ESWATINI RAILWAYS

Efficiency Re-defined

Integrated Annual Report 2024/2025

TÜVRheinland CERTIFIED

Management System
ISO 9001:2015
ISO 45001:2018

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NAVIGATION

We use icons throughout this report to highlight how integrated thinking connects the various elements of our business model, and guide readers where to find more information.

Our capitals

- FINANCIAL CAPITAL (FC)
- HUMAN CAPITAL (HC)
- INTELLECTUAL CAPITAL (IC)
- SOCIAL AND RELATIONSHIP CAPITAL (SC)
- MANUFACTURED CAPITAL (MC)
- NATURAL CAPITAL (NC)

Read more about our capitals on page 9.

Our stakeholders

- CUSTOMERS
- EMPLOYEES
- GOVERNMENT
- MEDIA
- SUPPLIERS
- COMMUNITY
- FINANCIAL INSTITUTIONS
- REGULATORS
- PARTNERS

Read more about our stakeholders on page 24.

CONTENTS

OUR VISION

To be a sustainable total logistics partner of choice.

OUR MISSION

We provide competitive and quality logistics services using innovative solutions to stimulate economic growth.

OUR VALUES

Reliability	We are dependable, you can count on us.
Accountability	We take ownership and responsibility to our customers and take full responsibility for our actions.
Professionalism	We maintain the highest level of competence in the discharge of duties.
People centric	We place people first. Meaningful relationships are of essence to the performance and relevance of ESR.
Teamwork	We strive to work in a spirit of complementarity, where everyone's effort and contribution is respected, appreciated and valued.
Integrity	We maintain the highest standards of ethical behaviour when executing our duties.

PERFORMANCE HIGHLIGHTS

PERFORMANCE HIGHLIGHTS

E392 million
↓ 10%
Revenue
(2023/24: E435 million)

E7.73 million
↓ 87.8%
Profit/Loss before tax
(2023/24: E63.2 million)

98.3%
Operating margin
(2023/24: 87%)

33%
Employee costs/ total costs ratio
(2023/24: 30%)

30%
Debt ratio
(2023/24: 32%)

6.9%
million tonnes
↓ 8%
Cargo moved
(2023/24: 7.5 million tonnes)

834 million
Net tonne/kilometres
(2023/24: 1 305 million)

358
Permanent employees
(2023/24: 351)

INSTALLED NETWORK CAPACITY

12 million tonnes per year

LOAD SIZE

2 000–6 400
gross tonnes

40–80
wagons per train

TYPE OF TRAFFIC

EXPORTS
Sugar, canned fruit, ethanol and timber

TRANSIT
Coal (transit from South Africa through Eswatini to Mozambique), magnetite, rock phosphate, north and south bound containers, copper, fuel and sulphur

IMPORTS
Petroleum products, fuel, cement and general goods

ABOUT THIS REPORT

ABOUT THIS REPORT

This integrated annual report presents a clear, concise and transparent overview of how Eswatini Railways (ESR) created value for our stakeholders and clients during the 2024/25 financial year, and how we have delivered on our vision of being a sustainable high-performance logistics organisation.

Scope and boundary

The report presents a fair and balanced account of Eswatini Railways for the financial year 1 April 2024 to 31 March 2025. We focus on our performance against strategic objectives, highlight priorities for the year ahead, and reflect on our operating environment. We also discuss material risks and opportunities that affect our operations.

Integrated thinking is embedded in our strategic approach and business model. We are cognisant that our ability to create value beyond the short term relies on the interdependencies, interactions, and trade-offs between our capitals, and extends beyond financial metrics.

Read more about our strategy and business model on pages 21 and 26, respectively

Financial and non-financial reporting

Our report extends beyond financial reporting and encompasses non-financial metrics, opportunities, risks and outcomes that may substantively influence value creation.

Reporting framework

The report was prepared accordance with the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV), guided by the principles and requirements of the International Financial Reporting Standards (IFRS) and the Integrated Reporting Framework.

Our annual financial statements (pages 78 to 133), were prepared in accordance with IFRS, and the requirements of the International Financial Reporting Standards and in the manner required by the Swaziland Railway Act of 1962, as amended.

Forward-looking statements

This report contains certain forward-looking statements about ESR's business, operations, strategy and results, based on information available at year-end. Since these statements relate to future events and circumstances that may differ materially from opinions expressed here, the Board does not commit to publicly revise or update this information to reflect unforeseen events or circumstances that arise after the release of this report. The forward-looking statements have not been reviewed or reported on by the auditors.

Material matters

We consider an issue to be material if it has the potential to substantially impact our ability to create sustained value, our continued existence as a business, or our social relevance and relationships with stakeholders.

Our material issues, (page 56), were determined by a review of our 2023-2026 Revitalisation Strategy (page 21); our interaction with our six capitals (page 9); the legislative, social, economic and environmental context in which we operate (page 10); and through engagement with our stakeholders to better understand their expectations and concerns (page 24).

Directors' statement of responsibility

The Board of Directors (the Board), supported by the Audit and Risk Committee, acknowledges its responsibility for overseeing and ensuring the integrity of this integrated report. Executive management, assisted by the reporting team, was responsible for the preparation of this report. The Board has applied its collective mind, and believes this report fairly represents the matters that are material to Eswatini Railway's ability to create short-, medium-, and long-term value.

This integrated report was approved by the Board on 25 July 2025.

ESWATINI RAILWAYS AT A GLANCE

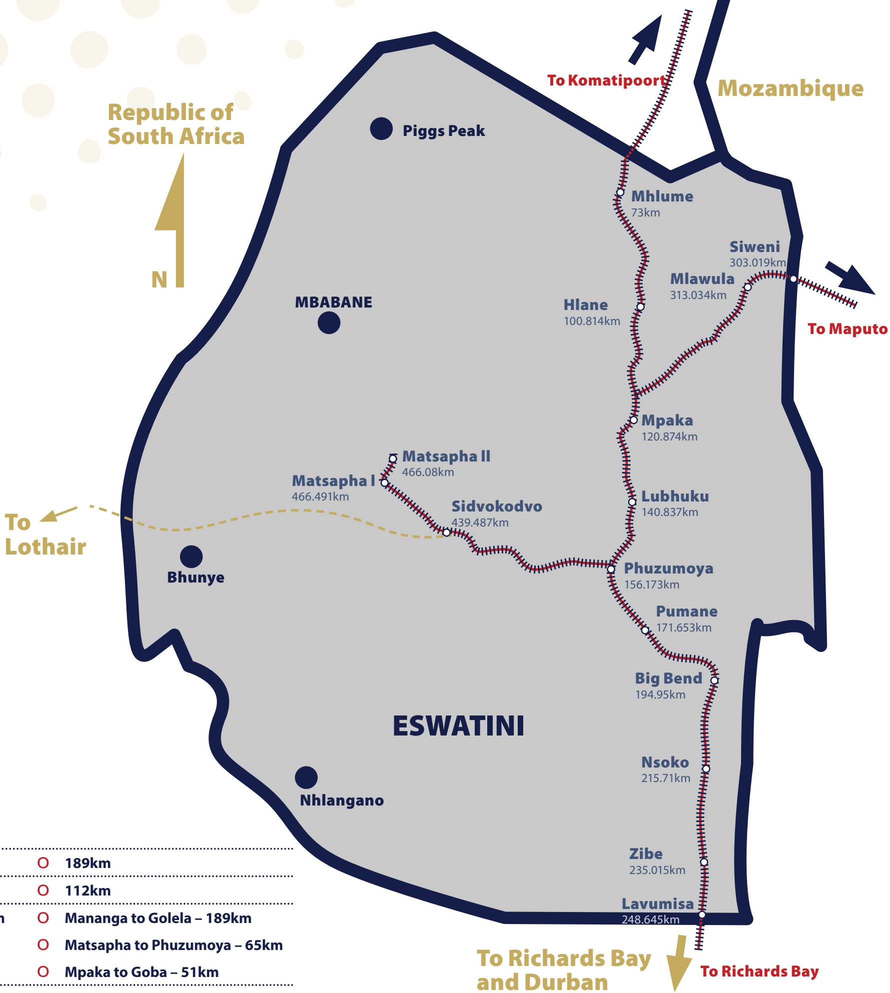
WHO WE ARE

Eswatini Railways is a government parastatal that provides transport services for import, export, and transit cargo. It is recognised as one of the most reliable and efficient railways in the SADC region. Our network links Eswatini's main industrial centres with the railway systems of South Africa, Mozambique, and other SADC countries, serving as a vital artery in regional and international trade.

ESR operates a 301km rail network that extends east from the Matsapha Industrial Site to Phuzumoya, where it connects with the northern rail corridor that provides access to the ports of Durban and Richards Bay. The Mananga link opens further routes to Zimbabwe, Zambia, and the Democratic Republic of Congo.

SYSTEM MAPS

Eswatini Railways system map



North-South line	O	**189km**
East-West line	O	**112km**
301 route and yard km	O	**Mananga to Golela – 189km**
	O	**Matsapha to Phuzumoya – 65km**
	O	**Mpaka to Goba – 51km**
ERL Northwest line	O	**143km additional capacity**

SYSTEM MAPS *(continued)*

Our mandate

In terms of the Swaziland Railway Act of 1962, our mandate is "to provide or to secure and promote the provision of an efficient and adequate system of public transport of goods and passengers by rail with due regard to economy and safety of operations and to supply the needs of Eswatini for rail services to the fullest possible extent consistent with the resources of the railway."

Our motto

Efficiency redefined

We have taken a conscious decision geared towards re-igniting confidence in the market while fostering efficiency and reliability.

OUR CAPITALS

FINANCIAL CAPITAL

Financial Capital underpins ESR's ability to operate, and grow sustainably. It encompasses financial reserves, operating budgets, revenue streams, profitability, and debt funding, all of which sustain our business.

Sound financial management builds stakeholder trust, supports job stability, and enables social investment. Robust Financial Capital ensures uninterrupted rail operations that connect Eswatini to the SADC region while, over the longer term, infrastructure investments and a property portfolio that generates non-rail revenue contribute to sustainable value creation in an increasingly important regional transport sector.

MANUFACTURED CAPITAL

Manufactured Capital comprises the physical assets that underpin ESR's operations, including 301km of track, locomotives, wagons, and supporting infrastructure. The quality and reliability of these assets determine the service levels, safety, and cost-efficiency. Ongoing investment in the modernisation and maintenance of our assets, funded through our Financial Capital, support day-to-day operational performance, while reducing environmental impact. In the longer term, these infrastructure upgrades will strengthen regional connectivity and consolidate our position as southern Africa's preferred logistics partner.

HUMAN CAPITAL

Human Capital embodies the skills, knowledge, and commitment of our people. ESR fosters a learning culture that supports both individual growth and organisational effectiveness, recognising that it is our employees who drive performance, innovation, and sustain long-term value.

Our ongoing investment in training, development, and wellness is pivotal to a high-performance culture, and ensures a skilled, motivated workforce equipped to meet the demands of a rapidly changing business environment, now and in the future.

INTELLECTUAL CAPITAL

Intellectual Capital comprises the knowledge, systems, and processes that support ESR's operational efficiency and strategic delivery. It includes our policies, frameworks, IT infrastructure, and institutional expertise that guide our operations, ensure consistent service, drive innovation, and support compliance.

Ongoing investment in technology and process improvement strengthen decision-making, mitigate cyber security risk, and ensure safety and quality customer service. By harnessing institutional knowledge and fostering a culture of continuous improvement, ESR amplifies our ability to remain agile, resilient, and optimise long-term performance and value creation.

SOCIAL AND RELATIONSHIP CAPITAL

Social and Relationship Capital embodies the relationships ESR has with its various stakeholders, including the Government of Eswatini, customers, partners, and communities. These relationships strengthen our social licence to operate.

Effective stakeholder management builds mutual trust and shared value, and reflects our commitment to sustainability and long-term relationships.

Working closely with government enables ESR to contribute to regional trade and economic integration, and access to new opportunities. Sound relationships with customers and suppliers strengthen service quality and operational reliability, and ensure a sustainable and successful business. Employee wellness initiatives, transparent communication and community engagement foster trust and strengthen relationships within the organisation and the broader community.

NATURAL CAPITAL

Natural Capital refers to the environmental resources and ecosystems that both influence and are affected by ESR's operations. This includes the air, the land we operate on, and the energy and water we consume. The responsible management of Natural Capital is essential in mitigating global and regional realities of climate change.

ESR continues to minimise our environmental footprint through efficient water and energy use, and sustainable land practices, in line with Eswatini's Nationally Determined Contribution (NDC) to the Paris Agreement. Our commitment to achieving a 5% economy-wide greenhouse gas reduction by 2030, and to evaluating the impacts of future projects, reflect our dedication to sustainable operations and long-term value creation.

OUR OPERATING ENVIRONMENT

OUR OPERATING ENVIRONMENT

Eswatini Railways (ESR) operates in a dynamic global, regional and local environment characterised by rapid transformation; an industry where digitalisation, decarbonisation, and the drive for more efficient, sustainable and resilient supply chains are redefining transport and logistics worldwide.

Global context

Post-pandemic global recovery has been uneven across regions, with persistent inflation, higher interest rates, and geopolitical tensions continuing to disrupt supply chains and commodity markets.

In this environment, the long-term outlook for rail remains positive. Rail is the most energy-efficient and climate-friendly mode of bulk transport, responsible for 2% of total transport energy demand while carrying 7% of global freight. As governments and investors increase pressure to decarbonise, rail is regaining its prominence in sustainable logistics, with both freight and passenger demand expected to more than double by 2050.

Regional context

Southern Africa's transport corridors remain central to the movement of goods between landlocked countries and global markets.

According to the African Development Bank's *Eswatini Country Focus Report (2024)*, transport connectivity and infrastructure investment are critical enablers of regional trade and industrialisation. However, ageing infrastructure, regulatory weaknesses, and limited private-sector participation mean that rail is under-utilised.

The African Union's *Programme for Infrastructure Development in Africa II (2021-2030)* meanwhile prioritises the revitalisation of major lines such as the North–South and Maputo corridors, with new cross-border agreements among South Africa, Mozambique, Zambia, and Botswana unlocking investment in rail and port capacity.

Operational challenges at Transnet Freight Rail (TFR) have, however, reduced regional freight volumes, affecting ESR, which relies on both TFR and CFM for through-traffic to Richards Bay, Durban and Maputo.

However, regional governments are stepping up integration and corridor investments such as the Eswatini Rail Link (ESRL), an important cross-border integration initiative, designed to expand cross-border efficiency and capacity, and strengthen Eswatini's role in the regional logistics network.

Local context

Following several years of fiscal pressure and climate shocks, the domestic economy has begun to stabilise. The World Bank's *Eswatini Economic Update (July 2025)* projects GDP growth of about 5% in 2025, underpinned by recovery in manufacturing and mining, a rebound in the sugar sector, and increased regional trade. Inflation too has eased, from 5.3% in 2024 to around 4.5% in 2025, supported by lower food and fuel prices. Nevertheless, high borrowing costs and limited fiscal space continue to constrain public investment.

The World Bank's *Public Finance Review (2025)* for Eswatini emphasises that the public-sector-driven growth model is fiscally unsustainable, prompting government to create the SACU Revenue Stabilisation Fund to help manage volatility, strengthen fiscal management and attract private investment.

Furthermore, the Country Partnership Framework (CPF FY 2024-2028) aims to shift Eswatini toward a more private-sector-led, inclusive, and resilient economy; goals that align closely with ESR's diversification and modernisation strategy.

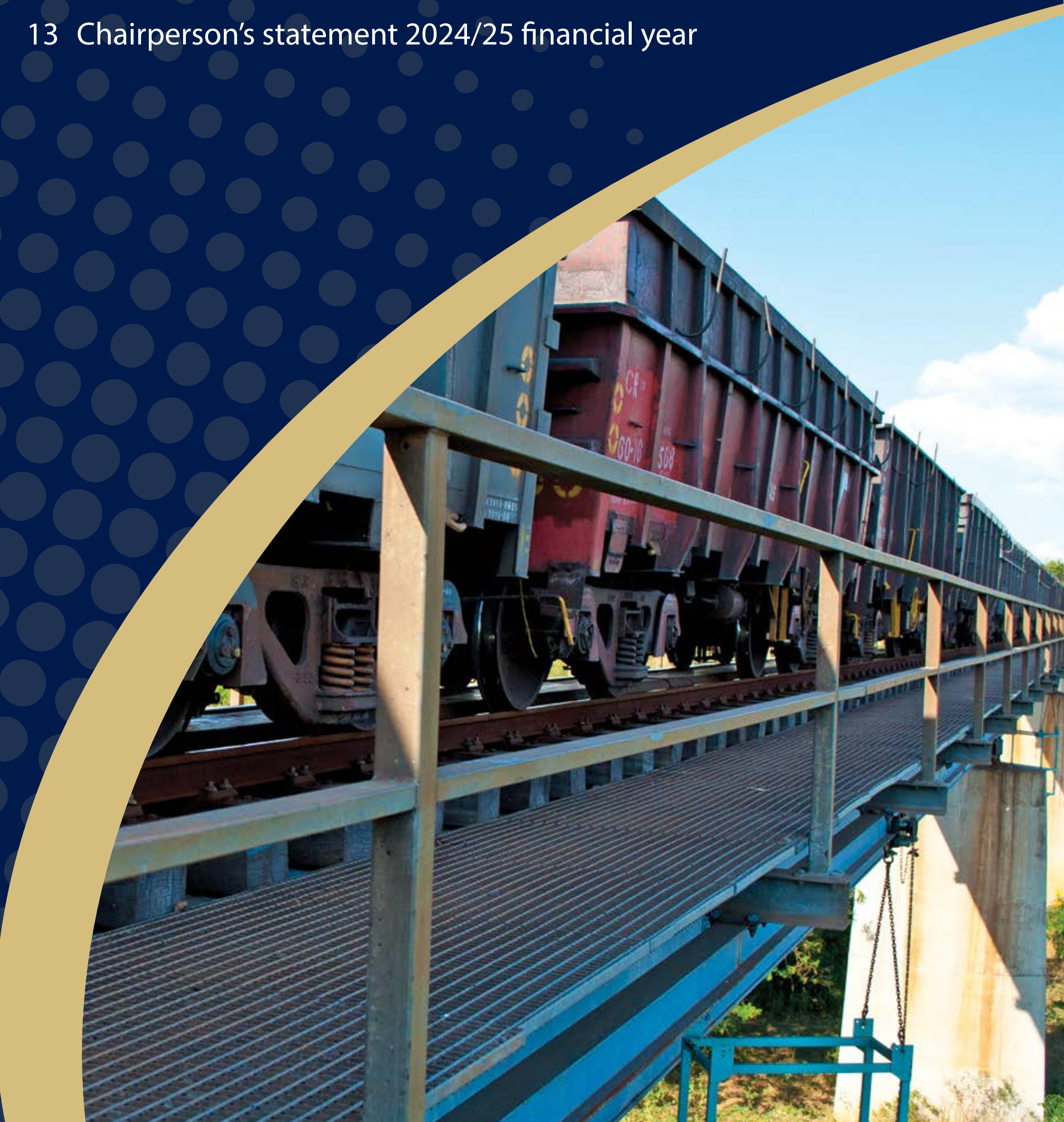
For ESR, these shifts have direct implications. The reopening of iron-ore and coal mines, renewed beneficiation initiatives, and planned development at the Phuzumoya fuel reserve facility create new freight opportunities. Meanwhile, competition from road transport, high fuel prices, and a shortage of locomotives remain challenges.

A small, land-locked economy, Eswatini depends on efficient and reliable rail transport to drive trade, industrialisation, and employment. To remain competitive, the country must continue to modernise infrastructure and reform state-owned enterprises to attract investment and stimulate growth. Strengthening partnerships with neighbouring rail and port authorities will be critical to unlock this potential and improve cross-border efficiency.

