face of technology in industry, SEZs should orient their industry support to build and align skills programmes with opportunities emerging with EVs, battery systems, electrical and software engineering, automation, data analysis, cybersecurity, digital marketing and modern smart manufacturing methods.
- Strong and well-focused technology partnerships with universities and science and research institutions are essential for economic zones to be effective in supporting significant technological shifts in industry such as automotive transition, green manufacturing, product testing, prototyping and supplier upgrading.
- Industrial platforms that take a lead in digitising their investor and tenant services are likely to outcompete those who are slow to do so or are unable to deliver systems that are reliable and win investor confidence. Areas of intervention include the processing of investor applications, issuing of authorisations and approvals, handling of aftercare queries, compliance monitoring and infrastructure fault reporting.

Environmental

- As public sector development institutions, SEZs have an important role to play in integrating low-carbon competitiveness into industrial strategy. This is particularly relevant for automotive and export manufacturers already exposed to carbon-neutral supply-chain requirements.
- SEZs are also proving themselves well positioned and well poised to drive developments in renewable-energy technology and embedded-generation solutions. Zones and industrial parks gain a differentiated and more compelling value proposition where such investment reduces load-shedding risks exposure and supports greener production claims by sectors and their industrialists.
- As value-adding elements of the market offering, SEZ locations should explore circular-economy and resource-efficiency services for tenants. Among others, this can be done through the operation of shared wastewater treatment, waste recovery, water reuse, cleaner production support and green certification pathways.
- The SEZ has a role to fulfil in connecting the Eastern Cape's agro-processing and biodiversity-related manufacturing opportunities to environmentally compliant processing infrastructure, traceability systems, ethical sourcing and quality assurance facilities.
- SEZ infrastructure planning must be aligned with the needs of climate resilience, ensuring that water, electricity, logistics and stormwater systems are robust enough (and maintained operationally) to support long-term industrial activity.
- Green industrialisation has emerged as a powerful positioning advantage for locations seeking to woo the attention of industrialist investors. Elements reinforcing such attraction include the location's credentials in the support and provisioning of renewable energy, EV components and battery value chains, green hydrogen linkages and support for innovative and sustainable manufacturing.

Legal / Legislative

- Working in close collaboration with their programme principals (Dedeat, the Dtic and their respective host Metros) the Eastern Cape's SEZ Operators can be instrumental in identifying and diagnosing regulatory bottlenecks that are found to be slowing (or deterring) the attainment of positive investment decisions sought from the province's strategically targeted industry sectors. Such collaborative efforts can spur government to create faster, clearer approval pathways for industrial projects.
- As both developers and operators, SEZ entities are legislatively encouraged and enabled to support and contribute to dialogues on policy reform. Government is committed to the pursuit of more equitable and inclusive growth. Some of the country's industrial parks are limiting and undermining advances in

this campaign due to regulatory gaps, weak governance models, inadequate operating budgets and unclear ownership arrangements. SEZ's with experience in building industrial assets can usefully advocate for policy reforms and improved developmental policy instruments.

- Taking a leaf from global counterparts, SEZ platforms should consider the legal scope open to them in designing instruments such as investor agreements and zone rules in support of drawing investments offering maximal socio-economic impact. International zones programmes have been active in locking in stronger development obligations from investors, instating anti-speculation safeguards, job commitments and local procurement expectations. In some locations instruments even prescribe consequences where incentivised SEZ enterprises fail to perform to their pledged business cases.
- Fulfilment of its investment promotion agency (IPA) role requires that an SEZ operator should be pro-active in advocating for more competitive and innovative incentive frameworks. New generation economic zones are now emphasising ecosystemic development approaches which require a particularly well attuned basket of incentives and support measures. Opportunities include industry tailored initiatives in skills/training support, research & development and infrastructure and logistics support. Global precedents exist for the spatial lobbying for enhanced packages for disadvantaged or higher-cost locations where a sound business case can be assembled and motivated.
- Strengthened regulatory and compliance support is increasingly of importance for SEZ exporters and for manufacturers facing complex technical standards, biodiversity permits, product certification, carbon requirements and conformance to international market-access rules. Zone Operators who take the lead in mastering consulting and advisory expertise in these and other specialist knowledge areas can expect to outcompete and outperform other locations.

Cross-Cutting SEZ Sector Strategy Implications

- Prioritise fewer, better-prepared catalytic projects instead of spreading limited resources across too many underfunded initiatives.
- Build bankable infrastructure project pipelines with feasibility studies, cost estimates, risk allocation, funding strategies and implementation milestones ready for DFI and private-sector engagement.
- Differentiate and integrate the development roles of SEZ precincts, industrial parks and small-town industrial hubs so that each platform serves a clear market segment and avoids duplicating the same investor proposition.
- Use quarterly performance reviews to take a health pulse reading across the broad spectrum of critical performance issues. This includes trends analysis in relation to job creation, investment closure, on-time infrastructure delivery, tenant retention, supplier development, skills pipelines, service fulfilment turnaround times and public/private resource mobilisation and integration.

Investment trends and Business Development Performance

The 2025/26 financial period ended with fourth quarter results reflecting measured improvement and consolidation across key performance areas. This was realised against the backdrop of continued global and domestic economic uncertainty which had been a persisting factor impacting the investment outlook for some time.

While external conditions—particularly within the automotive sector—had remained constrained, the ELIDZ demonstrated operational resilience, improved investment pipeline momentum, and strong institutional performance, supported by disciplined financial management and ongoing strategic sectoral investment targeting diversification.

Global investment climate: 2025/26

The global investment environment remains constrained despite modest improvements in macroeconomic conditions. UNCTAD reports that global FDI declined by 11% in 2024 (excluding volatile conduit flows), marking a second consecutive contraction in productive investment. Although the IMF projects global growth of 3.3% in 2026 and 3.2% in 2027, and the World Bank forecasts 2.6% growth in 2026, the outlook remains clouded by geopolitical tensions, trade fragmentation, and policy uncertainty.

The recent escalation of conflict in the Middle East has further heightened risk, with the IMF, OECD, and SARB citing higher energy and fertiliser prices, supply-chain disruption, and renewed inflationary pressures as key transmission channels. In this context, international capital remains highly selective, favouring jurisdictions and projects that demonstrate policy certainty, strategic relevance, and credible implementation capability.

Within this environment, investment flows continue to favour the digital economy, strategic infrastructure, and technology-enabled industrial activity. UNCTAD identifies ICT manufacturing, digital services, semiconductors, and related infrastructure as principal drivers of FDI growth, while investment into several traditional and Sustainable Development Goals (SDG) linked sectors has weakened.

Although Africa recorded a rebound in FDI inflows in 2024, the recovery remains uneven and concentrated in selected markets. This reinforces intensifying competition for capital and highlights the advantage of destinations with strong policy support, facilitation capability, infrastructure readiness, and clearly articulated sector value propositions.

South Africa's performance remains mixed. Inward FDI declined from US$3.475 billion in 2023 to US$2.469 billion in 2024. The South African Reserve Bank (SARB) notes that, despite 1.1% GDP growth in 2025 and improved inflation outcomes, investment conditions remain constrained by weak fixed investment, elevated energy costs, subdued demand, and persistent logistics inefficiencies.

The Middle East conflict has amplified these risks through higher oil prices and inflationary pressures, with the SARB warning that the shock could interrupt the growth recovery. South Africa therefore remains investable, but not automatically competitive, heightening the importance of sub-national platforms such as the ELIDZ to demonstrate readiness, execution efficiency, and reduced delivery risk in order to crowd in private investment.

Against this backdrop, the ELIDZ continued in the fourth quarter to advance a balanced strategic approach to sustain its industrial base while unlocking new growth opportunities. This included ongoing engagement with the DTIC on the extension of the SEZ licence to support MBSA and strengthen the platform for attracting additional OEM and component manufacturing investment.

The Zone also maintained momentum in diversifying its investment pipeline across sustainable energy, agri-industry, advanced manufacturing, textiles, and digital infrastructure, supported by targeted facilitation to progress projects towards operational readiness and continued advocacy for a more enabling investment climate.

Investment attraction and pipeline performance

Overall, the 2025/26 performance reflects a strategic reset rather than a structural weakening of the investment outlook pipeline, with early indicators pointing to stabilisation and a gradual recovery trajectory.

A total of six new investors entered the pipeline, while three investors exited, having become operational. Of these, one investor in the agro-industry sector successfully operationalised both its expansion project and its core operation.

The pipeline prospects included one investor in the automotive sector, with plans to undertake the sourcing and importation of products from India, followed by local packaging and distribution for the sector and its aftermarket.

In the aquaculture sector, two investors registered plans to establish abalone operations within the ELIDZ, with one of these investors also incorporating a complementary seaweed production operation.
A further three prospective pipeline investors were in the advanced manufacturing sector.

The investment pipeline as of the end of Q4 of the 2025/26 financial period resulted in a total of 47 potential investors valued at R14.46 million, with an employment potential of 4,590 direct jobs and a land requirement of 348.43 hectares.

Year-on-year Pipeline Growth and Recalibration

The Table below depicts the pipeline year-on-year performance over a 5-year period.

Period	Pipeline Value (R'm)	% Growth	# Investors	% Growth	# Potential Jobs	% Growth
2021/22	20,026	20%	82	4%	9,521	2%
2022/23	17,943	(10%)	57	(30%)	5,053	(47%)
2023/24	20,627	13%	69	21%	5,632	16%
2024/25	25,810	27%	79	14%	8,158	40%
2025/26	14,466	(44%)	47	(41%)	4,590	(43%)

Between 2021/22 and 2024/25, the pipeline recorded sustained growth. Pipeline value increased from R20.0 million to R25.8 million, the number of active investors recovered from 57 to 79, and potential employment rose from 5,053 to 8,158 jobs, indicating a strengthening investment pipeline and improved deal maturity status.

For financial year 2025/26, the pipeline closed with a year-on-year contraction, and with pipeline value declining to R14.46 million (-44%), investor numbers reducing to 47 (-41%), and potential employment decreasing to 4,590 jobs (-43%). This decline was driven primarily by a deliberate pipeline recalibration at the start of the new strategic cycle, during which more than 38 investors were reclassified as dormant due to prolonged inactivity and low conversion potential.

Overall, the 2025/26 performance reflects a strategic reset rather than a structural weakening of the pipeline, with early indicators pointing to stabilisation and a gradual recovery trajectory.

Prospective Investor Land Requirements

The investment pipeline shown in the table below as of the end of Q4 of the 2025/26 financial period resulted in a total of 47 potential investors valued at R14.46 billion, with an employment potential of 4,590 direct jobs and a land requirement of 348.43 hectares.

Investment Stage	Number of Investors	Total Investment (R'm)	Total land uptake (ha)	Employment Potential
Early	21	3 643,70	32,7594	1 408
Negotiation	4	817,80	43,8480	356
Advanced	6	1 148,20	128,5031	635
Final	16	8 855,87	143,3210	2 191

ELIDZ Pipeline Composition by Sector

Of the 47 potential investors in different stages of the ELIDZ pipeline, 27,7% are in the Advanced Manufacturing sector and 19.1% are in the Sustainable Energy sector, the Agri Industry sector accounts for 21,3% and the Automotive sector accounting for 8,5% of the pipeline. The logistics sector represents 4,3% of the total number of investors in the investment pipeline.

Sector	Number of Investors	Total Investment Amount in millions	Total Employment Potential
Agri Industry	10 (21,3%)	677,07	314
Automotive	4 (8,5%)	5 238,60	1 878
Sustainable Energy	9 (19,1%)	4 747,60	449
Advanced Manufacturing	13 (27,7%)	1 516,80	854
Digital Economy	3 (6,4%)	1 215	405
Textiles	0	0	0
Aquaculture	6 (12,8%)	1 043	620
Logistics	2 (4,3%)	27,5	70
TOTAL	47	14 465,57	4 590

National Government Industrial Development Action and Priorities

The government plans to accelerate infrastructure projects, including transport, energy, water, and digital infrastructure, to stimulate economic growth and job creation. There would be emphasis on public-private partnerships (PPPs) to drive infrastructure development and attract private sector investment.

Government intends to continue support for local manufacturing and industrialization and to implement policies aimed at increasing local content in production and procurement to strengthen domestic industries. Initiatives aim at creating employment opportunities, particularly for the youth, through various programs and partnerships will be prioritised, with specific focus on skills development to align the workforce with the needs of a modern, technology-driven economy.

ELIDZ should position itself to benefit from national infrastructure projects, particularly those that enhance connectivity and reduce operational costs for businesses within the zone. It must also explore opportunities for PPPs to attract private sector investment in infrastructure development, such as road networks, utilities, and digital infrastructure.

Given the government's focus on renewable energy, ELIDZ should invest in sustainable energy solutions, such as solar and wind power, to ensure a stable and reliable energy supply. Initiatives aim at promoting the zone as a hub for renewable energy projects and to attract investors in these sectors and leveraging incentives for green energy initiatives must be stepped up including aligning with government policies on localization by promoting local content and manufacturing within the zone.

ELIDZ must collaborate with government and private sector initiatives to enhance workforce skills, ensuring that the local labour pool meets the needs of investors. Establish training programs and partnerships with institutions of higher learning including TVET Colleges to develop a skilled workforce, particularly in high-demand sectors like technology and advanced manufacturing.

Given the triple challenges of unemployment, poverty and inequality, ELIDZ must Implement initiatives that ensure local communities benefit from the activities championed by the ELIDZ, fostering social and economic inclusion, and addressing any social tensions by engaging with communities and ensuring that development projects have a positive impact on local livelihoods, such as job creation and skills transfer.

Focus on Strategic Industrial Sectors

Key to the ELIDZ's core business is the attraction of investment in strategic sectors that the ELIDZ has perceived competitive advantage in. The ELIDZ's offering for each sector is anchored on the following value proposition which is based on the ELIDZ's understanding of the key pre-qualifiers required any investor that wants to establish production presence in an industrial location.

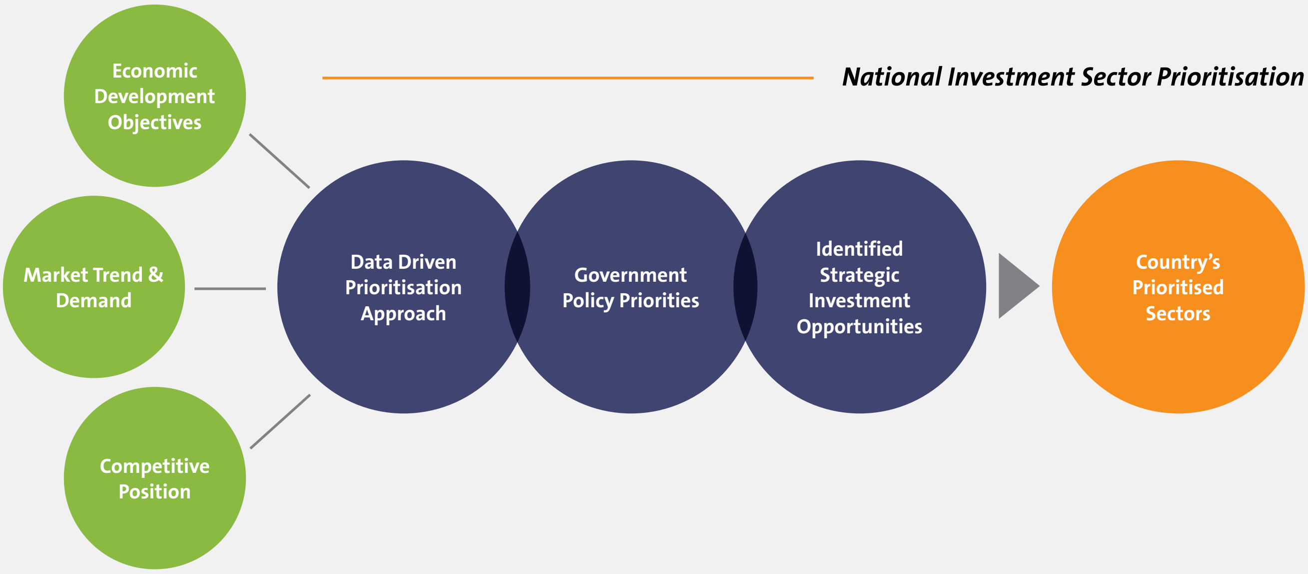
The ELIDZ, however, is also cognisant that , there is no one size fits all for industries and our experience has been that there are three categories of investors that knock on the ELIDZ's door and these are:

- Resource seeking
- Market Seeking
- Efficiency seeing

It therefore, becomes critical that in packaging its value proposition, the ELIDZ understands its competitive advantage in each of the sectors and further positions itself based on this. Having said that, the ELIDZ is also part of a bigger industrial development ecosystem and is expected to align to the country's priority industrial sectors and further support the attraction of investment in the provincial priority sectors.

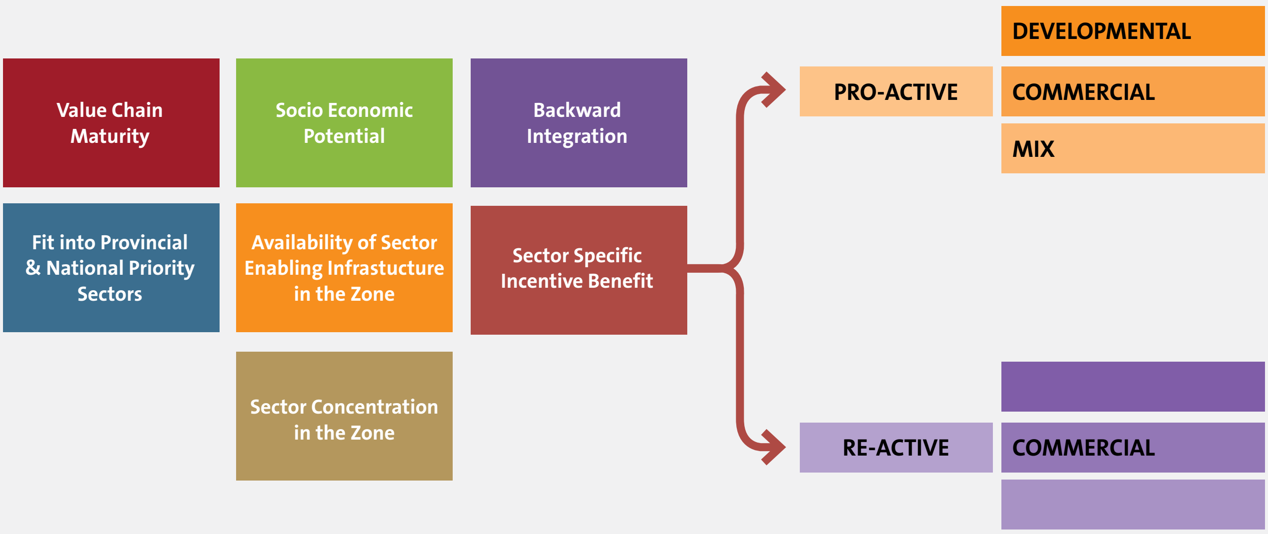
The Big Frontiers listed in the country's articulated strategic investment attraction initiatives that are elevated as Country Strategic Investment Programmes to drive the requisite levels of FDI and DDI that match the ambitions of the NDP. The Big Frontiers also align to the six drivers of investment, namely; localisation and economic resilience, infrastructure investment, African integration, the green transition, exports, and innovation. Similarly, there has been a recent review of the provincial priority sectors and the extent to which these align to the national big frontier sectors. As part of this strategic cycle, the ELIDZ has, therefore reviewed, retested and re-aligned its sectors utilising the following process outlined in the National investment Strategy:

National Investment Sector Prioritisation



As a further step in the refinement of the ELIDZ's priority sectors, the following process was utilised to identify sector potential, sector competitiveness and identify the ELIDZ's response.

Sector Prioritisation Approach



This process led to the following sector prioritisation strategy for Vision 2030

Another growth avenue was seen in the expansion of the country's high-tech industries sector, where government's contribution would be to ensure that the legal and regulatory framework promotes innovation and the scaling up of skills development for young people, especially in areas of new technologies. ELIDZ and its science and technology park (STP) stand to be assisted greatly in the event that there is strong and sustained follow-through on these State developmental intents.

2.2.2 Internal Environment

Institution's strategic focus over the current and new five-year planning cycles

An analysis of the operational environment in which the ELIDZ is seeking to deliver its enhanced Mission highlighted the following:

	INTERNAL FACTORS	EXTERNAL FACTORS
POSITIVE	**STRENGTHS** • ELIDZ's efforts to foster positive client relationships are effective and recognized, as evidenced by measurements of client attrition rates. • Success in landing investments and growing the population of SEZ through management of an investor pipeline. • ELIDZ has engaged in pro-active, targeted investment promotion. • ELIDZ is addressing legacy issues and reinforcing its revenue model by implementing a recovery strategy. • There are tight management and internal controls are exercised over the monitoring and payment of permitted costs • Accuracy in management accounting and financial reporting processes is maintained	**OPPORTUNITIES** • Formalizing and refining ELIDZ's pricing policies and practices within a structured services development framework can enhance competitiveness and revenue potential. • Exploring and developing new revenue streams through focused service development and packaging offers growth opportunities. • Internalizing currently outsourced services could strengthen ELIDZ's core business capabilities and improve market competitiveness. • Lowering building specifications and using cost-effective materials in property construction can reduce costs, improve yields, and enhance financial performance.
NEGATIVE	**WEAKNESSES** • The cost profile of the business may not be perceived as market competitive (from the shareholder point of view) • Long lead times of capital projects due to budgetary issues • Poor payment history by certain tenants • The business continues to be challenged by the financial burden of annual budget shortfalls for the foreseeable future	**THREATS** • High total expenditure and disproportionate organizational overheads risk alienating funding principals, potentially reducing their willingness to sustain or increase financial support. • ELIDZ may face increased difficulty competing for funding and resources against entities perceived as more cost-efficient. • Negative stakeholder perceptions regarding cost management and income growth potential could undermine confidence. • Underdeveloped physical infrastructure (road, rail, sea). • Vague and limited financial incentives

The research undertaken on ELIDZ industrial sector potentials in the planning for Vision 2030 has shown that the ELIDZ cannot afford to operate in a narrowed strategic focus role of that a typical industrial zone developer and with a predominantly investment promotion agency (IPA) operational mission.

Historically, these are two foundational roles that were activated and emphasised in the launching of government's predecessor industrial development zone (IDZ) programming. They are today seen as limited roles more commonly associated with older generation economic zones initiatives.

In line with latest international zones performance and case studies, an economic zones project needs to extend and acquit itself to play in several critical and attendant development roles. Successful industrial and economic development hinges on more comprehensive industry support in areas such as industrial sector/ value chain development, industrial innovation, sector enablement and enterprise development.

In preparing its planning for 2030, the ELIDZ directed a research programme to probe and identify opportunities at individual industrial sector level to initiate interventions across the seven areas of value-creation leverage. This effort has yielded a rich vista of potential strategic initiatives to be scheduled and pursued by the functional areas of the business.

While some of the value-creation competencies exist in the ELIDZ Operations Programme (including its STP), there are areas where ELIDZ will strengthen internal capabilities and business delivery infrastructure in order to deliver comprehensive value to its customers.

Core Business Delivery Organisational Readiness

Of the three mandate implementation terrains, the core business element is the most well established and resourced, utilising existing organisational assets and capabilities quite effectively.

However, with a stronger move into spatial node expansion and an anticipated need for additional property acquisitions within the Vision 2030 term, the ELIDZ will need to bolster its capability and resourcing around projects packaging and fundraising.

Material to the success on this developmental front also is that the ELIDZ sharpen its stakeholder networking and engagement efforts to unlock land for expansion to accommodate inward investment interest from some large potential foreign investors.

Business development prowess in relation to striking a productive balance between the pursuit of foreign-versus-domestic investment and the shaping of their respective differentiated value propositions will also be important aspects to drive stronger performance.

Ecosystem Delivery Organisational Readiness

Despite its recognition as being critical under the SEZ programming and policy, the ELIDZ has found that establishing, expanding and improving the regional industrial development and innovation ecosystem is massively under-resourced and not well co-ordinated in government particularly.

Having a well-functioning ecosystem in which multi-actors like public sector institutions, private sector enterprises and various academic, scientific and other industrial support institutions forge common outcomes interests and collaborations has been shown to be immensely helpful for accelerated industrial and economic development. Despite the proven benefits of such collaboration, South Africa has been slow to gain traction in this developmental terrain. With the deployment of programmes via its Science and Technology Park (STP) the ELIDZ has started to impact this developmental front – but much additional effort has to be sparked. And financial and other resources are serving as strong limitations. With the province having identified industry modernisation and innovation as key levers for its industries to participate in the fourth industrial revolution and the digital and green economies there are good prospects that efforts to champion the desired ecosystem delivery may meet with success in the Vision 2030 term.

New Business Activation Organisational Readiness

The ELIDZ's shareholders have registered an interest in the organisation diversifying its operations and market offerings into new areas of business activation. In part the attractiveness of this is to optimise the return on property and other assets in established and future sub-zones of the ELIDZ.

Additionally, new business interests are being pursued to lift the company's revenue generation performance above the limited performance levels commonly associated with industrial property rentals. As such, higher revenues generated is seen as a means to counter the financial pressures of a dwindling public purse.

A key determinant of developmental performance in this terrain is whether the ELIDZ is able to unlock private sector funding and partnerships by bringing attractive, bankable projects to market. This requires that the organisation hones its abilities in project's packaging and that it masters the complexities of non-traditional funding instruments including public-private partnership funding models. Important in the latter are efforts already under way to investigate the establishment of a special purpose vehicle (SPV) to manage various industrial and commercial projects requiring public and private participation. The intent with the SPV is to satisfy financial authorities that the ELIDZ as public entity is not exposed to undue financial or other risks in its move into new business activities.

A significant challenge in activating initiatives and outputs in this area of the planning is the slowness of government machinery in granting approvals for instruments like the PPP or SPV projects delivery models.

Business Delivery Value Creation Model.

Planning for the new five-year term also saw management perform a re-assessment of the fitness of the existing business delivery model to help the company support the Vision 2030 agenda and realise its planned strategic activities and its outputs. Using the business model canvass framework, the strategic planning process deliberated and scored its nine elements on a scale of 0-10 to obtain an indication of where the model was seen to be less than ideal.

The assessment scores were also compared to the results of a similar exercise undertaken for the Vision 2025 planning term to sense areas that had improved or regressed.

Assessment was limited to a reflection on the Core Business aspect of the Vision 2030 Agenda as it was recognised that reliable signals would not yet be obtainable in respect to the expanded mandate implementation areas of the Ecosystem Delivery or the New

Business Activity aspect. It was further noted that work is continuing to formulate dedicated subsidiary business models for various project areas in these two performance terrains and this work would be finalised and brought under further consideration in due course.

The suitability of the delivery model was assessed on three principal performance areas, as follows:

- **Acquire and Retain Clients and Deliver Customer Solutions:** Assessments evaluated the ELIDZ Market Offering, the selection of Target Customer Segments, the quality of Customer Relationships and the appropriateness of Customer Engagement Channels.

- **Build Capability to generate Activities and Outputs:** Assessments evaluated the model's ability to identify Key Issues to Solve for Customers, the required Competencies and Resources to perform and the necessary enabling Partnerships and Alliances.