Given its geographic location between South Africa and Mozambique, ESR is strategically placed as a bridge railway linking inland producers to regional ports.

The organisation is well-positioned for the next phase of growth, spurred by regional integration, renewed investor interest in sustainable logistics, and alignment with Eswatini's national development agenda to secure Eswatini's role as a regional logistics partner of choice.

CHAIRPERSON'S STATEMENT



CHAIRPERSON'S STATEMENT 2024/25 FINANCIAL YEAR

Despite a challenging and uncertain operating environment, the Board maintained disciplined oversight and strategic focus, ensuring continued progress against the 2023–2026 Revitalisation Strategy and reinforcing the organisation's role as a resilient enabler of regional trade and long-term value creation.

The 2024/25 financial year was characterised by a challenging and evolving operating environment, marked by regional logistics disruptions, infrastructure constraints, and policy uncertainty across key corridors. In this context, the Board of Directors remained focused on fulfilling its fiduciary responsibilities, providing strategic oversight, and ensuring that Eswatini Railways (ESR) continues to deliver on its mandate as a key enabler of national and regional trade.

The Board maintained disciplined oversight of the implementation of the 2023–2026 Revitalisation Strategy, which remains the primary driver of organisational performance and long-term value creation. As of 31 March 2025, overall strategy execution stood at 67 percent, reflecting steady progress across the organisation's strategic priorities of growth, capacity expansion, infrastructure renewal, and diversification. The Board is satisfied that execution remains appropriately aligned to available resources and responsive to prevailing operating conditions.

In line with King IV principles and emerging King V expectations, the Board continued to uphold high standards of ethical and effective leadership. Governance structures functioned effectively, supported by Board committees that provided oversight across financial reporting, risk management, compliance, and internal control. The Board is satisfied that the combined assurance model remains robust and that key risks—including operational disruptions, infrastructure limitations, financial sustainability pressures, and cybersecurity threats—are being actively managed within defined risk tolerance levels.

CHAIRPERSON'S STATEMENT 2024/25 FINANCIAL YEAR *(continued)*

During the year under review, the Board oversaw progress in strengthening governance and operational foundations. This included enhancements to risk management frameworks, improvements in internal controls, and continued investment in Information and Communications Technology (ICT), with a focus on cybersecurity resilience. In parallel, targeted cost optimisation measures were implemented to improve financial sustainability. While performance was impacted by external constraints, including reduced regional freight volumes and rolling stock limitations, management responded proactively to stabilise operations and protect the organisation's financial position.

From a strategic investment perspective, the Board maintained oversight of key infrastructure and business development initiatives aimed at enhancing long-term competitiveness. While some projects experienced delays due to funding and procurement constraints, mitigation measures are being implemented, including strengthened stakeholder engagement and the exploration of alternative financing mechanisms.

Stakeholder inclusivity remains central to ESR's governance approach. The Board continued to promote transparent engagement with Government, regulators, customers, employees, and regional partners, recognising that sustainable value creation is dependent on strong and trusted relationships.

The evolving regional policy environment, including reforms in South Africa's rail sector and increasing momentum toward corridor integration, presents both risks and opportunities. The Board has guided management in positioning ESR to leverage these developments and strengthen its role within regional logistics networks.

Looking ahead, the Board remains cautiously optimistic. Growth in key sectors such as mining, agriculture, and manufacturing is expected to support increased demand for rail services. However, infrastructure investment, rolling stock acquisition, and operational efficiency will remain critical to unlocking this potential.

On behalf of the Board, I extend my appreciation to the Chief Executive Officer, management, and employees for their commitment during a demanding year. I also acknowledge the continued support of Government, our customers, and strategic partners.

The Board remains confident that Eswatini Railways is well positioned to deliver sustainable long-term value and to advance its role as a logistics partner of choice within the region.

Nonhlanhla Shongwe
Chairperson

MESSAGE FROM THE CEO

MESSAGE FROM THE CEO

The past financial year reaffirmed that we are on the right path to modernise, diversify, and build a more sustainable business. It also highlighted future growth opportunities.

It was nevertheless one of the most demanding years in recent memory for Eswatini Railways. External disruptions, infrastructure constraints, and regional policy shifts all weighed heavily on our performance.

Despite challenges, strategic projects made steady progress, new opportunities emerged in agriculture, mining, and logistics, and we continued to build a stronger, more competitive railway to help drive Eswatini's growth and regional integration.

Navigating a complex operating environment

The first quarter was particularly difficult. Coal traffic to Mozambique came under pressure due to client supply issues and political uncertainty linked to the Mozambican elections, and resulting in a significant shortfall in revenue.

At the same time, TFR in South Africa underwent major restructuring, separating infrastructure from operations. These changes had far-reaching implications for ESR, created uncertainty, delayed traffic flow and affected our ability to plan and move traffic. Moreover, a directive to halt the sale of second-hand locomotives and wagons prevented us from acquiring much-needed rolling stock at a critical time, limiting our ability to meet demand.

As a landlocked country, Eswatini relies heavily on seamless regional connections to access international markets. This dependency exposes us to risks beyond our direct control, as we cannot always guarantee that shipments will meet stacking or sailing deadlines.

Timber, one of our evergreen businesses, was particularly affected. Securing rolling stock remained an ongoing challenge and, in some cases, we had to refurbish old equipment to ensure continuity. These issues reflect the complexity of operating across regional supply chains where strategic priorities differ. Nevertheless, we have made some progress through ongoing engagement with our partners.

Internally, fuel theft and revenue leakage emerged as serious concerns. A thorough investigation identified the weak points, and those responsible have been brought to book. These actions were difficult but necessary to protect the integrity of our operations and rebuild trust.

MESSAGE FROM THE CEO *(continued)*

Advancing strategic projects

Despite these setbacks, strategic initiatives moved forward as planned. Around 40% of Phase 1 of the ESRL Project is now complete and, once operational, this flagship project will position Eswatini as a key transit corridor for regional trade, and unlock further growth opportunities.

Read more about the ESRL Project on page 41.

We also expanded our dry port strategy. The Mpaka ICD dry port, now fully operational, is strategically located at the intersection of the north-south and east-west traffic routes to serve emerging markets in the eastern region of the country.

Sugar volumes through this facility have recorded strong growth, prompting us to secure over 80 hectares of land for an industrial park. Additional dry ports are also planned for Sidvokodvo, Ngwenya, Sihhoye, and Lavumisa, consolidating our role as a regional trade corridor is supported by efficient logistics.

Read more about business development on page 41.

Performance falls short of expectation

Regrettably, performance fell short of expectations, and we achieved only 60% of target. This was largely due to equipment shortages, coupled with policy changes in South Africa that restricted access to second-hand locomotives and wagons, limiting our ability to meet demand and grow volumes.

Infrastructure renewal remains one of ESR's most material challenges. Much of the northern section of the track is over 30 years old and was not designed to handle the heavy axle loads of today's phosphate and magnetite traffic. Upgrading 300km of track from 48kg to between 57kg and 60kg rail is essential for the long-term sustainability of the organisation, and will require funding of approximately E3 billion.

Loop extensions are equally vital for us to operate 160-wagon trains, effectively doubling capacity without increasing the number of slots on our single-line system. This investment is essential for us to efficiently manage growing volumes, and a successful pilot has already been completed with Transnet.

Building a more resilient business

While staff turnover is low, the revitalisation of ESR demands new skills. We are investing in training and reskilling our people to ensure they keep pace with technological advances, and are able to meet the demands of a rapidly changing environment.

Read more about human capital on page 9.

Diversification is likewise crucial. While our business has historically relied on transit traffic, Eswatini's expanding agriculture, mining, and manufacturing sectors present us with opportunities to broaden our revenue base.

At the same time, we are actively pursuing new revenue streams in real estate, logistics hubs, industrial parks, and agricultural freight to reduce our reliance on a narrow set of commodities, leveraging non-rail assets to strengthen financial sustainability and build a more resilient business.

Read more about business development on page 41.

The value of partnerships

From supporting local schools and clinics, involving communities in maintaining railway fencing to reduce livestock accidents, and developing land in partnership with local leaders, Eswatini Railways is committed to creating shared value. Not only do these initiatives safeguard our operations, they also contribute directly to the social and economic development of the country.

Read more about corporate social investment on page 51.

Partnerships too are central to overcoming capital and equipment constraints. With government support, we are pursuing concession models and private sector initiatives to secure locomotives and rolling stock. These ventures will unlock business opportunities in mining, agriculture, and manufacturing that are currently constrained by capacity.

Internally, an organisational review is under way to ensure efficiency and readiness for new technologies. While this may create redundancies in some functions, our focus is on redeployment and reskilling rather than job losses. We are also transitioning long-standing in-house contractors into open-market competition, ensuring value for money and sustainability.

Outlook

Despite the headwinds of the past year, the outlook for ESR is encouraging.

Agriculture is expanding rapidly, new mining projects are coming online, and manufacturing and agri-processing are gaining momentum. Commodities such as sugar, fruit, vegetables, dairy, and timber all present significant growth opportunities for rail.

The Eswatini Rail Link will cement our position as a bridge railway, providing the shortest route between Richards Bay and Durban and stimulating development along its corridor. Beyond freight, the servitude it creates offers opportunities for fibre optic, power, and water infrastructure, amplifying its regional economic impact.

Similarly, dry ports and industrial parks will bring logistics closer to producers, reducing transport costs and facilitating trade.

South Africa's open access policy, which allows private operators to run on Transnet lines, is expected to further strengthen our role as a bridge railway between southern Africa's producers and global markets as shippers seek the most efficient routes to ports.

Financially, ESR remains stable, having serviced major debts and maintained a sound credit profile. Our real estate and tourism portfolio, along with rental income, offer further opportunities. With government's enabling policy environment and the dedication of our people, ESR is in a strong position to capture new business, diversify revenue, and contribute to national and regional growth.

Acknowledgements

I would like to extend my sincere gratitude to our employees, whose commitment and professionalism have carried us through a challenging year. To our management team: you have steered the organisation through a year of adversity and you have my deepest appreciation.

We are also grateful for the continued support of government, whose responsiveness and enabling policies have allowed us to navigate challenges and pursue new ventures.

Finally, a word of thanks to our customers and partners who have placed their trust in us. Together, we are laying the foundations for a revitalised railway that will serve Eswatini and the region for decades to come.

Nixon Dlamini

Chief Executive Officer

CREATING VALUE

CREATING VALUE THROUGH STRATEGY

Our 2023-2026 Revitalisation Strategy has proven adaptable to market dynamics and unforeseen challenges, able to balance risk and opportunity through the prudent management of our six capitals – financial, manufactured, human, social, intellectual, and natural.

The essence of our strategy has remained largely unchanged, even though we were compelled to adapt to a shifting operating environment shaped by South Africa's open access policy and Transnet's restructuring. Guided by our strategy, we continue to build the infrastructure, skills, and partnerships that will secure our role as a reliable, competitive, and sustainable railway at the heart of the region's growth.

Strategic initiatives to grow resilience

Infrastructure and expansion

Advancing the Eswatini Rail Link, upgrading sidings and loop lines, and developing dry port and warehousing capacity to increase throughput.

Rolling stock and technology

Acquiring modern locomotives, wagons and passenger coaches to meet freight and tourism demand while improving reliability.

Efficiency and partnerships

Deepening collaboration with South Africa, Mozambique and Botswana, pursuing public-private partnerships (PPPs), and improving asset maintenance and safety systems.

Diversification and new markets

Expanding into chilled, bulk and passenger services to tap into regional logistics and tourism growth

Regional policy change

In anticipation of regional policy revisions, ESR applied for access rights on key routes and strengthened partnerships with TFR and CFM. These relationships position the organisation to pursue new opportunities while safeguarding existing corridors and maintaining the steady flow of goods through Eswatini.

The foundation of an agile regional railway

Our strategy is anchored on four priorities: growth, capacity, infrastructure renewal, and diversification, enabled by a three-pronged plan targeting Human Capital development, business development, and operational excellence. Together, they form the foundations of a stronger, more agile regional railway.

Our key strategic objectives and enablers

Growth

Capacity

Infrastructure renewal

Diversification

Human capital development

Building a skilled workforce and a high-performance culture

Business development

Ensuring Eswatini Railways remains sustainable and profitable

Operational and business excellence

Making our organisation responsive, agile and relevant

CREATING VALUE THROUGH STRATEGY

(continued)

Investing in training

A large part of our success rests on the skills of our workforce, and we are investing in training and reskilling to ensure that our people keep pace with advances in ICT, maintenance systems, and railway technologies.

At the same time, we are improving our environmental, social, and governance (ESG) management systems and are working towards ISO 14001 certification. This will support sustainable operations and bring ESR in line with international best practice in the rail industry.

Read more about sustainability on page 62.

Looking ahead

Although factors such as the delayed acquisition of rolling stock and infrastructure constraints persist, ESR has made commendable progress on key strategic projects and continues to position itself for opportunities stemming from regional reforms and national economic growth.

Read more about implementation of key projects on page 41.

The 2026 year marks the final leg of our three-year strategic journey to becoming a stronger, more resilient, and more competitive railway. As we approach this milestone, we stand poised to become a leading player in regional trade and a key contributor to the economic growth of the country.

STAKEHOLDER ENGAGEMENT

Robust relationships with key stakeholders are material and support us in achieving our vision of being a sustainable, high-performance logistics organisation.

ESR is committed to open, two-way communication. We proactively foster and nurture relationships with all our stakeholders, engaging regularly with customers, employees, regulators, communities, and regional partners who influence or may be affected by our operations.

Stakeholder engagement and targeted client communication were a core priority during the year, enhanced by a digitised customer pipeline matrix to track meetings, follow-up actions, and opportunities.

Furthermore, stakeholder engagement is driving efforts to regain business lost to road transport, particularly in containers and coal, and to secure new bulk export opportunities from the country's growing mining sector.

Our stakeholders

Stakeholder group	What value means to them	Matters of concern to this group	How we respond to their concerns	State of our relationship with this group
Customers	❍ Reliable and timely service delivery, competitive rates, and clear communication	❍ Transit time, rolling stock availability, clearance issues, stops at ports	❍ Weekly operational meetings, addressing challenges with TFR and CFM, collaboration with local revenue services and shipping lines	❍ ESR has a good working relationship with customers, with the organisation always striving to meet customer's expectations.
Employees	❍ Career growth, job security, a positive work environment	❍ Talent management, skill development, recognition and reward	❍ Talent development programmes, performance management system, open communication channels	❍ There is robust engagement with employees through bargaining groups, although there are still outstanding issues like the Train Working System and Collective Agreement.
Government (Shareholder)	❍ Regulatory compliance, Infrastructure Development, Economic Growth, Profitibility, Dividends	❍ Policy alignment, infrastructure investment, compliance with regulations	❍ Strategic partnerships, joint infrastructure projects, advocacy, and lobbying activities	❍ Government support has been crucial in ESR's growth, providing essential backing for infrastructure projects and fostering a regulatory environment that aids in the expansion of our rail operations.

Stakeholder group	What value means to them	Matters of concern to this group	How we respond to their concerns	State of our relationship with this group
Media	○ Transparency, corporate responsibility, and newsworthy developments	○ Accurate reporting, corporate developments, industry news	○ Regular press releases, media briefings, transparent reporting	○ There is constant engagement with ESR from the mainstream media before any article is published. Social media insights are beneficial although engagement can be difficult to control, and ESR strives to manage this area of outreach.
Suppliers	○ Fair business practices, timely payments, and long-term relationships	○ Fair pricing, timely delivery, transparent procurement processes	○ Efficient procurement strategies, regular supplier evaluations, fair contracting	○ Overall ESR has good working relationships with suppliers.
Financial institutions	○ Financial stewardship, risk management, and return on investment	○ Financial stability, risk-adjusted returns, investment security	○ Strategic financial planning, risk management practices, regular financial reporting	○ ESR has an excellent working relationship with financial institutions who are always willing to do business with the organisation.
Regulators	○ Compliance, industry standards, and public safety	○ Adherence to regulations, efficient operations within compliance frameworks	○ Compliance efforts, regular engagement, and operational adjustments as needed	○ ESR always strives to meet requirements from Regulators and there are no pending strains in our relationships.
Community	○ Socio-economic development, environmental stewardship	○ CSR, environmental impact, local development	○ Community projects, environmental programmes, stakeholder meetings	○ The relationships between ESR and communities are currently healthy, although there are outstanding issues like fencing of rail reserve and fair compensation for their cattle killed on rail.
Partners	○ Collaborative growth, shared investments, and co-created value	○ Joint venture success, shared benefits, operational synergy	○ Collaborative projects, strategic alignment, shared strategic objectives	○ Overall, ESR has a healthy relationship with our strategic partners which include CFM and TFR.

For more on how our specific business activities impact stakeholder outcomes, refer to our business model on page 26.

We acknowledge the importance of continuous adjustments and improvements in our stakeholder engagement processes. We regularly reassess our strategies and welcome revisions that enhance our collaborations and partnerships. We invite all our stakeholders to share their insights and suggestions with us. For any feedback or enquiries, please feel free to email our CEO, Nixon Dlamini at Nixon.Dlamini@esr.co.sz

OUR VALUE-CREATING BUSINESS MODEL

Our business model, underpinned by our strategy, drives sustainable value creation. It takes into account the commercial, social, and environmental context in which we operate, and governs how we optimise our six capitals and manage interactions or trade-offs to create long-term, sustainable value.

Ultimately, the model is designed to deliver efficient, reliable logistics solutions that support Eswatini's broader socio-economic development goals and position ESR as a leading player in the southern African railway industry

FINANCIAL CAPITAL

- Strong revenue base supporting operational sustainability and growth.
- Substantial asset base reflecting continued investment in rail infrastructure and equipment.
- Equity and funding to support strategic projects and expansion.

HUMAN CAPITAL

- Skilled and dedicated employees driving operational performance.
- Leadership who encourage a high-performance culture, accountability, teamwork, and continuous improvement.
- Specialist skills that enable innovation and responsive customer service.

INTELLECTUAL CAPITAL

- Comprehensive policies, procedures, and systems that guide our operations. compliance and operational consistency.
- Exclusive systems and frameworks that support ESR's role as the sole carrier on key regional routes.
- Ongoing investment in IT infrastructure to strengthen efficiency and data-driven decision making.

SOCIAL AND RELATIONSHIP CAPITAL

- Sound relationships with government, the Ministry of Public Works, and unions.
- Strong partnerships with customers and suppliers.
- Community engagement initiatives that reinforce our commitment to responsible and social investment.
- ESG policies and management systems to support sustainable operations.

MANUFACTURED CAPITAL

- Extensive rail network that forms the backbone of our operations.
- Reliable rolling stock, sidings, and support infrastructure that ensures safe and efficient operations.
- Ongoing upgrades and maintenance to improve capacity, reliability, and service quality.

NATURAL CAPITAL

- Responsible management of water, energy, and land resources.
- Ongoing efforts to minimise environmental impact through sustainable practices.
- Promotion of rail as a more eco-friendly transport solution than road.

KEY ACTIVITIES
Executing our strategy

- Delivering reliable transport services for both import and export commodities.
- Facilitating transit cargo movement across SADC countries with our bridge railway services.
- Efficiently managing the collection and distribution of local, regional, and international cargo.
- Committing to Corporate Social Investment (CSI) and robust stakeholder engagement to ensure our operations benefit all.

Our strategy is actualised through:

- Business diversification to meet evolving market needs.
- Integration of sophisticated systems that streamline operations and communication.
- Fostering a high-performing and innovative organisational culture.

In mitigating risks, we focus on:

- Upholding financial stability in a volatile market.
- Transforming our organisation to reduce transit revenue dependency.
- Ensuring regulatory compliance and effective stakeholder management.
- Modernising our technology to maintain our competitive edge.

For more details on our strategic approach and risk management, see pages 21 and 54, respectively.

OUTPUTS
The impact of our work

- Seamless and efficient transport of a wide range of commodities.
- Enhanced integration of Eswatini within the SADC region, connecting key ports and facilitating trade.
- Increased trade volumes resulting from improved cargo processing capabilities.

TRADE-OFFS
Balancing our priorities

- A significant trade-off this year involved balancing the need for immediate infrastructure repairs against long-term investment plans following the weather-related damage.
- Resource allocation between upgrading technology to stay current and investing in rolling stock to meet increasing demand also presented a notable trade-off.
- Balancing stakeholder needs with operational capacities, especially in the face of increased demand for the Goba Corridor, required us to make strategic trade-offs.

OUR VALUE-CREATING BUSINESS MODEL *(continued)*

OUTCOMES
Value delivered to stakeholders and ESR

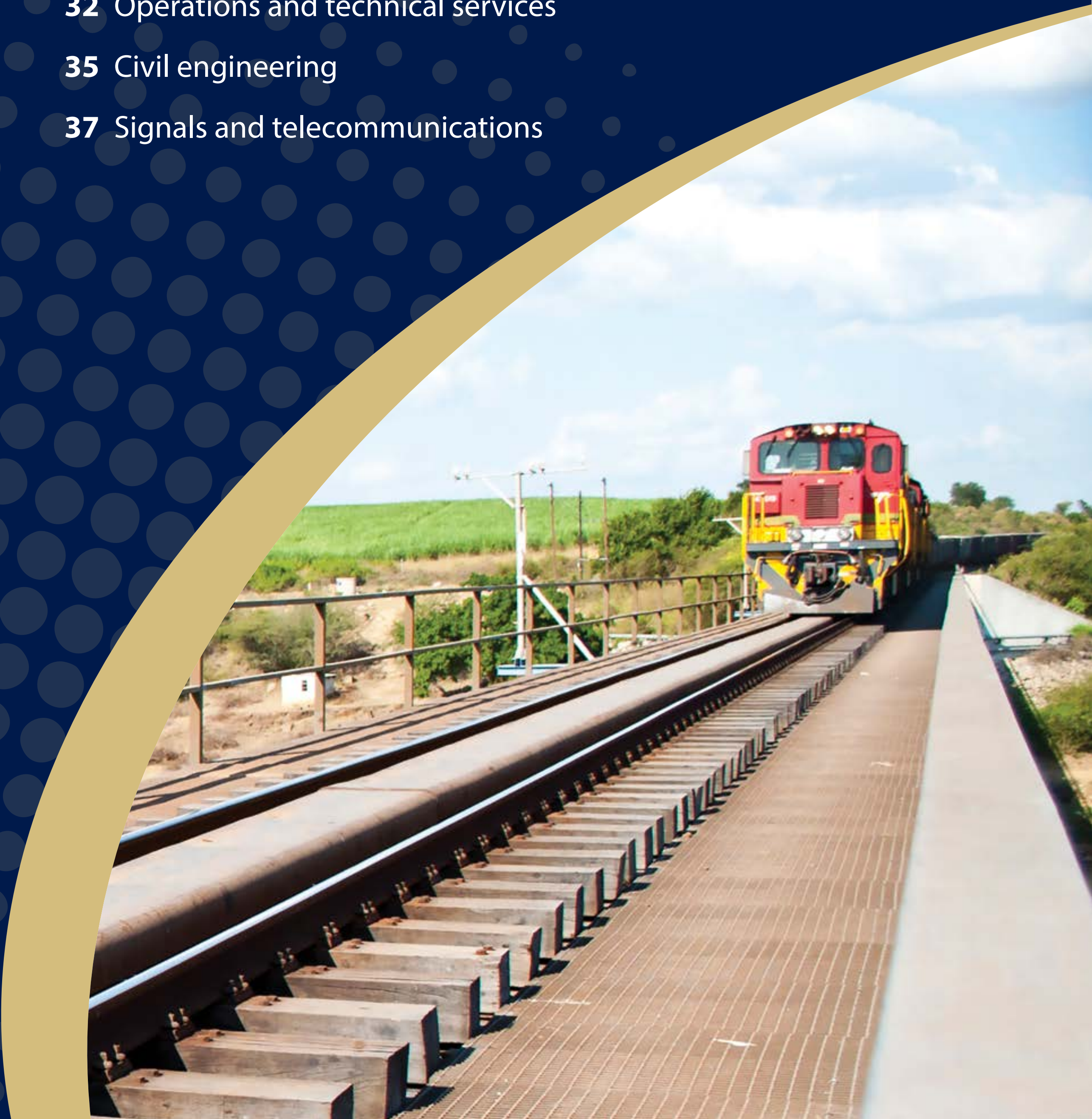
Stakeholder group	Capitals	Related inputs, key activities, outputs and trade-offs	Outcomes for stakeholders	Outcomes for the organisation
Customers	FC MC	○ **Inputs:** Infrastructure investment, rolling stock expansion ○ **Key activities:** Service diversification, trade route optimisation ○ **Outputs:** Enhanced goods transportation, expanded route options ○ **Trade-offs:** Focusing on profitable routes, deferring expansion elsewhere	○ Enhanced service reliability ○ Diverse transit options	○ Revenue growth ○ Improved asset utilisation
Employees	HC IC	○ **Inputs:** Talent development, cultural initiatives ○ **Key activities:** HR innovation, performance and culture nurturing ○ **Outputs:** Workforce skill growth, innovative work culture ○ **Trade-offs:** Budget allocation to talent vs. operational needs	○ Career advancement ○ Skill enhancement	○ Increased productivity ○ Improved innovation
Government	SC MC	○ **Inputs:** Policy collaboration, infrastructure co-investment ○ **Key activities:** Regulatory advocacy, strategic partnerships ○ **Outputs:** Infrastructure co-development, supported regulatory alignment ○ **Trade-offs:** Policy influence vs. operational autonomy	○ Regulatory alignment ○ Infrastructure improvements	○ Strategic project support ○ Policy influence
Media	SC IC	○ **Inputs:** Communication strategy, brand management ○ **Key activities:** Corporate transparency, media relations ○ **Outputs:** Positive public engagement, strengthened corporate image ○ **Trade-offs:** Public perception management vs. operational confidentiality	○ Informed public ○ Positive brand awareness	○ Enhanced reputation ○ Stakeholder trust
Suppliers	FC MC	○ **Inputs:** Supply chain optimisation, procurement strategy ○ **Key activities:** Cost-efficient sourcing, supplier partnerships ○ **Outputs:** Strong supply partnerships, optimised resource procurement ○ **Trade-offs:** Supplier selection based on cost vs. quality	○ Reliable supply ○ Fair business practices	○ Cost savings ○ Supply reliability

OUTCOMES
Value delivered to stakeholders and ESR

Stakeholder group	Capitals	Related inputs, key activities, outputs and trade-offs	Outcomes for stakeholders	Outcomes for the organisation
Community	SC NC	❍ **Inputs:** Community projects, environmental programmes ❍ **Key activities:** CSI initiatives, sustainable practices ❍ **Outputs:** Beneficial CSI projects, environmental conservation efforts ❍ **Trade-offs:** Community investment vs. immediate financial returns	❍ Socio-economic upliftment ❍ Environmental stewardship	❍ Community goodwill ❍ Sustainable operations
Financial institutions	FC IC	❍ **Inputs:** Financial negotiations, risk management ❍ **Key activities:** Capital raising, financial planning ❍ **Outputs:** Strategic financial management, guaranteed investment stability ❍ **Trade-offs:** Loan terms negotiation vs. financial flexibility	❍ Risk-adjusted returns ❍ Investment security	❍ Access to capital ❍ Improved credit terms
Regulators	SC IC	❍ **Inputs:** Compliance efforts, regulatory engagement ❍ **Key activities:** Adherence to regulations, lobbying activities ❍ **Outputs:** Compliance with regulations, efficient and lawful operations ❍ **Trade-offs:** Regulatory compliance vs. operational efficiency	❍ Industry standards upholding ❍ Public safety	❍ Operational licensing ❍ Reduced legal risks
Partners	SC FC	❍ **Inputs:** Joint ventures, strategic alliances ❍ **Key activities:** Collaborative projects, shared investments ❍ **Outputs:** Fruitful joint ventures, collaborative market growth ❍ **Trade-offs:** Shared benefits vs. shared control	❍ Strengthened partnerships ❍ Co-created value	❍ Market expansion ❍ Collaborative innovation

For more on stakeholder engagement see page 24.

OUR OPERATIONS



OUR OPERATING STRUCTURE

OPERATIONS AND TECHNICAL SERVICES

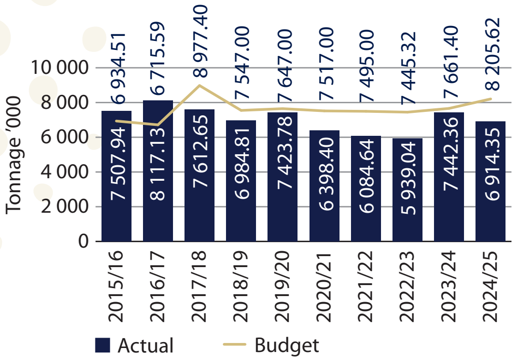
The Operations and Technical Services Department is the backbone of our business, managing the day-to-day running of the railway, maintaining track, rolling stock, and infrastructure to keep trains moving.

Exceptional transit performance

Despite a challenging global and regional operating environment that affected the demand for minerals transported abroad, ESR delivered 84% of budgeted tonnages.

Transit traffic, mainly rock phosphate and magnetite, performed exceptionally well, compared to 2023/24, despite a decline in intermodal coal traffic that was largely due to political unrest in Mozambique and operational constraints at the TCM port. An additional 11 train drivers were employed to meet traffic demand, boost crewing capacity and improve service reliability.

Ten-year throughput trends



Tonnages railed over the last 10 years

Benefits of rail vs road transport

Economies of scale

A single train of 80–100 wagons can replace up to 100 trucks.

Environmental impact

Rail is significantly more environmentally friendly, reducing emissions, road congestion, and wear-and-tear of infrastructure.

Strategic location

Eswatini's position between South Africa and Mozambique provides a natural corridor for transit traffic.

Indicators at a glance 2024/2025 vs 2023/24

Total traffic conveyed
6.9 million tonnes
▼ 7.1%

Freight revenue
E384 million
▼ 11.7%

Exports
165 249 tonnes
▲ 41.6%

Export revenue
E18 542
▲ 49.8%

Imports
37 370 tonnes
▼ 19.1%

ICD containers
105 893 tonnes
▼ 13.07%

Passenger services
22 trains operated
▲ 10%

Locomotive availability
80% to 90%
▲ 12.5%

Wagon availability
89.99%
▲ 2.87%

Track availability
96.59%
▼ 2.4%

Signals and telecom availability
98.65%
▼ 0.58%

Average mainline transit time
10.48h
▼ from 11.24h

Rail incidents and safety

Unfortunately, there were 19 derailments during 2024/25, down by 17% from the previous year. Improving operational safety and asset reliability remains a priority, with renewed focus on infrastructure resilience, upgrading technology, and developing staff capabilities.

Infrastructure and rolling stock

ESR currently operates empty trains of 40, 80, and 160 wagons, with plans to introduce 160 loaded wagon trains in 2025/26. Radio distributed power (RDP) technology will be used to enhance safety and efficiency, and trains will be operated by a single crew. This is planned to happen before the end of March 2026.

Our main line continues to handle 20 tonnes per axle, whereas the branch line is limited to 18.5 tonnes per axle. As a result, the 52km section between Mpaka and the Mozambique border is a bottleneck due to speed and axle load restrictions. Plans are in place to upgrade this section and ease network constraints. This section of the network is part of Work Package 7 under the Eswatini Rail Link Programme. The work package starts at Phuzumoya to Siweni at the Mozambican border. Specifically, the section will be upgraded to 20 tonnes per axle and will accommodate longer and heavier trains.

Outlook

Freight revenue declined by almost 12% to E384 million; however, improved locomotive availability and increasing export volumes signal stronger performance for 2025/26.

Inland container depot

The Inland Container Depot (ICD) continues to operate in a complex and often unpredictable environment. While several challenges impacted performance, each has helped sharpen our focus on strengthening resilience and service delivery.

Emerging trade patterns

As the economy gradually recovered post-COVID-19, rail demand shifted, prompting us to align our services with emerging trade patterns and evolving customer needs. Over-regulation and cross-border congestion continued to slow traffic, compelling us to strengthen regional partnerships to streamline processes and improve transit times.

Infrastructure vulnerabilities

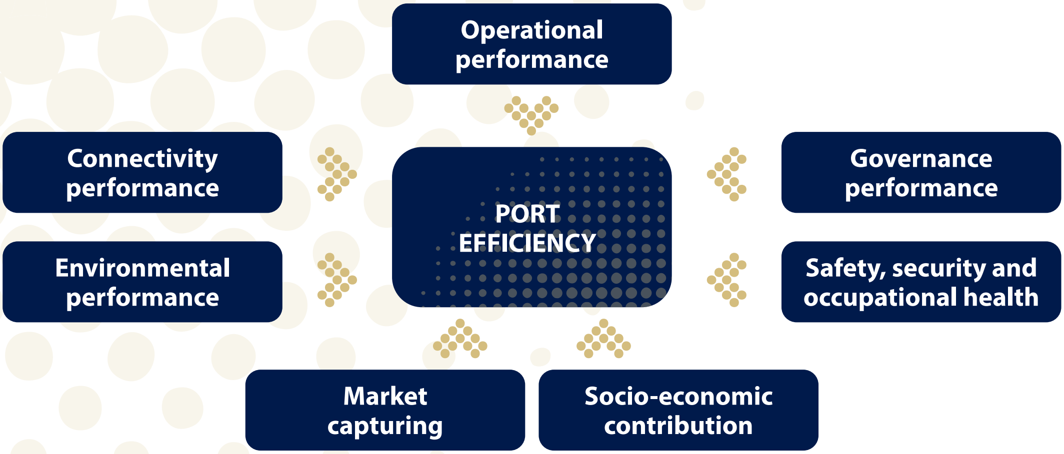
Additionally, operational resilience was tested by infrastructure disruptions, including washaways in KwaZulu-Natal, cable theft, and community unrest, highlighting the need for continued investment in robust infrastructure and security partnerships.

Meanwhile, unpredictable train schedules drove some customers to switch to road transport, prompting ESR to focus on improving reliability, enhance customer communication, and accelerate implementation of advanced tracking technologies.

OPERATIONS AND TECHNICAL SERVICES

(continued)

Factors that impact port performance



Tonnages, revenue and boxes handled by the ICD: a 10-year view

	Tonnage		Revenue		TEUs		Number of Trains	
Year	Budget	Actual	Budget	Actual	Budget	Actual	Import	Export
2024/25	160 250	105 893	31 557 666	27 755 896	7 574	2 643	114	75
2023/24	147 000	121 811	31 557 666	27 785 896	15 590	13 242	124	83
2022/23	87 041	73 994	25 083 477	19 557 073	10 200	8 044	70	61
2021/22	105 000	62 144	28 700 137	12 893 544	12 800	9 464	82	77
2020/21	120 000	88 630	29 783 393	23 202 717	12 154	9 635	84	69
2019/20	107 000	103 253	31 153 289	28 389 539	18 148	16 958	140	144
2018/19	97 437	106 000	28 686 721	26 717 717	14 996	13 784	112	98
2017/18	101 470	102 500	23 797 692	24 444 786	15 680	15 792	127	121
2016/17	71 000	63 898	18 749 525	18 061 922	18 070	150 076	124	117
2015/16	42 975	61 428	11 499 354	15 421 156	8 790	9 394	80	61
2014/15	37 213	45 902	6 100 000	10 638 840	7 880	8 284	76	74

Capacity constraints

Capacity constraints stemming from locomotive shortages, wagon breakdowns, and limited telemeters across railway administrations were mitigated by continued locomotive leasing and the recruitment of additional train drivers. Looking ahead, long-term fleet renewal coupled with critical technology upgrades, including container tracking and release systems, and ICT infrastructure systems, will become central to our capital planning priorities.

Operational challenges and delayed expansion

Site-specific challenges, such as the unpaved platform for stacking empty containers, ICD road access, and exit angles, and reliance on third parties for empty-container handling, are being addressed through phased site upgrades and improved stakeholder agreements.

Furthermore, the Mpaka ICD was finally operationalised and the first shipments of bagged sugar successfully loaded, improving export logistics efficiency.

CIVIL ENGINEERING

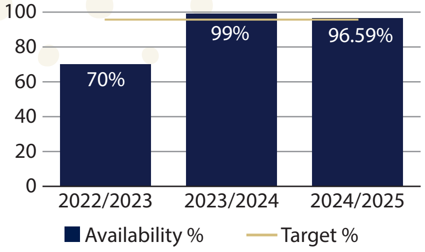
Civil Engineering – comprising the Works and Electrical and Permanent Way sections – is responsible for the reliability of Eswatini Railways' 309km track network. The department achieved an average line availability of 96.6% this financial year.

Although this is a 2.4% reduction compared to the previous year, performance remained above the 95% target, reflecting the steady recovery in line availability since cyclone-related disruptions in 2022/23.

The decline was primarily due to the 15-day planned North East corridor (NEC) shutdown conducted jointly with TFR and CFM, part of the region's annual infrastructure renewal programme that allows all three railways to synchronise maintenance on the shared corridor network.

The E25.3 million project involved replacing 5km of rail, two turnouts, three culverts, and more than 1 400 sleepers, along with ballast tamping across 8.7km of track – 5.8km in the Southern section and 2.9km in the Eastern section.

Line availability over three years

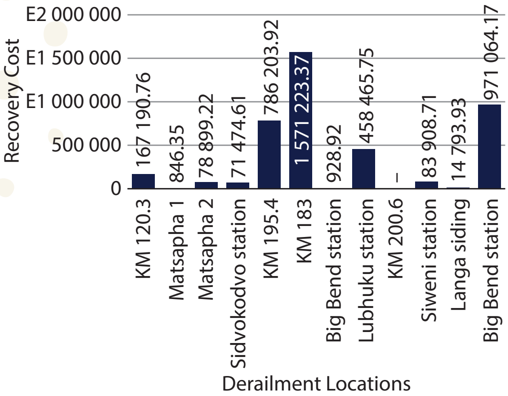


Derailment recovery costs swell

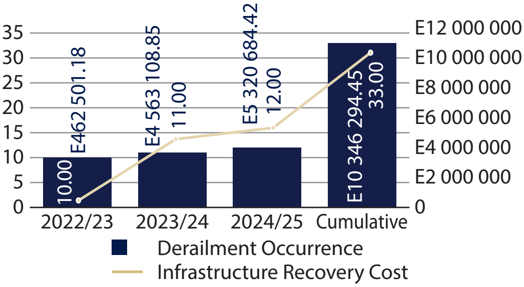
During the year, derailment recovery costs ballooned by 16.6% to E5.3 million, (2023/24: E4.5 million) reflecting both an increase in the number of incidents and higher recovery expenses.

At the same time, Permanent Way expenditure decreased by 3.4% to E49.9 million (2023/24: E51.6 million), largely due to the timing of the shutdown.