- **Perform Sustainably:** Assessments focused on the operation of the company's Revenue Model and how effectively it manages its Cost Structure.

The fitness evaluation highlighted the following areas for initial priority business model improvement interventions as ELIDZ prepares to enter the 2026-2030 term:

- Investigation of ways in which the ELIDZ could improve the efficiency of its product line market offerings to ascertain the minimum viable product (MVP) per market offering

- Further development and refinement of a clear and robust customer feedback mechanism

- Further attention to the selection and qualification of desirable customer/market segments to be targeted in business development campaigns. This would be focused on mitigating rising instances of payment defaulting by customers as well as seek to enhance prospects of investor/customer pipeline growth

- Stronger investment into customer relationships development through revised and updated Customer Services and Customer Relations strategies.

... new business interests are being pursued to lift the company's revenue generation performance above the limited performance levels commonly associated with industrial property rentals.

2.3

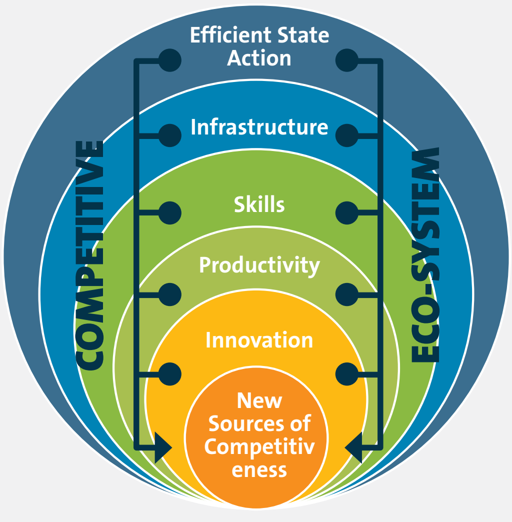
Progress towards achievement of **Institutional Impacts and Outcomes**

SEZs as Developmental Catalysts and Change Agents

The SEZ Programme was conceived by national government to operate as a catalyst and delivery platform for much needed and desired positive socio-economic outcomes and impacts. By extension SEZ operators also act as a key agents and drivers of government policy-enabled social and economic transformation initiatives.

At their core purpose of being, economic zones – both in the former IDZ Programme and more emphatically so in the successor SEZ regime – are being deployed to grapple with the country's challenging industrialisation and job creation needs, along with the many attendant social and developmental pressures experienced by citizens and communities in the Eastern Cape.

The graphic below details the State's key expectations of its SEZ projects as referenced from the Preamble Statement to the SEZ Act. Calling for SEZ-enabled interventions across five developmental leverage areas, the preamble offers what effectively serves as a high-level 'theory of change hypothesis' for the state's socio-economic impact aspirations.



High-level Socio-economic Impact Mandate as contemplated in the SEZ Legislation.

In response to this, the ELIDZ is developing a focused socio-economic impact enhancement strategy to better integrate outcomes and impact-based planning across the company. The S-EI strategy's development is opportune coming in the wake of the company's adoption of its revised statement of Mission which places greater emphasis on developmental outcomes.

Broadened Ecosystemic Impact

In line with its five-year strategic plan, the ELIDZ wishes to operate more intentionally within the full landscape of the mandated purposes of the SEZ Programme, shifting from a preoccupation with direct platform operations and investment attraction toward broader industrial ecosystem development and active pursuit and enablement of social transformational outcomes.

These shifts also create a stronger opportunity basis for leveraging socio-economic impact synergies by linking SEZ operations to value-chain development, technology-led innovation, environmental, social and governance (ESG) sustainability and inclusive regional development and growth.

Research into international best practices is aiding the ELIDZ to consider and investigate a range of commonly used S-EIA planning models and frameworks. The impact landscape that SA's policymakers have framed is broad and complex. Experience attests to a reality that reliable measurement of outcomes and impacts is a complex and difficult undertaking with known challenges and shortcomings inherent to variously applied impact measurement methodologies, tools and techniques.

Evident best practice is to carefully select and integrate a number of complementary frameworks with different performance measurement approaches to best suit local conditions and the strategic intents. Further deliberations on these will help clarify what investments into new or enriched tools and resources the S-EI strategy implementation may need to resource.

> *The ELIDZ wishes to operate more intentionally within the full landscape of the mandated purposes of the SEZ Programme, shifting from a preoccupation with direct platform operations and investment attraction toward broader industrial ecosystem development and active pursuit and enablement of social transformational outcomes.*

2.4

Purpose and Outputs of **ELIDZ Programme**

ELIDZ is organised and structured to drive two principal programmes. These are its ***Operations Programme and its Institutional Support Programme.***

The purpose of the Operations Programme is to undertake and discharge all the activities and regulatory and other responsibilities that attach to a Special Economic Zone's management and operating entity. Specifically, the programme co-ordinates and executes the planning, development, construction, and commissioning of the SEZ project, manage its investment attraction and marketing activities and manage the subsequent operation and maintenance of the functional SEZ precinct.

The purpose of the Institutional Support Programme is to support the Operations of the SEZ through the provision of a range of professional, technical, and administrative services. These include assistance in relation to the SEZ project's resourcing (financial and non-financial), governance, and administration.

The programming is constituted to respond to the broad purpose and legislative and policy mandating of the SEZ programme and each of the programme areas is underpinned by sub-programme elements as indicated below:

PROGRAMME	PROGRAMME OUTPUTS
Programme 1: Operations **Sub-programmes:** • Industrial Development • Zone Operations	***Integrative Industrial Infrastructure Planning and Delivery***
	Target Sector Market Intelligence Optimised and Leveraged
	Reliable, Cost-effective SEZ Estate Services Delivered
	SEZ Incentives and Industrial Support Ecosystem Deployed
	Target Sector Innovation Opportunities Leveraged
	Innovation Infrastructure and Support Tools Delivered
	Relevant and Adequate Skills Pools Developed
	Sector Investment Promotion Strategies and Tools Optimised
	Tools and infrastructure deployed in support of industrial and environmental sustainability.

PROGRAMME	PROGRAMME OUTPUTS
Programme 2: Institutional Support **Sub-programmes:** • Office of the Chief Executive Officer • Corporate Affairs • Financial Management	***Operational Excellence and Efficiency gains attained.***
	Returns from Services and Asset Portfolio Optimised
	Economic Transformation and Community Upliftment Delivered

2.5

ELIDZ Programme **Performance Information**

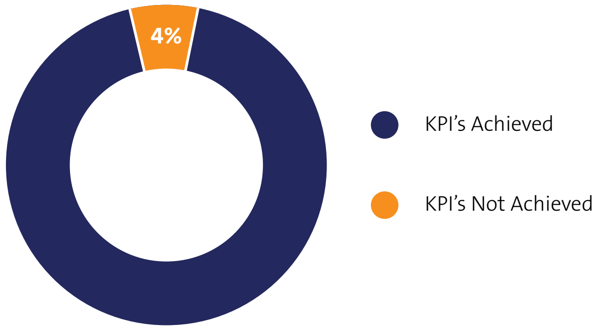
Overall, the performance of the ELIDZ for the 2025/26 has achieved as per the below table:

Sector	Total KPIs	Achieved	% Achieved	Not Achieved
PROGRAMME 1: Operations	18	17	94%	1
PROGRAMME 2 Institutional Support	8	8	100%	0
TOTAL	**26**	**25**	**96%**	**1**

The following KPIs have not been achieved:

- Manufacturing and services jobs.

The organisation achieved 25 out of 26 KPIs which translates to **96% achievement** of the 2025/26 Corporate Plan KPIs.



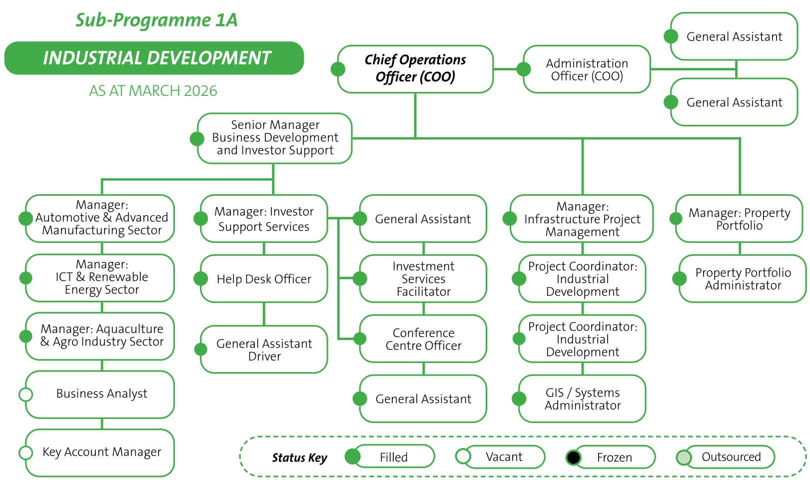
2.5.1 Programme 1A: Industrial Development

Sub-programme 1A: Industrial Development

Programme Purpose:

- Sector Development and Investment Promotion
- Project Management: Industrial Development
- Industrial Innovation and Competitiveness
- Sector Skills Development
- Laboratory Services

ELIDZ's structure for the Sub-programme 1A: Industrial Development is as follows:

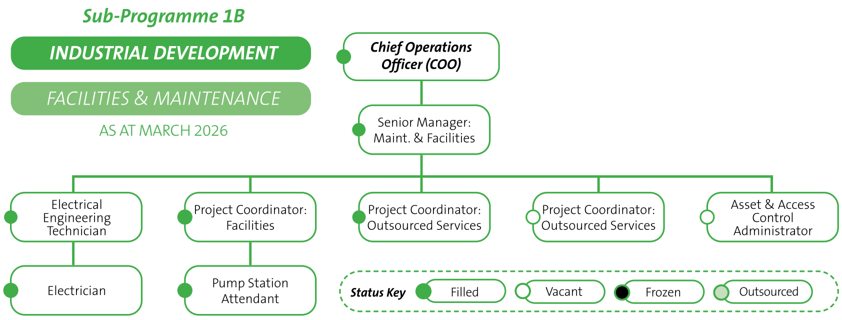


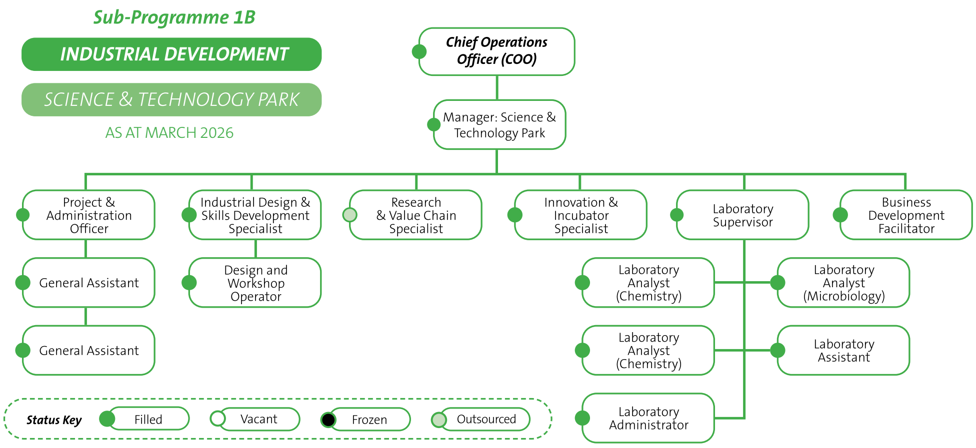
Sub-programme 1B: Zone Operations

Programme Purpose:

- Maintenance and Facilities Management
- Sector Skills Development
- Laboratory Services

ELIDZ's structure for the Sub-programme 1B: Zone Operations is as follows:





Programme 1: Operations							
Outcome	**Outcome Indicator**	**Audited Actual Performance 2022/23**	**Audited Actual Performance 2023/24**	**Audited Actual Performance 2024/25**	**Planned Annual Target 2025/26**	**Actual Annual Performance 2025/26**	**Reason for deviations (Refer to note number)**
Outcome 1: High performing, competitive and resilient industries	1.1 Value of new private sector investment secured	R1.9725b	R579.9m	R4.5953b	R700m	R700m	1
	1.2 Number of active manufacturing and services jobs	5 123	5 205	5 409	5 465	4 773	2
	1.3 Number of construction jobs created	750	632	218	250	436	3
	1.4 Percentage growth in industrial turnovers of zone enterprises	27.5%	21.9%	11.7%	7%	20.9%	4
	1.5 Percentage growth in export-oriented production by SEZ enterprises	20%	26.4%	11.7%	7%	11.8%	5

Notes:

1. ELIDZ set a target of R700 million in new private sector investment secured and achieved cumulative investment commitments of R700 million by year-end. The investments secured reflected continued sector diversification within the Zone, spanning the digital economy, logistics, textiles, automotive, agro-industry and aquaculture sectors.

2. The underperformance is attributable to reduced production at MBSA, resulting in a shift reduction from three (3) to two (2) shifts due to weakening global demand, with a direct impact on supplier employment. This was further exacerbated by an extended plant shutdown from mid November 2025 to mid January 2026, which exceeded the standard December shutdown and constrained production and associated employment levels. There were effectively three shutdowns in the 2025/26 financial year.

   There is a degree of optimism regarding the stabilisation and safeguarding of the automotive sector under the current climate. This is supported by recent developments at MBSA, where the company has been engaging with a number of Chinese OEMs over the past few months with the intention of utilising spare capacity within its production precinct. Should these engagements materialise, they could have a dual impact: firstly, by increasing production volumes within the Mercedes-Benz facility, and secondly, by contributing to broader sector stability as underutilised capacity is absorbed and the retention and creation of new jobs.

This had a significant impact on the growth of manufacturing and services jobs in the zone and led to an under-performance in this KPI. While the ELIDZ targeted to have 5465 direct manufacturing and services jobs active by the end of the 2025/26 financial year, only 4773 jobs. This is a decline of 7% as compared to prior year.

3. A target of 250 construction jobs was set, against which 436 construction jobs were achieved by year-end, exceeding the annual target by 186 jobs. The construction employment opportunities were generated through infrastructure and investor-related construction activities undertaken within the Zone. The overachievement against target was primarily attributable to higher-than-anticipated labour absorption associated with the implementation and acceleration of investor facility construction activities during the latter part of the year, particularly within the manufacturing and infrastructure development pipeline.

4. The annual performance outcome for this indicator is confirmed as achieved. Annual data consolidation and assurance process have been finalised through independent assurance provider in ensuring integrity of the data collected. The performance is indicative of turnover growth of zone enterprises by 20.8% against a target of 7%. This performance is testament to the drive of ELIDZ objective of ensuring sustainability of zone operators.

5. The annual performance outcome for this indicator is confirmed as achieved. Annual data consolidation and assurance process have been finalised through an independent assurance provider in ensuring the integrity of the data collected. The performance is indicative of export growth production of 11.8% against a target of 7%. This performance is testament to the drive of ELIDZ in increasing export orientated production from within the Zone.

Programme 1: Operations							
Outcome	**Outcome Indicator**	**Audited Actual Performance 2022/23**	**Audited Actual Performance 2023/24**	**Audited Actual Performance 2024/25**	**Planned Annual Target 2025/26**	**Actual Annual Performance 2025/26**	**Reason for deviations (Refer to note number)**
Outcome 2: Industrial Innovation, Modernisation & Enterprise Development	2.1 Number of prototypes developed	2	4	4	2	6	6
	2.2 Number of new innovations commercialised (intermediate outcome)	0	3	2	1	2	7
	2.3 Number of new technologies localised in targeted industries	0	2	2	1	2	8
	2..4 Number of enterprises supported through all incubation and enterprise development activities undertaken by ELIDZ	n/a	56	56	20	65	9

Notes:

6. Six prototypes were completed against an annual target of 2, resulting in an overachievement of 4 prototypes. The prototypes developed included digital platforms, software solutions and technology-based innovations focused on areas such as electric mobility, SMME project management, youth information systems, artificial intelligence-enabled funding applications and skills development platforms. The overachievement was primarily attributable to additional prototype development initiatives implemented through the Innovation and Entrepreneurship Week programme, where innovators were supported to develop solutions in response to identified problem statements, resulting in additional prototypes being refined and completed during the year.

7. The annual target for new innovations commercialised was exceeded by 1 innovation, with 2 innovations commercialised against a target of 1. The commercialised innovations included technology solutions within the electric mobility and digital project management space, reflecting continued support towards innovation-driven enterprise development and technology commercialisation. The overperformance was attributable to ongoing support provided through the ELIDZ Science and Technology Park innovation support programmes, including prototype development assistance, ecosystem linkages and commercialisation readiness interventions.

8. A total of 2 new technologies were localised within targeted industries against an annual target of 1, resulting in an overachievement of 1 technology. The technologies localised were focused on electric mobility and digital project management solutions, supporting innovation and technology advancement within targeted sectors. The overachievement was mainly driven by successful prototype development and innovation support interventions implemented through the ELIDZ Science and Technology Park, which enabled supported innovators to develop and localise technologies.

9. Sixty-five enterprises were supported through incubation and enterprise development activities against an annual target of 20, exceeding the target by 45 enterprises. The support provided included digital incubation, prototype development support, business advisory services, mentorship, access to funding and market linkage opportunities, as well as innovation support interventions delivered through the Digital Hub, Agro Innovation Cluster and construction incubation initiatives. The significant overachievement was primarily attributable to the expansion of Digital Hub incubation activities, which supported a large number of entrepreneurs and SMMEs operating within the ideation and pre-incubation phases, as well as continued enterprise support interventions implemented through the ELIDZ Science and Technology Park and construction incubation programmes.

Programme 1: Operations							
Output	**Output Indicator**	**Audited Actual Performance 2022/23**	**Audited Actual Performance 2023/24**	**Audited Actual Performance 2024/25**	**Planned Annual Target 2025/26**	**Actual Annual Performance 2025/26**	**Reason for deviations (Refer to note number)**
Output 1.1: Integrative Industrial Infrastructure Planning and Delivery	1.1.1 % implementation of integrated infrastructure masterplan	n/a	n/a	n/a	0%	0%	11
Output 1.2: Services Strategy and Aftercare programmes delivered	1.2.1 Customer Satisfaction Index	77,5%	77.8%	78,7%	78%	80%	12
	1.2.2 % Uptime for ELIDZ utilities	n/a	n/a	n/a	98%	100%	13
Output 1.3: Reliable, Cost-effective zone utility services delivered	1.3.1. Number of new investors operationalised	3	0	1	4	5	14
Output 1.4: SEZ incentives and value-added support ecosystem effectively deployed	1.4.1 Incentives uptake percentage	89%	84%	94%	80%	94%	15
Output 1.5. Target Sector Market Intelligence Optimised & Leveraged	1.5.1. Number of new investors attracted	6	4	4	5	6	16

Notes:

10. This was a new indicator introduced during the year, with an annual target of 0% implementation as the focus for the first year was on the development and approval of the Integrated Infrastructure Masterplan prior to implementation. During the reporting period, the Integrated Infrastructure Masterplan was successfully developed and approved, providing a strategic framework to guide future infrastructure planning, coordination and implementation within the Zone. The achievement of this foundational milestone positions the ELIDZ to commence implementation activities from the 2026/27 financial year onwards and supports a more integrated and coordinated approach to long-term infrastructure development and investment planning.

11. An annual Customer Satisfaction Index target of 78% was set against which an overall satisfaction rating of 80% was achieved, exceeding the target by 2 percentage points. The positive performance was attributable to the continued implementation of customer experience improvement interventions and strengthened customer support and engagement mechanisms across a number of service areas. The strongest performing areas included Utilities and Emergency Communication, ICT Services, Service Desk support, Infrastructure and Maintenance, as well as support services such as the Digital Hub and Laboratory Services. The improvement in customer satisfaction was further supported by enhanced responsiveness, customer support processes and targeted interventions implemented in response to findings from previous customer engagement assessments.

12. This was a new indicator introduced during the year to measure the reliability and availability of key ELIDZ utility services, including electricity, water and ICT services. An annual target of 98% uptime was set, against which an overall uptime performance of 100% was achieved, exceeding the target by 1,75 percentage points. The strong performance was attributable to the continued maintenance and monitoring of utility infrastructure, effective operational management processes and the implementation of measures aimed at minimising service disruptions across the Zone. Electricity, water and ICT services all maintained uptime levels above 99% during the reporting period, reflecting the reliability and resilience of the ELIDZ utilities platform in supporting business continuity and operational stability for Zone customers.

13. The annual target for the number of new investors operationalised was exceeded, with 5 investors operationalised against a target of 4. The investors operationalised spanned the advanced manufacturing, logistics, agro-processing, automotive and textiles sectors, reflecting continued progress in converting approved investments into active operations within the Zone. The overachievement was primarily attributable to accelerated implementation and commissioning activities associated with several investments that reached operational readiness during the latter part of the year, including investor expansions and phased operationalisation processes.

14. Performance against this indicator exceeded expectations, with 94% of qualifying enterprises benefitting from SEZ incentives and supporting tools against a target of 80%. The achievement reflects continued utilisation of the Customs Controlled Area Enterprise (CCAE) incentive framework, customs duty rebates, VAT exemptions and related support mechanisms by eligible enterprises operating within the

Zone. Increased uptake of the CCAE incentive by additional enterprises contributed significantly to the improved performance, supported by ongoing customs compliance assistance, incentive facilitation and investor engagement processes.

15. Performance against this indicator exceeded the annual target, with 6 new investors attracted against a target of 5. The investments secured reflected continued diversification of the ELIDZ investment pipeline across the digital economy, logistics, textiles, automotive, agri-industry and aquaculture sectors. The overachievement was mainly driven by the successful conclusion of lease and sale agreements associated with a number of strategic investment transactions that progressed faster than initially anticipated through the investment pipeline.

Programme 1: Operations							
Output	**Output Indicator**	**Audited Actual Performance 2022/23**	**Audited Actual Performance 2023/24**	**Audited Actual Performance 2024/25**	**Planned Annual Target 2025/26**	**Actual Annual Performance 2025/26**	**Reason for deviations (Refer to note number)**
Output 2.2: Innovation infrastructure and support tools delivered	2.2.1 Number of incubatees in active ELIDZ incubators.	0	0	5	5	5	17
	2.2.2 Number of incubators operational	2	2	3	2	3	18
Output 2.4 Relevant and adequate skills pool developed	2.3.1 Number of skills beneficiaries trained	112	308	348	200	602	19

Notes:

16. This was a new indicator introduced following the launch of the ELIDZ Manufacturing Incubator during the reporting period. Performance against the indicator achieved the annual target, with 5 incubatees supported within active ELIDZ incubators. The incubated enterprises operated across a range of sectors including agro-processing, electric mobility, renewable energy, advanced manufacturing, logistics and textiles. Support provided to incubatees included rental concessions, business development support, product exhibition opportunities and financial modelling assistance through the ELIDZ Science and Technology Park incubation programme.

17. A total of 3 incubators were operational against an annual target of 2, resulting in an overachievement of 1 incubator. The incubators operational within the ELIDZ ecosystem included the Construction Incubator, the Digital Hub and the Manufacturing Incubator. The Construction Incubator supports emerging contractors and construction-related enterprises through enterprise development interventions, skills development and access to industry opportunities. The Digital Hub provides a platform for innovators and technology-based enterprises to develop and commercialise digital and prototype-based solutions through physical and virtual incubation support programmes. The Manufacturing Incubator, which became operational during the year, is focused on supporting manufacturing SMMEs through access to specialised manufacturing facilities, shared services, business development support, market access opportunities and a structured incubation programme.

18. Performance against this indicator significantly exceeded the annual target, with 602 skills beneficiaries trained against a target of 200. The training interventions implemented covered a broad range of future-focused and industry-aligned skills areas, including game development and animation, computer-aided design and additive manufacturing (3D printing), artificial intelligence, data science, cybersecurity, networking, intellectual property, green hydrogen technology and Industrial Internet of Things (IIoT) applications. The overachievement was largely driven by the expansion of online and self-paced training programmes implemented through partnerships such as the CISCO Networking Academy, which enabled the ELIDZ Science and Technology Park to scale training interventions at minimal additional cost. Additional contributing factors included the utilisation of in-house training capacity, increased uptake of digital skills programmes and the rollout of training interventions across multiple districts within the Eastern Cape.

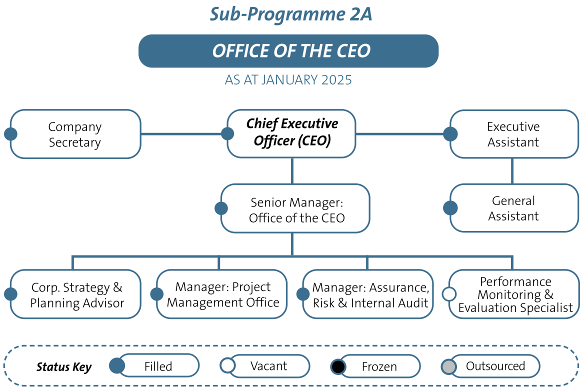
2.5.2 Programme 2: Institutional Support

Sub-programme 2A: Office of the CEO

Programme Purpose:

- Corporate Governance and Compliance
- Corporate Strategy and Planning
- Research
- Programme Portfolio Management
- Performance Information Management
- Assurance and Risk Management

ELIDZ's structure for the **Sub-programme 2A: Office of the CEO** is as follows:

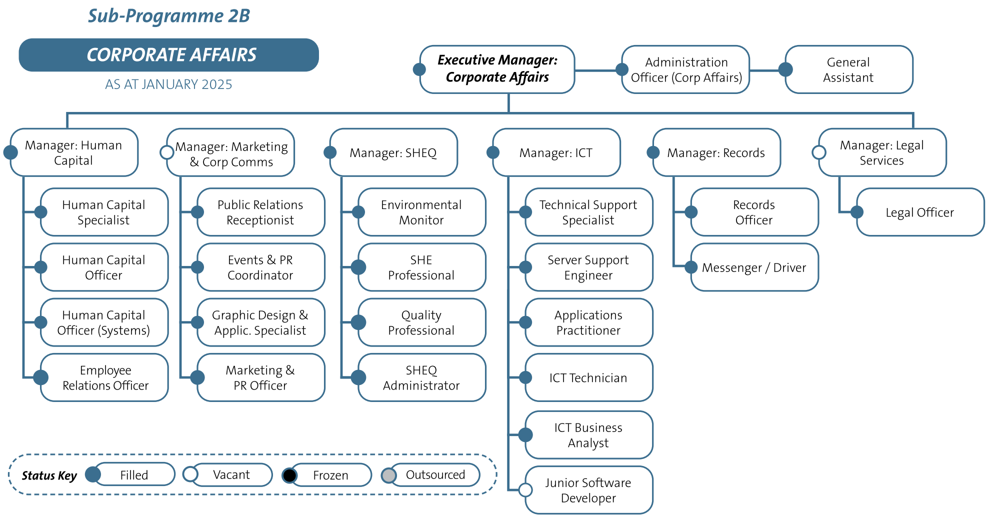


Sub-programme 2B: Corporate Affairs

Programme Purpose:

- Legal Services
- Safety, Health, Environmental and Quality Management
- Human Capital Management
- Records Management
- Marketing and Corporate Communications
- Information Communication and Technology Management

ELIDZ's structure for the **Sub-programme 2B: Corporate Affairs** is as follows:

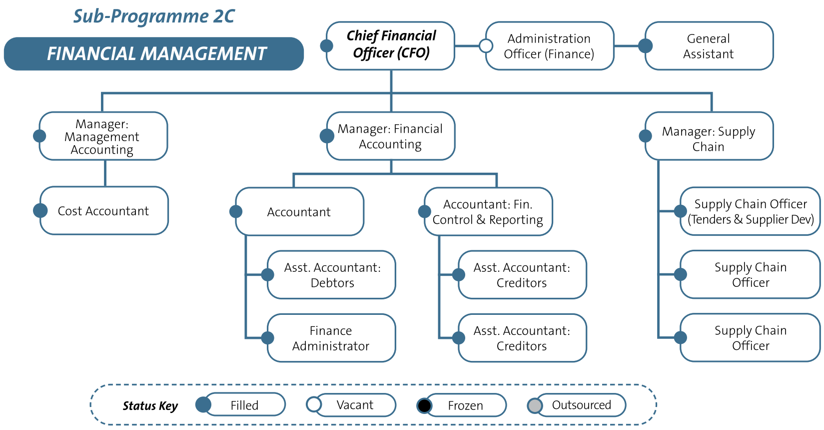


Sub-programme 2C: Financial Management

Programme Purpose:

- Management and Cost Accounting
- Financial Management
- Financial Control and Reporting
- Supply Chain Management.