Derailment locations and recovery costs



Total recovery costs over three years



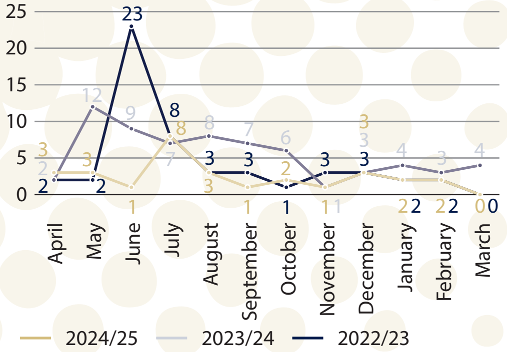
Fewer broken rails

It is encouraging that the number of broken rails reduced by 50% compared to 2023/24, and the number of imposed speed restrictions were curtailed, due to targeted maintenance.

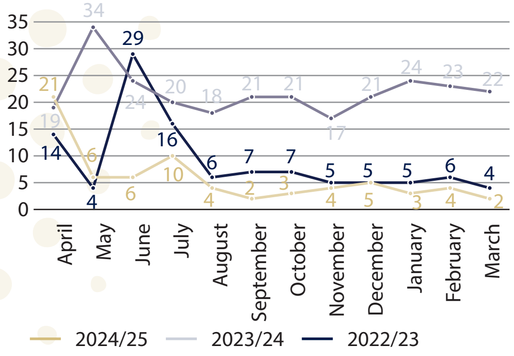
Nonetheless, vandalism and theft of rail components remain challenges, particularly in the Western section, where nearly 9 000 pandrol springs had to be replaced and welded to the rail at a cost of E344 000. Plans are now underway to procure anti-vandal springs in the coming year to mitigate the risk of theft and damage.

CIVIL ENGINEERING *(continued)*

Broken rails 2022–2025



Imposed speed restrictions 2022–2025



Imposed speed restrictions and defects analysis

70
TSRs imposed.

92.8%
of restrictions uplifted (65). A few remain due to financial constraints.

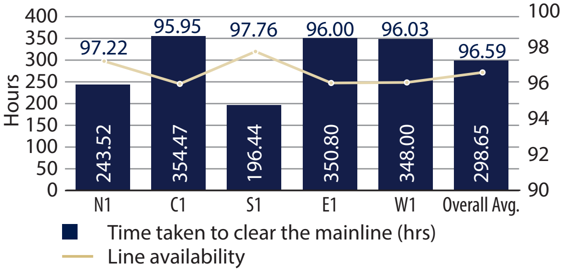
28
broken rails reported
(41.4% of all defects)

Slacks
25.7%

Kick-outs
8.6%

Other defects
24.3%

Mean downtime vs average availability



Outlook

Mechanical and Civil Engineering is mitigating the impact of an ageing fleet and constrained budgets by prioritising high-risk defects and cost-effective solutions, while planning for fleet capacity upgrades and improved infrastructure resilience in the longer term rfespectively.

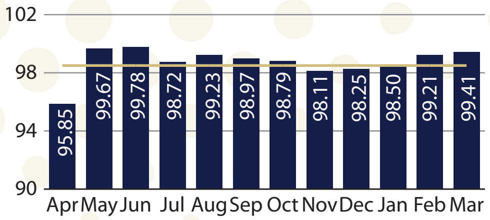
SIGNALS AND TELECOMMUNICATIONS

Signals and Telecommunications recorded average infrastructure availability of 98.43%, maintaining network reliability despite ageing equipment and limited resources.

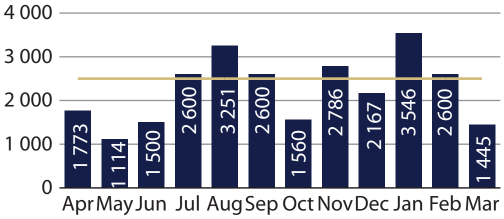
This figure is marginally below the 98.5% target and just short of the 98.54% achieved last year.

Mean Time Before Failure (MTBF) was 1 462 hours (2023/24: 1 810 hours), against a target of 2 500 hours, while Mean Time to Repair (MTTR) for attended emergencies and failures climbed to 1 623 minutes, from 976 minutes the previous year, exceeding the 700-minute target. These results are indicative of resource and equipment constraints, and the need to improve maintenance turnaround times.

S&T inherent availability 2024/25



Mean time before failure 2024/25



Man-days decrease

The section recorded a total of 2 274 man-days for the year (2023/24: 2 976), with paid annual leave accounting for 330 man-days (2023/24: 385). Sick leave decreased to eight man-days, down from 12 in 2023/24, with the remaining days taken for union duties, royal obligations, and compassionate leave.

Skills development and training

Five employees completed 238 man-days of on-the-job training in the Signalling sub-section through the Fazi Rail Academy – a significant increase from the 39 man-days the previous year.

The appointment of five artisan aides at the Mpaka, Sidvokodvo, and Phuzumoya depots has maximised operational capacity, and the planned replacement of the administrative clerk will bring total staff to 18.

Outlook

Looking ahead, Signals and Telecommunications is set to enhance operational efficiencies by leveraging technology, through improved data collection, and more strategic locomotive deployment on economically viable routes. The addition of high-power Class 43 locomotives, and improved signalling and telecoms systems will expand the locomotive fleet significantly, and strengthen reliability across the network.

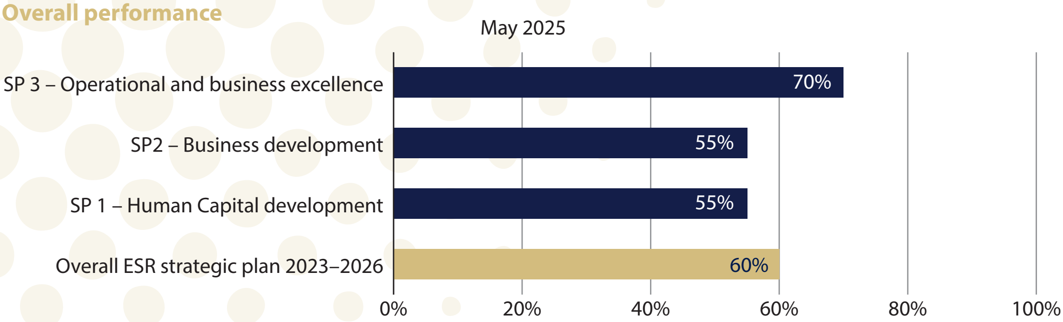
OUR PERFORMANCE

OUR PERFORMANCE

The completion of several key strategic projects during the year illustrates ESR's progress in delivering on our strategy and creating long-term sustainable value and growth for our stakeholders.

We have laid the foundations for a stronger, more resilient, more competitive railway, positioned to play a prominent role in regional trade and in the economic growth of the country.

Overall performance



BUSINESS PERFORMANCE AND THE OPERATIONS

ESR's revenue is closely tied to bulk commodities; the mainstay of our business.

Total tonnage moved decreased by approximately 7% year-on-year, reflecting a softer demand for coal, operational challenges, and regulatory constraints on fuel imports.

Nevertheless, strong performances in sugar, timber, and containerised cargo helped offset some of the shortfall.

Bulk export growth

Bulk exports showed robust growth, driven by a 62% increase in sugar and an 8% increase in timber volumes.

Sugar exports exceeded expectations, climbing to 96 000 tonnes against a 60 000 tonne target, up 62%. This achievement was despite disruptions caused by unrest in Maputo in late 2024, and allowed us to deliver volumes well above target.

Timber exports reached 64 000 tonnes, surpassing the budgeted 60 000 tonnes, but fell short of the client's required 96 000 tonnes due to wagon shortages. This constrained volumes, forcing some consignments onto road. ESR has since issued a tender for additional timber wagons, and we are in negotiations with TFR to increase allocations.

Despite the shortfall, a new timber client contributed to the results, while additional consignments supported above-budget performance.

Read more about business development on page 41.

Unfortunately, no coal was railed locally during the year, as mining customers migrated volumes to road transport due to contractual and operational issues. We are in discussions to bring coal traffic back to rail, leveraging new operational efficiencies and improved service reliability.

BUSINESS PERFORMANCE AND THE OPERATIONS *(continued)*

Successful expansion of dry ports

The Mpaka ICD Dry Port has been a strategic success, leveraging its position at the crossroads of the Richards Bay, Durban, and Maputo routes. Sugar exports through this facility have increased sharply, prompting ESR to secure over 80 hectares of land for a new industrial park. The Matsapha model will be replicated, attracting international port operators and creating jobs.

Plans for new dry ports at Sidvokodvo, Ngwenya, and Lavumisa are progressing well and each will serve distinct regional economic activity: agricultural exports from irrigated sugar and fruit production, traffic from the southernmost parts of the country, or cross-border mining flows. In addition, the Matsapha Ka-Dake Line is earmarked for revitalisation to support growth around Ngwenya, where new commercial and industrial development is gaining momentum.

Just as sugar spurs will connect mills and cane growers directly to rail, these projects will expand ESR's logistics footprint, strengthen regional integration, and embed rail more deeply in the agricultural and industrial economy.

Read more about business development on page 41.

New iron ore business promising

A new hematite client came on board in February 2025, marking the start of iron ore exports through ESR to Maputo. While initial volumes were modest, they represent a promising growth opportunity, with higher volumes expected in 2025/26.

Bulk imports

Fuel imports were constrained by SACU quota restrictions on volumes from Mozambique, a non-SACU country, with clients such as GALP and Engen importing less than anticipated. The absence of a direct rail link from Secunda also forced some cargo onto road.

On a positive note, wheat returned to rail in December 2024 after customs issues were resolved, boosting import volumes. Fertiliser and cement volumes declined, however, and cement imports were discontinued as they are no longer financially viable.

Containerised cargo

During the year, some customers moved from bulk to bagged sugar to meet shifting market demand, augmenting containerised exports through the Matsapha and Mpaka ICDs. Matsapha has performed well over the years, due to a dynamic marketing and operating environment.

Despite gains, import constraints from South Africa hampered the turnaround of empty containers, and curtailed exports. Delays on the Durban line combined with a shortage of locomotives on the TFR network, forced some customers to shift to road transport.

Read more about ICD performance on page 34.

Transit volumes decline

A combination of global commodity volatility, adverse weather, and operational challenges dampened performance.

Magnetite and rock phosphate continued to dominate transit traffic, but overall volumes declined year-on-year due to loading and off-loading challenges. Coal prices meanwhile tumbled to multi-year lows, constricting mining activity and export demand, and we fell short of our 1.2 million-tonne target by 25%.

A series of disruptions further constrained throughput: heavy rains affected loading at Palabora, derailments and cable theft reduced rail availability, and extended maintenance shutdowns limited operating days. Port congestion at Richards Bay compounded the delays.

At the same time, SACU quota restrictions on non-SACU fuel imports limited petroleum traffic, while political unrest in Maputo disrupted sugar exports. Finally, a continued shortage of locomotives and wagons further thwarted our ability to meet customer demand.

BUSINESS DEVELOPMENT

Business Development made significant strides in diversifying revenue streams, strengthening customer relationships, and positioning the organisation for future growth.

Infrastructure and network development

Reopening the Ngwenya–Matsapha line

A prefeasibility study to reopen the Ngwenya-Matsapha line has been completed with the aim of revitalising the corridor to attract containerised cargo currently transported by road from Gauteng. A new container depot at Ngwenya, near the Oshoek border, will also be established to facilitate the movement of iron ore, timber, and niche minerals including green chert.

Funding is being sought for a full feasibility assessment.

Expansion of the Matsapha ICD

The Matsapha ICD has outgrown its current capacity and will be extended onto adjacent land to ease congestion, improve efficiency, and accommodate larger, more complex cargo flows. Existing government facilities will be relocated. The rollout of sugar spurs connecting mills directly to the railway will further improve efficiency and embed rail more firmly in the agricultural economy.

Securing rolling stock

Securing sufficient rolling stock to meet the growing demand for the transport of coal, timber, sugar, and other commodities is a top priority. Procurement, however, has not been without its challenges.

An initial tender process was unsuccessful, as bidders failed to meet specifications or demonstrate adequate capacity. The process has been started afresh, alongside discussions with Original Equipment Manufacturers (OEMs) for interim leasing arrangements.

This delay highlights a key strategic risk and underscores the need to balance operational needs with long-term asset investment.

Read more about business development and risk on pages 41 and 54.

Long-term network projects

ESRL and Ngwenya reshaping our network

The ESRL and the anticipated reopening of the Ngwenya line are gamechangers that will reshape our network, create direct links to key markets, and position ESR as an indispensable regional logistics partner.

The ESRL Project, a joint initiative between ESR and TFR, will establish a new 150km rail link between Lothair in South Africa, and Sidvokodvo in Eswatini, easing congestion on the coal-heavy North–South Corridor and improving regional connectivity.

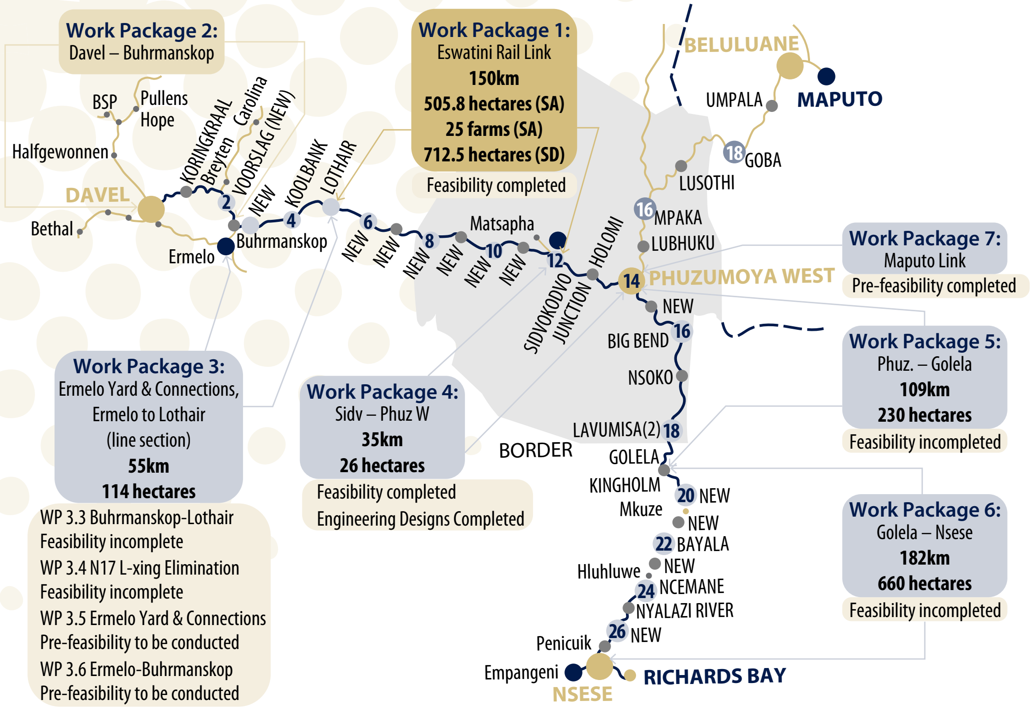
In addition the ESRL will stimulate economic growth, boost profitability, and create employment opportunities for Emaswati and, by providing a direct route to the sea, it consolidates Eswatini's position as a regional logistics hub.

Importantly, it will streamline border controls between Eswatini, South Africa, and Mozambique by removing the mandatory stop at Goba, enabling seamless movement of rolling stock and contributing to regional trade integration and an African free trade zone.

During the year, the ESRL Project Office updated the business case to reflect shifts in regional freight markets and customer demand. Revised cost estimates are now being finalised.

BUSINESS DEVELOPMENT *(continued)*

Eswatini rail link route



Work Package 2:
Davel – Buhrmanskop

Work Package 1:
Eswatini Rail Link
150km
505.8 hectares (SA)
25 farms (SA)
712.5 hectares (SD)
Feasibility completed

Work Package 7:
Maputo Link
Pre-feasibility completed

Work Package 3:
Ermelo Yard & Connections,
Ermelo to Lothair
(line section)
55km
114 hectares

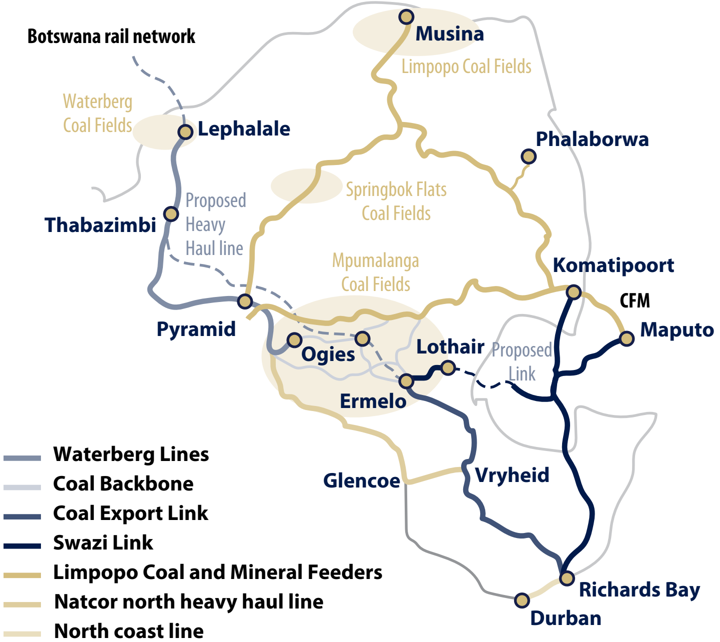
WP 3.3 Buhrmanskop-Lothair
Feasibility incomplete
WP 3.4 N17 L-xing Elimination
Feasibility incomplete
WP 3.5 Ermelo Yard & Connections
Pre-feasibility to be conducted
WP 3.6 Ermelo-Buhrmanskop
Pre-feasibility to be conducted

Work Package 4:
Sidv – Phuz W
35km
26 hectares
Feasibility completed
Engineering Designs Completed

Work Package 5:
Phuz. – Golela
109km
230 hectares
Feasibility incompleted

Work Package 6:
Golela – Nsese
182km
660 hectares
Feasibility incompleted

Detailed map of Eswatini Railway routes



Steady progress with ESRL Phase 1

Phase 1, the resettlement programme, made steady progress, with 24 of the 27 affected homesteads in the Luyengo and Zondwako chiefdoms completed. Once government funding was released, compensation payments were made, and families were able to move into their new homes.

Funding limitations and delays in electricity connections continue to frustrate the finalisation of Phase 1 and the start of Phase 2, however, and we are working closely with government and project partners to address the situation.

Looking ahead

Business Development remains focused on stabilising revenue, diversifying ESR's commodity base, and ensuring reliable service. We will continue to invest in infrastructure renewal, strengthen strategic partnerships, and capitalise on new business opportunities.

BUSINESS OUTLOOK

ESR will focus on expanding capacity and diversifying revenue streams in the upcoming financial year. Investments in rolling stock through public-private partnerships will secure locomotives and wagons to serve new mines and timber clients, and applications for additional slots on the north-south corridor in South Africa will increase capacity beyond current TFR agreements.

Moreover, we are leveraging our property portfolio to generate non-rail revenue through the development of malls, lodges, industrial sidings, and housing projects. These initiatives will stimulate local economic activity, create jobs and attract infrastructure investment. Export growth will continue to support national GDP.

These efforts reflect ESR's steady progress in strengthening infrastructure, expanding capacity, and unlocking new opportunities for growth.

CORPORATE SERVICES

HUMAN RESOURCES AND DEVELOPMENT

It is our people who drive the organisation's success.

During the year, Human Resources focused on developing skilled, engaged employees, strengthening performance management, and investing in talent development and employee relations to support operational effectiveness and organisational stability.

Aligning performance with reward

A key focus during the year was to align remuneration practices with performance. We recognise that a high-performance culture is a critical driver of our strategy; therefore, management has introduced a reward and recognition policy. This is a systematic process of recognising individuals or teams with the intent of attaching a commensurate reward and establish internal equity in terms of performance reward. It also reinforces an ethical culture across all levels.