ELIDZ's structure for the **Sub-programme 2C: Financial Management** is as follows:



Programme 2: Institutional Support							
Outcome	**Outcome Indicator**	**Audited Actual Performance 2022/23**	**Audited Actual Performance 2023/24**	**Audited Actual Performance 2024/25**	**Planned Annual Target 2025/26**	**Actual Annual Performance 2025/26**	**Reason for deviations (Refer to note number)**
Outcome 3: Sustainable Operational Efficiencies and Global Best Practice	3.1 Best practice systems compliance index	3.3	4.1	4	3	3	10

Notes:

19. This index measures the ELIDZ's implementation of best practice. It utilises various internal and external audit outcomes with respect to Project maturity, risk management, compliance, performance, ICT Systems as well as Safety, Health and Quality Management Systems.

Programme 2: Institutional Support							
Output	**Output Indicator**	**Audited Actual Performance 2022/23**	**Audited Actual Performance 2023/24**	**Audited Actual Performance 2024/25**	**Planned Annual Target 2025/26**	**Actual Annual Performance 2025/26**	**Reason for deviations (Refer to note number)**
Output 3.3: Diversified Revenue Streams developed, tested and activated	3.3.1 Average Vacancy Rate per an-num	12%	16%	7%	7%	2%	20
	3.3.2 Debtors Collection %	n/a	n/a	n/a	95%	98%	21
Output 3.4: Effective projects packaging and resourcing	3.4.1 Annually assessed ELIDZ BBBEE Status	Level 3	Level 5	Level 3	Level 3	Level 3	22
	3.4.2 % achievement of ESG targets	n/a	n/a	n/a	0%	0%*	23
Output 3.5: Economic transformation and community upliftment delivered	3.5.1 Number of internships offered per annum within ELIDZ	55	55	44	35	44	24
	3.5.2 Number of active bursaries awarded by ELIDZ	15	13	13	10	13	25
	3.5.3 Number of Corporate Social Investment projects administered by ELIDZ	17	15	20	15	18	26

Notes:

20. Performance against this indicator improved significantly during the reporting period, with the average annual vacancy rate decreasing to 2% against a target of 7%. The improved occupancy levels were primarily attributed to the leasing and operationalisation of the Yekani facility, which contributed materially towards utilisation of available infrastructure within the Zone.

21. This was a new indicator introduced during the reporting period to strengthen the monitoring of financial sustainability and revenue collection performance within the organisation. Performance against the indicator exceeded the annual target, with a debtor collection rate of 98% achieved against a target of 95%. The positive performance was attributable to strengthened debt collection processes, enhanced customer engagement and ongoing monitoring of outstanding accounts, which contributed to improved collection efficiency across the debtor portfolio.

22. The ELIDZ maintained a Level 3 BBBEE contributor status during the reporting period, in line with the prior year outcome and against an annual target of Level 3. The achievement was supported by strong performance within the Enterprise and Supplier Development and Socio-Economic Development elements of the scorecard, where full scores were achieved, as well as continued progress within Management Control. While the organisation achieved the required subminimum thresholds across all priority elements, performance within the Skills Development element remained below optimal levels, particularly relating to expenditure on training programmes and participation of persons with disabilities in learning interventions.

23. This was a new indicator introduced during the reporting period to support the institutionalisation of Environmental, Social and Governance (ESG) management and reporting within the ELIDZ. A target of 0% achievement was set for the first year of implementation, as the focus during the reporting period was on the development of ESG baseline information, governance mechanisms, performance measures and institutional reporting frameworks required to support future implementation and monitoring activities. The foundational work undertaken during the year included the development and integration of ESG-related targets and reporting processes across the organisation, positioning the ELIDZ to commence formal measurement and reporting against ESG performance targets from the next reporting cycle onwards

24. A total of 44 interns participated in the ELIDZ internship programme during the reporting period, exceeding the annual target of 35 internship opportunities. The internship placements were spread across a broad range of organisational functions and strategic areas, including supply chain management, finance, information and communication technology, research, laboratory services, environmental management, project management, digital innovation and enterprise development. The higher-than-targeted performance was attributable to the expansion of internship placement opportunities across multiple business units and the continued prioritisation of youth development and workplace exposure initiatives within the organisation.

25. Performance against this indicator exceeded the annual target, with 13 active bursaries maintained against a target of 10 during the reporting period. The bursary beneficiaries were supported across a range of scarce and critical skills disciplines, including engineering, computer science, mathematical sciences, medicine, nursing, data science and other science-related qualifications. In line with the ELIDZ bursary policy and socio-economic development objectives, targeted support was provided to qualifying students residing within Ward 46 of the Buffalo City Metropolitan Municipality.

26. A total of 18 Corporate Social Investment (CSI) projects were administered and implemented against an annual target of 15, resulting in an overachievement of 3 projects. The CSI initiatives focused on key social development areas including education support, youth development, sports development, community upliftment, support to persons with disabilities, crime prevention and enterprise support initiatives within local communities. Projects implemented during the year included donations of school uniform kits, school shoes, dignity packs, specialised wheelchairs, sports equipment, sewing and gardening equipment, support to community care facilities and business training interventions. Continued support was also provided through the Ward 46 Crime Prevention Centre initiative. The overachievement was attributable to the successful implementation of planned CSI initiatives together with additional ad hoc and rolled-over projects undertaken during the reporting period.

2.5.3 Strategies to overcome under-performance

As at the end of the financial year, the ELIDZ had under-performed in 1 of its Key Performance areas and the following strategies have been devised to deal with the zones under performance going into the 2026/27 financial year.

MANUFACTURING AND SERVICES JOBS:

The under-performance in this KPI is linked to the under-performance of the auto sector investment.

The ELIDZ is continuing promoting its vacant facilities in order to operationalise more investors as well as pursuing a diversification strategy.

The BPO facility has been officially launched, and this will contribute towards achieving this KPI in the next financial years.

The operationalisation of investments at various stages of scaling production, namely RG Brose Expansion, Collondale, Gemilatex, Daimler Truck Southern Africa, Collondale Expansion, and MaXhosa, is expected to yield an estimated additional 744 jobs upon full commissioning, thereby supporting recovery in manufacturing employment over the medium term.

2.6
Linking Performance **with Budgets**

2.6 Linking Performance with Budgets

2.6.1 Expenditure

Programme/ Activity/Objective	2024/2025 Budget	2024/2025 Actual	2024/2025 (Over)/Under Expenditure	2025/2026 Budget	2025/2026 Actual	2025/2026 (Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 1: Operations	298 200	298 972	-772	313 931	313 968	-37
Programme 2: Institutional Support	164 018	163 346	672	161 521	161 411	111
Total	**462 219**	**462 318**	**-100**	**475 452**	**475 379**	**73**

2.6.2 Revenue

Source of Revenue	2024/2025 Estimate	2024/2025 Actual	2024/2025 (Over)/Under Collection	2025/2026 Estimate	2025/2026 Actual	2025/2026 (Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Rentals	175 342	176 638	1 296	185 496	182 160	- 3 337
Zone Levies	6 354	6 594	240	6 725	6 674	-51
Utilities Income	171 021	173 298	2 277	175 238	174 725	-513
Other Income	10 330	10 960	630	12 774	12 138	362
STP Revenue	7 800	7 981	181	7 038	5 445	-1 593
Total	**370 847**	**375 471**	**4 624**	**387 271**	**381 142**	**-5 132**


WALLENIUS WILHELMSEN
NYK LINE
CYGNUS LEADER

east london idz
business streamlined

C.

CORPORATE GOVERNANCE

Impact-driven **Industrial Innovation Hub**

3.1

Introduction

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. It defines the distribution of rights and responsibilities among the different stakeholders and participants in the organisation; it determines the rules and procedures for making decisions on corporate affairs (including the process through which the organisation's objectives are set) and provides the means of attaining those objectives and monitoring performance. Importantly, it defines where accountability lies throughout the organisation.

In addition to legislative requirements based upon the ELIDZ's enabling legislation and the Companies Act of 2008, corporate governance is applied through the prescripts of the PFMA and in accordance with the principles contained in the King V Report on Corporate Governance and the Protocol on Corporate Governance, 2002.

The ELIDZ is committed to upholding the highest standards of corporate governance by complying with legislation applicable to it as well as aligning itself to non-binding rules, codes and standards such as the King report and governance protocol. Parliament, the Executive Authority and the Board of the ELIDZ are responsible for corporate governance.

3.2

Portfolio **Committee**

Parliament exercises its role through evaluating the performance of the ELIDZ. It does this by interrogating the AFS of the organisation and other relevant documents, which may be tabled from time to time.

The Standing Committee on Public Accounts reviews the AFS and the audit reports of the external auditor, which in the case of the ELIDZ, is the AGSA.

The Portfolio Committee exercises oversight over the service delivery performance of the ELIDZ and as such reviews the non-financial information contained in its annual report. The committee is concerned with service delivery and enhancing economic growth.

The ELIDZ met with the Portfolio Committee on 26 June 2025 for the purposes of presenting its corporate plan and its budget and on 4 November 2025 for the consideration of annual and financial oversight reports.

3.3

Executive **Authority**

The Executive Authority is authorised in terms of the provisions of the PFMA to exercise oversight over the ELIDZ. The Executive Authority has the power to appoint Board members and is also responsible for ensuring that the members of the Board have the skills and experience necessary to perform the functions and fulfil the duties of directors.

3.4

The Board of **Directors**

The Board of Directors is the accounting authority of the ELIDZ and constitutes a fundamental base for the application of corporate governance principles. The ELIDZ is directed and controlled by a Board, which comprises of an appropriate mix of non-executive directors who have the necessary skills and experience to strategically guide the company.

The role and function of the Board of the ELIDZ is as follows:

- To act as the focal point for and custodian of corporate governance
- To inform and approve the strategy of the Company
- To provide effective leadership based on an ethical foundation
- To ensure that the Company is and is seen to be a responsible corporate citizen
- To ensure that the Company's ethics are managed effectively
- To ensure that the Company has an effective and independent audit committee
- To be responsible for the governance of risk
- To be responsible for information technology governance
- To ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards
- To ensure that there is an effective risk-based internal audit
- To appreciate that stakeholders' perceptions affect the Company's reputation
- To ensure the integrity of the Company's annual report
- To report on the effectiveness of the Company's system of internal controls
- To act in the best interests of the Company

To appoint the Chief Executive Officer and establish a framework for the delegation of authority. The Board shall ensure that a succession plan is in place for the CEO and other members of executive management.

3.4.1 Board Charter

The Board of the ELIDZ has a charter setting out its role and responsibilities. The charter was drafted in accordance with the provisions of the Companies Act, the PFMA, the principles contained in the King Code and the Memorandum of Incorporation of the Company.

The Board charter of the ELIDZ confirms:

- The role and function of the Board
- The appointment and terms of office of Board members
- The process for termination of office of Board members
- The structure and function of Board committees
- The roles and responsibilities of the Chairperson of the Board, the Chief Executive Officer and the Company Secretary
- The process for performance evaluations of the Board
- The procedure for meetings of the Board
- The rules regarding remuneration of Directors

The charter furthermore confirms that the Board is responsible for:

- Corporate governance
- Determining the ELIDZ's strategic direction
- Control of the company
- Ensuring that management cultivates a culture of ethical conduct
- Determining the values to which the company will adhere and incorporating these values into a code of conduct
- Ensuring that integrity permeates all aspects of the ELIDZ's operations and that the Company's vision, mission and objectives are ethically sound
- Aligning its conduct and the conduct of management with the values that drive the Company's business
- Considering the legitimate interests and expectations of the Company's stakeholders in its deliberations, decisions and actions

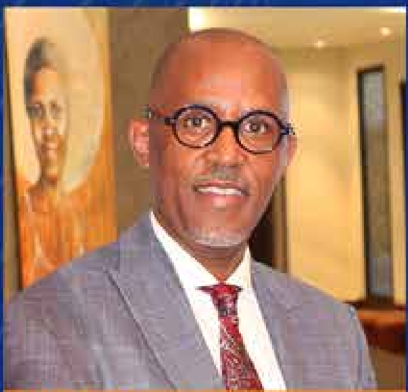
The documents which inform the Board charter form part of the Board induction process and training programme. Compliance with the charter is also monitored by way of the work plans of the Board and its committees.

Board of **Directors**

AYANDA KANANA
Board Chairperson
Independent: Non-Executive
(appointed on 1 June 2026)

NTOMBENTSHA MNCONYWA
Independent: Non-Executive Director

Dr. ZANDISILE DWEBA
Independent: Non-Executive Director



MOTSE MFULENI
Former Board Chairperson
Independent: Non-Executive Director
(resigned on 13/11/2025)

PHUMEZA DHLAMINI
Independent: Non-Executive Director

CLLR B SAULI
Non-Executive Director
(retired on 01/05/2026)

SIYABONGA GQALANGILE
Non-Executive Director

NANDIPA PENXA
Independent: Non-Executive Director

NONA SONJANI
Independent: Non-Executive Director

The Board of Directors is the accounting authority of the ELIDZ and constitutes a fundamental base for the application of corporate governance principles.

MKHULULI MLOTA
Non-Executive Director

BONGISIZWE MPONDO
Independent Non-Executive Director

(resigned on 13/11/2025)

CLLR T TEMPI
Non-Executive Director

(appointed on 1 May 2026)

TEMBELA ZWENI
Executive Director: Ex-officio

3.4.2 Composition of the Board

The Board of the ELIDZ comprised of eight (8) non-executive directors as at 31 March 2026. The Chief Executive Officer is an ex officio member of the Board. The Executive Authority is responsible for appointing members of the Board and the Chairperson of the Board and determines the conditions of their service. The directors are drawn from diverse backgrounds and bring a wide range of experience and professional skills to the Board and its sub-committees. The evaluation of the Board and its committees is performed on a 2-year cycle. The Board met several times during the financial year in order to discharge its responsibilities. The following schedule contains a list of meetings attended by each Director

Name	Designation	Date appointed	Date retired	Age	Qualifications	Area of expertise	Non-Executive /Independent Non-Executive	No. of Board meetings attended	No. of committee meetings attended
Mr. M Mfuleni	Former Board Chairperson (Served from 27/05/2025 – 13/11/2025) Member of CIC Member of HCSEC	31/10/2018	13/11/2025	55	Diploma (Theology), Certificate Investment Management (UCT), Certificate Artificial Intelligence (London School of Economics and Political Science)	Information & Communications Technology (ICT) Governance, Private Markets Investments and Development Finance	Independent Non-Executive	2/3	CIC 2/3 HCSEC 4/4
Ms. N Mnconywa	Former Acting Board Chairperson (Served from 01/04/2025 - 26/05/2025 and 14/11/2025 - 31/01/2026) Chair of ARC Member of FINCO Member of HCSEC	26/09/2016	N/A	54	MA, Hons, BComm, CA (SA), Higher Diploma in Education, Post-Graduate Certificate in Accounting	Auditing, finance, public sector governance	Independent Non-Executive	5/5	ARC 7/7 FINCO 1/1 HCSEC 6/6
Dr. Z Dweba	Former Acting Board Chairperson (Served from 01/02/2026 – 31 May 2026) Member of CIC Member of FINCO Chair of HCSEC	12/05/2025	N/A	69	PhD, D Admin, DTh, MA, Hons, B Admin	Strategic leadership, human resources, labour relations, performance management	Independent Non-Executive	5/5	CIC 1/1 FINCO 2/2 HCSEC 3/3
Mr. B Mpondo	Member of CIC Member of FINCO Member of HCSEC	31/10/2018	13/11/2025	51	Hons, BSc	Town planning, transportation & Infrastructure planning, public sector governance	Independent Non-Executive	2/3	CIC 3/3 FINCO 1/1 HCSEC 3/3
Cllr. B Sauli	Member of CIC Member of FINCO	01/08/2023	01/05/2026	45	Higher certificate in public administration	Community development, municipal sector governance	Non-Executive	5/5	CIC 4/4 FINCO 6/6
Mr. S Gqalangile	Member of ARC Chair of CIC	01/08/2023	N/A	49	MA, Hons, BA	Environmental management, public sector governance	Non-Executive	5/5	ARC 5/7 CIC 3/4
Ms. N Penxa	Member of ARC Member of HCSEC	19/05/2025	N/A	38	LLB, Admitted Attorney, Notary Public, Conveyancer	Legal, corporate governance	Independent Non-Executive	5/5	ARC 4/4 HCSEC 3/3
Ms. N Sonjani	Member of ARC Chair of FINCO	19/05/2025	N/A	60	B Comm, CA (SA)	Auditing, finance, public sector governance	Independent Non-Executive	5/5	ARC 5/5 FINCO 5/5

Name	Designation	Date appointed	Date retired	Age	Qualifications	Area of expertise	Non-Executive /Independent Non-Executive	No. of Board meetings attended	No. of committee meetings attended
Ms P Dhlamini	Member of FINCO Member of HCSEC	12/05/2025	N/A	49	Hons, B Phil, Dip	Marketing, corporate relationship management, public sector governance	Independent Non-Executive	4/5	FINCO 5/5 HCSEC 3/3
Mr M Mlota	Member of CIC Member of FINCO	19/05/2025	N/A	58	B Comm	Automotives sector, policy development, strategy, public sector governance	Non-Executive	3/5	CIC 1/3 FINCO 5/5

3.4.3 Changes in the Board Composition in 2025/26 FY

Mr M Mfuleni and Mr B Mpondo resigned from the Board on 13 November 2025. Cllr B Sauli was retired from the Board on 1 May 2026. Cllr T Tempi was appointed onto the Board on 1 May 2026 and Mr A Kanana was appointed onto the Board on 1 June 2026.

3.4.4 Committees

The Board has the authority to delegate its power to executive structures and Board committees. A delegation of authority framework is in place to facilitate this delegation. The Board has accordingly established the following sub-committees for the purposes as outlined below:

- The Human Capital Social and Ethics Committee
- The Audit and Risk Committee
- The Finance Committee
- The Capital Investment Committee

Human Capital Social and Ethics Committee (HCSEC)

This committee consists of 4 non-executive board members. The Committee is responsible for:

- Overseeing and monitoring implementation and execution of the Company's strategic plans
- Monitoring implementation of the corporate governance framework
- Performing the functions of a governance committee
- Overseeing and monitoring Board composition and development
- Monitoring the execution of human resource strategies and plans
- Reviewing remuneration policies and practices
- Overseeing and monitoring social and ethics functions
- Exercising oversight and monitoring ESG-related activities

Audit and Risk Committee (ARC)

The Audit and Risk Committee is tasked by the Board to carry out its statutory duties in terms of Section 77 of the PFMA, Treasury Regulation 27.1 and Section 94(7) of the Companies Act of 2008, as well as all other duties assigned to it by the Board.

The committee is comprised of 4 non-executive directors. The Chief Executive Officer, Chief Financial Officer, internal auditors and external auditors are standing invitees to the meetings.

The main objective of this committee is to provide the Board with assurance that the internal controls are appropriate and effective and to monitor the component parts of the audit and compliance process. The specific role of the committee is to assist the Board in discharging its responsibilities and to, amongst other things:

- Safeguard assets
- Maintain adequate accounting records
- Develop and maintain effective systems of internal control
- Promote the independence of both the external auditors and internal audit function
- Review the scope and outcome of audits
- Monitoring of risk
- Ensure that the Board makes informed decisions and is aware of the implications of such decisions in relation to accounting policies, practices and disclosures
- Provide as much assistance and information as possible to the Board to enable it to discharge its responsibilities appropriately.

Finance Committee (FINCO)

The committee is comprised of 4 non-executive directors. The Committee is responsible for:

- Reviewing policies and strategies relating to financial and procurement activities
- Deliberating on issues relating to the financial budget of the Company including the preparation of annual operating and revenue budgets, the MTEF budget and periodic budget reviews
- Awarding of tenders in accordance with the provisions of the Company's procurement policy and the delegation of authority matrix of the Board
- Reviewing the implementation of procurement procedures
- Reviewing and monitoring procurement plans, targets and strategies

Capital Investment Committee (CIC)

The committee is comprised of 4 non-executive directors. The Committee is responsible for:

- Deliberating on issues relating to business development and in particular the attraction and placement of investment
- Reviewing revisions to business plans and targets as a result of investment trends
- Reviewing investor after-care strategies aimed at retaining and expanding investment in the zone and the provision of appropriate resources

- Reviewing strategies aimed at developing small medium and micro enterprises (SMMEs) aimed at improving local participation in manufacturing
- Reviewing strategies aimed at developing streamlined business services support to investors
- Reviewing strategies aimed at facilitating customer satisfaction
- Reviewing and evaluating all investment proposals
- Considering national and international developments in the fields of trade and investment
- Deliberating on issues pertaining to strategic development and innovation initiatives

Committee	No. of meetings held	No. of members	Name of members
Human Capital Social and Ethics Committee	6	4	Dr Z Dweba (Chair) Ms N Mnconywa Ms P Dhlamini Ms N Penxa *Past members:* Mr B Mpondo Mr M Mfuleni
Audit and Risk Commit-tee	7	4	Ms N Mnconywa (Chair) Mr S Gqalangile Ms N Sonjani Ms N Penxa
Finance Committee	6	4	Ms N Sonjani (Chair) Cllr B Sauli Ms P Dhlamini Mr M Mlota *Past members:* Mr B Mpondo Ms N Mnconywa Dr Z Dweba
Capital Investment Committee	4	4	Mr S Gqalangile (Chair) Cllr B Sauli Mr M Mlota Dr Z Dweba *Past members:* Mr B Mpondo Mr M Mfuleni

3.4.5 Remuneration of Board Members

Board members are remunerated in terms of a non-executive director remuneration policy. The rates of remuneration are in accordance with the National Treasury Guidelines issued on 24 May 2013. Board members that are in the employ of the Executive Authority are not remunerated for their services as Directors.

Board members are remunerated according to the following rates:

- Chairperson of the Board – R12 500 per sitting of the Board
- Deputy-Chairperson of the Board – R11 000 per sitting of the Board
- Member of the Board – R7 500 per sitting of the Board
- Statutory Committee chairs (Audit/Operations and Risk) – R9 500 per sitting of the committee
- Statutory Committee members (Audit/Operations and Risk) – R6 375 per sitting of the committee
- Chairperson of committee (other than Audit/Operations and Risk) – R8 500 per sitting of the committee
- Member of committee (other than Audit/Operations and Risk) – R6 375 per sitting of the committee
- Attendance of Board workshops, meetings with the Auditor-General, the MEC and the Portfolio Committee, adhoc meetings with the chairperson and special approved requests for board members to work on certain matters – R2 800 per hour for the Chairperson of the Board, R2 233.50 per hour for the Deputy-Chairperson of the Board, R1 667 per hour for statutory committee chairs (Audit/Operations and Risk), R1 250 per hour for other members of the Board or Committee
- Attendance at external stakeholder workshops and presentations – R705 per hour for the Chairperson of the Board, R655.50 per hour for the Deputy-Chairperson of the Board, R606 per hour for the Board and committee members
- Members of the Board furthermore receive a monthly contribution towards their airtime at the rate of R319 for the Chairperson of the Board, R266 for the Deputy-Chairperson of the Board and R213 for the members of the Board
- Members of the Board that travel from out of town receive an out-of-town travel allowance of R1 277 per round trip
- Members of the Board are reimbursed for fuel used to attend ELIDZ commitments at the published AA rates.

Board Remuneration

Name	Remuneration	Other allowance	Total
M Mfuleni *(Former Chairperson) (Resigned)*	162 710	8 406	171 116
Z Dweba *(Former Acting Chairperson)*	167 544	2 555	170 099
N Mnconywa *(Former Acting Chairperson)*	284 068	3 404	287 472
B Sauli *(Retired)*	140 750	2 982	143 732
B Mpondo *(Resigned)*	75 221	2 981	78 202
N Penxa	118 375	8 728	127 103
N Sonjani	162 372	13 623	175 995
P Dhlamini	110 875	10 217	121 092
Total Board Fees	**1 221 915**	**52 896**	**1 274 811**

3.5

Risk **Management**

The ELIDZ has had an approved risk management policy and strategy in place for the duration of the 2025/26 financial year. Risk assessments are conducted regularly in order to determine the effectiveness of the risk management strategy and to identify new and emerging risks.

The Risk Management Committee assessed the overall system of risk management, especially the mitigation of unacceptable levels of risk. The Committee met quarterly to review the organisational risk register and provide updates on implementation of risk management action plans.

3.5.1 Board and Sub-committee oversight

The ELIDZ utilizes the three lines of defence model which sees:

- Business units having the primary responsibilities to manage risks and implement action plans
- Risk Management Unit in the Office of the CEO is the second line with responsibility being independent monitoring of the management of risks and controls
- Internal Audit provides assurance and assessment of high-risk areas.

The Audit and Risk Committee of the Board provide monitoring and oversight of Risk Management. The Board has continued to perform their oversight role in respect of risk management. High-priority risks are allocated to the relevant Board sub-committee thereby allowing for greater oversight and monitoring of action plans. The Audit and Risk Committee advised management and those charged with governance on risk management and independently monitored the effectiveness of the system of risk management. Assurance was further provided by internal audit through their independent review of the ELIDZ risk management processes. A reduction was noted in the overall entity residual risk because of action plans implemented during the period. This has transmitted into improvements in the entity's performance as well as a significant improvement in the internal control environment.

At the beginning of the financial year, risks were prioritised based on the extent of the residual risk which was mainly a result of the potential impact, the probability and strength of controls to mitigate the risks.

Financial and Commercial risks remained the highest risk areas facing the organisation. The significant risk drivers impacting on these risks included:

- Investor sentiment both locally and globally
- Poor economic climate and the direct impact this has had on the ELIDZ investment sectors

At the end of the 2025/26 financial year, ELIDZ had implemented most of its risk mitigation and treatment action plans and this led to movements in several priority risks that were on the ELIDZ's risk register.

Category	Annual reduction in residual risk	% implementation of action plans	Key risk drivers
Financial sustainability	5%	93%	Economic climate - balancing developmental mandate with financial sustainability
Operational sustainability	2%	88%	Loadshedding and climate change leading to severe weather events
Commercial sustainability	5%	78%	Economic climate – impact on investment attraction and existing tenants' going con-cern
SHEQ sustainability	5%	100%	Lower risk item – managed risk
People	0%	75%	Employee wellness and increasing cost of living – managing employee expectations
Legal, contractual and non-compliance	0%	90%	Lower risk item – managed risk
Brand and reputation	10%	100%	SIU investigation – lower impact in Q4 com-pared to Q1
Environmental, social and govern-ance	0%	74%	Economic climate – managing stakeholder expectations
Information and communication technology	0%	75%	Lower risk item – managed risk

3.6

Internal Audit and **Audit and Risk Committee**

Ms. N Mnconywa
Chairperson: Audit and Risk Committee

Internal audit is responsible for the examination and evaluation of the adequacy and effectiveness of the ELIDZ's systems of control.

Specifically, internal audit will:

- Review the reliability and integrity of financial and operating information.
- Review the systems established to ensure compliance with policies and appropriate legislation and determine whether the ELIDZ is in compliance with these requirements.
- Review the safeguarding of assets and, as appropriate, verify the existence of such assets.

Audit and Risk Committee meetings were as follows:

Name	Qualifications	Internal/ External	Date Appointed as Board member	Date Retired from committee	Number of meetings attended
Ms. N Mnconywa *(Chairperson)*	MA, Hons, BCom, CA (SA)	External	26/09/2016	n/a	7/7
Mr. S Gqalangile	MA, Hons, BA	External	01/08/2023	n/a	5/7
Ms. N Sonjani	B Com, CA (SA)	External	19/05/2025	n/a	5/5
Ms. N Penxa	LLB	External	19/05/2025	n/a	4/4
Mr. M Mfuleni	Dip (Theology)	External	31/10/2018	03/07/2025	1/2

The Audit and Risk Committee reports that it has adopted appropriate formal term of reference as its Audit and Risk Committee charter, that it has regulated its affairs in compliance with this charter and that it has discharged all of its responsibilities contained therein. The Audit and Risk Committee further reports that it has conducted its affairs in line with the requirements of the PFMA and Treasury Regulation 27.1.8.

The Audit and Risk Committee has an oversight function with regards to:

- Financial management and other reporting practices;
- Internal controls and management of risks;
- Compliance with laws and regulations;
- The external audit and;
- The internal audit function.

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

- Finance functions;
  - The expertise, resources and experience of the finance function;
  - The effectiveness of the CFO;
- Internal controls, 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, including the following specific risks:
  - financial controls; fraud risks relating to financial reporting; information technology risks relating to financial reporting; and effectiveness of the entity's compliance with legal and regulatory provisions;
- Financial and sustainability information provided; and
- The adequacy, reliability and accuracy of financial information provided by management.

3.6.1. Effectiveness of Internal Controls

The Audit and Risk Committee is satisfied:

- That the internal audit function is operating effectively and that it is addressing the risks pertinent to the Company in its audits;
- Of the independence and objectivity of the external auditors;
- Of the quality of the external audit; and
- That accounting and auditing concerns are identified because of internal and external audits, including reportable irregularities in line with the principles of combined assurance, as outlined in the King V report on corporate governance.

The following internal audit work was completed during the year under review:

- Quarterly review of financial statements;
- Quarterly review of performance reports;
- Performance management review;
- AFS review;
- Dashboard review;
- Compliance review;
- SCM review;
- Going concern review;
- Asset management;
- Fraud hotline review;
- Follow up reviews (all audits)

The Audit and Risk 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 processes of risk management and compliance 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 has submitted monthly and quarterly reports to the Executive Authority.

3.6.2. Evaluation of Financial Statements

The Audit and Risk Committee has evaluated and discussed the AFS of the ELIDZ for the year ended 31 March 2026 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 and Risk Committee concluded 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 and Risk Committee has therefore, at its meeting held on 20 August 2026, recommended the adoption of the financial statements by the Board of Directors.

The Audit and Risk Committee concur 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.

3.6.3. Auditor-General

The Audit and Risk Committee has met with AGSA to ensure that issues that were raised are being resolved by management.

On behalf of the Committee:

Ms. N Mnconywa
Chairperson: Audit and Risk Committee

3.7 Fraud and **Corruption**

ELIDZ adopts an annual fraud management plan which forms part of the risk management framework. The plan was fully implemented for the 2025/26 financial year.

A fraud hotline has been in place for the full financial year – all items reported through the hotline are investigated by internal audit. Legislated protections are also in place for whistleblowers through the Ethics policy.

Finally, all employees are required to adhere to both the Code of Conduct (signed annually) and the Ethics policy which includes disclosing all conflicts of interest.

3.8 Minimising Conflict **of Interest**

All employees sign an annual disclosure of interest form and are required to disclose any new conflicts as soon as they arise in terms of the Ethics policy.

Verbal confirmation that employees are not conflicted takes place before each supply chain management related meeting.

Where a conflict does arise and is reported, these are assessed by the Manager: Risk, Assurance and Internal Control, Manager: Human Capital Management and Manager: Supply Chain Management. Controls are then implemented as and when needed.

3.9 Code of **Conduct**

All employees are required to sign the ELIDZ Code of Conduct annually. This document outlines and describes acceptable conduct within the workplace. Any breaches of the Code of Conduct would be addressed through the corresponding policy relating to the breach.

3.10 Health, Safety and **Environmental Issues**

Chapter 2 of the Constitution of South Africa contains the Bill of Rights in which basic human rights are enshrined. The fundamental rights apply to the health & safety and environmental context within which the ELIDZ operates.

Section 24 states that "Everyone has the right –

a. to an environment that is not harmful to their health or well-being; and
b. to have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that –
   (i) prevent pollution and ecological degradation;
   (ii) promote conservation;
   (iii) secure ecologically sustainable development
   (iv) use of natural resources while promoting justifiable economic and social development and
   (v) ensures a development environment that is safe and secure for its investors and those impacted by its operational and other activities.

Section 24(b) is aimed at reconciling development and conservation. It is important to note that the emphasis on the prevention of pollution and ecological degradation is qualified by the obligation placed on government in Section 24(b)(iii) to simultaneously promote "justifiable economic and social development".

A case in point is the responsibility industries have to eliminate and at worst mitigate their impact on the environment and on accelerated climate change. In addition, a fundamental condition associated with the ELIDZ's permit to operate an SEZ is to ensure compliance to applicable legislation. This includes compliance with the conditions of the change in land use authorisation that requires the establishment and maintenance of an Environmental Management System (EMS).

It is therefore Key for the ELIDZ to maintain its certification to the globally adopted best practice ISO 14001 EMS to remain compliant as an operator of an SEZ. The Adequacy of the maintenance of certification is tested annually through certification audits by an accredited certification body. The ELIDZ is similarly certified in the globally recognised ISO 45001 Occupational Health and Safety Management System.

This demonstrates the ELIDZ's commitment to comprehensively managing the Occupational Health and Safety hazards and risks, as well as compliance to legal and other requirements associated with its operational and other activities.

SHE Management System Maintenance is critical to responding to the needs and expectations of interested and affected stakeholders (Enabling, Functional, Normative & Diffused) that include:

1. Current and future investors
2. Employees
3. Surrounding Communities
4. Outsourced service support
5. DEDEAT
6. DTIC
7. BCMM
8. DoEL

Maintaining Certification in globally leading SHE Management Systems – ISO 14001 and ISO 45001 augments efforts to manage stakeholders, as well as efforts for attraction and retention of foreign direct investment. It is best described as an accolade worthy of a national front running world class organisation that aspires to sustainable industrial development.

3.11

Company **Secretary**

In terms of Section 88 (2) (e) of the Companies Act, I certify that the company has filed with the Companies and Intellectual Property Commission all such returns and notices in terms of the Act, and all such returns appear to be true, correct and up to date.

Palmer

Jo-Anne Palmer
Company Secretary

3.12

ELIDZ Social and **Ethical Responsibility**

The ELIDZ is a Schedule 3D entity. Schedule 3D entities are referred to as government business enterprises or State-Owned Enterprises (SOCs). These entities generate income but may be either substantially self-funded or substantially government funded. While entities such as the ELIDZ have less autonomy than the schedule 2 public entities, they are still run in accordance with general business principles.

3.12.1. Legislation and best practice applicable to social and ethics committee

As an SOC, the ELIDZ is committed to not only complying with the Companies Act No 71 of 2008 (as amended in 2011) but also applicable voluntary and leading best practice in Corporate Governance as contained in the King IV Report on Corporate Governance for South Africa (King IV Report). Both the Companies Act and the King IV Report highlight the need for an active and operational Social and Ethics Committee.

3.12.2. The Companies Act on Social and Ethics

The Companies Act and the Companies Regulations of 2011 all highlight the key responsibilities for South African Companies. Section 7 (b) of the Companies Act constitutes the Social and Ethics Committee as a statutory and board committee that is mandated with promoting the development of the South African economy by encouraging transparency and high standards of corporate governance as appropriate, given the significant role of enterprises within the social and economic life of the nation.

3.12.3. The King IV Report on Social and Ethics

Sustainable Development is one of the philosophies that underpin the ***King IV Report.*** The report defines Sustainable Development as development that meets the needs of the present without compromising the ability of future generations to meet their need.

Centred on Integrated thinking and value creation, the ***King IV Report*** highlights Corporate Citizenship as one of the key pillars of sustainable Developments. Corporate Citizenship in this context refers to the organisation's rights, obligations and responsibilities towards the society and the natural environment on which society depends. Of the 10 Principles highlighted in the ***King IV Report*** – two key principles are focused on the role of the Social and Ethics Committee. Principle 2 focuses on the development, monitoring and reporting on the organisation's Ethics Framework, while Principle 3 is focused on Corporate Citizenship policies, practice and oversight.

There are no differences between the provisions made in the Companies Act and those made in the ***King IV Report*** with respect to the role of the Social and Ethics Committee. The ***King IV Report***, however, provides a comprehensive framework and guidance on the role of the Social and Ethics Committee and this has been extensively used in this document to guide the ELIDZ's Social and Ethics Agenda for the 25/26 financial year.

3.12.4. The ELIDZ Social and Ethics Commitment

The ELIDZ prioritises being a good corporate citizen and is committed to ethical and responsible leadership. Key to this commitment is the ELIDZ's focus on developing and harnessing an ethical culture within the organisation.

Additionally, as an organisation whose mandate is anchored on being a catalyst for economic development, the ELIDZ is committed to maximising opportunities for shared socio-economic value in order to benefit local industries, communities and citizens.

The ELIDZ is also determined to deliver this value in a manner that will not compromise people (employees, customers, and the general public) and the environment. While the ELIDZ prioritises compliance with all relevant legislation and code, its social and ethical agenda is driven by more than just compliance, but by the shared aspiration to do good and to have a positive impact on people and the environment.

3.12.5. Social and Ethics Priority Areas and Progress for 2025/26

3.12.6. Environmental, Social and Governance (ESG)

During the 2025/26 financial year, the ELIDZ commenced the institutionalisation of its five-year ESG Strategy and Implementation Roadmap for the period 2025/26 to 2029/30. The first year of the roadmap focused on establishing the governance foundation for ESG, clarifying responsibility and accountability, developing baseline information, and putting in place the initial performance measures and institutional reporting arrangements required to support consistent ESG implementation across the organisation.

The Global Reporting Initiative (GRI) Standards were selected as the ELIDZ's primary ESG reporting framework, supported by alignment to the United Nations Sustainable Development Goals, the King IV Report on Corporate Governance, emerging King V requirements, IFRS S1 and IFRS S2, the Task Force on Climate-related Financial Disclosures, applicable ISO management systems, and public-sector accountability and assurance requirements.

As the ESG performance indicator was introduced during the year as an institutionalisation measure, formal ESG performance measurement had not yet commenced. The foundational work completed during 2025/26 provides the basis for the development of reliable baselines, structured ESG key performance indicators, and regular internal and external reporting from the next reporting cycle.

3.12.7. Business Ethics and Transparency

Key to the ELIDZ's values is the commitment for every member of the board, management and staff to be ethical by nature and to ensure that due care is taken in the use and optimisation of organisational resources. The board is tasked with assuming responsibility for the governance of ethics by setting the direction and the tone from the top.

During the period under review the ELIDZ amended its ethics framework to strengthen its controls with respect to management of the declaration of interest process. Ongoing awareness to ensure that employees were aware of the ELIDZ's policies in relation to employee conduct, fraud and ethics management was implemented.

To ensure that the organisation promoted an organisational culture that was supportive of its aspirations to be ethical by nature, the 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.

To mitigate the risk of conflict of interest in in operations, the 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.

The ELIDZ has various policies and practices in place to ensure that the organisation's ethical standards are applied in all recruitment, performance evaluation, reward of employees and award of contracts to suppliers and the ELIDZ 's internal audit plan includes auditing the implementation of these policies in a manner that upholds the ethical standards of the organisation.

The ELIDZ continues to have an externally managed Fraud Hotline, and all matters reported to the hotline are handled confidentially and investigated. The 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. During the period under review the ELIDZ received a clean audit opinion from the AGSA for the period under review and there were no findings relating to any fraudulent or corrupt activity.

3.12.8. Responsible Citizenship in the Workplace

The ELIDZ Board, as part of its Human Capital Management Strategy acknowledges that employees are an important asset to the organisation. As part of this realisation, during the period under review the ELIDZ refined its Employee Value Proposition to include the following:

Moreover, during the period, the ELIDZ continue to develop and review various policies to ensure that the was a clear direction set by the board on how various issues would be approached and address in the workplace.

As part of its workforce planning, the ELIDZ sets annual targets for both its staff vacancy rate and staff turnover rate. During the period under review, the organisation achieved an average annual vacancy rate of 2.5% against a target of 7%, reflecting the successful filling of key management positions, including the COO, Executive Manager: Corporate Affairs, and Senior Manager: Office of the CEO.

As at 31 March 2026, the organisation had 89 filled positions out of 102 approved positions, with 11 vacancies remaining, representing a vacancy rate of 10.78%. These vacancies are scheduled to be filled during the 2026/27 financial year and are not expected to impact service delivery due to suitable stand-in arrangements being in place.

Staff turnover remained within acceptable levels during the year, with three resignations recorded and one appointment made during the reporting period. The low level of employee turnover contributed positively to organisational stability and continuity of operations.

ELIDZ is currently in year one of its five-year Employment Equity Plan (effective from 01 September 2025 to 31 August 2030). The purpose of the plan is to transform the organisational environment such that the ELIDZ's workforce is representative of the demographics of the province. In preparing the Employment Equity Plan, the Employment Equity and Skills Development Committee went through an extensive and thorough analysis of qualitative and quantitative aspects related to the workplace.

A qualitative analysis was conducted of the then current employment equity plan goals, employment policies, practices, procedures and the working environment to identify barriers which were deemed to adversely affect people from designated groups. This resulted in non-numerical goals being formulated aimed at removing affirmative action barriers and obstacles which may negatively impact on the organisation's ability to reach the numerical targets.

A quantitative analysis was also conducted of the workforce profile, per occupational category, to determine the under-representation of people from designated groups based on the Economically Active Profile (EAP) of the Eastern Cape; the then current vacancies, possible opportunities and vacancy trends were also considered.

This resulted in the setting of numerical goals focusing on increasing the representation of designated groups across the necessary occupational levels in an effort to achieve alignment with the EAP.
In terms of the Skills Development Act read together with the Skills Development Levies Act, designated employers are required to submit their Workplace Skills Plan and Annual Training Report (WSP/ATR) annually on/before 30 April. As a designated employer, the ELIDZ compiled its WSP from the developmental interventions identified through the Personal Development Plans and reported on the training conducted in the previous financial year.

The 2025/26 WSP/ATR was endorsed by the Employment Equity and Skills Development Committee, the Chief Financial Officer and the Chief Executive Officer and was submitted before the legislated deadline of 30 April 2025. During 2025/26, a total number of Eighty-Nine (89) employees have been trained on numerous training interventions in line with their personal development plans and in-house driven programmes including bursary beneficiaries. This translates to a participation rate of 81.17%.

It is envisaged that all employees are to be trained in line with their personal development plans, hence a 100% participation rate is desired, however, due to operational requirements this is not always possible.

The total training expenditure as at end Quarter 4, inclusive of training and development interventions, bursaries, and internship programme, amounts to R 5 288 546 which is 4,7% of the annual cost of employment.

The targeted organisational training expenditure percentage for the 2025/26 financial year is 3% of the total cost of employment.

The expenditure to date is consistent with past trends that show an improved training up-take during the financial year, consistent with the drive to improve the BBBEE level of the organisation.

3.12.9. Community Development and Corporate Social Investment (CSI)

ELIDZ's CSI programme focuses on education, enterprise development, sports, and skills advancement, with impact extending across both local and broader Eastern Cape communities. During the period under review, ELIDZ exceeded its annual target, implementing 18 CSI initiatives against a target of 15. These initiatives included:

- Educational support (school uniforms, shoes, dignity packs, infrastructure upgrades)
- Sports development (equipment and support for local clubs)
- Enterprise development (training and equipment for entrepreneurs)
- Social support (assistance to vulnerable groups such as the elderly and persons with disabilities)

In addition, ELIDZ awarded 13 bursaries to students pursuing undergraduate studies.

Overall, the programme demonstrates ELIDZ's commitment to sustainable community upliftment and inclusive economic development in the Eastern Cape.

3.12.10. Safety, Health and Environmental Impact Management

The East London Industrial Development Zone (ELIDZ) remains committed to minimising the environmental impact of its operations and those of the industries established within the Zone.

The organisation further promotes best practices among employees, customers, and stakeholders to protect facilities, infrastructure, people, the environment, and the natural resources within its sphere of influence.

In support of this commitment, ELIDZ successfully maintained its internationally accredited management system certifications during the 2025/26 financial year:

- ISO 14001:2015 Environmental Management System (EMS)
- ISO 45001:2018 Occupational Health and Safety Management System (OHSMS)
- ISO 9001:2015 Quality Management System (QMS)

Furthermore, no material non-compliances were identified in relation to the management of the organisation's environmental aspects and impacts or its occupational health and safety hazards and risks. ELIDZ also continues to implement robust environmental due diligence and approval processes to ensure that all new enterprises established within the Zone comply with applicable environmental and regulatory requirements.

Key Areas of Focus for Next Year.

During the 2026/27 financial year, the ELIDZ will enter the second year of its five-year ESG implementation roadmap, with the primary focus shifting to baseline development and ESG key performance indicator structuring. This will include finalising KPI definitions and calculation methodologies, developing reliable environmental, social and governance baselines, assigning data owners and evidence owners, and establishing standardised data collection templates, reporting frequencies, validation controls and supporting evidence requirements.

The ELIDZ will continue to use the GRI Standards as its primary reporting framework, supported by alignment to the United Nations Sustainable Development Goals, King IV and King V governance principles, IFRS S1 and IFRS S2, climate-related disclosure principles, the GHG Protocol, and the organisation's ISO 14001 and ISO 45001 management systems. This layered approach is intended to ensure that ESG reporting remains relevant to the ELIDZ's mandate, operating environment and public-sector governance obligations.

Further priorities will include confirming ICT and evidence-repository requirements, strengthen internal validation and governance oversight, and establish a structured reporting flow to Executive Management and the relevant Board committees. The work undertaken during 2026/27 will prepare the ELIDZ for fuller institutional ESG reporting from 2027/28 and support its longer-term objective of integrated ESG management and future external assurance readiness.

89

Employees trained through training interventions

18

CSI Initiatives implemented during the period under review

13

Bursaries were awarded to undergraduate students

3.13

B-BBEE Compliance

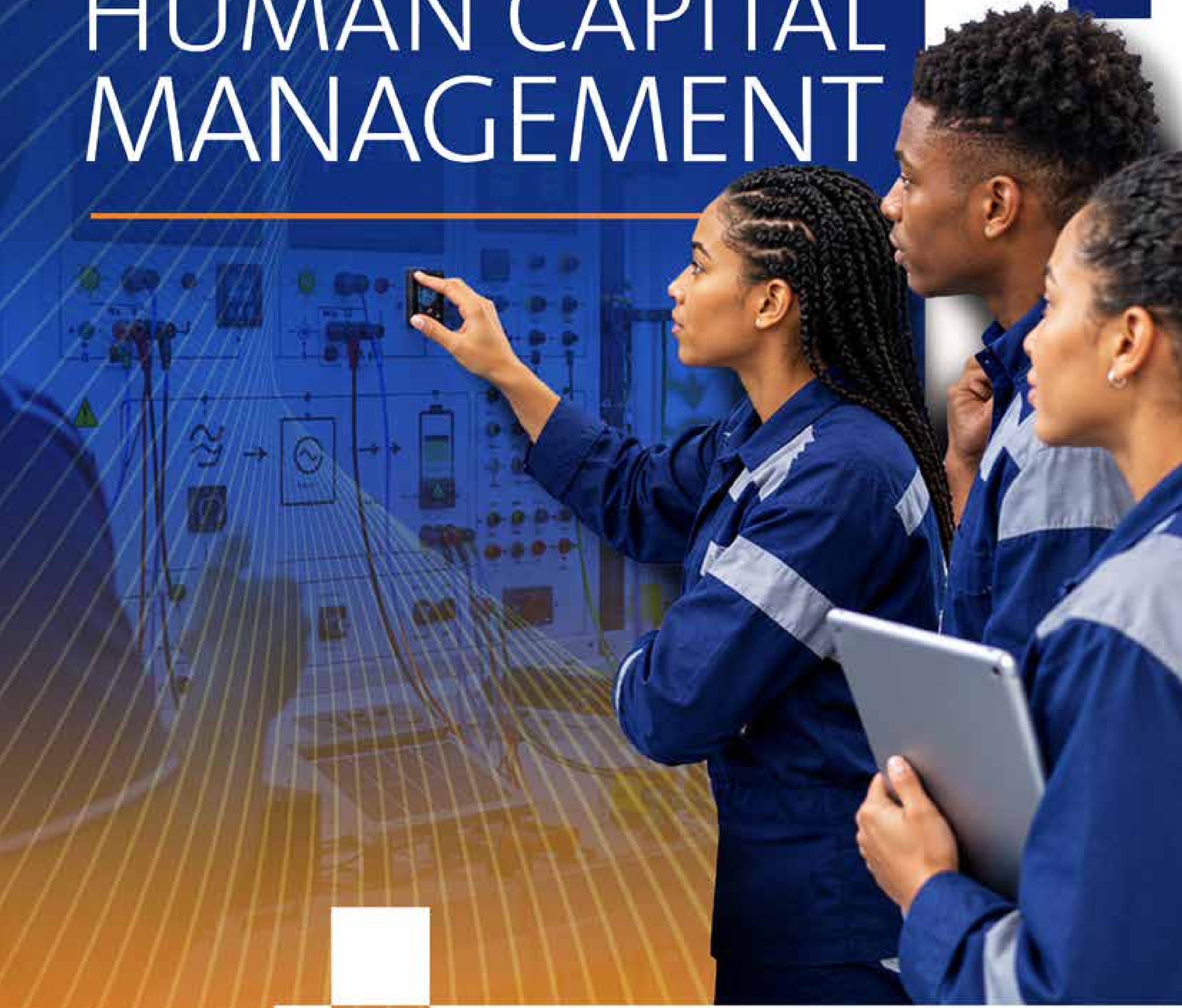
Performance Information

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	**Response Yes / No**	**Discussion (include a discussion on your response and indicate what measures have been taken to comply)**
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	**Yes**	ELIDZ complies with Section 2(1)(d) of the Act, specifically refers to the Preferential Procurement Policy Framework Act (PPPFA), and it outlines the criteria for awarding contracts based on preferential procurement policies. It details how organs of state must determine their preferential procurement policy and how specific goals, such as those related to historically disadvantaged individuals, should be incorporated. ELIDZ has currently a Level 3 BBBEE status
Developing and implementing a preferential procurement policy?	**Yes**	The ELIDZ has incorporate Specific goals as contemplated in section 2(1)(d) of the Act in its Policy to guide the organisation in the process of acquisition of goods and services that are required to support the service delivery obligations of the ELIDZ from time to time . This includes contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender and disability including the implementation of programmes of the Reconstruction and Development Programme as published in Government Gazette No. 16085 dated 23 November 1994. The ELIDZ commits itself to implement this policy in a manner that will: • Promote and empower small and emerging enterprises; • Support local business enterprises; and • Empower those persons disadvantaged by unfair discrimination.
Determining qualification criteria for the sale of state-owned enterprises?	**Yes**	ELIDZ complies with the Preferential Procurement Regulations 2022 that allows for the 80/20 and 90/10 preference point system to be applied in reverse for tenders to generate income or to dispose of or to lease assets
Developing criteria for entering into partnerships with the private sector?	**Yes**	ELIDZ has an Exception to tender policy where the process for Public – Private procurement find expression in.
Determining criteria for the awarding of incen-tives, grants and invest-ment schemes in support of Broad Based Black Economic Empowerment?	**Yes**	ELIDZ has developed an SMME Policy that address the transformation, development and empowerment in line with the BBBEE Act.

east london idz
business streamlined

d.

HUMAN CAPITAL MANAGEMENT



Impact-driven ***Industrial Innovation Hub***

4.1

Human Capital **Strategy**

The success of the Human Capital Management Strategy depends in part on our ability to retain, motivate, develop, and continue to attract employees with the skills and experience to help the ELIDZ master challenges and make the most of opportunities. Investing in our employees remains of paramount importance. ELIDZ employees are therefore viewed as crucial assets in driving the achievement of the company's strategic goals. As such, the ELIDZ continues to implement various measures to ensure the optimisation of such. The ELIDZ issues a quarterly Human Capital Management Report to the Board's Human Capital, Social and Ethics Committee. The report, amongst other things reports on the following:

- *Human capital strategy*
- *Organisational design*
- *Workforce planning*
- *Learning and development*
- *Performance management*
- *Succession management*
- *Reward and recognition*
- *Employee wellness*
- *Employee relations*

Human Capital Management has positioned itself to work closely with ELIDZ Executives and Business Unit managers in order to develop a human capital management agenda that closely supports the ELIDZ Corporate Strategy. In line with the human capital management strategic priorities and collaborations, the main objective is to develop a performance culture through remodelling and improved performance management processes. Strong organisational development interventions were targeted to improve processes and to maintain employee satisfaction levels. The Human Capital Management sub-unit consults the Business Units to provide adequate assistance and support in all human capital management aspects. The delivery of business consulting capability and professional human capital management services is designed to positively impact business results and to position the ELIDZ as an employer of choice.

The Human Capital Management sub-unit remains committed to being a proactive business partner for the organisation to ensure that its strategic goals are met through the continued delivery of a bouquet of human capital management services and programmes. The sub-unit is positive that the results as at the end of the fourth quarter of the financial year will be maintained and / or improved upon during the 2025/26 financial year.