We apply the Balanced Scorecard performance management system to cascade objectives from corporate to individual level, to create a clear line of sight between individual performance and strategic goals.

Recognising loyalty and performance

ESR continued to recognise employee loyalty and exceptional performance through two initiatives: long service awards and the Sihlabani CEO's Awards, which encourages employees to nominate colleagues who, in their view, embody ESR's core values and are outstanding performers who consistently make a significant contribution.

Sound industrial relations

Sound industrial relations are a key enabler of both Social and Relationship Capital and Human Capital. They reinforce ESR's reputation as a responsible employer, support workforce stability, and contribute to organisational performance and long-term value creation.

We operate in a highly unionised environment and maintain recognition agreements with the Eswatini Transport Workers' Union, which represents general employees, and the ESR Staff Association, representing supervisory and managerial staff.

Fostering trust and collaboration

Our open communication policy and proactive approach to conflict resolution underpins stable labour relations, helps resolve issues promptly, and fosters trust and collaboration. Early intervention and mediation in workplace disputes is prioritised, and most matters are resolved at departmental level.

Training initiatives strengthened soft skills and improved communication between managers and employee representatives, highlighting the importance of constructive dialogue in maintaining workplace harmony.

During the year, a minority union representing non-unionised employees petitioned for recognition and was referred to the Conciliation, Mediation and Arbitration Commission (CMAC) for arbitration, as ESR believes that its size and structure do not justify multiple bargaining units within the same employee category.

HUMAN RESOURCES AND DEVELOPMENT *(continued)*

Labour disputes 2024/25

22
Issues addressed during the year

6
resolved

16
escalated to the Central Consultation Forum

29%
successfully concluded

A 3.05% wage increase was implemented after negotiations between management and the unions, effective on 1 April 2025. The remaining 4.95% after an 8% increase demand was channelled through PEU processes since it was over and above major.

Unlocking employee potential

A robust pipeline of technical and leadership capabilities, and fostering a high-performance culture are imperative to unlocking employee potential and supporting ESR's long-term sustainability. To this end, Human Resources continued its comprehensive policy review to align people-management practices with ISO Quality Management System standards and ESR's revitalisation strategy.

Training and development

E2 606 853.68 out of E3 635 500 of the annual training budget was utilised in the year under review.

Thirteen employees registered for BSc Mechanical Engineering, BCom Accounting, and Diploma in Train Driving, demonstrating ESR's continued investment in technical and professional development.

Short-term training from all departments has been fully supported. Intermediate life support, Fleet Management, Weighbridge operation, Sage 300, Palo Alto and 1st Aid for safety critical positions.

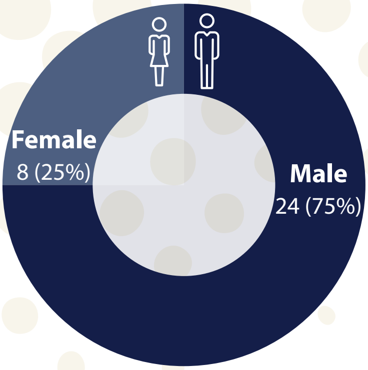
In addition, a Leadership Development Charter was developed to cultivate a shared understanding of values, behaviours and expectations. The framework will support competency-based recruitment, ensure that future leaders have the critical skills ESR needs, and help identify competency gaps to inform training and development. Ultimately, it will guide growth and culture change, and aid in succession planning.

Phase 1 of the organisational restructuring and executive reorganisation is now complete, together with Exco governance training.

Our people at a glance

Total number of employees: 381
(2023/24: 351)

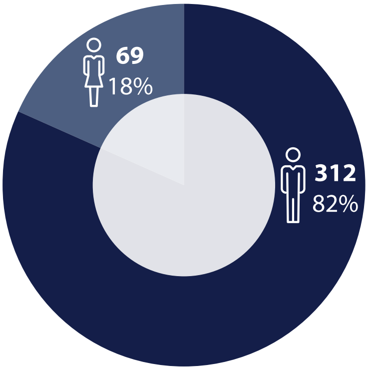
Management by gender



Employees by department

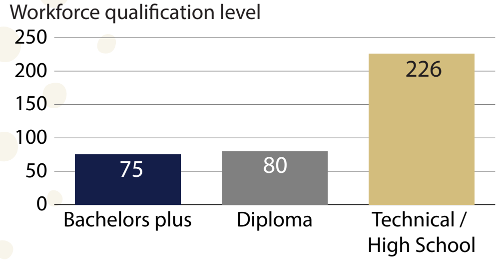
	2024/25	2023/24
Corporate services	22	24
Operations and technical department	295	263
Finance	22	27
CEO's office	16	13
Business development	23	21
ESRL	3	3
Total	**381**	**351**

Diversity

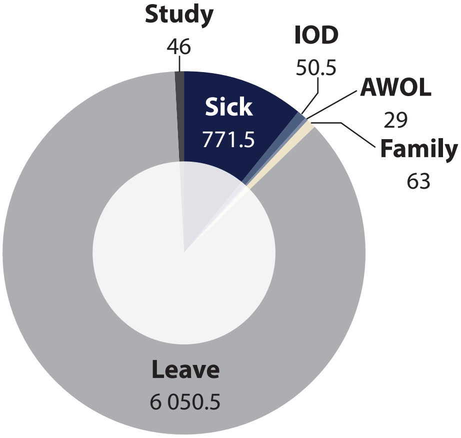


2024/25 workforce

381 employees



Absenteeism



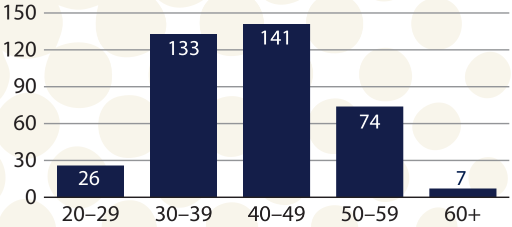
Staff turnover

5.2%

	2024/25	2023/24
New engagement	50	22
Contract termination	4	2
Resignation	8	11
Retirement	4	15
Dismissal incapacity	–	2
Deaths	1	1
Mutual separation	–	–
Early retirement	1	–
Summarily dismissal	1	–

HUMAN RESOURCES AND DEVELOPMENT *(continued)*

Age profile



Overtime

E3.2 million
(Budget E2.7 million)

Staff costs

E148.3 million
(Budget E143.4 million)

SAFETY, HEALTH, ENVIRONMENT AND QUALITY

The Safety, Health, Environment and Quality (SHEQ) Department's robust ISO-aligned systems are a cornerstone of ESR's drive towards operational excellence, compliance, and continuous improvement.

Zero employee fatalities

ESR has maintained zero employee fatalities for nine consecutive years, a major achievement in regional rail operations, while injury-on-duty incidents fell by 23%, exceeding the 20% target.

Fully-funded medicals

The Mpaka Clinic treated over 3 000 patients during the year, of which 21% were employees and 79% community members. Furthermore, 78% of safety-critical employees underwent fully-funded annual medical checkups aimed at detecting occupational and lifestyle-related health risks early. We have set an ambitious target of achieving over 90% participation in the medical surveillance programme in the coming year.

Annual wellness campaigns

Annual wellness campaigns continued across all sites, promoting self-care, knowledge, and accountability for personal health and offering screening for key health indicators including breast cancer, and HIV and AIDS, and mental health.

The organisation also expanded its employee wellness programme to include lifestyle disease management, with subsidised medical assistance, counselling, and follow-up care now available to employees.

Protecting assets and infrastructure

In 2024, ESR introduced a Security Management Policy Manual to protect employees, assets, and infrastructure against risks such as theft, vandalism, and cyber threats. The policy establishes a framework for proactive risk management, access control, and continuous improvement to ensure operational integrity.

As part of ICT modernisation, cybersecurity capacity has been strengthened through penetration testing, mobile device management, and tighter controls against fuel theft. A disaster recovery plan and cloud-based infrastructure upgrades were also completed in the year under review to ensure business continuity and minimise data loss and downtime in the face of unexpected disruptions.

SAQI membership

ESR joined the South African Quality Institute (SAQI) in 2024/25, connecting with a regional network of quality-driven institutions and reinforcing our commitment to continuous improvement, benchmarking, and service excellence.

Livestock collisions an operational challenge

Despite a 19% decline, livestock collisions remain ESR's most frequent operational challenge, accounting for 56% of all incidents. The successful Nsubane fencing project, where communities erect and maintain fencing using materials supplied by the organisation, has reduced livestock-related incidents and demonstrates the impact of infrastructure investment and community collaboration.

This initiative has improved safety, built relationships and created a sense of shared responsibility, while generating income for community members involved in the work.

Read more about our operations on page 30.

Railway Safety Week

Safety awareness campaigns in schools and communities continued to build long-term behavioural change. The 2024 Railway Safety Week in October, under the auspices of the Southern African Railways Association (SARA) banner, highlighted the importance of awareness in preventing incidents at crossings and along tracks. ESR's campaign – *Always Expect a Train, Be Safe* – focused on behaviour change and community education, while outreach programmes at schools helped instil safety awareness among young learners.

Derailments increase

Derailments increased slightly from 12% to 14%, largely due to technical failures such as wheel flange defects, incorrectly set points, and runaway wagons. Similarly, level-crossing collisions rose marginally from three to four incidents mainly due to negligence on the part of road users, and constitute reputational, safety, and financial risks. Eight people (2023/24: 12) lost their lives after being hit by trains.

All incidents have been investigated by Eswatini and South African authorities.

SAFETY, HEALTH, ENVIRONMENT AND QUALITY *(continued)*

Vandalism and theft, material concerns

Security risks such as vandalism and cross-border cargo theft remain material concerns and the growing demand for scrap metal poses both operational and safety threats. ESR is engaging internal and external stakeholders to develop national mitigation strategies.

Read more about risk management on page 54.

Outlook

Several emerging SHEQ risks became apparent in FY25, including an increase in derailments caused by wheel-flange defects, incorrectly set points, and runaway wagons. Exposure to road-vehicle collisions at level crossings also continues to pose safety, financial, and reputational risks.

Read more about emerging risks on page 60.

ESR is tackling these issues through targeted maintenance of track and rolling stock, awareness campaigns for road users, and joint safety inspections with neighbouring rail operators.

Moreover, we have set a target to cut rail occurrences by a further 20% in the year ahead to address the broader impact of incidents on employee and public safety, productivity, and operational sustainability.

CORPORATE COMMUNICATION

As the custodian of ESR's media relations, brand, corporate image and stakeholder engagement, Corporate Communication ensures that the organisation communicates effectively with stakeholders, builds and protects its reputation, and maintains sound relationships with the communities in which we operate.

A significant communications challenge

During the year, ESR tackled a communications challenge when our name was misused to solicit false tenders. The organisation responded swiftly through public notices, media engagement, and direct outreach, ensuring stakeholders were informed, preventing further losses. These actions safeguarded ESR's reputation and reaffirmed our commitment to transparency and ethical conduct.

Effective communication pivotal

Corporate Communications plays a key role in strengthening stakeholder relations during the year. The team worked closely with traditional authorities and communities to build understanding and support for the potential revival of the Ngwenya–Matsapha line. Communication was equally important on the Eswatini Rail Link project, where compensation processes required careful coordination.

Regular, transparent communication with traditional authorities also helped us to secure land for the expansion of the Timbutini ICD.

CORPORATE SOCIAL INVESTMENT

This year has reinforced the value of community partnerships in building a revitalised railway.

Community engagement remains a cornerstone of our operations and despite financial constraints for large-scale CSI projects, we successfully launched a staff-driven campaign that pooled employee contributions to support communities in need.

Outreach initiatives were carried out in the Lowveld, with further activities planned in the coming year.

Supporting schools and communities

In Mpaka and Sidvokodvo, our long-standing support for a primary school with consistently high pass rates has led the community to allocate land for a new high school, recognising the impact of quality education.

The Mpaka clinic, fully integrated with the national health system, continues to provide services to both staff and the surrounding community.

Additionally, the land for the Pakha dry port was secured with community support, reflecting recognition of the jobs and development it will bring.

Looking ahead

Improving ESR's digital presence is a priority in the upcoming financial year, with plans to revamp the corporate website and make it more interactive. In the longer term, once operational systems are in place, features such as online cargo tracking will be introduced.

We also intend to strengthen our communications capabilities by appointing a graduate trainee or reassigning an existing trainee with design and brand expertise.

FINANCE AND RISK MANAGEMENT

OUR FINANCIAL PERFORMANCE

The 2024/25 operating environment was difficult, although we did see some improvement in the second half of the year.

The year was marked by softer performance with revenue declining by 10%, while operational and administrative costs rose by 6%. Falling global commodity prices, shifts in customs taxes, and operational challenges including train stoppages, derailments, port allocation constraints, and maintenance shutdowns, all put cashflows under pressure from the first quarter.

Profit before tax plummeted 88%, to E7.7 million (2023/24: E63.2 million) and total comprehensive income after tax decreased by 90% to E4.6 million (2023/24: E45.9 million).

Disciplined cost control

Despite these difficulties, our results were positive, as a result of disciplined cost control and improved financial ratios. Our liquidity ratio eased by 2%, and the debt-to-asset ratio improved by 2% as loans were serviced. Reserves were also strengthened to meet the PSPF loan instalment due in May 2025.

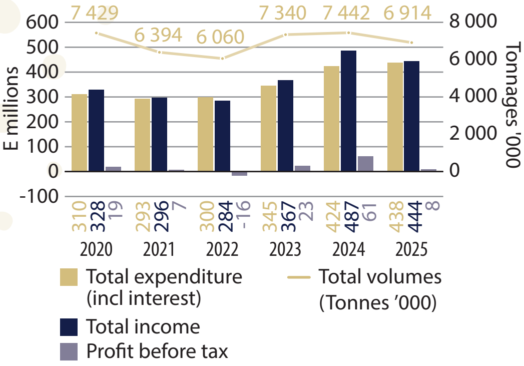
Total tonnage railed shrunk by 8% to 6.9 million tonnes, reflecting the combined impact of market and operational constraints on performance.

Transit traffic nevertheless remained the main driver of financial performance, contributing of total revenue and 76% of total income. Timber and sugar were the top-performing Eswatini commodities.

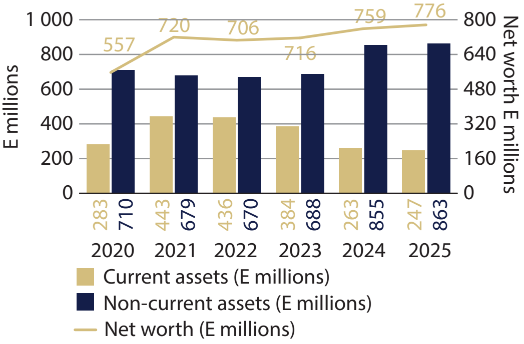
Read more about our performance on page 38.

	Actual performance 2024/25 Tonnes '000	Actual performance 2023/24 Tonnes '000
Transit traffic	6 605	7 158
Exports	237	203
Imports	72	81
Total volumes	6 914	7 442

Six-year comparative performance



Financial position 2020–2025



RISK MANAGEMENT

We view risk management as a strategic enabler.

ESR's Finance and Risk Management Framework embeds risk awareness across the organisation and supports sustainable operations and financial stability. Risk management is fully integrated into our governance processes, and is governed by the ISO 31000 enterprise risk management framework. Lessons learned are shared across the organisation.

Internal Audit provides independent, objective assurance and advisory services to support operations and improve risk management and governance processes.

Read more about governance on page 65.

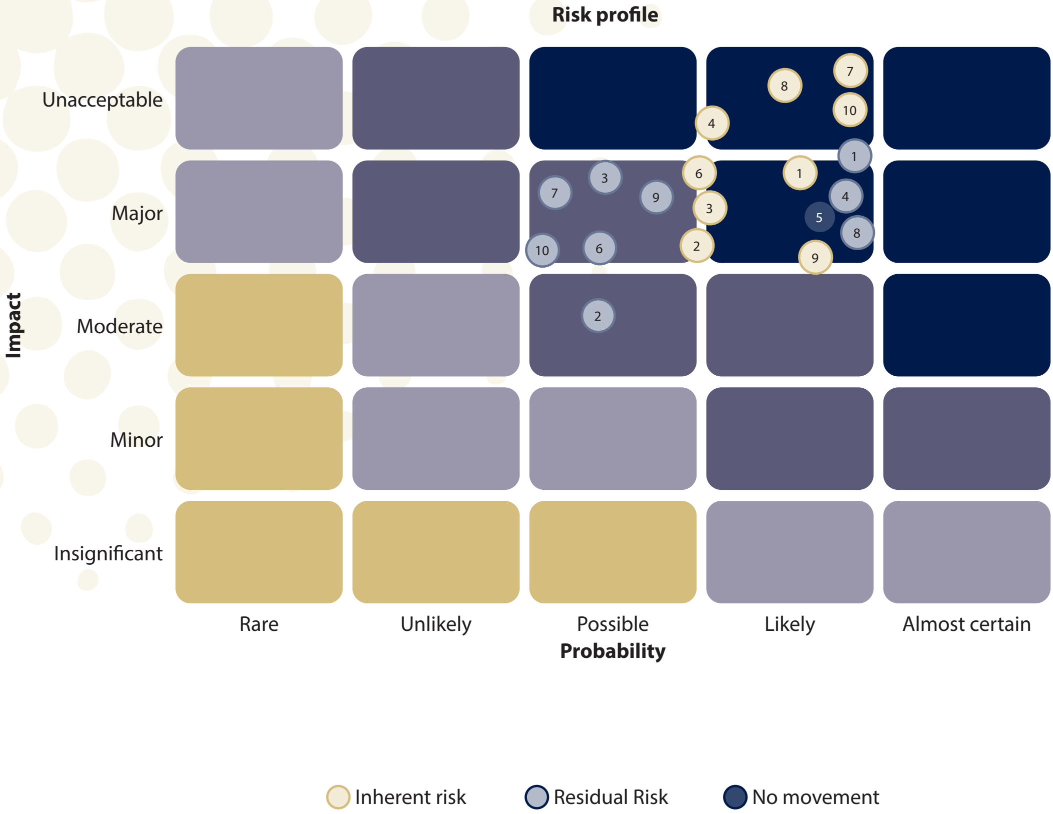
Our risk landscape

Several significant events impacted our risk environment in the 2024/25 financial year: heavy rains early in the year caused damage to rail infrastructure, disrupting the movement of trains, while the theft of rail components together with rail accidents and incidents also affected operations and informed risk mitigation measures. Open access was among the emerging risks identified.

Our top 10 risks

1. Inadequate rolling stock and other assets to drive ESR business.
2. Security-related disruptions to ESR operations.
3. Dependence on one service provider (IPAC) for track maintenance.
4. Diversion or reduction of transit traffic from Eswatini.
5. Lack of funding to support the strategy and key ESR project.
6. Untimely decision-making impacting on the effective implementation of the strategy.
7. Influence from politically exposed persons.
8. Failure to meet customer needs and expectations.
9. Catastrophic rail failure.
10. Not enough unskilled workers to implement strategy.