4.2

Human Capital Management **Oversight Statistics**

4.2.1 Personnel cost by programme

EXPENDITURE: Personnel Costs by Programme: 2025/26				
Programme / activity / objective	**Total Expenditure for the entity**	**Departmental exp. as a % of total exp.**	**No. of employees**	**Average Personnel cost per employee**
Office of the CEO	16 991 653	15%	8	2 123 957
Corporate Affairs	33 950 185	29%	27	1 257 414
Finance	19 351 516	17%	16	1 209 470
Operations	45 573 589	39%	38	1 199 305
TOTAL	**115 866 943**	**100%**	**89**	**1 301 875**

4.2.2 Personnel cost by salary band

EXPENDITURE: Personnel Costs By Salary Bands: 2025/26				
Programme / activity / objective	**Personnel Expenditure**	**% of personnel exp. to total personnel cost**	**No. of employees**	**Average Personnel cost per employee**
Senior management	18 495 196	16%	4	4 623 799
Professionally qualified and experienced specialists and mid-management	39 875 839	34%	21	1 898 849
Skilled technical & academically qualified workers, junior management, supervisors, foremen, and superintendents	47 182 418	41%	48	982 967
Semi-skilled and discretionary decision making	5 904 710	5%	8	738 089
Unskilled and defined decision making	4 408 780	4%	8	551 098
TOTAL	**115 866 943**	**100%**	**89**	**1 301 875**

Notes:
The ELIDZ does not pay a homeowner's allowance
R 33 844.23 in overtime was paid during the Financial Year ended 31 March 2026
Remuneration and Benefits are paid in terms of the prevailing policies.
Number of employees whose salary positions were upgraded due to their posts being upgraded
No employee's salary positions were upgraded due to their posts being upgraded
Employees whose salary level exceeds the grade determined by job evaluation
No employee's salary levels exceeded the grade determined by job evaluation outcomes during the period

4.2.3 Performance rewards

Program / activity / objective	Performance rewards	Personnel Expenditure	% of performance rewards to total personnel cost
Senior management	1 617 156	18 495 196	8,7%
Professionally qualified and experienced specialists and mid-management	3 525 204	39 875 839	8,8%
Skilled technical & academically qualified workers, junior management, supervisors, foremen, and superintendents	3 845 362	47 182 418	8,1%
Semi-skilled and discretionary decision making	286 345	5 904 710	4,8%
Unskilled and defined decision making	225 528	4 408 780	5,1%
TOTAL	**9 499 596**	**115 866 943**	**8,20%**

4.2.4 Training costs

Programme / activity / objective	Personnel Expenditure	Training Expenditure	% of Training Expenditure to total Personnel Expenditure	No. of employees trained	Avg training cost per employee
Senior management	18 495 196	300 000	1,62%	3	100 000
Professionally qualified and experienced specialists and mid-management	39 875 839	250 000	0,63%	24	10 417
Skilled technical & academically qualified workers, junior management, supervisors, foremen, and superintendents	47 182 418	850 500	1,80%	45	18 900
Semi-skilled and discretionary decision making	5 904 710	255 000	4,32%	9	28 333
Unskilled and defined decision making	4 408 780	290 000	6,58%	8	36 250
TOTAL	**115 866 943**	**1 945 500**	**1,68%**	**89**	**21 859**
Internship Programme	-	3 343 046	3%	52	64 289
GRAND TOTAL	**115 866 943**	**5 288 546**	**4,7%**	**141**	**37 507**

4.2.5 Employment and Vacancies

Program / activity / objective	2020/21 No. of Employees	2020/21 Approved Posts	2021/22 No. of Employees	2021/22 Approved Posts	2022/23 No. of Employees	2022/23 Approved Posts	2023/24 No. of Employees	2023/24 Approved Posts	2024/25 No. of Employees	2024/25 Approved Posts	2025/26 Vacancies (Budgeted)	% of Vacancies
Office of the CEO	9	10	9	10	8	9	8	9	8	9	1	0,98%
Corporate Affairs	26	26	24	26	25	30	28	30	27	30	4	3.92%
Finance	14	15	15	15	15	16	16	16	15	16	0	0%
Operations	35	39	35	39	36	46	36	46	39	46	6	5.88%
TOTAL	**84**	**90**	**83**	**90**	**84**	**101**	**88**	**101**	**89**	**101**	**11**	**10.78%**

Program / activity / objective	2020/21 No. of Employees	2020/21 Approved Posts	2021/22 No. of Employees	2021/22 Approved Posts	2022/23 No. of Employees	2022/23 Approved Posts	2023/24 No. of Employees	2023/24 Approved Posts	2024/25 No. of Employees	2024/25 Approved Posts	2025/26 Vacancies (Budgeted)	2025/26 Approved Posts	% of Vacancies
Senior management	4	4	4	4	4	4	3	4	4	4	4	4	0%
Professionally qualified and experienced specialists and mid-management	23	24	22	24	22	24	22	25	24	25	24	28	1.96%
Skilled technical & academically qualified workers, junior management, supervisors, foremen, and superintendents	33	39	41	55	46	55	48	53	46	53	46	53	6.86%
Semi-skilled and discretionary decision making	15	15	9	9	8	9	8	9	7	9	7	8	0.98%
Unskilled and defined decision making	8	8	8	9	8	9	8	8	8	8	8	9	0.98%
TOTAL	**83**	**90**	**84**	**101**	**88**	**101**	**89**	**101**	**89**	**101**	**89**	**102**	**10.78%**

4.2.6 Employment changes

EMPLOYMENT CHANGES: ANNUAL TURNOVER RATES BY SALARY BAND & CRITICAL OCCUPATION FOR THE PERIOD 01 APRIL 2025 TO 31 MARCH 2026				
SALARY BAND	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Senior management	3	2	1	4
Professionally qualified and experienced specialists and mid-management	23	1	-	24
Skilled technical & academically qualified workers, junior management, supervisors, foremen, and superintendents	48	-	2	46
Semi-skilled and discretionary decision making	7	-	-	7
Unskilled and defined decision making	8	-	-	8
TOTAL	**89**	**3**	**3**	**89**

4.2.7 Reasons for staff leaving

EMPLOYMENT CHANGES: REASONS WHY STAFF ARE LEAVING		
REASON	Number	% of total no, of staff leaving
Death	-	-
Resignation	2	2.25%
Dismissal	1	1.12%
Retirement	-	-
Ill Health	-	-
Expiry of Contract	-	-
Other	-	-
Total	**3**	**3.37%**
Total number of employees who left as a % of the total employment	**3**	**3.37%**

4.2.8 Labour relations

PRECAUTIONARY SUSPENSIONS:

One employee was placed on precautionary suspension pending a disciplinary inquiry.

LABOUR REFERRALS TO THE CCMA DISPUTES:

One matter has been referred to the CCMA by an employee.

INTERNAL DISCIPLINARY CASES:

Four (4) internal disciplinary cases held. Two outcomes were in favour of employees, one employee received a written warning and one employee was dismissed.

STRIKE INDUSTRIAL ACTION:

No industrial strike action took place during the period under review.

4.2.9 Employment equity

EMPLOYMENT EQUITY ANALYSIS												
OCCUPATIONAL BANDS	AFRICAN	COLOURED	INDIAN	WHITE	FOREIGN NATIONAL	**Sub Total**	AFRICAN	COLOURED	INDIAN	WHITE	**Sub Total**	**Grand Total**
	MALE						**FEMALE**					
Senior management	2	-	-	-	1	**3**	1	-	-	-	**1**	**4**
Professionally qualified and experienced specialists and mid-management	6	1	2	3	-	**12**	7	-	-	2	**9**	**21**
Skilled technical & academically qualified workers, junior management, supervisors, foremen & superintendents	18	1	-	3	-	**22**	23	3	-	-	**26**	**48**
Semi-skilled and discretionary decision making	2	-	-	-	-	**2**	6	-	-	-	**6**	**8**
Unskilled and defined decision making	-	-	-	-	-	**0**	8	-	-	-	**8**	**8**
Total	**28**	**2**	**2**	**6**	**1**	**39**	**45**	**3**	**0**	**2**	**50**	**89**

4.2.10 Foreign workers

FOREIGN WORKERS
One foreign national was in employment during the year under review.

e.

PFMA COMPLIANCE

east london idz
business streamlined

Impact-driven ***Industrial Innovation Hub***

5.1 Irregular **Expenditure**

Reconciling notes

Description	2025/26	2024/25
Irregular expenditure that relates to the prior year and identified in the current year	-	-
Irregular expenditure for the current year	7 028 692	13 573 204
Total	**7 028 692**	**13 573 204**

Description	2025/26	2024/25
Opening balance	24 665 630	11 092 426
Add: Irregular expenditure confirmed	7 028 692	13 573 204
Closing balance	**31 694 322**	**24 665 630**

ELIDZ incurred irregular expenditure totalling to R31 694 322 due to non-compliance with the PFMA, CIDB and Treasury Regulations. Disciplinary proceedings against employees who were responsible for irregular expenditure being incurred are currently underway.

Procurement by other means

Guideline

Accounting authorities must ensure that all procurement by "other means" is reported in the annual reported an institution in the format prescribed in terms of the instruction of the Enhancing Compliance, Transparency and Accountability in Supply Chain Management.

Format of disclosure

Project Description	Name of supplier	Type of procurements by other means	Contract number	Value of contract
Software Subscription support and maintenance	Signiflow	Single Sourcing	Purchase order	R 367 770,00
Caseware Software and Licence renewal	AdapIT	Single Sourcing	Purchase order	R 126 704,84
Collabware Systems upgrade	Collabware Systems Inc	Single Sourcing	Purchase order	R 1 012 563,50
Records Management Licences	Collabware CLM	Single Sourcing	Purchase order	R 25,920.00
ASN Number range	AFRINIC	Single Sourcing	Purchase order	R 1200.00
Payroll system license	Labournet Payment Solutions	Single Sourcing	Purchase order	R 149 522,44
Board effect System Licenses	Surtech Solutions RSA (Pty)Ltd	Single Sourcing	Purchase order	R 352 422,80
Total				**R 2 497 143,58**

Contract variations and expansions

Guideline

Accounting authorities must ensure that all variations or expansions above the thresholds prescribed in terms of the instruction on Enhancing Compliance, Transparency and Accountability in Supply Chain Management are reported in the annual report of an institution in the format prescribed.

Format of disclosure

Project description	Name of supplier	Contract modification type (Expansion of Variation)	Contract Number	Original contract value	Value if previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
Provision of maintenance & repair services to the ELIDZ automatic fire sprinkler systems & fire pumphouse	Fire Suppression Solution (PTY) Ltd	Cost and time increase	Invprj-000623	R 14 553 624,16	R2 183 043,62	R16 736 667,78
Transaction Advisory Services	Triviron Project Management (Pty)Ltd	time extension	InvPrj-000486	R5 965 625,00	0	R5 965 625,00
Electrical Network Upgrade	Bigen Africa Services (Pty)Ltd	Cost increase and time extension	InvPrj-000279 & InvPrj-000603	R11 008 999,00	R6 430 029,65	R17 439 028,65
Provision of Legal Services-Commercial Law for a period of 2 years	Bate Chubb & Dickson Inc	time extension	InvPrj-000455	R20 000 000,00	0	R20 000 000,00
Provision of maintenance For ELIDZ Addressable fire detection installations	Airfire Solutions	Cost increase and time extension	InvPrj-000533	R 1 851 879,39	R203 843,69	R2 055 723,08
Provision of Security Services	Golden Security Services CC	Cost increase and time extension	InvPrj-000536	R43 912 881,19	R6 515 995,50	R50 428 876,69
The Provision of Intellectual Property Management and Legal Advisory Services	Tshaya Mashabela Attorneys INC	time extension	InvPrj-000596	R1 037 093,00	0	R1 037 093,00
The Provision of Courier services for the Period of 3 Years to the ELIDZ	Aramex	time extension	InvPrj-000540	R500 000,00	0	R500 000,00
Maintenance of CCTV Equipment and System	Bona Electronic Solutions (Pty) Ltd	time extension	InvPrj-000530	R5 950 465,82	0	R5 950 465,82
Provision of remedial works for ELIDZ factories automatic fire sprinkler system	Ocacile Fire Services JV Itireleng Fire	time extension	InvPrj- 000639	R5 427 516,43	0	R5 427 516,43

Project description	Name of supplier	Contract modification type (Expansion of Variation)	Contract Number	Original contract value	Value if previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
Provision of Maintenance and Repair services to ELIDZ Roads	Dintwa Trading	time extension	InvPrj-000624	R10 247 516,97	0	R10 247 516,97
Maintenance of SCADA & BEMCS	M.H. Communications	time extension	InvPrj-000531	R8 690 142,07	0	R8 690 142,07
Maintenance Services for Access Control	Fobitech (Pty) Ltd	Cost increase and time extension	InvPrj-000548	R 6 684 627,55	R653 422,34	R7 338 049,89
The Provision of Catering Services to the ELIDZ	Ondela Investments (Pty) Ltd	time extension	InvPrj-000535	R2 969 070,00	0	R2 969 070,00
DC & Support Infrastructure 2023	Datacentrix (Pty) Ltd	time extension	InvPrj-000607	R23 817 368.38	0	R23 817 368.38
Total				**R162 616 808,96**	**R15 986 334,80**	**R93 998 346,09**

east london idz
business streamlined

f.

ANNUAL FINANCIAL STATEMENTS

Impact-driven ***Industrial Innovation Hub***

General **Information**

Country of incorporation and domicile	Republic of South Africa
Nature of business and principal activities	The development and management of the Special Economic Zone (SEZ) in East London.
Directors	A Kanana (Chairperson) (Appointed, 01 June 2026) Z Dweba (Former Acting Chairperson) N Mnconywa (Former Acting Chairperson) A Gqalangile N Penxa N Sonjani M Mlota P Dhlamini T Tempi (Appointed, 01 May 2026) B Sauli (Retired) M Mfuleni (Former Chairperson) (Resigned) B Mpondo (Resigned) T Zweni (Ex-officio)
Registered office	Lower Chester Road Sunnyridge East London 5201
Business address	Lower Chester Road Sunnyridge East London 5201
Postal address	P. O Box 5458 Greenfields East London 5208
Bankers	Standard Bank of South Africa
Auditors	Auditor-General of South Africa
Secretary	Ms. Jo-Anne Palmer
Preparer	The financial statements were internally compiled under the supervision of. Gift Matengambiri CA (SA) Chief Financial Officer
Specific governing legislation	Public Finance Management Act 1999 (Act 1 of 1999), Special Economic Zone Act 2014 (Act 16 of 2014), Companies Act 71 of 2008

Index

Index	Page
Board of Directors' Responsibilities and Approval	82
Board of Directors' Report	83 - 84
Company Secretary's Certification	85
Statement of Financial Position	86
Statement of Financial Performance	87
Statement of Changes in Net Assets	88
Cash Flow Statement	89
Statement of Comparison of Budget and Actual Amounts	90
Significant Accounting Policies	91 - 105
Notes to the Annual Financial Statements	106 - 133

Abbreviations used:

DTIC	Department of Trade, Industry and Competition
SEZ	Special Economic Zone
GRAP	Generally Recognised Accounting Practice
DEDEAT	Department of Economic Development Enviromental Affairs and Tourism
PFMA	Public Finance Management Act

Board of Directors' **Responsibilities and Approval**

The board of directors are required by the Public Finance Management Act (No. 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the board of directors to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and are given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The board of directors acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the board of directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The board of directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The board of directors have reviewed the entity's cash flow forecast for the year to 31 March 2027 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out from page 79, which have been prepared on the going concern basis, were approved by the board on 27 August 2026 and were signed on its behalf by:

T Zweni (Ex-officio)
Chief Executive Officer

A Kanana (Chairperson)
Chairperson of the Board of Directors

Board of Directors' **Report**

The board of directors submit their report for the year ended 31 March 2026.

1. Going concern

The total assets of the entity exceed its total liabilities by R2 803 283 353 (2025: R2 790 048 313).The entity has realised a profit of R13 235 039 in the current financial period and had a loss of R7 599 712 in the previous financial period.

The board of directors are satisfied that the entity has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The board of directors have satisfied themselves that the entity is in a good financial position and that it has access to sufficient own generated revenue and grants to meet its foreseeable cash requirements.

The Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) has committed to meet the ELIDZ's operational needs for the next three years to augment own generated revenue. The own generated revenue contribution to the operating budget continues to grow year on year. ELIDZ continues to engage with Department of Trade, Industry and Competition (DTIC) to secure 100% funding for capital projects that qualify under the Special Economic Zone (SEZ) funding mechanisms.

The Special Economic Zones Act, 2014 (No. 16 of 2014), and the Regulations made in terms thereof, came into operation on 9 February 2016. In terms of the Act and its Regulations, a period of 3 years was provided for the entity to become compliant with the legislation. As a result, a compliance plan was prepared and submitted to DTIC by 8 February 2017 and full compliance was required by 8 February 2019. In August of 2018 the erstwhile DTIC Minister Dr Rob Davies gazetted draft regulations on the Governance and Composition of the Special Economic Zones (SEZs). The proposed regulations seek to provide for the management and operation of the development zone entity not to be separated; for the existing SEZ operator or entity to hold a licence and permit to function as both the management entity and State-owned operator; or for the separation of the SEZ entity from the operator ,where a private company is appointed to either operate the SEZ wholly or in part. The regulations are not yet implemented.

2. Subsequent events

No subsequent events identified.

3. Accounting policies

The financial statements have been prepared in accordance with the prescribed Standards of GRAP issued by the Accounting Standards Board. Accounting policies are consistent with those adopted in the prior year except for some revisions to standards that were adopted from 1 April 2025.

4. Share capital / contributed capital

There were no changes in the authorised or issued share capital of the entity during the year under review.

5. Dividends

No dividends were declared and paid to shareholders during the period.

6. Board of Directors

The board of directors of the entity during the year and to the date of this report are as follows:

Directors	Nationality	Changes
A Kanana (Chairperson)	South African	Appointed, 01 June 2026
M Mfuleni (Former Chairperson)	South African	Resigned, 13 November 2025
Z Dweba (Former Acting Chairperson)	South African	Appointed, 12 May 2025
N Mnconywa (Former Acting Chairperson)	South African	
B Sauli	South African	Retired, 01 May 2026
B Mpondo	South African	Resigned, 13 November 2025
A Gqalangile	South African	
N Penxa	South African	Appointed, 19 May 2025
N Sonjani	South African	Appointed, 19 May 2025
M Mlota	South African	Appointed, 19 May 2025
P Dhlamini	South African	Appointed, 12 May 2025
T Tempi	South African	Appointed, 01 May 2026
T Zweni (Ex-officio)	South African	

7. Secretary

The secretary of the entity is Ms. Jo-Anne Palmer.

8. Auditors

Auditor-General of South Africa will continue as the external auditors for the current period.

T Zweni (Ex-officio)
Chief Executive Officer

A Kanana (Chairperson)
Chairperson of the Board of Directors

Company Secretary's **Certification**

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns and notices as are required of a state-owned company in terms of the Companies Act and that all such returns and notices are true, correct and up to date.

Palmer

Ms. Jo-Anne Palmer
Company Secretary

Statement of **Financial Position** AS AT 31 MARCH 2026

Figures in Rand	Note(s)	2026	2025
Assets			
Current Assets			
Other financial assets	3	1 077 956	893 366
Receivables from exchange transactions	5	114 550 959	113 614 912
Deferred tax asset	29	14 927 745	-
VAT receivable	6	1 827 819	2 447 984
Prepayments and deposits	7	16 745 157	16 979 487
Cash and cash equivalents	4	260 504 619	153 587 617
		409 634 255	**287 523 366**
Non-Current Assets			
Investment property	8	2 167 174 077	2 120 874 500
Property, plant and equipment	9	521 228 313	548 611 819
Intangible assets	10	12 773 529	13 465 209
Other financial assets	3	1 547 759	2 324 948
		2 702 723 678	**2 685 276 476**
Total Assets		**3 112 357 933**	**2 972 799 842**
Liabilities			
Current Liabilities			
Current tax payable	29	717 632	524 686
Payables from exchange transactions	11	53 760 103	42 001 957
Payables from non-exchange transactions	12	3 641 975	2 520 224
Unspent conditional grants and receipts	13	237 916 704	126 641 576
Provisions	14	13 038 166	11 063 086
		309 074 580	**182 751 529**
Total Liabilities		**309 074 580**	**182 751 529**
Net Assets		**2 803 283 353**	**2 790 048 313**
Share capital / contributed capital	15	1 000	1 000
Accumulated surplus		2 803 282 353	2 790 047 313
Total Net Assets		**2 803 283 353**	**2 790 048 313**

Statement of Financial Performance

Figures in Rand	Note(s)	2026	2025
Revenue			
Revenue from exchange transactions			
Rendering of services	16	198 905 222	198 277 774
Rental of facilities and equipment	17	175 305 964	175 617 569
Sundry income	18	636 688	555 389
Interest received	19	1 789 186	4 444 996
Gain on non-current assets disposal	9	44 949	-
Total revenue from exchange transactions		**376 682 009**	**378 895 728**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	20	138 867 308	126 806 333
Total revenue		**515 549 317**	**505 702 061**
Expenditure			
Employee related costs	21	(121 687 225)	(116 883 893)
Depreciation and amortisation	22	(32 963 796)	(29 182 520)
Lease rentals on operating lease	23	(961 106)	(770 240)
Debt impairment and bad debts written off	24	4 663 305	(26 688 023)
Fair value adjustments	25	(14 871 430)	(12 628 873)
Loss on non-current assets disposal		-	(2 790 241)
General expenses	26	(351 421 771)	(324 088 027)
Total expenditure		**(517 242 023)**	**(513 031 817)**
Deficit before taxation		**(1 692 706)**	**(7 329 756)**
Taxation	29	14 927 745	(269 956)
Surplus (deficit) for the year		**13 235 039**	**(7 599 712)**

Statement of
Changes in Net Assets

Figures in Rand	Share capital/ contributed capital	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	1 000	2 797 647 026	2 797 648 026
Balance at 01 April 2024 as restated*	**1 000**	**2 797 647 026**	**2 797 647 026**
Deficit for the period	-	(7 599 712)	(7 599 712)
	-	-	-
Balance at 01 April 2025 as restated	**1 000**	**2 790 047 314**	**2 790 048 314**
Changes in net assets			
Surplus for the period	-	13 235 039	13 235 039
Total changes	-	13 235 039	13 235 039
Balance at 31 March 2026	**1 000**	**2 803 282 353**	**2 803 282 353**
Note(s)	15		

Cash Flow Statement

Figures in Rand	Note(s)	2026	2025
Cash flows from operating activities			
Receipts			
Sale of goods and services		380 277 943	352 035 490
Grants		250 142 436	119 607 540
Taxation refund		389 809	2 407 935
Interest income		1 299 139	3 523 788
		632 109 327	477 574 753
Payments			
Employee costs		(123 599 073)	(120 557 260)
Suppliers		(338 730 942)	(325 822 213)
Income tax paid		(196 864)	(527 923)
		(462 526 879)	(446 907 396)
Net cash flows from operating activities	28	**169 582 448**	**30 667 357**
Cash flows from investing activities			
Completion of property, plant and equipment	9	(7 459 956)	(39 075 753)
Proceeds from sale of property, plant and equipment	9	99 935	3 843
Construction of investment property	8	(54 818 491)	(21 926 062)
Purchase/Completion of other intangible assets	10	(486 934)	-
Net cash flows from investing activities		**(62 665 446)**	**(60 997 972)**
Net increase/(decrease) in cash and cash equivalents		**106 917 002**	**(30 330 615)**
Cash and cash equivalents at the beginning of the year		153 587 617	183 918 232
Cash and cash equivalents at the end of the year	4	**260 504 619**	**153 587 617**

Statement of **Comparison of Budget & Actual Amounts**

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rendering of services	223 442 468	(22 029 120)	**201 413 348**	198 905 222	**(2 508 126)**	
Rental of facilities and equipment	188 184 648	(2 688 332)	**185 496 316**	182 617 386	**(2 878 930)**	
Roll over surplus	4 329 792	1 469 448	**5 799 240**	5 799 240	**-**	
Total revenue from exchange transactions	**415 956 908**	**(23 248 004)**	**392 708 904**	**387 321 848**	**(5 387 056)**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	83 691 304	(947 826)	**82 743 478**	82 743 478	**-**	41
Total revenue	**499 648 212**	**(24 195 830)**	**475 452 382**	**470 065 326**	**(5 387 056)**	
Expenditure						
Employee related costs	(119 619 942)	3 292 585	**(116 327 357)**	(121 687 225)	**(5 359 868)**	
Lease rentals on operating lease	(961 106)	-	**(961 106)**	(961 106)	**-**	
General Expenses	(379 067 164)	20 903 245	**(358 163 919)**	(351 421 771)	**6 742 148**	
Total expenditure	**(499 648 212)**	**24 195 830**	**(475 452 382)**	**(474 070 102)**	**1 382 280**	
Deficit before taxation	**-**	**-**	**-**	**(4 004 776)**	**(4 004 776)**	
Taxation	-	-	**-**	14 927 745	**14 927 745**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**10 922 969**	**10 922 969**	
Reconciliation						
BASIS DIFFERENCE						
Government grants and subsidies				56 123 830		
Operating lease smoothing				(7 311 422)		
Interest received				1 789 186		
Debt impairment and bad debts written off				4 663 305		
Depreciation and Amortisation				(32 963 796)		
Sundry income				636 688		
Roll over surplus				(5 799 240)		
Investing activities						
Gains on non-current assets disposal				44 949		
Fair value adjustment				(14 871 430)		
Actual Amount in the Statement of Financial Performance				**13 235 039**		

Significant **Accounting Policies**

1. Presentation of Annual Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (No. 1 of 1999).

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand and are rounded to the nearest Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgments and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts presented in the annual financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Trade receivables and other financial assets

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the organisation makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.The impairment for trade receivables is calculated on an individual basis, based on the debtor's payment trends and the risk of defaults.

Discounting

Management exercised significant judgement in determining whether long-term balances should be discounted to present value, including the assessment of settlement periods, materiality of the time value of money, and the appropriate discount rate to apply. Due to thesubjectivity of the assumptions used, the discounting assessment could materially affect the measurement of balances and related finance charges recognised in the financial statements.

Expected credit loss

Management exercised significant judgement in determining the expected credit loss provision for financial assets, including the assessment of historical loss trends, debtor-specific circumstances, and the likelihood of recovery. Due to the subjectivity of the assumptions and estimates applied, the expected credit loss assessment could materially affect the impairment provision recognised in the financial statements.

Deferred tax assets and liabilities

Management exercised significant judgement in determining the recognition of a deferred tax asset during the current year, whereas no deferred tax asset had previously been recognised.This required an assessment of the probability that sufficient future taxable profits would be available against which the deferred tax asset could be utilised, including consideration of forecasts and future business performance. Due to the subjectivity of the assumptions applied, the recognition of the deferred tax asset could materially affect the financial position and financial performance of the company.

Impairment testing

The recoverable amounts of cash-generating units ,non cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible and intangible assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable or may have changed from previous estimates. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including entity specific variables together with economic factors such as inflation and interest rates.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 14 - Provisions and Note 1.16 of the accounting policies

Taxation

Judgment is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The entity recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The entity recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the entity to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the entity to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Useful lives and residual values of property, plant and equipment

Management determines the estimated useful lives and residual values for its depreciable assets. These estimates are based on management's experience, knowledge and current expectations for the use of the depreciable assets. The annual depreciation charge will be adjusted for any changes in these estimates.

1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs that are directly attributable to the acquisition are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition. Investment property under construction is measured at cost.

Fair value

Subsequent to initial recognition the entity measures investment property at fair value.

The fair value of investment property reflects market conditions at the reporting date. Management assesses prevailing market conditions at each reporting date. Where the carrying amount of investment properties does not reflect these conditions, and the impact is material, the carrying amount will be adjusted to reflect this fact.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

Investment property is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an investment property is included in net surplus or deficit when the item is derecognised. Any gain or loss arising from the derecognition of an item of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The entity has established guidelines to determine which components they consider as significant. These guidelines are applied to each item of property plant and equipment recognised by the entity. At each reporting period these guidelines are reviewed to align with information that is available and reliable. Any changes in the guidelines are accounted for as a change in accounting estimate and as such are adjusted for prospectively in the financial statements Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Significant **Accounting Policies**

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows

Item	Depreciation method	Average useful life
Land	Not depreciated	Indefinite
Infrastructure and buildings	Straight line	10 to 55 years
Plant and machinery	Straight line	5 to 25 years
Furniture and fixtures	Straight line	20 to 25 years
Motor vehicles	Straight line	7 years
Office equipment	Straight line	5 to 20 years
IT equipment	Straight line	3 to 15 years
Laboratory and other property, plant and equipment	Straight line	5 to 15 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate. (see note 35)

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset. Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 9).

1.6 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Trademarks	Straight line	12 years
Designs	Straight line	10 years
Computer software	Straight line	3 - 12 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised

1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

A financial asset is:
- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivable from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at fair value
Other financial asset	Financial asset measured at amortised cost
Deposits	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non exchange transactions	Financial liability measured at amortised cost
Provisions-Retentions	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost
Provisions - Legal procedings	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.
The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities.

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.

All financial assets measured at amortised cost, are subject to an impairment review.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.
The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :

Significant **Accounting Policies**

- derecognises the asset; and
- recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

1.7.1 Financial Instruments (GRAP 104 Revised - 2019) (for periods after 1 April 2025)

The entity has various types of financial instruments, broadly categorised as either financial assets or financial liabilities. A financial instrument is recognised if the entity becomes a party to the contractual provisions of the instrument.

Classification of Financial Instruments

Financial Assets

A financial asset is any asset that is cash or a contractual right to receive cash. The entity's financial assets are classified into two criteria based on its management model and the contractual cash flow characteristics of the instruments

Financial assets at amortised cost: These are financial assets held within a management model whose objective is to collect the contractual cash flows and whose contract terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal.

The entity has the following classes of financial assets:

Classes of Financial Asset Classification in terms of GRAP 104

Receivables from exchange transactions: Financial assets at amortised cost

Cash and cash equivalent: Financial assets at amortised cost

Other financial asset: Financial assets at amortised cost

Deposits : Financial assets at amortised cost

Financial Liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The entity's financial liabilities are categorised as financial liabilities measured at amortised cost.

The entity has the following classes of financial liabilities:

Classes of Financial Liability Classification in terms of GRAP 104 Revised- 2019) (for periods after 1 April 2025)

Payables from Exchange Transactions: Financial liability at amortised cost

Payables from non exchange: Financial liability at amortised cost
Provisions- Retentions: Finacial liability at amortised cost Provisions-Legal proceedings: Financial liability at amortised cost
Unspent conditional grant: Financial liability at amortised cost

Initial and Subsequent Measurement

Financial Assets:

Financial assets at amortised cost are initially measured at fair value plus directly attributable transaction costs. The fair value of short-term receivables is the transaction price where the initial credit period granted is no longer than 30 days. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an effective yield basis. All gains and losses, interest and impairment losses are recognised in surplus or deficit.

Financial Liabilities:

Financial liabilities at amortised cost are initially measured at fair value less directly attributable transaction costs. The fair value of short-term payables is the transaction price where the initial credit period granted is no longer than 30 days.

Subsequently, these liabilities are measured at amortised cost using the Effective Interest Method, with interest recognised on an effective yield basis. All gains and losses and interest are recognised in surplus or deficit.

Impairment of Financial Assets (GRAP 104 Revised)

The entity recognises a loss allowance for expected credit losses on all financial assets measured at amortised cost.

In compliance with the GRAP 104 simplified approach, the entity recognizes a loss allowance for expected credit losses (ECL) on all financial assets measured at amortised cost, requiring recognition of the loss allowance for all trade receivables at lifetime expected credit losses from initial recognition until derecognition. The entity considers a financial asset to be in default when it is more than 60 days past due on its contractual payments, or when there is evidence that the debtor is unlikely to pay their credit obligations in full without the entity's recourse, such as legal action .

The provision matrix approach is used, which involves applying historical loss rates to ageing buckets of receivables. The methodology for calculating impairment values on outstanding receivable balances is as follows:

Grouping of Receivables (Step 1): Receivables are grouped by similar credit risk characteristics. This involves distinguishing by receivable payment trends: current, 30 days,60 days,90 days and 120 days and above.

Historical Period of Sales (Step 2): The model uses monthly exposure (gross balance due) and payment data from 1 April 2025 to the current date.

Historical Payment Profile (Step 3): For each group and ageing bucket, the probability of repayment (RPx) is calculated by dividing the total value of payments received within 3 months after the debt was incurred by the total outstanding balances.

Historical Loss Rate (Step 4): The probability of non-payment (impairment probability) for each ageing bucket is estimated using a conditional probability approach, assessing the likelihood that a debtor will ultimately fail to settle their balance. These probabilities are derived from historical payment patterns and applied to each exposure group. The impairment probability for the 120+ bucket is set at 100%.

Adjustment for Current and Forward-Looking Information (Step 5): While GRAP 104 requires considering current conditions and reasonable, supportable forward-looking information, it was concluded that there is no significant evidence to suggest that current or forward-looking economic conditions materially impact debtor payment behaviour beyond what is reflected in the historical data. The discounting of impairment values is considered necessary as the impact is material.

Calculation of Expected Credit Loss (Step 6): The expected loss rates are applied to the ageing profile of receivables at the reporting date to determine the total expected credit loss (ECL) amount.

The carrying amount of the receivables is reduced through the use of an allowance account with the movement (impairment loss or gain) being recognised in surplus or deficit.

General approach

The general approach is applied to cash and cash equivalents, deposits and related party receivables. The approach determines the loss allowance based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not significantly increased since initial recognition, the loss is measured at an amount equal to the 12-month expected credit losses. For the instruments where the credit risk has increased significantly or where the asset is credit-impaired , lifetime expected credit losses are recognised. A significant increase in credit risk is assessed based on changes in the risk of default since initial recognition, taking into account ageing, payment history, historical default trends and forward-looking information.

Financial assets are considered credit-impaired where there is objective evidence of impairment, including significant financial difficulty, default, delinquency or a low probability of recovery. Financial assets are written off when there is no reasonable expectation of recovery after all reasonable collection and recovery processes have been exhausted.

Receivables are grouped based on similar credit risk characteristics, including ageing profile.

The entity assumes that the credit risk has increased significantly if the balance is more than 30 days past due and that the credit risk has not increased when the credit risk is assessed as low.

The entity considers financial assets to be in default when the balance is more than 60 days past due or the debtor is unlikely to pay their credit obligations in full, without recourse by the entity.

The entity considers cash and cash equivalents and deposits to have a low credit risk due to the nature of the accounts the entity holds and the risks related to them. The entity has no credit , receives government grants to assist with cash flows.

ECLs are a probability-weighted estimate of credit losses. These probabilities of non-payment are derived from historical payment patterns and where necessary, these are adjusted for current conditions and reasonable, supportable forward-looking information. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity per the contract and the cash flows that the entity expects to receive). The ECL is discounted using the effective interest rate of the financial asset.

Write offs

The gross carrying amount of a financial asset is written off when the entity has no reasonable expectation of recovering the outstanding balance and has been approved as per delegation matrix. When financial assets are considered uncollectible, it is written off directly through the Statement of Financial Performance. The amounts written off are not subject to enforcement activities. Subsequent recoveries of amounts previously written off are recognised in the Statement of Financial Performance. However, the entity does not expect a significant recovery of the amounts written off.

Derecognition

Financial Assets

The entity derecognises financial assets only when the contractual rights to the cash flows from the asset expire, are cancelled or waived, or it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity. Any resulting gain or loss is recognised in surplus or deficit.

Financial Liabilities

The entity derecognises financial liabilities when, and only when, the entity's obligations are discharged, cancelled or they expire. Any resulting gain or loss is recognised in surplus or deficit.

1.8 Prepayments and deposits

Prepayments are payments that the entity has made at the reporting date for economic benefits or service potential to be received in future periods. Prepayments are made in accordance with contracts between the entity and third parties. The entity recognises as an asset the extent to which payments made exceed the value of economic benefits or service potential received.

Deposits are payments that the entity has made at the reporting date for economic benefits to be received in future period. Deposits are made in accordance with contracts between the entity and third parties. The entity recognises an asset when it is probable that the deposit will be paid back to the entity and the completion of the project

The entity measures prepayments and deposits at the fair value of the consideration paid, to the extent that it exceeds the value of goods or services received.

As the entity receives the related goods or services or refund, it shall reduce the carrying amount of prepayments/deposit made by the fair value of those goods or services received/refund. Any related asset or expense will be recognised in accordance with the applicable GRAP standard.

1.9 Tax

Current tax assets and liabilities

The entity is subject to tax in accordance with the applicable laws and regulations. Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1.10 Value added tax

The entity is subject to value added tax in accordance with the Value added Tax Act, 1991 (No. 89 of 1991). Value added tax for current and prior periods is, to the extent that it is due to the Receiver of Revenue, recognised as a liability. If the value added tax is due from the Receiver of Revenue for current and prior periods, that balance is recognised as an asset. The entity levies (claims) output (input) value added tax on goods and services sold (purchased) in accordance with the provisions of the Value Added Tax Act, 1991 (No. 89 of 1991)and relevant regulations.

Value added tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the Receiver of Revenue, using the value added tax rates that have been enacted by the end of the reporting period.

1.11 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.12 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense. Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the entity:
- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the

most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.
- Estimates of future cash flows exclude:
- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the entity expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Fair value less costs to sell

The best evidence of an asset's fair value less costs to sell is a price in a binding sale agreement in an arm's length transaction, adjusted for incremental costs that would be directly attributable to the disposal of the asset.

Where there is no binding sale agreement but an asset is traded in an active market, fair value less costs to sell is the asset's market price less the costs of disposal.

If no active market exists and there is no binding sale agreement, fair value less costs to sell is based on the best information available to reflect the amount that an entity could obtain, at reporting date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

In determining this amount, the entity considers the outcome of recent transactions for similar assets within the same industry.

Costs of disposal, other than those that have been recognised as liabilities, are deducted in determining fair value less costs to sell.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in another Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by the entity use of management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.13 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense. Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Judgments made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

- Whether assets are acquired to earn a commercial return
- Whether assets are acquired to deliver services for which the entity is mandated other than those which generate an economic return.

Designation

At initial recognition, the entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of an entity's objective of using the asset.

The entity designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The entity designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the entity designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

The organisation has designated all Property and Equipment(PPE) as non cash generating units as all of these assets are enabling assets that do not generate cash on their own. The only asset that has been designated as cash generating asset is the metal surface treatment equipment rented out to one of the investors in the zone.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Fair value less costs to sell

The best evidence of an asset's fair value less costs to sell is a price in a binding sale agreement in an arm's length transaction, adjusted for incremental costs that would be directly attributable to the disposal of the asset.

Where there is no binding sale agreement but an asset is traded in an active market, fair value less costs to sell is the asset's market price less the costs of disposal.

If no active market exists and there is no binding sale agreement, fair value less costs to sell is based on the best information available to reflect the amount that an entity could obtain, at reporting date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

In determining this amount, the entity considers the outcome of recent transactions for similar assets within the same industry. Costs of disposal, other than those that have been recognised as liabilities, are deducted in determining fair value less costs to sell

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit. When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in another Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.14 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.15 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected bonus payments are recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.16 Provisions and contingencies

A provision is a liability of uncertain timing or amount. Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus (deficit).

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 32.

A contingent liability is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

1.17 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

A commitment is an agreement or a pledge to assume a financial obligation at a future date. The entity has two types of commitments:

- Those for the receipt of goods or services from suppliers and
- Lease commitments to render or receive a service to or from a customer or a supplier.

A commitment arises out of a contractual agreement between the entity and another party which entitles the entity or the third party to enforce the delivery of the agreed upon goods or services at an agreed amount.

Contractual commitments are not recognised but are disclosed in the notes to the financial statements.

The first category of commitments is disclosed in terms of the accounting standards for investment property (GRAP 16) and property, plant and equipment (GRAP 17). GRAP 16 and GRAP 17 require an entity to disclose the amount of contractual commitments for the acquisition of investment property and property, plant and equipment respectively. The entity only discloses capital contractual commitments that is, commitments for the acquisition of non-current assets.

The entity measures and discloses the amount of contractual commitments at the stated contract amounts or rates excluding any applicable value added taxes. The entity enters into contractual agreements where the amount of the obligation will be determined at a future date. The entity measures such contractual commitments using an estimate based on available and reliable information at reporting date. Where there are changes in the estimate determined by management at a future date, the change is accounted for in accordance with GRAP 3 Accounting policies, Accounting estimates and Errors.

The second category of commitments is disclosed in accordance with the accounting standard applicable for lease transactions.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancelable or only cancelable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.18 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest

Revenue arising from the use by others of entity assets yielding interest or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.
- Interest is recognised, in surplus or deficit, using the effective interest rate method.

Rental of facilities and equipment.

Revenue from the rental of facilities is recognised when:

It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and The amount of the revenue can be measured reliably.

Revenue from the rental of facilities is recognised at the fair value of the consideration received or receivable.

Revenue arising from principal-agent arrangements

The entity recognises revenue arising from principal-agent arrangements where the entity acts as an agent to the extent that it represents a fee or commission payable as compensation for executing the agreed upon services on behalf of the principal(s).

1.19 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Interest is recognised using the effective interest rate method for financial instruments. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Grants

Apart from Services in kind, which are not recognised, the entity recognises all grants on receipt to the extent that there are no conditions or stipulations attached to the receipt.

Where there are conditions attached to the receipt of the grant, a liability is recognised upon receipt of the grant, to the extent that conditions have not been met at reporting date.

Grants are measured at the fair value of the consideration (normally cash), received or receivable.

1.20 General expenses

An expense is defined as an outflow of economic resources or service potential during the reporting period that results in a decrease in net assets.

The entity recognises an expense when the related services or goods are received by the entity. The expense recognised is measured at the fair value of the consideration paid or payable.

Expenses incurred during the reporting period are recognised in surplus or deficit.

1.21 Accounting by principals and agents Identification

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent.

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties.

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The entity applies judgment in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

The entity assesses the materiality of each arrangement in deciding on whether to make the additional disclosures required by GRAP 109. The assessment of materiality is based on the quantitative and qualitative factors as informed by the entity's framework for materiality and significance.

1.22 Change in estimate and errors

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors are applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the entity shall restate the opening balances of assets and liabilities and net assets for the earliest period for which retrospective restatement is practicable. Details of the error are disclosed in the notes to the annual financial statements where applicable.

1.23 Irregular expenditure

Irregular expenditure is recognised when there has been a transgression of any of the following:

(a) Public Finance Management Act (PFMA);
(b) Treasury Regulations;
(c) National Treasury Instructions issued in terms of section 76 of the PFMA;
(d) Provincial Treasury Instructions issued in terms of section 18(2)(a) of the PFMA;
(e) Internal policies of a department, constitutional institution or public entity, as approved by the accounting officer or accounting authority, whichever applicable; or
(f) Any applicable legislation.

Irregular expenditure is incurred when the resulting transaction is recognized in the financial records of the entity in accordance with the irregular Expenditure Framework.

1.24 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

1.25 Budget information

Entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar. General purpose financial reporting by the entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives. The approved budget covers the fiscal period from 2025/04/01 to 2026/03/31.

Due to the nature and budgeting requirements of the entity, only the operational budget funded through a grant is made public. To that end, the entity only presents budget information for the statement of financial performance.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements.

Comparative information is not required.

The entity presents a comparison (budget vs actual) of the budget amounts for which it is held publicly accountable and actual amounts as a separate additional financial statement in accordance with Standards of GRAP. The entity discloses an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts. The entity classifies all variances above 10% of the budgeted amount to be significant and as such the financial statements will include the disclosure for explanations for such variances.

1.26 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the ventures).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Remuneration of management includes remuneration derived for services provided to the reporting entity in their capacity as members of the management team or employees.

Remuneration of management excludes any consideration provided solely as reimbursement for expenditure incurred by those persons for the benefit of the reporting entity, such as the reimbursement of accommodation costs associated with work-related travel.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.27 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Notes to the **Annual Finacial Statements**

Figures in Rand	2026	2025

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 104 (Revised) introduces updated principles for the recognition, measurement, presentation, and disclosure of financial instruments, aligning more closely with international standards and improving the relevance and reliability of financial information related to financial assets and liabilities.

Impact of GRAP 104.:
- The classification of financial assets has been revised in accordance with the new measurement categories: amortised cost, fair value through surplus or deficit, and fair value through other comprehensive income.
- The impairment methodology has been updated to the expected credit loss (ECL) model, which incorporates forward looking information.
- Additional disclosure requirements regarding credit risk, expected credit losses, and the assessment of significant increase in credit risk have been implemented.

The adoption of GRAP 104 (Revised) has been applied retrospectively. The impact on the financial statements is as follows:
- There was no material impact on the financial position, financial performance, or cash flows.

Full disclosures as required by GRAP 104 (Revised) have been included in these financial statements

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 104 (as revised): Financial Instruments	01 April 2025	The adoption of this has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the financial statements

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2026 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	01 April 2099	Unlikely there will be a material impact

Figures in Rand	2026	2025

3. Other financial assets

At amortised cost		
Other financial assets	2 625 715	3 218 314
Non-current assets		
At amortised cost	1 547 759	2 324 948
Current assets		
At amortised cost	1 077 956	893 366

Financial assets at amortised cost

Time value of money effect		
Relating to the current asset portion of the asset	30 009	59 194
Relating to the non-current asset portion of the asset	109 147	439 915
	139 156	**499 109**

Reconciliation of net carrying amount of other financial asset	**2026**	**2025**
Current other financial asset	1 107 965	952 560
Time value for money relating to the current portion	(30 009)	(59 194)
Non current other financial asset	1 656 906	2 764 863
Time value for money relating to the non current portion	(109 147)	(439 915)
	2 625 715	**3 218 314**

Financial assets at amortised cost

The other financial assets is debt restructuring to tenants that are in financial distress. During the period under review, one tenant had their debt restructured and is still in compliance with the terms of the debt restructuring . The arrangement is part of the business rescue programs performed by the company in accordance with its debtors' policy.

As of 31 March 2026, other financial assets are measured at an amortised cost of R 2 625 715 (2025: R3 218 314)

The ageing of these loans is as follows.

0 to 12 months	1 077 956	893 366
Over 12 months	1 547 759	2 324 948

The impairment provision is calculated in accordance with GRAP 104's forward-looking Expected Credit Loss (ECL) model, specifically applying the simplified approach for receivables which requires recognition of lifetime expected credit losses from initial recognition until derecognition. This is achieved by developing an impairment model that utilizes historical exposure and payment data, grouped by similar credit risk characteristics payment trends (ageing group). The model estimates the probability of non-payment for each ageing bucket using a conditional probability approach, reflecting the likelihood that an outstanding balance will ultimately not be repaid over its lifetime. While GRAP 104 requires consideration of current and forwardlooking information, the historical loss rates were deemed appropriate without adjustment due to the lack of significant evidence of material impact from macroeconomic factors.

Figures in Rand	2026	2025

4. Cash and cash equivalents

Cash and cash equivalents consist of:		
Cash on hand	4 113	3 554
Bank balances	9 207 652	13 658 403
Short-term deposits	251 292 854	139 925 660
	260 504 619	**153 587 617**

Cash and cash equivalents held by the entity that are ringfenced for capital projects.	237 916 704	126 641 576

Refer to note 13

Cash and cash equivalents are held at amortised cost. During the period the short term deposits earned approximately 6% in interest.

The total amount of undrawn facilities available for future operating activities and commitments	30 000	30 000

The cash and cash equivalents which are recorded at amortised cost in these annual financial statements approximate their fair values. This is based on considering the standard terms and conditions of agreements entered into between the entity and the financial institutions. Cash and cash equivalents is assessed at low risk.

5. Receivables from exchange transactions

Trade debtors	77 261 898	78 814 071
Impairment allowance	(50 158 874)	(58 512 997)
Operating lease receivables	78 441 380	85 752 802
Sundry receivables (STP Lab)	4 990 349	4 317 157
Related party receivables	4 016 206	3 243 879
	114 550 959	**113 614 912**

Non financial assets included in receivables from exchange transactions above are as follows:		
Operating lease receivables	78 441 380	85 752 802
Financial asset receivables included in receivables from exchange transactions above	**36 109 579**	**27 862 110**
Total receivables from exchange transactions	**114 550 959**	**113 614 912**

Trade and other receivables pledged as security

None of the entity's trade and other receivables have been pledged as security or are encumbered in any way.

Credit quality of trade and other receivables

Terms of payments were renegotiated for receivables with a net carrying amount of R303 213 (2025: R24 356 083) in the current year.

Fair value of trade and other receivables

Trade receivables are subject to a 30-day payment term, The effect of time value money is immaterial. The carrying amount of trade and other receivables approximates their fair value.

Figures in Rand	2026	2025

Trade and other receivables past due but not impaired

As at 31 March 2026, receivables with a net carrying amount of R13 026 504 (2025:R10 305 466) were past due but not impaired.The debtors are sitting on 30 days, and they are not experiencing any known difficulties that may threaten their ability to fulfil their account obligations and their payment trends reflect an ability to settle account obligations. A collateral is held for some of these debtors.

1 month past due	13 026 504	10 305 466

Trade and other receivables impaired

As of 31 March 2026, trade and other receivables of R62 833 462 (2025:R71 317 895) were impaired and provided for.

The amount of the provision was R50 158 874 as of 31 March 2026 (2025:R58 512 997).

2 to 6 months	46 547 783	39 691 508
Over 6 months	16 285 679	31 626 387

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(58 512 997)	(46 556 622)
Provision for impairment	8 354 123	(11 956 375)
	(50 158 874)	**(58 512 997)**

The impairment provision is calculated in accordance with GRAP 104's forward-looking Expected Credit Loss (ECL) model, specifically applying the simplified approach for receivables which requires recognition of lifetime expected credit losses from initial recognition until derecognition. This is achieved by developing an impairment model that utilizes historical exposure and payment data, grouped by similar credit risk characteristics payment trends (ageing group). The model estimates the probability of non-payment for each ageing bucket using a conditional probability approach, reflecting the likelihood that an outstanding balance will ultimately not be repaid over its lifetime. While GRAP 104 requires consideration of current and forwardlooking information, the historical loss rates were deemed appropriate without adjustment due to the lack of significant evidence of material impact from macroeconomic factors .

6. VAT receivable

VAT Control	1 827 819	2 447 984

7. Prepayments and deposits

Reconciliation of closing balance

Opening balance	16 979 487	7 902 003
Expenditure incurred and prepayments released	(21 833 528)	(7 902 003)
Prepayment recognised during the period	21 599 198	12 979 487
Deposits	-	4 000 000
	16 745 157	**16 979 487**

The deposit relates to an electrical upgrade project. If the work is completed and no damage is identified, the organisation will receive a full refund. If any damage occurs, the contractor will be required to provide restitution. A performance guarantee will be obtained from the contractor once appointed. The prepayments relates to a payment made in advance mainly for insurance services for the ELIDZ assets and service providers for licences.

Figures in Rand	2026	2025

The deposits measured at amortised cost in the annual financial statements approximate their fair values. This is based on considering the standard terms and conditions of agreement entered into between the entity and the other institution.Deposit is assessed at low risk.

8. Investment property

	2026		2025	
	Cost / Valuation	Carrying value	Cost / Valuation	Carrying value
Investment property	2 167 174 077	2 167 174 077	2 120 874 500	2 120 874 500

Reconciliation of investment property - 2026

	Opening balance	Additions	Fair value adjustments	Total
Investment property	2 120 874 500	61 171 007	(14 871 430)	2 167 174 077

Reconciliation of investment property - 2025

	Opening balance	Additions	Fair value adjustments	Total
Investment property	2 113 119 162	20 384 211	(12 628 873)	2 120 874 500

Pledged as security

No investment property is pledged as security.

Investment property in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of Investment property

	2026	2025
Investment property - Cost	72 596 078	-

Construction costs paid in cash for investment property amounted to R54 818 492 (2025:R21 926 062).

Sale agreements were signed between the ELIDZ and third parties for the sale properties with the value of R19 187 400. However the sale process has not been completed and still does not meet the criteria for a disposal for accounting purposes and therefore the properties have not been derecognised.

Details of property

A register containing the information required by Regulation 25(c) of the companies regulation 2011 is available for inspection at the registered office of the entity.

Details of valuation

Investment properties were valued by an external valuer in the current year. The effective date of these revaluations was 31 March 2026. These valuations were performed by Letlaka Ndamase who is a registered with the South African Council for the Property Valuers Profession, Reg. No 5435. The valuer has a market knowledge and experience in the investment property being valued.

The methods used by the entity to revalue the investment property are;

For all the improved income-generating buildings such as, warehouses with ancillary offices/ablutions, outright offices, an Income Capitalisation Method of Valuation was used. For all the vacant sites, a Direct Comparable Sales Method of Valuation was used.

Improved industrial/office buildings - Income Capitalisation Method

The first point of the value formulation is the establishment of the lettable area on which an applicable rental per square metre is applied. Due to the heterogeneous nature of ELIDZ's property portfolio, such rates were obtained from nearby comparable areas as appears on the above comparable rentals. The second critical point is the establishment of the outgoings or more commonly known as operating expenses, which have been confirmed to be around 30% of gross annual income, hence the same has been applied in the calculations. Once operating expenses have been established, they leave nett annual income that has to be capitalised by an applicable capitalisation rate, which have also been sourced from the above comparable sales for all the improved properties, in the form of a yield return. This converts the nett annual income into a value. Without putting too much emphasis on the difference in sizes and applicable different market rates, the onus was on the Valuer to select an appropriate rate based on the information presented.

Notes to the **Annual Financial Statements**

Figures in Rand	2026	2025

The going rentals in the greater Woodbrook industrial area were analysed and it was noted that rentals range between R50/m² to R55/m² for relatively smaller areas. It was on these basis, and also keeping the well known valuation phenomenon that says 'a larger property has a propensity of attracting a lower unit rate per square metre than a smaller one due to what could be a superfluous space', that the valuer elected to propensity of attracting a lower unit rate per square metre than a smaller one due to what could be a superfluous space', that it elected to apply different rental ranges for all the improved industrial buildings.

Very big factory spaces were thus considered at relatively lower rental of around R35/m².

Accepted rental range for improved industrial buildings:

0m² to 1000m² is in the order of R50 to R55/m²
1001m² to 2000m² is in the order of R50/m²
2001m² to 5000m² is in the order of R45 to R50/m²
5001m² and above is in the order of R35 to R45/m²

No rental range was worth indicating and discussing as far as improved office areas are concerned as most of them are subsidiary to industrial spaces and a such, a slightly higher rental in the region of R85/m² was utilised due to super quality finishes offered. For all the 'A' grade office buildings, a higher rental range of R140/m² was utilised as indicated by the comparable rentals provided above. A slightly lower rental of R85/m² was utilised for all the offices in Zone 1 C due to the basic method of construction, being of prefabricated nature and should ideally not attract the same rental as brick constructed structures.