Risk heat map



RISK MANAGEMENT *(continued)*

Risk Register

Risk		Strategic objective impacted	Mitigating actions	Capitals affected
1	Inadequate rolling stock and other assets to drive ESR business	Operational and business excellence	**Resource planning** Weekly cross-departmental meetings held between Operations and Business Development. Cross-functional project teams are in place to ensure integrated planning and effective use of resources, and are working well. Rolling stock acquisition and partnerships term sheets have been secured from Transnet Engineering, a business case has been completed, and the Board has approved the purchase of Class 37 locomotives. Strategic partnerships with sister railways continue to provide access to rolling stock, although market volatility limits long-term acquisition arrangements as clients prefer short-term contracts. **Utilisation of rolling stock** All available rolling stock is fully deployed, with 22 SMT fuel wagons repaired and returned to service. **Financial position** The balance sheet is being actively managed, with debt servicing underway and repayment of the PSPF loan commenced (E130 million principal repaid). The gear ratio remains below 45%. **Market intelligence** A dedicated resource for market intelligence has yet to be appointed, limiting the ability to anticipate and respond to market developments. **Customer management** Bulk customers were found to generate over 80% of revenue. A customer pipeline matrix is in place, and a customer services manager is being recruited, which will strengthen relationship management and enhance the customer experience. Acquisition planning (Asset fleeting) linked to a mature pipeline. Both lease and outright purchase options were assessed, and the Board has approved the outright purchase of Class 37 locomotives. ESR has strategic partnerships with sister railways to access rolling stock when necessary. Most clients prefer short-term contracts due to price and market volatility, limiting opportunities to acquire long-term rolling stock in partnership with clients. Unused rolling stock will be leased to raise funds. So far, 22 SMT fuel wagons have been repaired and all available rolling stock is fully utilised. Ensure ESR balance sheet is well maintained to be able to attract funding. Our gear ratio is below 45% and is closely monitored. We are actively servicing debts, and repayment of the PSPF loan has commenced. The principal portion is now E130 million. Resources to conduct market intelligence and being investigated.	FC HC IC SC MC FC HC IC SC FC IC SC

Risk		Strategic objective impacted	Mitigating actions	Capitals affected
2	Security-related disruptions to ESR operations (political risk, industrial action, civil unrests, vandalism, sabotage)	Operational and business excellence	A security strategy is 62% implemented and budget has been allocated. We do not yet have sufficient human resources to complete implementation.	FC HC IC SC
3	Dependence on a single service provider (IPAC) for track maintenance	Operational and business excellence	Insource current service provider (IPAC). Capex for the initial purchase of tools and equipment has been approved for the 2025/26 financial year, to be finalised in the third quarter of 2026/27. A draft proposal to insource the Permanent Way maintenance function has been presented to Exco. The human resources recruitment and development strategy will determine additional costs to be included in the 2026/27 budget.	FC HC IC MC
4	Diversion or reduction of transit traffic from Eswatini (Magnetite, Rock Phosphate, coal etc)	Operational and business excellence	ESR representatives have been engaged and stationed in Mozambique, Nelspruit and Durban. Consultations between ESR and TFR to implement seamless transit solution are ongoing, with recent discussions shifting to focus on the TRIMS Network Statement. ESR has submitted an application for Open Access to allow trains to traverse eSwatini seamlessly and access SA territory to facilitate the transport of goods from pit to port.	FC HC IC MC

RISK MANAGEMENT *(continued)*

Risk		Strategic objective impacted	Mitigating actions	Capitals affected
5	Lack of funding to support the strategy and key ESR project ie ESRL.	Operational and business excellence	Efforts are being made to develop bankable business cases, establish potential funding partnerships, and identify new sources of funding. While business cases for straightforward projects are developed inhouse, larger or more complex business cases require external expertise. ESR's internal capacity is insufficient for funder-ready submissions, and targeted capacity building to strengthen these skills is required. Resource mobilisation efforts are ongoing with financiers including Afrexim, DBSA, Nedbank, Old Mutual, Standard Bank, and FNB. Several applications have progressed to advanced stages, contingent on the submission of bankable projects. A financial model to support investment analysis is being developed, and a financial consultant will be appointed.	FC HC IC
6	Untimely decision-making impacting on the effective implementation of the strategy.	Operational and business excellence	Internally developed business cases are not at a level that they can be submitted to funders. A comprehensive induction and capacity building programme is being implemented for new directors and managers.	FC HC IC SC
7	Influence from politically exposed persons	Operational and business excellence	Due diligence in the form of a customer onboarding framework for potential customers is complete, and includes a non-disclosure agreement. Customers must fulfil all the requirements of this framework to qualify for services from ESR. Exco approval will be obtained before onboarding new customers. Develop and implement a policy to deal with politically exposed persons. Consultants appointed to review all polices and develop new ones where necessary. Once vetting is complete, the client is handed over to the director concerned.	FC HC IC SC MC

Risk		Strategic objective impacted	Mitigating actions	Capitals affected
8	Failure to meet customer needs and expectations	Business development	ICT were to procure and install a real-time cargo tracking, based on customer requirements by the end of the financial year. The tool has not been developed yet. Provide alternative communication systems with tracking capabilities A control room was established in Q4, with the communication aspect planned for Q1 of 2025/26. A plan to address customer complaints has been implemented. The joint marketing plan is being reviewed following recent developments at TFR and CFM. The final report is expected end April 2026. To provide adequate rolling stock to service customer needs, 40 CAL7J wagons were procured from TFR, 22 box wagons were converted to open-top coal wagons, and three additional locomotive were added to ESR's pool of locomotives. The SHEQ department is assessing all workflows to ensure processes are clear and, where necessary, SLAs are signed between departments.	FC HC IC SC
9	Catastrophic rail failure	Operational and business excellence	An emergency budget has been established, and the timely maintenance of infrastructure is ongoing. ESR completed the annual shutdown maintenance of the track in June.	FC HC IC SC MC
10	Insufficient, unskilled, Human Capital to implement strategy	Human Capital	A skills audit has been conducted and a matrix developed – 271 employees (77%) have been audited so far. Capacity building is underway and PDPs are being drawn up for employees to address gaps in the training plan and budget. An organisational development structure was developed and a consultant appointed in terms of ESPPRA regulations. A report is scheduled for the first week of June 2025. The annual training and development plan was formulated to support the findings of the skills audit. Unfortunately only 26 of the 81 trainings planned took place; a 32% execution rate.	FC HC IC

RISK MANAGEMENT *(continued)*

Emerging risks

Several emerging risks that could make a marked impact on ESR were identified during the year.

Risk identification				
Risk		Cause	Impact	Risk Category
1.	Unfamiliar market dynamics.	ESR may misjudge demand, pricing, or customer behaviour in new regions.	Financial loss Operational inefficiencies Loss of business	Financial Operating profit
2.	ESR may face strong competition in the new venture.	Rapid entry into multiple new markets could strain management resources and capital.	Financial loss Operational inefficiencies Loss of business Train delays	Financial Operating profit
3.	ESR expanding too rapidly over a short period.	Established local players may have a stronger market presence or political connections.	Cashflow challenges High operational cost High cost of capital	Financial Operating profit
4.	High capital requirements to implement the project.	Expansion may require significant upfront investment with delayed returns.	Cashflow challenges High operational cost High cost of capital	Financial Operating profit
5.	ESR entering into unfavourable business contracts.	Lack of internal skills to deal with complex or commercial contracts. Limited involvement of all stakeholders.	Fines and penalties Loss of revenue Loss of business	Financial Operating profit
6.	Influence from politically exposed persons.	ESR coming into contact with politically exposed persons who aim to take advantage of potential business opportunities arising from open access on TRIM lines.	Loss of control over the procurement process. Equipment is procured outside the approved procurement process and strategy. ESR enters into unfavourable funding and sales agreements.	Financial Investment

Inherent risk			
Probability	Impact	Score	Mitigation
Likely	Major	A	Conduct in-depth market research and feasibility studies to inform decision-making. Diversify risk by entering new markets gradually rather than all at once. Conduct investment appraisals for project that extend beyond Eswatini's borders.
Likely	Major	A	Partner with or acquire local firms with strong networks and expertise. Build local teams and leverage regional leadership.
Likely	Major	A	Diversify risk by entering new markets gradually rather than all at once. Partner with local companies for rolling stock, networks and expertise.
Likely	Major	A	Partner with or acquire local firms with strong networks and expertise.
Likely	Major	A	Review and strengthen processes for drafting and finalising contracts. Engage an external service provider to advise on commercial contracts. Ensure contract managers are familiar with the terms and conditions of contracts.
Possible	Unacceptable	A	Develop a policy and framework for managing politically exposed persons. Adhere to procurement policies and procedures for the acquisition of rolling stock. Prioritise projects in ESR's strategy.

SUSTAINABILITY

Maintenance in progress

SUSTAINABILITY

Having successfully launched our Environment, Social and Governance (ESG) framework, we are now working to embed environmental management practices into our overall strategy to ensure measurable action in the 2025/26 financial year.

Our priority is to integrate ESG into our day-to-day operations and decision-making, with clear baselines, targets, and accountability measures to track progress, highlighting our concrete commitment to sustainability and ensuring that sustainability becomes part of the organisational culture.

We have set 5% reduction targets for water, energy, fuel, and waste consumption, a tangible first step in improving efficiency, minimising environmental impact, and reinforcing our social licence to operate.

The table below lists material sustainability topics and associated metrics for our industry. It is our intent to track our performance against these metrics, and report on our progress in future reports.

Topic	Metric
Greenhouse Gas Emissions	Gross global Scope 1 emissions
	Percentage covered under: (1) emissions-limiting regulations, and (2) emissions-reporting regulations
	Total fuel consumed, percentage renewable
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets
Air Quality	Air emissions of the following pollutants:
	(1) NOx (excluding N_2O), (2) particulate matter (PM10)
Competitive Behaviour	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations
Workforce Health & Safety	(1)Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees
Accident & Safety Management	Number of accidents and incidents
	Number of (1) accident releases and (2) non-accident releases (NARs)
	Frequency of internal railway integrity inspections
	Number of rail safety standard defects cited by relevant authorities that may result in fines or other penalties by jurisdiction
Activity metrics	Number of carloads transported
	Number of intermodal units transported
	Track kilometres
	Revenue tonne-kilometres (RTK)
	Number of employees

ESR is on track to achieve ISO 14001:2015 Environmental Management System certification in 2026.

SAFEGUARDING VALUE

OUR GOVERNANCE FRAMEWORK

ESR remains committed to the highest standards of corporate governance, ethical leadership, and accountability. This, for us, is the essence of a sustainable business that creates long-term value for all stakeholders.

We operate within a formal governance framework that clearly defines the mandate, powers, and responsibilities of the Board and its committees. The framework is aligned with the Swaziland Railways Act, and the Public Enterprises Unit (PEU) Act and corporate governance guidelines.

Our code of ethics, whistleblowing mechanism, and conflict of interest policy underpin decision-making, and guide how we manage risk and ensure integrity and transparency across our operations.

Read more about key Board decisions and governance milestones on page 74.

OUR BOARD OF DIRECTORS

Ms Nonhlanhla Shongwe
Chairperson
Gender: Female
Age: 57

Mr Nixon Dlamini
CEO/Board Secretary
Gender: Male
Age: 57

Mr Jack Bello
Non-executive director
Gender: Male
Age: 74

Mr Mfan'fikile Dlamini
Non-executive director
Gender: Male
Age: 50

Ms Primrose D Dlamini
Non-executive director
Gender: Female
Age: 49

Ms Primrose Winile Dlamini
Non-executive director
Gender: Female
Age: 51

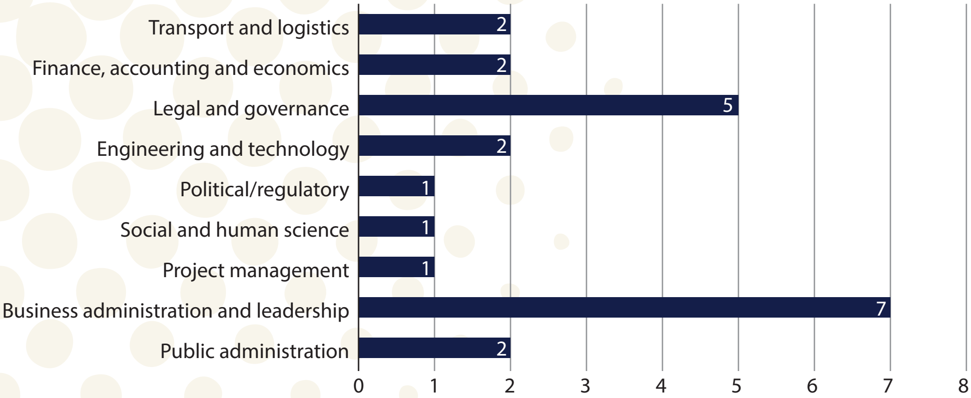
Mr Thulani Mkhaliphi
Non-executive director
Gender: Male
Age: 54

Mr Sakhile Ndzimandze
Non-executive director
Gender: Male
Age: 41

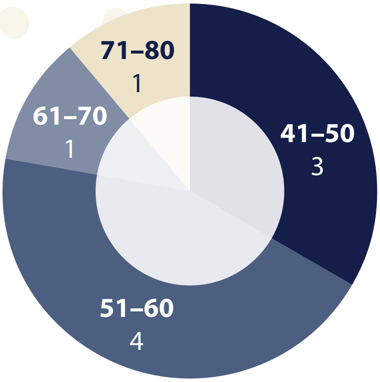
Stephenson Ngubane
Non-executive director
Gender: Male
Age: 66

OUR BOARD OF DIRECTORS *(continued)*

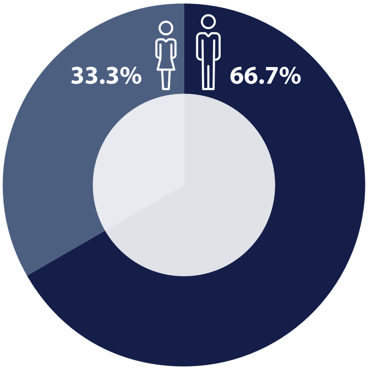
Skills and experience of directors



Age



Diversity



BOARD COMPOSITION

Ms Nonhlanhla Shongwe (57)

Board Chair, Legal Advisor and Board Secretary, Tibiyo Taka Ngwane

Appointed 3 April 2023

Ms Nonhlanhla Shongwe serves as Chairperson of the Eswatini Rail Board. She is an experienced legal and governance professional with extensive expertise in corporate leadership, regulatory compliance, and stakeholder engagement. She holds a Bachelor of Laws (LLB) and an LLM (Corporate Law).

Her career spans both the public and private sectors, where she has held senior management and advisory roles focused on governance, legal affairs, and organisational performance. She has played a key role in strengthening institutional governance frameworks, ensuring alignment with national legislation and international best practice.

Ms Shongwe is currently Legal Advisor and Board Secretary at Tibiyo Taka Ngwane, a position she has held since 2015. Earlier roles at Tibiyo include Legal Affairs Manager, Senior Legal Officer, and Legal Officer. Prior to Tibiyo, she was Crown Counsel and later Legal Executive at the Swaziland Industrial Development Company (SIDC).

In additional to her law degree, Ms Shongwe has undertaken further professional training in corporate governance and management. She is an admitted attorney and an admitted conveyancer in Eswatini.

Mr Sakhile Ndzimandze (41)

Managing director, Eswatini Auctioneers, Barrier Fire Swaziland, and Ramtue Developments

Appointed 3 April 2023

Mr Sakhile Ramtue Ndzimandze is an entrepreneur and business executive whose interests span property, fire protection, engineering, and auctioneering. He is the managing director of Eswatini Auctioneers, Barrier Fire Swaziland, and Ramtue Developments. He also serves as Director of The Mechanical Corporation.

He holds multiple business and professional qualifications, including diplomas in Marketing, Business Administration, and International Business Communication from the Institute of Commercial Management (UK). Mr Ndzimandze has also completed property development and commercial management programmes at the University of Cape Town Graduate School of Business and the University of the Witwatersrand.

Mr Ndzimandze has served as Deputy Sheriff for the Judiciary of Eswatini since 2005 and is currently completing his LLB degree through the University of Eswatini. His wide-ranging experience across legal, commercial, and property sectors provides a solid foundation for effective leadership and decision-making.

He contributes a private-sector perspective grounded in entrepreneurship, governance, and results-oriented management.

BOARD COMPOSITION *(continued)*

Mr Stephenson Ngubane (66)

MBA (Eastern and Southern African Management Institute) and a BSc (Hons) Engineering, from the University of Zimbabwe.

Appointed April 2023

Mr Stephenson Zweli Ngubane is a former chief executive officer of Eswatini Railways, a position he held for six and a half years until his retirement in 2019.

A mechanical engineer by training and a seasoned transport executive, he has over three decades of experience in railway operations, infrastructure management, and regional transport policy. Mr Ngubane helped to position Eswatini Rail as one of the most efficient and customer-focused railway operators in the SADC region.

Over the course of his career, Mr Ngubane has served in numerous leadership roles in the Southern African Railways Association (SARA), including as President, Vice-President and Chairperson of its Policy, Investment, Finance and Administration Committee. He played an integral role in developing regional operating standards, transport corridors, and strategic frameworks that improved cross-border railway integration and efficiency.

Mr Ngubane is a Fellow of the Chartered Institute of Logistics and Transport and holds certifications from the United Nations Conference on Trade and Development (UNCTAD), the South African Bureau of Standards, and has attended executive programmes at the University of the Witwatersrand and Harvard.

He brings extensive technical, managerial, and policy expertise to ESR, underpinned by a lifelong commitment to operational excellence, sustainable transport development, and regional collaboration.

Ms Primrose Winile Dlamini (51)

Principal, Sisekelo High School

MA (Leadership),Global University in Missouri, USA; Postgraduate Certificate in Education; Bachelor of Arts in Humanities (English and History), University of Eswatini.

Appointed April 2023

Ms Primrose Winile Dlamini is an education professional with over two decades of experience in teaching and school leadership. Prior to her appointment as the principal of Sisekelo High School, she was principal at Fonteyn High School and deputy principal at St Mark's High School.

Her academic grounding in education and leadership has shaped her ability to drive institutional excellence and foster effective learning environments. She also played a key role in national education initiatives.

As chairperson of the National Executive and Regional Association for English, Ms Dlamini liaised with principals and the Ministry of Education's inspectorate to improve English teaching standards, organised national and regional training workshops, and contributed to curriculum development and assessment.

Ms Dlamini brings extensive leadership, governance, and communication expertise to the Board, together with a deep commitment to education, discipline, and service excellence.

Ms Primrose D. Dlamini (49)

Principal Finance Officer, Public Enterprises Unit

MBA, BA Social Sciences (Economics and Statistics), University of Eswatini, AAT Level III.

Appointed April 2023

Ms Primrose Dlamini is a finance professional with extensive experience in public enterprise oversight and fiscal management. In her role as Principal Finance Officer at the Public Enterprises Unit (PEU) under the Ministry of Finance, she monitors and reviews the financial affairs and performance of Category A public enterprises. Her functions includes analysing financial policies, preparing strategic and operational reports, and advising on governance, accountability, and efficiency improvements.

Beyond her government role, Ms Dlamini has served on several boards, including Macmillan Swaziland and Eswatini Fruit Canners. She has also contributed to research and consultancy projects, notably with the UNDP and FinMark Trust, focused on financial inclusion and SME development.

Ms Dlamini brings strong financial oversight, governance, and public-sector experience, coupled with a commitment to fiscal accountability and institutional performance.

Mr Jack Bello (74)

Executive Chairman: Business Empowerment Facilitators and Project Managers

Diploma, Public Health and Works Engineering, University of Mauritius, Part I BSc, University of Botswana, Lesotho and Swaziland

Appointed April 2023

With over five decades in the construction and engineering sectors, Mr Bello has successfully led empowerment and infrastructure development projects across Eswatini, Mozambique and South Africa. He is a former member of the Institute of Public Health Engineers (UK).

His career spans senior leadership roles, including managing director and project manager positions with construction and engineering firms including Asambeni Projects, Africa Construction, and PROBRA LDA (Mozambique). He has overseen a wide range of civil engineering projects encompassing water supply systems, sewerage networks, road construction and industrial infrastructure for both government and private sector clients.

He brings a wealth of technical expertise, business leadership experience and a strong commitment to professionalism, integrity and national development to the ESR Board.