Vacant land - Direct Comparable Sales Method

The deciding factors for vacant land properties is the rate per square metre, derived from the comparable sales. This is applied on the size of the site to determine value, taking into account that 'the larger the size, the lower the rate per square metre'. The adjustment for size is a matter of opinion based on each Valuer but such an adjustment, has to be measurable. It is also worth singling out the relatively smaller business erven situated in Zone 1 E relevant to the comparable sales for vacant business properties as listed above and comment that, the sites under consideration are in an area that has not been installed with any services, hence a lower rate of around R600/m² was utilised as compared to the going rates of between R500/m² to R1,700/m². The bigger business site in excess of 10,000m² was valued at a lower potential rate of R350/m² on the same principle of 'the bigger the size, the lower the unit rate per square metre'. Furthermore, the sites that are zoned as 'Private Open Spaces', had applicable rates obtained from industrial sales but discounted by half, as such sites are perceived to have a potential to be utilised for industrial purposes but after some costs and time consuming exercises associated with, re-zoning, installation of services, etc. A rate of around R135/m² was utilised for the private open spaces, including the golf course. This also goes for all the recently re-zoned erven into 'Agricultural', as well as the unserviced sites in Settlers Way.

Erf 60844 also in Zone 1 B, was re-zoned into 'Residential IV', which is earmarked for a social housing development and had its half of the size serviced at extensive costs by laying of relevant concrete construction platforms as well as tarred roads. The view was that for any willing and informed potential buyer, knowing very well that half of the site is ripe for development without any initial service's costs, will most likely be willing to pay a premium for such a site. We therefore utilised the top-end rate per square metre for this property as per the above range. Erf 81049 in Zone 1B and erf 56354 in Zone 1D have had their surfaces levelled at a cost and are thus ripe for development, hence their sale rates are somewhat 20% higher than the other sites. For the rather big Berlin farms, rates of around R1,20/m² and R1,80/m² were utilised as based on the three comparable sales obtained but for the rather smaller one of 58,668m², an upward adjustment for size, was effected, as also informed by comparable sale 4 as it relates to Berlin. For the vacant land parcels in Fort Jackson, a potential sale rate of R100/m² was utilised, as also informed by their relevant comparable sale's transactions above.

Accepted sale range for vacant industrial sites:
0m² to 1000m² is in the order of R500 to R600/m²
1001m² to 2000m² is in the order of R450/m²
2001m² to 5000m² is in the order of R400 to R450/m²
5001m² to 10000m² is in the order of R400/m²
10000m² and above is in the order of R300 to R350/m²

Supplementary areas/concrete hardstands

It is standard that industrial/office activities be supported by subsidiary offerings of which such may come in the form of, concrete hard stands, canopies learning-into structures, guard houses and refuse areas. Guard houses/refuse rooms are at times attached to the main structure and form integral parts of such structures, hence similar rentals as applied to industrial spaces, were considered whereas canopies, are halfcovered in the sense that they learn-to, to buildings, hence half the rate of the industrial spaces, was considered. On the evidence of a rental of between R8/m² to R12/m² for concrete hardstands in the Wilsonia industrial area, which is known to be less desirable than where the subject properties are situated, a potential upper range rental rate of around R12,50/m² was considered, without any emphasis on the difference between their sizes as such areas are only ancillary to the main operations.

General comments

ELIDZ property records indicate an actual vacancy factor of 6,99% for the years 2024/2025 whereas in the third and fourth quarters of the year 2025 and beginning 2026, such levels have subsided to 2,30%. This is the reason why for mostly industrial-like use, a nominal 3% vacancy allowance of 3% was utilised whereas for the predominantly office use-like, a higher 5% vacancy factor was applied, keeping in mind long lasting effects of the novel covid-19 pandemic. Because of the risk factor presented by predominantly office related properties that resulted in the use of a higher 5% vacancy factor, a higher 10.5% capitalisation rate was also utilised for such properties whereas a lower 10% capitalisation rate, was applied to all predominantly industrial properties.

Figures in Rand	2026	2025
Amounts recognised in deficit (2026: Deficit)		
Rental revenue from Investment property	180 593 700	172 816 126
From Investment property that generated rental revenue		
Direct operating expenses (excluding repairs and maintenance)	(35 386 399)	(34 107 353)
From Investment property that did not generate rental revenue		
Direct operating expenses (excluding repairs and maintenance)	(2 993 225)	(3 291 410)

9. Property, plant and equipment

	2026			2025		
	Cost / Valuation	Accumulated depreciation & accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation & accumulated impairment	Carrying value
Land	3 821 361	-	3 821 361	3 821 361	-	3 821 361
Infrastructure including buildings	846 950 984	(392 114 417)	454 836 567	865 329 878	(368 225 616)	497 104 261
Plant and machinery	64 085 930	(33 956 060)	30 129 870	63 967 455	(31 553 600)	32 413 855
Furniture and fixtures	5 905 972	(3 767 217)	2 138 755	5 294 945	(3 607 571)	1 687 374
Motor vehicles	3 636 871	(1 544 490)	2 092 381	3 334 067	(1 307 316)	2 026 751
Office equipment	464 931	(346 331)	118 600	506 769	(356 577)	150 192
IT equipment	46 898 847	(21 426 441)	25 472 406	27 607 094	(18 883 142)	8 723 952
Laboratory and other property, plant and equipment	4 676 862	(2 058 489)	2 618 373	4 344 090	(1 660 017)	2 684 073
Total	**976 441 758**	**(455 213 445)**	**521 228 313**	**974 205 659**	**(425 593 839)**	**548 611 819**

Reconciliation of property, plant and equipment - 2026

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	3 821 361	-	-	-	-	3 821 361
Infrastructure including buildings	497 104 261	1 770 010	-	(20 148 899)	(23 888 805)	454 836 567
Plant and machinery	32 413 855	118 471	-	-	(2 402 456)	30 129 870
Furniture and fixtures	1 687 374	614 277	(555)	-	(162 341)	2 138 755
Motor vehicles	2 026 751	461 090	(15 829)	-	(379 631)	2 092 381
Office equipment	150 192	-	(10 913)	-	(20 679)	118 600
IT equipment	8 723 952	1 194 118	(86 684)	20 148 899	(4 507 879)	25 472 406
Laboratory and other property, plant and equipment	2 684 073	359 573	(1 882)	-	(423 391)	2 618 373
	548 611 819	**4 517 539**	**(115 863)**	**-**	**(31 785 182)**	**521 228 313**

Notes to the **Annual Financial Statements**

Figures in Rand	2026	2025

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Depreciation	Total
Land	3 821 361	-	-	-	3 821 361
Infrastructure including buildings	489 212 403	32 529 420	(2 757 269)	(21 880 293)	497 104 261
Plant and machinery	35 219 948	-	-	(2 806 093)	32 413 855
Furniture and fixtures	1 096 111	739 833	(8 750)	(139 820)	1 687 374
Motor vehicles	2 404 245	-	-	(377 494)	2 026 751
Office equipment	161 487	15 800	(4 367)	(22 728)	150 192
IT equipment	4 254 270	7 073 178	(56 720)	(2 546 776)	8 723 952
Laboratory and other property, plant and equipment	1 031 688	1 883 087	-	(230 702)	2 684 073
Total	**537 201 513**	**42 241 318**	**(2 827 106)**	**(28 003 906)**	**548 611 819**

Pledged as security

No items of property plant and equipment were pledged as security at reporting date.

Property, plant and equipment in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of property, plant and equipment

	2026	2025
Infrastructure Including buildings	26 840 357	46 271 039

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

	2026	2025
Actom-Contract Z6/TRF/03/11-Transformers	25 494 175	25 494 175
The Project is linked to the settlement of an investor in Berlin that did not materialise. The transformers are unused and potential investors in the renewable energy sector have indicated their desire to utilise them in their future projects.		
	25 494 175	**25 494 175**

Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)

	2026	2025
Wind farm	479 200	479 200

The appointed contractor for this project went into liquidation and was unable to complete the project. The entity has been unable to source another contractor to complete the project. During the financial year ended 31 March 2021, the funding for the project was withdrawn and allocated to other projects. This effectively meant that the funder had cancelled the project. At reporting date, the entity had not secured an investor for the project and the assets have no alternative use. The entity is still in possession of the components manufactured for the project. These were subjected to an impairment test .

	2026	2025
	479 200	**479 200**

Management has assessed the recoverable amount of the work in progress. The project cost of R25 041 050 relating to the windfarm was impaired to a recoverable amount of R479 200 in prior years and this recoverable amount is still assessed as reasonable.

The recoverable amount for the transformers is more than the carrying amount ,therefore the assets are not impaired and its carrying amount remains the same.

Figures in Rand	2026	2025

Reconciliation of Work-in-Progress 2026

	Included within Infrastructure	Total
Opening balance	46 271 039	46 271 039
Additions/capital expenditure	764 935	764 935
Transferred to completed items	(20 195 617)	(20 195 617)
	26 840 357	**26 840 357**

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Total
Opening balance	86 297 089	86 291 089
Additions/capital expenditure	32 377 567	32 377 567
Transferred to completed items	(72 397 617)	(72 397 617)
	46 271 039	**46 271 039**

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Contracted services	(58 212 810)	(55 125 732)

Details of Property, plant and equipment

A register containing the information required by regulation 25(3) of the companies Regulation 2011 is available for inspection at the registered office of the entity.

Impairment considerations

The entity has not recognised an impairment loss for the current period on property plant and equipment. Disposals and purchases of property plant and equipment

The entity disposed off items of property plant and equipment with a carrying value of R115 864 (2025: R2 827 106). A profit on disposal of R44 949 (2025:-R2 790 242) was realised.

Cash proceeds from sale of property plant and equipment amounted to R99 935 (2025:R 3 843). Trade-in proceeds amounted to R85 000 (2025:RNIl). Total purchases/completion of property plant and equipment amounted to R7 459 956 (2025:R39 075 753).

10. Intangible assets

	2026			2025		
	Cost / Valuation	Accumulated amortisation & accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation & accumulated impairment	Carrying value
Trademarks	30 000	(28 987)	1 013	30 000	(28 683)	1 317
Designs	4 083 841	(4 083 841)	-	4 083 841	(4 083 841)	-
Computer software	27 398 004	(14 625 488)	12 772 516	26 911 070	(13 447 178)	13 463 892
Total	**31 511 845**	**(18 738 316)**	**12 773 529**	**31 024 911**	**(17 559 702)**	**13 465 209**

Reconciliation of intangible assets - 2026

	Opening balance	Additions	Amortisation	Total
Trademarks	1 317	-	(304)	1 013
Computer software	13 463 892	486 934	(1 178 310)	12 772 516
	13 465 209	**486 934**	**(1 178 614)**	**12 773 529**

Notes to the **Annual Financial Statements**

Figures in Rand	2026	2025

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
Trademarks	1 622	(305)	1 317
Computer software	14 642 202	(1 178 310)	13 463 892
	14 643 824	**(1 178 615)**	**13 465 209**

Pledged as security

No intangible assets have been pledged as security at reporting date.

Intangible assets in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of Intangible assets

	2026	2025
Computer software	11 792 519	11 305 585

Reconciliation

	2026	2025
Opening	11 305 585	11 305 585
Additions	486 934	-
	11 792 519	**11 305 585**

Details of intangible assets.
A register containing the information required by regulation 25(3) of the companies Regulation 2011 is available for inspection at the registered office of the entity. None of the above intangible assets were encumbered or pledged as a security.

The total purchases/completion of other intangible assets amounted to R486 934 (2025:RNil).

11. Payables from exchange transactions

	2026	2025
Trade payables	33 255 314	24 650 412
Other payables*	5 227 354	4 557 265
Accrued leave pay	5 829 951	5 441 469
Deposits received	9 447 484	7 352 811
	53 760 103	**42 001 957**

*Other payables comprise mainly of trade debtors with credit balances and the balances that were still sitting in the salary clearing account as at reporting date.

Fair value of Trade and other payables.

The carrying amount of the trade and other payables approximates their fair value in terms of GRAP 104. In line with the PFMA, the entity settles trade payables within 30 days. The time value of money impact on the expected outflows is not material.

12. Payables from non-exchange transactions

	2026	2025
Other payables from non-exchange transactions	3 641 975	2 520 224

The payables arise from agreements entered into between the ELIDZ and other organs of state (the funder). Details of these arrangements are disclosed in note 42 under accounting by principals and agents.

Reconciliation of closing balance

	2026	2025
Opening balance	2 520 224	15 576 012
Transfers received	1 000 000	-
Expenditure incurred	-	(14 154 041)
Interest income	121 751	1 098 253
	3 641 975	**2 520 224**

Figures in Rand	2026	2025

13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Unspent grant DTIC & DEDEAT	237 916 704	126 641 576
Movement during the year		
Balance at the beginning of the year	126 641 576	121 666 456
Grants received during the year	157 145 364	21 739 130
Interest received during the year	10 253 595	11 101 575
Conditions met during the year	(56 123 831)	(27 865 585)
	237 916 704	**126 641 576**

See note 20 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

14. Provisions

Reconciliation of provisions - 2026

	Opening Balance	Additions	Utilised during the period	Reversed during the year	Total
Legal proceedings	118 839	-	-	-	118 839
Retentions	1 444 247	5 761 508	(1 486 098)	-	5 719 657
Performance bonus provision	9 500 000	7 199 670	(9 499 596)	(404)	7 199 670
	11 063 086	**12 961 178**	**(10 985 694)**	**(404)**	**13 038 166**

Reconciliation of provisions - 2025

	Opening Balance	Additions	Utilised during the period	Reversed during the year	Total
Legal proceedings	296 877	-	(178 038)	-	118 839
Retentions	802 523	1 606 020	(964 296)	-	1 444 247
Performance bonus Provision	13 831 926	9 500 000	(13 831 873)	(53)	9 500 000
	14 931 326	**11 106 020**	**(14 974 207)**	**(53)**	**11 063 086**

The figure for legal proceedings relates to an invoice for legal services provided by a service provider for which the amount of the invoice is in dispute. The timing of the outflow is unknown at this point.

The provision for performance bonus relates to the payment of bonuses to the entity's employees based on the assessment of performance for the financial period ended 31 March 2026. The provision is based on historic data namely, past performance by employees and the outflow is considered to be probable. The settlement of the provision is dependent on key factors such as the performance of employees as well as the timing of the approval of the board directors. The entity's remuneration policy bases the performance bonus on the organisational, business unit and an individual's performance for the financial year in question. The performance bonus for any individual is capped at a maximum of 25% of total cost to company.

Retentions relate to construction and maintenance projects that were in progress at the end of the reporting period. These retentions are on professional and construction fees charged by various consultants and contractors. The entity will release the retentions upon completion of the specified works for each consultant and constructor. The occurrence and timing of the outflows will only be confirmed at a future date, e.g. when the respective projects reach final completion.

The time value of money of provisions is considered immaterial.

Figures in Rand	2026	2025

15. Share capital

Authorised		
1 000 000 Ordinary shares of 0.01 each	10 000	10 000
Reconciliation of number of shares issued:		
Reported as at 31 March 2026	100 000	100 000
Issued		
100 000 Ordinary shares at R0,01 each	1 000	1 000

The issued share capital consists only of ordinary shares. There is no intention on the part of the entity to repay the capital to the shareholders. Ordinary shares issued can only be sold or transferred to an organ of the state. The declaration of dividends is considered at an annual general meeting of the shareholders. Since incorporation, the company has not declared any dividends.

16. Rendering of services

Electricity Income	162 305 214	161 772 026
Conference hire Income	2 889 102	2 626 842
Analytic Lab Income	5 444 988	7 981 723
Telephone and Internet services Income	9 248 061	7 777 573
Estate Service Income	6 598 224	6 593 818
Water Income	7 715 871	6 939 386
Sewerage Income	4 703 762	4 586 406
	198 905 222	**198 277 774**

Refer to note 3 and 5 for the provision for impairment for the receivables relating to the above revenue

17. Rental of facilities and equipment

Premises		
Premises and Equipment	182 617 386	177 480 245
Rental Smoothing	(7 311 422)	(1 862 676)
	175 305 964	**175 617 569**

Refer to note 3 and 5 for the provision for impairment for the receivables relating to the above revenue.

18. Sundry income

Sundry Income	636 688	555 389

Sundry income is income that is received not in the ordinary course of business of the ELIDZ.

Figures in Rand	2026	2025

19. Interest received

Interest revenue		
Finance income (Grap 104 other financial asset)	359 952	410 574
Bank	1 299 139	3 523 788
Interest reversal on receivables from exchange transactions	130 095	510 634
	1 789 186	**4 444 996**

The figure that relates to GRAP 104 is the GRAP 104 adjustment that should be done to surplus/deficit to account for the time value of money.

20. Government grants & subsidies

Operating grants		
Government grant DEDEAT	83 798 066	85 872 174
Capital grants		
Government grant DEDEAT	278 898	27 641 933
Government grant DTIC	54 790 345	223 653
Government grant ECDC	-	13 068 573
	55 069 243	**40 934 159**
	138 867 309	**126 806 333**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants released	56 123 830	40 934 159
Unconditional grants released	82 743 478	85 872 174
	138 867 308	**126 806 333**

The conditions for the above grants have been met and the amounts were released to the statement of financial performance.

21. Employee related costs

Basic	97 009 422	90 139 148
Bonus	7 199 266	9 499 946
UIF	736 950	656 941
SDL	1 116 659	1 087 070
Leave pay accrual	1 724 732	2 112 764
Internships	2 979 301	3 017 944
Other short term costs	70 000	230 000
Defined contribution plans	10 850 895	10 140 080
	121 687 225	**116 883 893**

Figures in Rand	2026	2025

22. Depreciation and amortisation

Property, plant and equipment	31 785 182	28 003 906
Intangible assets	1 178 614	1 178 614
	32 963 796	**29 182 520**

23. Lease rentals on operating lease

Equipment		
Contractual amounts	961 106	770 240

24. Debt impairment and bad debts written off

(Reversal)/Contributions to debt impairment provision- Other financial assets	-	(3 328 994)
Contributions to debt impairment provision- Receivables from exchange transactions	(8 354 123)	11 956 375
Bad debts written off	3 690 818	18 060 642
	(4 663 305)	**26 688 023**

This amount is the increase in the provision for bad debts from the prior year to the current year. Refer to note 3 and 5 for the provision amounts.

The movement in expected credit losses during the reporting period was primarily attributable to changes in debtor ageing profiles, settlements received and updated forward-looking information used in the expected credit loss model.

The decrease in the expected credit loss allowance during the reporting period was mainly driven by changes in the movements in debtor ageing profiles and updated forward-looking assumptions applied in the impairment model.

25. Fair value adjustments

Investment property (Fair value model)	(14 871 430)	(12 628 873)

This relates to the fair value adjustment performed on investment property,the details of the valuation and methods utilised are disclosed in note 8.

Figures in Rand	2026	2025

26. General expenses

Advertising	791 412	992 598
External auditor fees	3 497 796	2 108 587
Bank charges	15 438	19 061
Cleaning services	1 583 572	1 810 537
Consumable expenses	757 041	1 130 488
Consulting and professional fees	5 002 242	6 341 239
Cost of sales lab and conf	5 490 214	6 851 222
Corporate social investment	1 838 857	1 351 635
Entertainment	195 535	342 430
Insurance	12 547 500	5 293 530
Canteen expenses	856 500	927 810
Internet and telephone services	899 318	897 891
Motor vehicle expenses	181 799	224 698
Recruitment expense	324 586	604 399
Postage and courier	83 072	126 424
Printing and stationery	91 234	39 964
Promotions	1 986 754	2 310 211
Repairs and maintenance	58 212 810	55 125 732
Security cost	13 421 463	12 904 341
Software expenses	12 659 258	8 166 850
Staff welfare	487 968	437 260
Subscriptions and membership fees	205 873	645 273
Telephone and cellphone	1 659 610	1 502 283
Training	2 878 897	2 654 525
Travel	1 210 184	1 906 565
Rates and taxes	35 386 399	34 107 353
Electricity	138 044 111	129 158 536
Water	9 653 450	9 078 164
Sewerage expense	3 844 962	3 514 665
Project expenses operational unit	29 174 812	25 661 450
Board fees	1 274 811	1 394 620
SHEQ services	6 787 863	6 052 282
Internal auditors	376 430	405 404
	351 421 771	**324 088 027**

27. Auditors' remuneration

External audit fees	3 497 796	2 108 587

Figures in Rand	2026	2025

28. Cash generated from operations

Surplus/(Deficit)	13 235 039	(7 599 712)
Adjustments for:		
Depreciation and amortisation	32 963 796	29 182 520
Gain on sale of non current asset	(44 950)	-
Loss on sale of non current asset	-	2 790 241
Finance costs	(359 952)	(410 574)
Fair value adjustments	14 871 430	12 628 873
Debt impairment	(4 663 305)	26 688 023
Movement in tax receivable and payable	192 946	2 149 966
Changes in working capital:		
Decrease in provisions	(2 431 781)	(4 652 884)
Decrease/(Increase) in Receivables from exchange transactions	3 727 257	(29 426 268)
(Increase) in Deferred tax asset	(14 927 745)	-
Decrease(Increase) in Prepayments	234 330	(9 077 481)
Decrease in Other financial assets	952 551	6 528 031
Increase in Payables from exchange transactions	12 815 787	9 974 902
Decrease/(increase) in VAT asset	620 165	(27 610)
Increase/(Decrease) in Payables from non-exchange transactions	1 121 752	(13 055 790)
Increase in Unspent conditional grants and receipts	111 275 128	4 975 120
	169 582 448	**30 667 357**

29. Taxation

Major components of the tax expense		
Tax expense for the year	-	269 956
Deferred tax for the year	14 927 745	-
	14 927 745	**269 956**

Current		
(Deficit) before tax	(1 692 706)	(7 329 756)
Permanent differences	(27 633 760)	(15 306 715)
Temporary differences	13 443 031	27 635 653
Utilised tax assessed loss	-	(3 999 346)
Capital gains	160 813	-
	(15 722 622)	**999 836**

Deferred tax reconciliation		
Deferred tax for the year	14 927 745	-

Deferred		
Opening assessed loss	(53 008 354)	(41 300 425)
Assessed loss utilised	-	3 999 346
Taxable loss for the year	(15 722 622)	-
Benefit of unrecognised tax deficit / tax credit / temporary difference used to reduce deferred tax expense	-	(15 707 275)
	(68 730 976)	**(53 008 354)**

Figures in Rand	2026	2025

Reconciliation of the tax expense

Reconciliation of the tax rate

Applicable tax rate	27	27
Loss before tax	(1 692 706)	(7 329 756)
Permanent differences		
Expenses not deductible for tax purposes	(1 320)	(321)
Grant income not taxable	2 215	467
Depreciation	(419)	(94)
Interest income	(6)	2
Donations	(29)	-
Temporary differences		
Investment property Fair Value	(237)	(47)
Bad debt written off	59	(67)
Profit/(Loss) on disposal of assets	1	(10)
Utilised loss for the year	-	15
Operating lease smoothing	(117)	(7)
Reversal impairment of other financial assets	-	12
Provision for doubtful debts	50	2
Provision for perfomance bonus	37	16
Provision for leave pay	(6)	(2)
Other	(4)	3
Taxable loss for the year	(251)	4
	- %	**- %**

The organisation made a taxation loss for the period therefore no taxation expense has been recognised in the current period.The estimated tax loss available for set off against future taxable income is R68 730 976 (2025:R53 008 354). Deferred tax was assessed and the resultant deferred tax asset was recognized for all deductible temporary differences and the tax.

loss because it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, this is evidenced by the higher rate of increase in own generated revenue income when compared to grant funding, the new projects that are being constructed and planned which will increase the generated revenue of the organisation in future and the reduction in the vacancy rate of properties being rented out when compared to previous periods.

Reconciliation of current tax Receivable

Opening Balance	524 688	(1 625 280)
Tax refund	389 809	2 407 935
Provisional tax payment	(196 866)	(527 923)
Current tax expense	-	269 956
	717 631	**524 688**

30. Financial instruments disclosure

Categories of financial instruments

2026

Financial assets	At amortised cost	Total
Other financial asset	2 625 715	2 625 715
Receivables from exchange transactions	36 109 579	36 109 579
Deposits	4 000 000	4 000 000
Cash and cash equivalent	260 504 619	260 504 619
	303 239 913	**303 239 913**

Notes to the **Annual Financial Statements**

Figures in Rand	2026	2025

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	47 930 152	47 930 152
Payables from non-exchange transcations	3 641 979	3 641 979
Provisions-legal proceedings	118 839	118 839
Provision retentions	5 719 657	5 719 657
Unspent conditional grant	237 916 704	237 916 704
	295 327 331	**295 327 331**

2025

Financial liabilities

	At amortised cost	Total
Other financial Assets	3 218 314	3 218 314
Receivables from exchange transactions	27 862 110	27 862 110
Cash and Cash equivalents	153 587 617	153 587 617
Deposits	4 000 000	4 000 000
	188 668 041	**188 668 041**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	36 560 488	36 560 488
Payables from non- exchange transactions	2 520 224	2 520 224
Provisions-Retensions	1 444 247	1 444 247
Unspent conditional grants	126 641 576	126 641 576
Provision-legal proceedings	118 839	118 839
	167 285 374	**167 285 374**

Financial instruments in Statement of financial performance

2026

	At amortised cost	Total
Interest income for financial instruments at amortised cost	1 429 234	1 429 234
Debt impairment and bad debt written off	4 554 371	4 554 371
	5 983 605	**5 983 605**

2025

	At amortised cost	Total
Interest income for financial instruments at amortised cost	4 034 422	4 034 422
Debt impairment and bad debt written off	(26 688 023)	(26 688 023)
	(22 653 601)	**(22 653 601)**

GRAP 104 revised application

The entity applied the provision of GRAP 104 revised retrospectively and in line with the transitional provisions for the Standard of GRAP on Financial Instruments (Revised), the entity did not restate the prior year periods.

There were no changes to the classifications of the financial instruments, their measurement and therefore no changes to the carrying amounts as a result of the revised standard i.e. there were no differences between the previous carrying amounts at 31 March 2025 and those on 1 April 2025. The entity did not pledge any financial assets as collateral for liabilities or contingent liabilities during the reporting period.

Figures in Rand	2026	2025

31. Commitments

Authorised capital expenditure

Already contracted for and budgeted for		
• Property, plant and equipment	12 317 758	7 487 610
• Investment property	147 009 177	-
• Intangible assets	4 112 517	4 599 451
	163 439 452	**12 087 061**

Total capital commitments		
Already contracted for and provided for	163 439 452	12 087 061

Total commitments

Total commitments		
Authorised capital expenditure	163 439 452	12 087 061

The committed expenditure relates to intangible assets and Property, plant and equipment contracts that will be finished in the coming years. The commitments will be financed by grants from DTIC, DEDEAT as well as own generated revenues. The commitment amounts are exclusive of VAT.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	1 199 513	1 109 693
- in second to fifth year inclusive	1 011 848	2 053 621
	2 211 361	**3 163 314**

Operating leases relates to the lease of equipment with a lease term of three years. The entity does not have an option to purchase the leased equipment at the expiry of the lease period. There are no contingent rentals payable on the lease.

Operating leases - as lessor (income)

Minimum lease payments due		
- within one year	188 373 477	152 008 989
- in second to fifth year inclusive	298 521 843	409 973 738
- later than five years	39 031 997	40 493 105
	525 927 317	**602 475 832**

Leasing arrangements

Operating leases relate to the investment property and plant owned by the entity with lease terms of between 1 to 10 years, with an option to extend for a further 10 years in some instances. All operating lease contracts contain market review clauses in the event that the lessee exercises its options to renew. The lessee does not have an option to purchase the property at the expiry of the lease period. The operating leases include an escalation clause.

Rental income earned by the entity from its investment properties and direct operating expenses arising on the investment properties for the year are set out in note 8.

The entity owns a metal surface treatment plant which is leased to a lessee for seven years with an option to extend. The lessee does not have an option to purchase the property at the expiry of the lease period. Contingent rentals are based on the number of units produced for the plant leased out. However, the lease contains a minimum amount that is charged in the event that the units produced fall below a prescribed level.

Figures in Rand	2026	2025

32. Contingencies

Contingent Liability

1. ELIDZ is a defendant in a case involving a former employee who is alleging she was unfairly dismissed. The entity received an unfavourable ruling but appealed the ruling because the employee has already taken occupation somewhere else. Should the entity be unsuccessful in the review, the employee will need to be re-instated and compensated for lost wages. In the unlikely event that the entity is unsuccessful in its appeal, an amount of R63 231 will be payable to the plaintiff. The timing of the payment is uncertain to the entity at this point.

2. A claim was initiated by a previous service provider for unpaid services.In the unlikely event that the entity is unsuccessful an amount of R555 663 will be payable and a time uncertain to the entity at this point.

33. Related parties

Relationships

Shareholder with controlling interest	Department of Economic Development Environmental Affairs and Tourism (DEDEAT)
Shareholder with significant influence (minority shareholding)	Buffalo City Metropolitan Municipality (BCMM)
Other related parties with significant influence	Department of Trade, Industry and Competition (DTIC) as custodian of the SEZ act,an enabling legislation to the ELIDZ and the providers of capital funding through grants which are considered material.
Members of key management	T. Zweni G. Matengambiri N. Makhoba (Resigned 30 June 2025) A. Ramncwana B. Mthembu R. De Beer (Interim COO-Q1) V. Moonieya (Interim CA Executive Manager-Q2)
Non-executive directors	A Kanana (Chairperson) Z Dweba (Former Acting Chairperson) N. Mnconywa (Former Acting Chairperson) A. Gqalangile N. Penxa N. Sonjani M. Mlota P. Dhlamini T Tempi B. Sauli (Retired, 01 May 2026) M. Mfuleni (Former Chairperson) (Resigned, 13 November 2025) B. Mpondo (Resigned, 13 November 2025)

The non-executive directors who represent DEDEAT and the DTIC respectively are not remunerated by the entity. This is in line with the entity's adopted policy on the remuneration of non-executive directors who are also employed by DTIC and DEDEAT. Consequently, the two directors do not appear on the disclosure in note 34.

Related party balances

Buffalo City Metropolitan Municipality

Payable from exchange transactions	17 143 074	16 875 185

Related party transactions

Buffalo City Metropolitan Municipality

Expenditure (rates & taxes)	35 386 399	34 107 353
Expenditure (Electricity)	138 044 111	129 158 536
Expenditure (Water)	9 653 450	9 078 164

Figures in Rand	2026	2025

For director's remuneration refer to note 34

For grant funding received from DEDEAT refer to note 20. For grant funding received from DTIC refer to note 20

The entity transacts with the minority shareholder, BCMM in its capacity as a provider of municipal services to the zone. Apart from the transactions mentioned below, all other transaction(sewerage and refuse) are at arms-length rates applicable to the general public.

Rates - A 26 % rebate is granted by BCMM to the ELIDZ property portfolio. Electricity - ELIDZ obtain its electricity at Eskom rate plus 2.5% wheeling charge.

34. Directors and Executive managements' remuneration

Executive

2026

	Basic salary	Allowances	Employer contributions to funds	Performance bonus	Total
T Zweni	2 939 720	1 547 576	579 420	499 843	5 566 559
G Matengambiri	2 074 494	1 088 711	423 410	401 998	3 988 613
N Makhoba	456 164	273 375	105 853	409 090	1 244 481
A Ramncwana	2 321 336	1 242 870	422 535	306 226	4 292 967
V Moonieya (Acting CA Executive Manager Q2)	1 238 302	590 022	256 861	228 000	2 313 185
R De Beer (Acting COO Q1)	1 340 139	643 838	266 450	-	2 250 427
B Mthembu	802 510	453 630	155 856	-	1 411 996
	11 172 665	**5 840 022**	**2 210 385**	**1 845 157**	**21 068 228**

2025

	Basic salary	Allowances	Employer contributions to funds	Performance bonus	Total
S.Kondlo (Ex.officio)	-	-	-	792 349	792 349
T Zweni	2 773 320	1 455 461	550 005	587 590	5 366 376
G Matengambiri	1 957 070	1 027 086	398 037	571 140	3 953 333
N Makhoba	1 957 086	1 027 086	398 037	593 162	3 975 371
A Ramncwana (Acting COO Q2,Q3)	1 615 711	1 023 792	304 387	431 802	3 375 692
L.Macingwane (Acting COO Q1)	1 060 624	651 200	236 398	297 520	2 245 742
R.De Beer (Acting COO Q4)	1 015 408	614 736	227 345	-	1 857 489
	10 379 219	**5 799 361**	**2 114 209**	**3 273 563**	**21 566 352**

In the previous financial period (2025) ,the former CEO of the ELIDZ , Mr S Kondlo, was paid a bonus amount that was due to him and which was withheld to complete the required performance assessments.

Figures in Rand	2026	2025

Non-executive

2026

	Directors' fees	Allowances	Total
M Mfuleni (Former Chairperson) (Resigned)	162 710	8 406	171 116
Z Dweba (Former Acting Chairperson)	167 544	2 555	170 099
N Mnconywa (Former Acting Chairperson)	284 068	3 404	287 472
B Sauli (Retired)	140 750	2 982	143 732
B Mpondo (Resigned)	75 221	2 981	78 202
N Penxa	118 375	8 728	127 103
N Sonjani	162 372	13 623	175 995
P Dhlamini	110 875	10 217	121 092
	1 221 915	**52 896**	**1 274 811**

2025

	Directors' fees	Allowances	Total
MW Makalima	202 797	2 552	205 349
EV Jooste	182 496	3 407	185 903
A Kanana	178 682	8 515	187 197
M Mfuleni (Former Chairperson)	149 351	12 707	162 058
N Mnconywa	349 277	3 564	352 841
B Sauli	119 848	4 231	124 079
B Mpondo	164 422	12 771	177 193
	1 346 873	**47 747**	**1 394 620**

35. Change in estimate

Property, plant and equipment

In the current year management revised the estimated usefullife of some items in the following categories:

1. Plant and machinery with a usefu life of 10 years to 13 years, the effect of this revision has decreased the depreciation for the current year by R277 575 and increased future depreciations by the same amount.
2. IT equipment items with useful lives between 03 years to 10 year revised have been revised to between 06 years to 15 years, the effect of this revision has decreased the depreciation for the current year by R438 241 and increased future depreciations by the same amount.

36. Prior period errors

Cash and cash equivalents were incorrectly stated as measured at fair value instead of amortised cost in the accounting policy in the 2024/25 annual report. This had no effect on the other related disclosres in the financial statements. Furthermore interest income relating to some financial instruments was incorrectly stated as measure at fair value instead of amortised cost in the prior year financial and this mistatement was corrected in the current financial statements.

In the prior year, the assessed loss was understated by R15 707 275. This mistatement was corrected in the current financial statements. The effect of the mistatement is an increase in the closing balance for 2024/25 financial period by R15 707 275 and in the opening balance for the 2025/26 financial period by the same amount.

Figures in Rand	2026	2025

37. Risk management

Financial risk management

The Board has overall responsibility for the establishment and oversight of the company risk management framework. The entity's risk management policies are established to identify and analyse the risks faced by the entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the entity's activities. The entity, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations

The Audit and risk committee oversees how management monitors compliance with the entity's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the entity. The entity's Audit and risk committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and risk committee.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed grants allocated and own generated revenue. The entity manages liquidity risk by continuously monitoring forecast and actual cash flows. Liquidity risk is the risk that the entity may fail to meet its payment obligations as they fall due, the consequences of which may be the failure to meet the obligations to creditors. The entity identifies this risk through periodic liquidity gap analysis and the maturity profile of the assets and liabilities. Action is taken in advance to close or minimise the gaps.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and funds availability.

The entity's exposure to liquidity risk is reduced as it is partly funded by DEDEAT and the DTIC. The annual budgets are approved at the beginning of each fiscal year and funding agreements concluded between the parties. Cash flows are monitored monthly against budgets and adjustments are made where necessary. Risk management assessments are conducted to assist with identifying any possible cash flow, liquidity or other risks. In addition, the entity is exploring opportunities to enhance its own revenue generation capacity to ensure the sustainability of the organisation in case the grant is reduced or cut back. Cash flow forecasts are prepared and adequate availability of funds is monitored.

A maturity analysis of ELIDZ's financial instruments as at 31 March 2026 is as follows:

2026 Liquidity gap analysis

	On demand and less than one month	1 to 12 months	More than 12 months	Total
Assets				
Other financial assets	-	1 077 956	1 547 759	2 625 715
Receivables from exchange transactions	36 109 578	-	-	36 109 578
Deposits	-	-	4 000 000	4 000 000
Cash and cash equivalents	260 504 619	-	-	260 504 619
Subtotal	296 614 197	1 077 956	5 547 759	303 239 912
Liabilities				
Payables from exchange transactions	(38 482 668)	-	(9 447 484)	(47 930 152)
Payables from non-exchange transactions	(3 641 979)	-	-	(3 641 979)
Provisions-Retentions	(5 719 657)	-	-	(5 719 657)
Unspent conditional grant	-	(237 916 704)	-	(237 916 704)
Provision-Legal proceedings	(118 839)	-	-	(118 839)
	248 651 054	**(236 838 748)**	**(3 899 725)**	**7 912 581**

Figures in Rand	2026	2025

2025 Liquidity gap analysis

	On demand and less than one month	1 to 12 months	More than 12 months	Total
Assets				
Other financial assets	-	893 366	2 324 948	3 218 314
Receivables from exchange transactions	27 862 110	-	-	27 862 110
Deposits	-	-	4 000 000	4 000 000
Cash and cash equivalents	153 587 617	-	-	153 587 617
Subtotal	181 449 727	893 366	6 324 948	188 668 041
Liabilities				
Payables from exchange transactions	(29 207 677)	-	(7 352 811)	(36 560 488)
Payables from non-exchange transactions	(2 520 224)	-	-	(2 520 224)
Provisions - retentions	(1 444 247)	-	-	(1 444 247)
Unspent Conditional Grant	-	(126 641 576)	-	(126 641 576)
Provision - Legal Proceedings	(118 839)	-	-	(118 839)
	148 158 740	**(125 748 210)**	**(1 027 863)**	**21 382 667**

Credit risk

Cash and cash equivalents consists mainly of cash deposits and cash equivalents. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the entity assesses the credit quality of the customer, taking into account its financial position, past experience, forward-looking information and other factors.

There has been no significant change during the period to the company's exposure to credit risk, the approach of measurement or the objectives, policies and processes for managing the risk. The gross amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the entity's maximum exposure to credit risk.

Credit risk is the risk that one party to a financial instrument will cause financial loss to the other party by failing to discharge a contract. Credit risk arises from cash equivalents, financial instruments and deposits with banks and financial institutions, as well as credit exposures to members, including outstanding receivables and committed transactions.Credit exposures are closely monitored for indications of impairment.

Trade receivables comprise mainly of amounts owing from tenants and other customer groups. Management evaluated credit risk relating to tenants before they were incorporated into the zone and on an on-going basis throughout the duration of relevant contracts. ELIDZ tenants pay deposits at the beginning of their lease terms. At 31 March 2026 the entity holds deposits from tenants amounting to R9 447 484 (2025: R7 352 811) as security for tenants' lease obligations.

The amounts below are before impairment.

Financial assets exposed to credit risk at year end were as follows:

The entity's exposure to credit risk by class of financial asset is as follows:	2026	2025
Receivables from exchange transactions	86 268 453	86 375 108
Cash and cash equivalent	260 504 619	153 587 817
Other financial asset	2 764 871	3 717 423

Figures in Rand	2026	2025
Analysis by credit quality of financial assets is as follows: Neither past due nor impaired		
Cash and cash equivalents	260 504 619	153 587 617
Receivables from exchange transactions	10 408 486	4 751 749
Other financial assets	2 764 871	3 717 423
	273 677 976	**162 056 789**
Past due and not impaired		
Receivables from exchange transactions	13 026 504	10 305 466
Impaired financial asset		
Receivables from exchange transactions	62 833 463	71 317 894

The above balance of impaired financial assets is made up of individual debtors that were assessed as impaired at the end of the reporting period. The entity considered the following key factors as indicators of impairment;

- Persistent debtor default with an account that is overdue by over 60 days,
- Known financial difficulties that the debtor faces,
- Debtors undergoing liquidation, and
- Current and possible future market and economic conditions

Market risk

Interest rate risk

The entity's interest-bearing assets are included under cash and cash equivalents. As the entity has no significant interestbearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates due to short term nature of interest bearing assets.

Balances with banks, deposits and all call and current accounts attract interest at rates that vary with the South African prime rate. The company's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on the surplus/deficit.

Interest charged on trade debtors in arrears is linked to the South African prime interest rate.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at reporting date.

The sensitivity analysis shows reasonable expected changes in the interest rate, either an increase or decrease in the interest percentage. The equal but opposite percentage adjustment to the interest rate would result in an equal but opposite effect on surplus and therefore has not been separately disclosed below. The disclosure only indicates the effect of the change in interest rate on surplus.

Cash and cash equivalent	260 504 619	153 587 617
1% thereof	2 605 046	1 535 876

38. Unauthorised, Irregular and Fruitless and Wasteful Expenditure

Irregular expenditure	31 694 322	24 665 630

***Refer to reconciling notes in the annual report**

39. Irregular expenditure

Opening balance as previously reported	24 665 630	11 092 426
Opening balance	**24 665 630**	**11 092 426**
Add: Irregular Expenditure - current	7 028 692	13 573 204
Closing balance	**31 694 322**	**24 665 630**

ELIDZ incurred irregular expenditure totaling to R31 694 322 due to non-compliance with the PFMA, CIDB and Treasury Regulation. The irregular expenditure disclosed for the prior year was identified in the previous year.

Figures in Rand	2026	2025

40. Segment information

General information

Identification of segments

The entity is organised and reports to management on the basis of Two major functional areas: Operations and institutional support services. Each functional area is also subdivided in to sub unit.The entity has identified three sub units which generate economic benefits and whose financial information is regularly reviewed by management. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Aggregated segments

Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments were sufficiently similar to warrant aggregation.

Operations (SEZ): Projects and property management and Facilities and Maintenance.

The financial information for information communication and technology (ICT) and Science technology park (STP) are not aggregated with any other segment.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Information communication and technology (ICT)	Supply of telephone and internet services
Operations (SEZ)	Letting of facilities and supply of municipal type services
Science and Technology Park (STP)	Provision of analytical laboratory testing for water and 3D design services and innovation

Segment surplus or deficit, assets and liabilities

31 March 2026	Information communication and technology	Operations (SEZ)	Science and Technology Park	Total
Revenue				
Revenue from exchange transactions	9 248 061	359 518 137	5 444 988	374 211 186
Revenue from non-exchange transactions	7 089 471	50 586 192	4 047 544	61 723 207
Total segment revenue	**16 337 532**	**410 104 329**	**9 492 532**	**435 934 393**
				-
Expenditure				
Employee related costs	(8 017 803)	(47 288 699)	(11 898 719)	(67 205 221)
General expenses	(32 717 459)	(266 679 676)	(11 350 127)	(310 747 262)
Total segment expenditure	**(40 735 262)**	**(313 968 375)**	**(23 248 846)**	**(377 952 483)**
Total segmental surplus/(deficit)	**(24 397 729)**	**96 135 954**	**(13 756 314)**	**57 981 911**
Non segment exchange revenue				2 470 823
Non-segment revenue from non-exchange transactions				77 144 100
Non-segment expenses				(139 289 540)
Entity's surplus (deficit) before tax for the period				**(1 692 706)**

Figures in Rand	2026	2025

31 March 2025	Information communication and technology	Operations (SEZ)	Science and Technology Park	Total
Revenue				
Revenue from exchange transactions	7 439 226	47 453 472	4 150 170	59 042 868
Revenue from non-exchange transactions	7 777 573	358 136 047	7 981 723	373 895 343
Total segment revenue	**15 216 799**	**405 589 519**	**12 131 893**	**432 938 211**
Entity's revenue				-
Expenditure				
Employee related costs	(7 742 792)	(16 373 252)	(11 245 201)	(35 361 245)
General expenses	(32 441 201)	(237 530 939)	(14 232 119)	(284 204 259)
Total segment expenditure	**(40 183 993)**	**(253 904 191)**	**(25 477 320)**	**(319 565 504)**
Total segmental surplus/(deficit)	**(24 967 194)**	**151 685 328**	**(13 345 426)**	**113 372 708**
Non-segment revenue from non-exchange transactions				67 763 464
Non-segment revenue from exchange transactions				4 589 811
Non-segment expenses				(193 055 739)
Entity's surplus (deficit) before tax for the period				**(7 329 756)**

Measurement of segment surplus or deficit, assets and liabilities.

Basis of accounting for transactions between reportable segments.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

The nature of differences between the measurements of the reportable segments' surplus or deficit and the entity's surplus or deficit and discontinued operations.

There are expenses and revenues that are recognised in surplus or deficit which are not allocated to the disclosed segments. These revenues and expenses are disclosed as reconciling items to the surplus or deficit presented in the statement of financial performance.

The nature of differences between the measurements of the reportable segments' assets or liabilities and the entity's assets or liabilities.

Financial infromation about the assets and liabilities recognised, is not reviewed at a segment level by management, but rather at an entity-wide level. Consequently, no disclosure has been included for segment financial information related assets and liabilities.

Information about geographical areas

The entity's operations are in the Buffalo City Metropolitan Municipality.

41. Budget variances

Material variances between budget and actual amounts.

The unfavourable variance of 1.2% for revenue from rendering of services is to electricity consumption that was 1% below target. This was mainly due to lower consumption than expected and further the STP revenue was 23% below target mainly due to lower volumes than expected.

The unfavourable variance of 1.5% for revenue from rental of facilities and equipment is as a result of rentals that were 2% below target due to an investor's reduced rental in February 2026 and 3 new investors whose occupation has been moved to FY2026/27.

The unfavourable variance of 4.6% on budgeted employee costs is mainly due to leave pay that is not budgeted for and internship costs that are budgeted for under general expenses.

The 1.9% favourable general expenses budget variance is mainly due to internship costs that are budgeted for under general expenses.

Figures in Rand	2026	2025

42. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

Details of the arrangements are as follows:

The entity is the agent to three principal-agent arrangements:

The entity entered into an arrangement with the Council for Scientific and Industrial Research (CSIR).

The arrangement is for the facilitation of a regional innovation platform for the benefit of the local region. The project is at close out stage.

The entity entered into an arrangement with the Department of Labour for a skills development initiative. The department appointed the entity to implement the project for the skills training of learners in the mechanical and electrical engineering fields. The entity was identified as a suitable agent due to its proximity to a thriving automotive environment and its renewable energy laboratory. Learners were identified by the department, and they are the intended beneficiaries of the arrangement.

The last agreement was entered into with the Technology and Innovation Agency and DEDEAT. The entity is responsible for facilitating the Eastern Cape Agro-processing Industry Innovation programme, specifically the Technology, Research and Innovation programme (TRIP).

The entity only bears the risk for the funds received from the principals.

There were no changes to the conditions and stipulations of the agreements during the reporting period.

Entity as agent

Resources held on behalf of the principal(s), but recognised in the entity's own financial statements.

The remittance of resources during the period are disclosed in note 12.

The remaining resources are to be remitted as and when the entity satisfies the conditions stipulated in the respective agreements. This is expected to be remitted during the following financial year.

The entity currently holds cash resources to the value disclosed in note 12. The risks relating to the management of the cash resources in accordance with the agreements were transferred from the principal to the entity. No other resources were transferred as part of the agreements.

43. BBBEE Performance

During the financial period ended 31 March 2026, the ELIDZ embarked on a process of being measured for compliance with the B-BBEE Codes of Good Practice, Gazette No. 38766. The audited financial results for the financial year ended 31 March 2025 were utilised in this process.

The applicable scorecard used to determine the ELIDZ compliance with the BBBEE Act, 2003 (Act No. 53 of 2003) as amended is the GENERIC (GEN) scorecard used for entities with a turnover of more than R50 million.

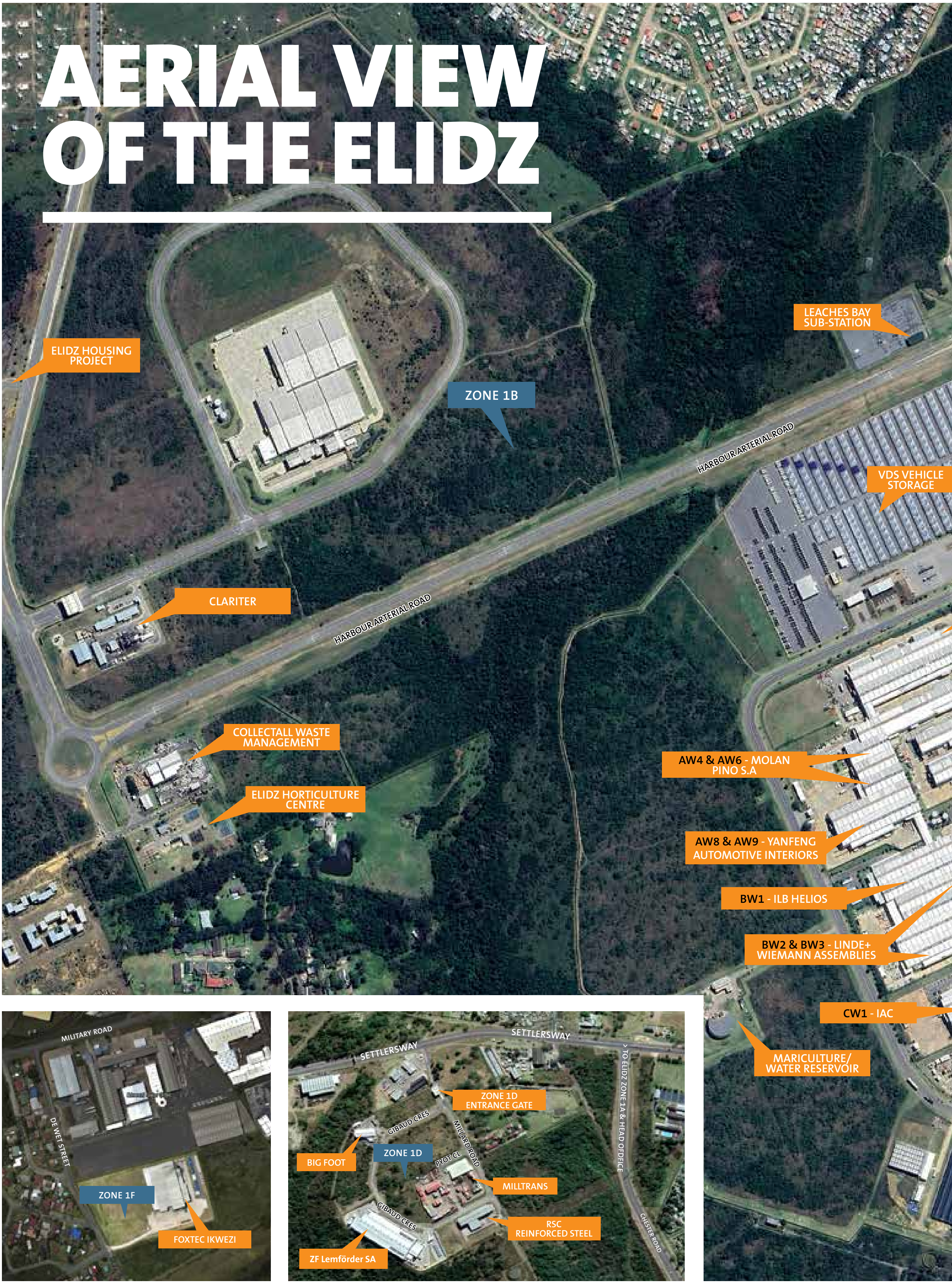
The ELIDZ achieved a B-BBEE Level 3 and submitted the final report and B-BBEE certificate, Form 1 together with the Annual Report to the B-BBEE commission.

44. Investigations

1. On 18 May 2021, the board of directors became aware of a signed proclamation by the Republic of South Africa's President. The proclamation approved the Special Investigation Unit (SIU) to investigate allegations of corruption and maladministration at the entity. Management and members of staff have cooperated with the investigators in ensuring that information requested is submitted and any enquiries are responded to.

At reporting date, the investigation was completed.

AERIAL VIEW OF THE ELIDZ




ZONE 1E
ELIDZ HEAD OFFICE
CHESTER ROAD
ELIDZ STP
ZONE 1C
HARBOUR ARTERIAL ROAD
ELIDZ MAIN GATES & ADMIN BUILDINGS
ELIDZ DC
MAINTENANCE STORE
ELIDZ INVESTMENT CENTRE / TRANSPORTATION BUILDING
BOYSEN
voestalpine
IKHALA ROAD NORTH
FROTEK
MSC STORAGE
IKHALA ROAD EAST
UMSIMBITHI ROAD
RG BROSE
GEMILATEX
IKHALA ROAD NORTH
SUNDALE DIARY
MANUFACTURING INCUBATOR
MKHOKHOKHO ROAD
AE1 - FELTEX TRIM
EW1 - TI GROUP
IW4 - Dräger
AE4 - AURIA FELTEX
ZONE 1A
AE6 - FELTEX CARAVELLE
FW1 - MBSA
AE6 - FELTEX FEHRER
IKHALA ROAD SOUTH
ELIDZ CONFERENCE CENTRE / CANTEEN
BE2 - METALSA
GW1 - VALEO
WHEEL ASSEMBLERS
BE4 - L+W WHAREHOUSE
GE1 - AURIA
BUSHVELD
BE5 & BE6 - DSV
IKHALA ROAD SOUTH
CE1 - SEDA CONSTRUCTION INCUBATOR
HE1 - POLYTEC
CE1 - LINDE+WIEMANN MST
HS1 - AIH
HW1 - EBOR
C2 - YANFENG AUTOMOTIVE INTERIORS
AQUACULTURE FACILITY
ELIDZ SEA WATER PUMPSTATION

east london idz

business streamlined

Lower Chester Road, Sunnyridge,
East London, 5201

PO Box 5458, Greenfields,
East London, 5208
Republic of South Africa

T: +27 (0)43 702 8200
E: info@elidz.co.za
www.elidz.co.za

@EastLondonIDZ | @East London IDZ | eastlondonidz