BOARD COMPOSITION *(continued)*

Mr Mfan'fikile Edward Dlamini (50)

Chief Operations Officer, Central Bank of Eswatini

CA (SD), MPhil (Development Finance), Stellenbosch University Business School, BCom (Accounting), Diploma in Commerce

Appointed November 2024

Mr Dlamini is a Chartered Accountant (SD) and seasoned executive with more than 18 years' experience in the financial services and telecommunications sectors. He is a highly analytical decision maker whose strength lies in finding solutions to complex problems.

In his executive leadership role at the Central Bank of Eswatini, he also contributes to several Board committees and chairs the Bank's Risk Management and Business Continuity Management Committee.

Prior to his appointment as Chief Operations Officer, Mr Dlamini was Assistant Governor at the Central Bank, where he oversaw finance, operations, and financial markets, directed the Bank's FinTech and cybersecurity programmes, and played a pivotal role in modernising its financial systems and control environment.

His earlier career includes senior leadership roles at the Central Bank, and Head of Finance at Standard Bank Eswatini, where he significantly improved the Bank's reporting accuracy and strategic decision-making frameworks.

In addition to his degrees, Mr Dlamini has a Diploma in Commerce from the University of Eswatini, and is a member of the Eswatini Institute of Accountants.

Mr Dlamini brings a strategic and systems-driven perspective to his role as Board member, built on decades of experience in financial management, governance, and operational transformation. Outside of work, he is an active mentor and community supporter, with personal values grounded in dedication, integrity, professionalism, and respect.

Mr Nixon Dlamini CEng MICE (57)

BEng (Hons) Civil Engineering, London South Bank University; BSc (Maths and Physics), UNISWA; Advanced Leadership Programme, Judge Business School, University of Cambridge.

Appointed March 2020

Nixon Dlamini was appointed Chief Executive Officer of Eswatini Railways in March 2020. This marked his second stint with the company having previously served as Chief Civil Engineer between 1997 and 2001.

He is a Chartered Engineer registered with the UK Engineering Council and a member of the UK Institution of Civil Engineers. His career spans a broad range of international leadership roles in top engineering firms such as Arup, Mott McDonald, TSP Projects/SYSTRA and Carillion Rail. He has led teams on diverse projects that include High Speed Rail 2 (UK), East London Line Rail Extension (UK), London City Airport Extension (UK), and the Swazi Rail Link (SA).

Mr Thulani Mkhaliphi (54)

BA (Public Administration and Accounting), University of Eswatini Postgraduate Diploma (Development Finance), Stellenbosch University, a Master of Management (coursework), University of the Witwatersrand

Appointed April 2023

Mr Thulani E Mkhaliphi is Principal Secretary in the Ministry of Public Works and Transport and an accomplished public management professional with over 25 years' experience in governance, policy reform, and infrastructure management.

Mr Mkhaliphi provides strategic guidance on institutional reform, public sector alignment, and development policy in his role as ESR Board member. He brings a wealth of experience in strategic, systems-level understanding of governance and development that aligns national policy priorities with organisational performance.

He has held a range of leadership roles in central and local government, driving institutional reforms, strategic planning, and capacity development across key sectors.

He was previously Principal Secretary in the Ministry of Labour and Social Security, Director of Decentralisation, and Town Clerk of Siteki Town Council. He has represented Eswatini internationally through policy, governance, and leadership programmes at institutions including Duke University, the University of Birmingham, and the International Centre for Land Policy Studies in Taiwan.

As a Hubert H Humphrey Fellow, Mr Mkhaliphi completed advanced studies in Public Policy Analysis and Development Management at the University of Minnesota in the United States.

His experience in both national administration and local governance affords him a comprehensive understanding of how policy, infrastructure, and institutional capacity intersect to drive development.

OUR GOVERNANCE STRUCTURE

Overall accountability and responsibility for the control and strategic direction of Eswatini Railways rests with the Board.

The Board is responsible for ensuring a sustainable future for the organisation by exercising the necessary care and oversight to ensure ESR is well managed, that regulatory provisions are adhered to, the principles of good corporate governance are applied, and that the organisation is not faced with any avoidable or unnecessary risks.

Board composition

ESR has a unitary Board structure with separate and distinct roles and responsibilities for the non-executive Chairman and the Chief Executive Officer. The Board consists of eight directors whose diverse skills, qualifications and experience in law, finance, engineering, corporate governance, risk management, strategy, and human capital ensure balanced decision-making and oversight across the business.

Board members are appointed by government, through the Ministry of Public Works and Transport, for a three-year term. The performance of the Board, its committees and individual directors are assessed annually through an independent, structured evaluation process that includes peer and committee reviews. Skills gaps are addressed through targeted training and ongoing professional development.

Induction

New directors attend an induction programme to facilitate their understanding of the railway industry, ESR’s business environment, strategy and markets in which we operate, as well as to provide information on directors' roles and responsibilities in terms of legislation, regulatory requirements and best practice. The programme includes governance training to educate new directors on sound governance practices.

Remuneration

Directors’ emoluments are contained in the financial statements and, with that disclosure, deemed adequate.

Changes to the Board

There were no changes to the Board in the year under review.

Board meetings

The corporate calendar for the Board is approved annually in advance, taking into account the Board programme for the year. The Board meets a minimum of four times a year. It held 10 ordinary meetings during the year under review.

BOARD FOCUS AREAS

The Board's key focus areas in 2024/25 included strengthening ESR's governance and internal audit systems, and ensuring compliance with financial and regulatory requirements.

A revised Board Charter was adopted to align more closely with King IV principles and PEU directives, a formal Board calendar was introduced to standardise reporting and decision-making timelines across committees, while compliance monitoring was bolstered through closer collaboration with the PEU.

The Board further improved risk management and internal control mechanisms, overseeing large-scale infrastructure and property development projects, and ensuring financial sustainability through prudent oversight and investment.

The Legal and Board Secretariat function ensured that ESR remained compliant with all relevant legislation and governance directives, and reviewed key contracts to strengthen risk management and safeguard the organisation's interests.

Disciplinary processes and employment-related disputes were managed in line with the Employment Act and internal HR policies and the Board worked to align remuneration practices with organisational performance, updating HR policies, and reinforcing an ethical culture across all levels. In addition, a number of litigation matters, mainly pertaining to property encroachment and contractual disputes, were actively managed to safeguard the organisation's interests.

Priorities for the year ahead

1. Complete a review of governance policies.
2. Embed digital governance tools across the organisation for improved reporting efficiency.
3. Review key contracts.
4. Improve leadership succession planning.

Our Board committees and mandates

Three sub-committees support the Board in the discharge of its oversight duties and are integral to effective governance. Each committee has clearly defined roles and responsibilities and report on their activities at each Board meeting.

Their terms of reference are contained in the sub-committees' mandates, which set out the sub-committees' powers, functions, responsibilities, reporting mechanisms and authority to act. The Board, however, remains accountable. The mandate and terms of reference of each committee are reviewed annually.

The members of the sub-committees are all non-executive directors and, in respect of the Audit Committee, possess the requisite financial skills.

Remuneration and Ethics Committee

Oversight of HR policies, remuneration structures, and ethical governance.

The committee met five times during the year.

Committee members:

Ms Primrose Winile Dlamini (Chair)

Ms Primrose D. Dlamini

Mr Thulani Mkhaliphi

Investment Committee

Oversight of investment decisions, asset management, and capital projects.

The committee met five times during the year.

Committee members:

Mr Sakhile Ndzimandze (Chair)

Mr Mfan'fikile Dlamini

Mr Stephenson Ngubane

Audit and Risk Committee

Oversight of financial reporting, risk management, and internal and external audit.

The committee met seven times during the year.

Committee members:

Mr Stephenson Ngubane (Chair)

Mr Mfan'fikile Dlamini

Ms Primrose D. Dlamini

BOARD FOCUS AREAS *(continued)*

Board and committee meeting attendance

Director	Main Board	Audit & Risk Committee (ARC)	Remuneration & Ethics Committee (REMCO)	Investment Committee (INVESTCOMM)
Ms Nonhlanhla Shongwe (Chair)	10/10	–	–	–
Mr Jack Bello	10/10	5/7	_	_
Mr Mfan'fikile Dlamini	2/10		_	1/5
Ms Primrose D. Dlamini	9/10	7/7	4/5	–
Ms Primrose W. Dlamini	8/10	–	5/5	
Mr Thulani Mkhaliphi	5/10	_	5/5	_
Mr Sakhile Ndzimandze	9/10	_	–	5/5
Mr Stephenson Ngubane	10/10	7/7	_	5/5

Internal Audit

The internal audit function determines its focus areas for the year based on an assessment of key risks, either annually, if the risk is high, or every three years, if there is minimal risk.

Internal Audit reports to the Audit Committee at least four times a year.

Internal Audit focus areas 2024/25

Accounts payable

Budget management

Final accounts

Human resources
(employee management, leave management, onboarding, termination)

Information and communications technology (ICT)

Payroll

Procurement and tenders

Revenue management

Signals and telecoms
(adherence to maintenance, turnaround time of fault correction)

Significant findings

In 2024/25, the department focused on fuel management, overtime management, revenue management, and Signals and Telecoms operations. Significant findings were reported to the Audit and Risk Committee, and we continue to monitor and implement corrective action to strengthen controls.

Going concern

The Board of Directors has evaluated all the events and conditions that may cast significant doubt on the ability of Eswatini Railways to continue as a going concern, and also its operations for the foreseeable future to reach a conclusion. The Board believes that Eswatini Railways has adequate financial resources to continue in operation for the foreseeable future without the existence of a material uncertainty and accordingly the financial statements have been prepared on a going concern basis.

Refer to note 34 for additional details.

Subsequent events

At the date of approval of the financial statements there were no material events that occurred subsequent to the reporting date that required adjustments to amounts recognised in the financial statements. However, refer to note 33 for additional details on events that require disclosure in the financial statements.

Declaration of dividends

Eswatini Railways declared a dividend of E1 million in the current year (2023/24: E Nil) to the Government of the Kingdom of Eswatini.

FINANCIAL STATEMENTS

for the year ended 31 March 2025

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

for the year ended 31 March 2025

The Board of Directors is responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position at 31 March 2025 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include material accounting policy information and the Directors' report, in accordance with IFRS Accounting Standards and in the manner required by the Swaziland Railway Act of 1962, as amended.

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

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

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with IFRS Accounting Standards and in the manner required by the Swaziland Railway Act of 1962, as amended.

Approval of the financial statements

The financial statements set out on pages 86 to 133 were approved by the board of directors on 25 July 2025 and are signed on its behalf by:

Director

Director

Director

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF ESWATINI RAILWAYS

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Eswatini Railways (the Railways) as at 31 March 2025, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of Eswatini.

What we have audited

Eswatini Railways' financial statements set out on pages 86 to 133 comprise:

- the statement of financial position as at 31 March 2025;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Railways in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Eswatini. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Eswatini.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Eswatini Railways Financial Statements for the year ended 31 March 2025". The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

(continued)

TO THE SHAREHOLDER OF ESWATINI RAILWAYS

Responsibilities of the directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

PricewaterhouseCoopers
Partner: Theo Mason
Registered Auditor
P.O. Box 569
Mbabane
26 August 2025

DIRECTOR'S REPORT

for the year ended 31 March 2025

The Directors have pleasure in presenting their report and the audited financial statements of Eswatini Railways for the year ended 31 March 2025.

NATURE OF BUSINESS

Eswatini Railways is a parastatal which is wholly owned by the Government of the Kingdom of Eswatini under the Ministry of Public Works and Transport.

Eswatini Railways is governed by the Swaziland Railway Act of 1962, as amended.

Eswatini Railways owns railway infrastructure, rolling stock and controls local and international rail transportation throughout the Kingdom of Eswatini.

CORPORATE GOVERNANCE

The Eswatini Railways Board of Directors ("the Board") provides strategic direction to Eswatini Railways taking into account, amongst others, the need to foster sound corporate governance and a vigilant risk management process.

Eswatini Railways has a unitary Board structure with separate and distinct roles and responsibilities for the non-executive Chairman and the Chief Executive Officer. The directors are appointed by the owner.
(The Eswatini Government: Minister of Public Works and Transport) for a three-year term.

Overall accountability and responsibility for the control and strategic direction of Eswatini Railways resides with the Board. To facilitate the effective discharge of such responsibility, directors have unrestricted access to all information, records, and documents. Further, the mandates of the Board and its sub-committees entitle directors the right to take independent advice at Eswatini Railways' expense. Also, to enhance the abilities of directors, provision is made for a director to attend such training and development programmes as would better equip him or her to discharge his or her responsibilities to Eswatini Railways.

Directors

The Board comprises of nine directors. The Chief Executive Officer of Eswatini Railways is the only executive director on the Board. The non-executive directors are regarded as independent directors.

Board meetings

The corporate calendar for the Board is approved annually in advance, taking into account the Board programme for the year.

The Board meets, as a minimum, four times a year. The Board had 10 meetings during the year under review.

CORPORATE GOVERNANCE *(continued)*

Board sub-committees

In order to ensure effective corporate governance, give attention to providing support to the executives and exercise appropriate oversight, the Board has three sub-committees in place. These are the Audit and Risk, Remuneration and Investment Committees.

Some of the functions of the Board are delegated to these sub-committees. The terms of reference of the sub- committees are contained in the sub-committees' mandates. These mandates set out the sub-committees' powers, functions, responsibilities, reporting mechanisms and authority to act. The Board, however, remains accountable.

The members of the sub-committees are all non-executive directors, and in respect of the Audit Committee, they possess the requisite financial skills.

The Audit and Risk Committee had 7 meetings during the year under review.

The Remuneration Committee had 5 meetings during the year under review.

The Investment Committee had 6 meetings during the year under review.

Internal audit

A well-established internal audit department is in place and operates in accordance with the internal audit charter approved by the Board. The internal audit department reports to the Audit Committee at least four times a year.

East/West line rehabilitation and valuation of infrastructural assets

During the 2003/2004 financial year, Eswatini Railways completed the rehabilitation of the East/West line at a total cost of E123 975 938. While performing the rehabilitation, certain assets were replaced, while others were modified. On the completion of the exercise, it became difficult to determine the cost of assets removed and the cost of assets modified, and therefore the cost of the East/West line as a whole could not be determined.

As a consequence of the above, Eswatini Railways resolved to carry out an engineering valuation of the entire infrastructure. The applicable valuation method was the depreciated replacement cost as the assets of the Railway are highly specialised and their market value is not readily available. Eswatini Railways completed the valuation during the year ending 31 March 2013. The valuation considered depreciated replacement cost and value in use for the year ending 31 March 2013. This resulted in Eswatini Railways' property, plant and equipment being valued at E1.78 billion, with a net notional revaluation surplus of E1.53 billion after considering the carrying amount of the assets which was E256 million in the valuation year (2013). The results of the valuation are not accounted for in the financial statements in accordance with the accounting policy which requires Property, Plant and Equipment to be stated at cost less accumulated depreciation and accumulated impairment losses.

Financial investments

The balance for financial investments includes funds received from the Eswatini Government as equity for the development of Eswatini Rail Link (ESRL) project. The funds are ringfenced and are not available for operational use by ESR but solely for the resettlement of households affected by the project. The funds are invested in near cash facilities valued at E26 189 845 at the close of the financial year.

Going concern

The board of directors has evaluated all the events and conditions that may cast significant doubt on the ability of Eswatini Railways to continue as a going concern, and also its operations for the foreseeable future to reach a conclusion. The board believes that Eswatini Railways has adequate financial resources to continue in operation for the foreseeable future without the existence of a material uncertainty and accordingly the financial statements have been prepared on a going concern basis.

Refer to note 34 for additional details.

CORPORATE GOVERNANCE *(continued)*

Subsequent events

At the date of approval of the financial statements there were no material events that occurred subsequent to the reporting date that required adjustments to amounts recognised in the financial statements. However, refer to note 33 for additional details on events that require disclosure in the financial statements.

Directors

The directors of Eswatini Railways during the year and to the date of approval of the financial statements were as follows:

Ms Nonhlanhla Shongwe	Chairperson
Mr Nixon Dlamini	Chief Executive Officer
Mr Stephenson Ngubane	Member
Mr Jack Bello	Member
Ms Primrose D Dlamini	Member
Mr Sakhile Ndzimandze	Member
Ms Primrose W Dlamini	Member
Mr Thulani Mkhaliphi	Member
Mr Mfan'fikile Dlamini	Member (Appointed 1 November 2024)

Act. Secretary – Scribe

Mr Dennis Ntshangase

Declaration of dividends

A dividend determination for the current year to the Government of the Kingdom is still under consideration and will be finalised and communicated by the Eswatini Railways in time to comply with the dictates of the Dividend Policy.

Registered office

Postal Address	Physical address
Eswatini Railways P.O. Box 475 Mbabane H100	Eswatini Railways Building Dzeliwe Street Mbabane

Auditor

PricewaterhouseCoopers Eswatini is the independent auditor of Eswatini Railways.

Postal Address	Physical address
P O Box 569 Mbabane H100	Rhus Office Park Kal Grant Street Mbabane

DIRECTOR'S REPORT *(continued)*

for the year ended 31 March 2025

CORPORATE GOVERNANCE *(continued)*

Bankers and investees

Postal Address	Physical address
Nedbank Eswatini Limited P O Box 68 Mbabane H100	Nedbank Centre Swazi Plaza Mbabane
Stanlib Eswatini P O Box A294 Swazi Plaza H101	Ingcamu Building Mhlambanyatsi Road Mbabane
Standard Bank Eswatini P O Box A294 Swazi Plaza H101	Corporate Place Swazi Plaza Mbabane
Swaziland Building Society P O Box 300 Mbabane H100	Cnr Mdada & Dzeliwe Streets Mbabane
African Alliance Eswatini P O Box 5727 Mbabane H100	First Floor Matsapha Link Portion 3 of 582, Along Police College Road Lihawu Street, Matsapha
Inhlonhla P O Box 239 Swazi Plaza H101	Development House Swazi Plaza Mbabane
Old Mutual Eswatini P O Box 95 Mbabane H100	Public Service Pensions Fund Building Mhlambanyatsi Road Mbabane
AlphSZ Limited formerly Sanlam Investment Management Eswatini P O Box 8392 Mbabane H100	3rd Floor, Fincorp Building Corner Gwamile and Dabede Streets Mbabane

Lawyers

Postal Address	Physical address
Robinson Bertram P O Box 24 Mbabane H100	**Robinson Bertram** Ingcongwane Building Lot 44 and 45 Gwamile Street Mbabane
Dynasty Inc. Attorneys P O Box 3166 Mbabane H100	1st Floor, Suite 110A The New Mall Dr Sishayi Road Mbabane

FINANCIAL STATEMENTS

for the year ended 31 March 2025

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2025

	Notes	**2025** **E**	2024 E
Revenue	*9*	**392 140 941**	435 086 413
Other income	*10*	**44 143 277**	38 081 535
Operating expenses		**(255 244 834)**	(242 127 095)
Impairment on financial assets		**(7 653 001)**	–
Administration expenses		**(148 372 749)**	(146 273 639)
Operating profit	*6*	**25 013 634**	84 767 214
Finance income	*8*	**8 356 965**	13 529 604
Finance costs	*8*	**(25 631 494)**	(35 048 706)
Net finance costs	*8*	**(17 274 529)**	(21 519 102)
Profit before income tax		**7 739 105**	63 248 112
Income tax expense	*24*	**(3 258 035)**	(17 270 949)
Profit for the year		**4 481 070**	45 977 163
Other comprehensive income			
Items that may not be reclassified to profit or loss			
Equity investments at fair value through other comprehensive income-net changes in fair value	*20*	**167 400**	–
Total comprehensive income		**4 648 470**	45 977 163

STATEMENT OF FINANCIAL POSITION

as at 31 March 2025

	Notes	**2025** **E**	2024 E **Restated	2023 E **Restated
ASSETS				
Non-current assets				
Property, plant and equipment	*12*	**856 193 646**	847 928 950	671 960 991
Investment property	*11*	**4 337 084**	4 442 499	4 570 778
Equity investments at FVOCI	*13*	**2 536 908**	2 369 510	2 356 961
Deferred tax assets	*25*	**–**	–	12 400 022
		863 067 638	854 740 959	691 288 752
Current assets				
Inventory	*14*	**20 657 964**	29 342 800	24 696 980
Trade and other receivables	*15*	**94 887 851**	97 825 215	60 141 058
Investments	*23.1*	**114 127 759**	107 083 952	282 280 242
Cash and cash equivalents	*23*	**9 960 718**	22 099 815	9 875 595
Taxation prepaid	*28*	**6 840 804**	6 840 804	6 840 804
		246 475 096	263 192 586	383 834 679
Total assets		**1 109 542 734**	1 117 933 545	1 075 123 431
EQUITY				
Eswatini Government equity	*16*	**458 720 214**	446 780 425	446 780 425
General reserve	*18*	**100 639 062**	99 518 794	88 024 503
Capital reserve	*19*	**52 203 450**	54 951 000	57 698 550
Fair value reserve	*20*	**1 488 917**	1 321 517	1 321 517
Revaluation surplus		**319 636**	319 636	319 636
Retained earnings		**165 675 308**	159 566 956	124 336 534
		779 046 587	762 458 328	718 481 165
LIABILITIES				
Non-current liabilities				
Finance lease – non-current	*17*	**4 697 389**	1 916 614	46 231 065
Long term loans – non-current	*17*	**132 024 869**	152 983 097	161 495 064
Embedded derivatives	*31*	**–**	693 035	2 233 563
Deferred tax liability	*25*	**8 128 962**	4 870 927	–
		144 851 220	160 463 673	209 959 692
Current liabilities				
Trade and other payables	*21*	**117 792 407**	110 575 216	64 885 816
Finance lease – current	*17*	**2 253 656**	48 348 989	46 120 574
Long term loans – current	*17*	**40 610 032**	23 789 634	14 909 439
Payroll accruals	*22*	**8 399 590**	7 160 834	6 350 019
Bank overdraft	*23 & 23.1*	**16 589 242**	5 136 871	14 416 726
		185 644 927	195 011 544	146 682 574
Total liabilities		**330 496 147**	355 475 217	356 642 266
Total equity and liabilities		**1 109 542 734**	1 117 933 545	1 075 123 431

*** Comparative was restated to account for a reclassification of investments from cash and cash equivalents. Refer to note 35.*

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2025

	Eswatini Government equity E	General reserve E	Capital reserve E	Fair value reserve E
Year ended 31 March 2025				
Balance at 31 March 2024	**446 780 425**	**99 518 794**	**54 951 000**	**1 321 517**
Total comprehensive income for the year	**–**	**–**	**–**	**167 400**
Profit for the year	**–**	**–**	**–**	**–**
Other comprehensive income	**–**	**–**	**–**	**167 400**
Transfers to general reserve	**–**	**1 120 268**	**–**	**–**
Transfer from capital reserve	**–**	**–**	**(2 747 550)**	**–**
	446 780 425	**100 639 062**	**52 203 450**	**1 488 917**
Transactions with owners				
Contribution	**11 939 789**	**–**	**–**	**–**
Dividends	**–**	**–**	**–**	**–**
	11 939 789	**–**	**–**	**–**
Balance at 31 March 2025	**458 720 214**	**100 639 062**	**52 203 450**	**1 488 917**
Year ended 31 March 2024				
Balance at 31 March 2023	446 780 425	88 024 503	57 698 550	1 321 517
Total comprehensive income for the year	–	–	–	–
Profit for the year	–	–	–	–
Other comprehensive income	–	–	–	–
Transfers to general reserve	–	11 494 291	–	–
Transfer from capital reserve	–	–	(2 747 550)	–
	446 780 425	99 518 794	54 951 000	1 321 517
Transactions with owners				
Contribution	–	–	–	–
Dividends	–	–	–	–
Balance at 31 March 2024	446 780 425	99 518 794	54 951 000	1 321 517

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2025

Revaluation reserve E	Retained earnings E	Total E
319 636	**159 566 956**	**762 458 328**
–	**4 481 070**	**4 648 470**
–	**4 481 070**	**4 481 070**
–	**–**	**167 400**
–	**(1 120 268)**	**–**
–	**2 747 550**	**–**
319 636	**165 675 308**	**767 106 798**
–	**–**	**11 939 789**
–		
–	**–**	**11 939 789**
319 636	**165 675 308**	**779 046 587**
319 636	124 336 534	718 481 165
–	45 977 163	45 977 163
–	45 977 163	45 977 163
–	–	–
–	(11 494 291)	–
–	2 747 550	–
319 636	161 566 956	764 458 328
–	–	–
–	(2 000 000)	(2 000 000)
	(2 000 000)	(2 000 000)
319 636	159 566 956	762 458 328

STATEMENT OF CASH FLOWS

for the year ended 31 March 2025

	Notes	2025 E	2024 E **Restated
Cash flows from operating activities			
Cash generated by operations	*26*	**63 595 900**	107 425 473
Dividend received	*8*	**256 494**	313 949
Interest received	*8*	**363 628**	350 451
Interest paid	*8*	**(25 631 494)**	(34 680 478)
Net cash generated from operating activities		**38 584 528**	73 409 395
Cash flows from investing activities			
Proceeds from financial investment		**–**	186 508 417
Purchase of property, plant and equipment	*12*	**(26 663 397)**	(194 693 584)
Proceeds from disposal of assets		**–**	365 883
Net cash utilised in investing activities		**(26 663 397)**	(7 819 284)
Cash flows from financing activities			
Dividends paid		**–**	(2 000 000)
Finance lease repayment	*26.1*	**(47 689 914)**	(42 086 036)
Finance lease received	*26.1*	**4 375 356**	–
Project Funds received	*16*	**11 939 789**	–
Proceeds from Bank overdraft		**777 187 882**	–
Payment of Bank overdraft		**(760 598 640)**	–
Loan repayment	*26.1*	**(4 137 830)**	–
Net cash utilised in financing activities		**(18 923 357)**	(44 086 036)
Net movement in cash and cash equivalents		**(7 002 226)**	21 504 075
Cash and cash equivalents at the beginning of the year		**16 962 944**	(4 541 131)
Cash and cash equivalents at the end of the year	*23*	**9 960 718**	16 962 944

*** Comparative was restated to account for a reclassification of investments from cash and cash equivalents. Refer to note 35.*

MATERIAL ACCOUNTING POLICIES

for the year ended 31 March 2025

1. General information

Eswatini Railways is a parastatal which is wholly owned by the Government of the Kingdom of Eswatini.

Eswatini Railways is incorporated and domiciled in the Kingdom of Eswatini

Eswatini Railways was established and is governed by the Swaziland Railway Act of 1962, as amended.

Eswatini Railways owns railway infrastructure and controls local and international rail transportation in the Kingdom of Eswatini.

2. Summary of significant accounting policies

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

2.1 Statement of compliance and basis for preparation

The financial statements of Eswatini Railways have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Swaziland Railway Act of 1962, as amended.

The financial statements have been prepared on the historical cost basis except for financial assets valued at fair value.

The financial statements have been authorised for issue by the board of directors on 25 July 2025.

2.1.1 Use of judgements and estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 4 – Fair value measurements
- Notes 11 and 12 – Depreciation, useful lives and residual values of property, plant and equipment and investment property.
- Note 15 – Trade and other receivables
- Note 30 – Contingencies
- Note 31 – Embedded derivatives

2.1.2 Going concern

Eswatini Railways meets its day-to-day working capital requirements through the use of its cash reserves and bank facilities. Forecasts and projections, taking account of reasonably possible changes in trading performance, show that the entity should be able to operate within the level of its current resources and facilities. The directors have a reasonable expectation that the entity has adequate resources to continue in operational existence for the foreseeable future. Eswatini Railways therefore continues to adopt the going concern basis in preparing its financial statements.

MATERIAL ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2025

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

2.1 Statement of compliance and basis for preparation *(continued)*

2.1.3 Changes in accounting policies

A number of new standards were effective from 1 April 2024, but they do not have a material effect on Eswatini Railways' financial statements.

Number	Effective date	Executive summary
Amendments to IAS 1, 'Presentation of Financial Statements' – Non- current liabilities with covenants	Annual periods beginning on or after 1 January 2024 (Published January 2020 and November 2022)	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
Amendment to IFRS 16, 'Leases' – sale and leaseback	Annual periods beginning on or after 1 January 2024 (Published September 2022)	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
Amendments to Supplier Finance Arrangements (IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosure')	Annual periods beginning on or after 1 January 2024 (Published May 2023)	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

2.1.4 New standards and interpretations not yet adopted

At the date of authorisation of the financial statements of Eswatini Railways for the year ended 31 March 2025, the following Standards and Interpretations were in issue but not yet effective: The standards will be implemented at their respective date and are not expected to have a significant impact on Eswatini Railways.

MATERIAL ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2025

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

2.1 Statement of compliance and basis for preparation *(continued)*

2.1.4 New standards and interpretations not yet adopted *(continued)*

Number	Effective date	Executive summary
Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' – Lack of Exchangeability (Amendments to IAS 21)	Annual periods beginning on or after 1 January 2025 (Published August 2023)	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

Number	Effective date	Executive summary
Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" – Classification and Measurement of Financial Instruments	Annual periods beginning on or after 1 January 2026 (Published May 2024)	These amendments: ❍ clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; ❍ clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; ❍ add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and ❍ make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

MATERIAL ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2025

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

2.1 Statement of compliance and basis for preparation *(continued)*

2.1.4 New standards and interpretations not yet adopted *(continued)*

Number	Effective date	Executive summary
IFRS 18, 'Presentation and Disclosure in Financial Statements'	Annual periods beginning on or after 1 January 2027 (Published April 2024)	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.
IFRS 18, 'Presentation and Disclosure in Financial Statements'	Annual periods beginning on or after 1 January 2027 (Published April 2024)	IFRS 18 replaces IAS 1 'Presentation of Financial Statements' and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

MATERIAL ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2025

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

2.2 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. Eswatini Railways recognises revenue when it transfers control over a good or service to a customer.

Rental income – Income represents operating lease income and is accounted for under IFRS 16.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product/service	Nature and timing of satisfaction of performance obligations, including terms	Revenue recognition policies
Transit revenue	Transit revenue is recognised at a point in time and revenue can only be recognised after delivery. Invoices are usually payable by the customer within 30 days.	Revenue is recognised at a point in time based on the distance travelled.
Imports and exports	Import and export revenue is recognised at the point in time when sale has been commenced and control over the goods has been transferred.	Revenue is recognised at a point in time when the goods have been accepted by customers.

MATERIAL ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2025

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

2.3 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Eswatini Railways and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to write off the cost of each asset (less its residual value) over its estimated useful life. Depreciation is charged in full in the year of disposal.

The estimated useful lives are as follows:

Buildings	60 Years
Rolling stock	20 – 40 Years
Infrastructural assets	20 – 100 Years
Plant, machinery and furniture	5 – 20 Years
Motor vehicles	3 – 5 Years

Depreciation is not charged on land and certain Infrastructural Assets consisting mainly of earthworks, tunnels, roads and bridges and culverts. The cost of maintenance of these assets is written-off as it is incurred. Depreciation is charged on major projects from the time they are commissioned (when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management).

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit or loss. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

2.4 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, rather than for:

- sale in the ordinary course of business;
- 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 Eswatini Railways, and the cost or fair value of the investment property can be measured reliably.

Investment property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on the straight-line basis. The estimated useful life of the buildings is 60 years. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part of a property is recognised in the carrying amount of the investment property, the carrying amount of the replaced part of a property is derecognised.

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

MATERIAL ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2025

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

2.4 Investment property *(continued)*

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential is expected from the investment property.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in profit or loss when the compensation becomes receivable.

2.5 Impairment of non-financial assets

At each reporting date, Eswatini Railways reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units ("CGU's").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Eswatini Emalangeni (E), rounded to the nearest one, which is also Eswatini Railways' functional currency.

(b) Transactions and balances

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

All foreign exchange gains and losses are presented in profit or loss. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amounts are recognised in other comprehensive income. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss. Translation differences on non-monetary financial assets, such as equities, are included in other comprehensive income.

MATERIAL ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2025

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

2.7 Financial instruments

2.7.1 Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when Eswatini Railways becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

2.7.2 Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt instrument; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, unless Eswatini Railways changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, Eswatini Railways may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition Eswatini Railways may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so would eliminate or significantly reduce an accounting mismatch that would otherwise arise.

Financial assets – business model assessment

Eswatini Railways makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policy and objectives for the portfolio and the operation of those policies in practice.
- How the performance of the portfolio is evaluated and reported to Eswatini Railways' management.
- The risks that affect the performance of the business model and how these are managed.
- How managers of the business are compensated, and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales.

MATERIAL ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2025

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

2.7 Financial instruments *(continued)*

2.7.2 Classification and subsequent measurement *(continued)*

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, Eswatini Railways considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, Eswatini Railways considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit Eswatini Railways' claim to cash flows from specified assets.

Financial assets – subsequent measurement and gains and losses

Financial assets at FVTPL:
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost:
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity instruments at FVOCI:
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

See Accounting policy 2.19 for derivatives.

MATERIAL ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2025

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

2.7 Financial instruments *(continued)*

2.7.3 Derecognition

Financial assets

Eswatini Railways derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which Eswatini Railways neither transfers nor retains substantially all of the risk and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

Eswatin*i* Railways derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. Eswatini Railways also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

2.7.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, Eswatini Railways has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.7.5 Impairment

The entity recognises loss allowances for ECLs on:

Financial assets measured at amortised cost.

Eswatini Railways measures loss allowances at an amount equal to lifetime ECLs, except for the following which are measured at 12-month ECLs.

- debt securities that are determined to have low credit risk at the reporting date, and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument has not increased significantly since initial recognition).

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, Eswatini Railways considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the entity's historical experience and informed credit assessments including forward looking information.

Eswatini Railways assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

MATERIAL ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2025

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

2.7 Financial instruments *(continued)*

2.7.5 Impairment *(continued)*

The Railways considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the entity in full, without recourse by the entity to actions such as realising security if any is held, or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date or for a shorter period if the expected life of the instrument is less than 12 months.

The maximum period considered when estimating ECLs is the maximum contractual period over which Eswatini Railways is exposed to credit risk.

Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Railways in accordance with the contract and the cash flows that the Railways expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit impaired financial assets

At each reporting date, the Railways assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data.

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Railways on terms that the Railways would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation, or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-offs

The Railways writes off a receivable when there is information indicating that the counterparty is in severe difficulty and there is no realistic prospect of recovery e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Railways' procedures for recovery of amounts due.

MATERIAL ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2025

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

2.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call and other short-term highly liquid investments with original maturities of three months or less.

In the statement of cash flows, cash and cash equivalents includes bank overdrafts that are repayable on demand and fixed deposits which form an integral part of Eswatini Railways' cash management.

2.9 Finance income and finance costs

Eswatini Railways' finance income and finance costs include:

- interest income;
- interest expense;
- the net gain or loss on the disposal of investments in debt securities measured at FVOCI;
- the net gain or loss on financial assets at FVTPL; and
- the foreign currency gain or loss on financial assets and financial liabilities; impairment losses (and reversals) on investments in debt securities carried at amortised cost or FVOCI.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which Eswatini Railways' right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2.10 Leases

As a lessee

Eswatini Railways determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of asset leased. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable under a residual value guarantee.
- the exercise price under a purchase option that Eswatini Railways is reasonably certain to exercise; and
- lease payments in an optional renewal period if Eswatini Railways is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Eswatini Railways is reasonably certain not to terminate early.

MATERIAL ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2025

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

2.10 Leases *(continued)*

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in Eswatini Railways' estimate of the amount expected to be payable under a residual value guarantee, if Eswatini Railways changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

Eswatini Railways has elected not to recognise right-of-use assets and lease liabilities for leases of low- value assets and short-term leases, including IT equipment. Eswatini Railways recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, Eswatini Railways allocates the consideration in the contract to each lease component on the basis of their relative standalone prices. When Eswatini Railways acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, Eswatini Railways makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, Eswatini Railways considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

When Eswatini Railways is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, without reference to the underlying asset. If a head lease is a short-term lease to which Eswatini Railways applies the exemption described above, then it classifies the sub-lease as an operating lease.

Eswatini Railways recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of other income.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventory is based on the first-in-first-out principle and includes expenditure in acquiring the inventories and other costs in bringing them to their existing location and condition.

Net realisable value is the estimated selling price less the cost to sell where inventories are not for own use.

2.12 Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Railways as well as other income and expenses related to operating activities. Operating profit excludes net finance costs and income taxes.

MATERIAL ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2025

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

2.13 General reserve

It is Eswatini Railways' policy to transfer up to 25% of the profit for the year after taxation to the general reserve. The transfer is done through the statement of changes in equity.

2.14 Government grants

Capital based Government grants are included directly in the statement of changes in equity, as Eswatini Railways is wholly owned by the Government of the Kingdom of Eswatini. The grants received are used for expenditure on capital projects. The Government grant is decreased annually by the amount of depreciation charged to the assets for which the capital grants were used.

2.15 Employee benefits

(a) Pension Obligations

The Eswatini Railways Provident Fund is a defined contribution plan. For defined contribution plans Eswatini Railways pays contributions to publicly or privately administered pension plans on a mandatory, contractual, or voluntary basis. Once the contributions have been paid, Eswatini Railways has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due, and as such are included in staff costs in profit or loss.

Eswatini Railways also has a defined benefit plan, Eswatini Railways Pension Fund. This defined benefit plan provides eligible employees guaranteed income for life when they retire. Eswatini Railways makes a specific retirement benefit provision for each participant that is based on the employees' years of service. Eswatini Railways Pension Fund is a closed fund and will be terminated once there are no longer pensioners.

(b) Terminal Benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. Eswatini Railways recognises termination benefits when it is demonstrably committed either to terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

(c) Short-term employee benefits

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

MATERIAL ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2025

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

2.16 Taxation

The income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred income taxes

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that Eswatini Railways is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of Eswatini Railways.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Deferred tax assets and liabilities are offset if, and only if:

(a) there is a legally enforceable right to set off current tax assets and liabilities, and

(b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts.

MATERIAL ACCOUNTING POLICIES *(continued)*

for the year ended 31 March 2025

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

2.17 Derivative financial instruments

Embedded derivatives are separated from host contracts and are accounted for separately if certain criteria are met.

Derivatives are initially measured at fair value. Any directly attributable transactions costs are recognised in profit or loss as incurred. Subsequent to initial recognition derivatives are measured at fair value, and changes therein are recognised in profit or loss.

2.18 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.19 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2025

3. Financial risk management

3.1 Financial risk factors

Eswatini Railways' activities expose it to a variety of financial risks, the most important being market risk, credit risk, and liquidity risk.

Eswatini Railways' overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of Eswatini Railways.

(a) Market risk

Market risk includes currency risk, interest rate risk and equity price risk. The board continuously monitors the fluctuations and appropriate action is taken.

(i) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

For equity investments listed on the Eswatini Stock Exchange (ESE) 11.8% percent increase in share price for Royal Eswatini Sugar Corporation has increased total comprehensive income by E167 400 (2024:0); an equal change in the opposite direction would have decreased profit or loss by E167 400 (2024: E0). The analysis is performed on the same basis for 2024, which is the fair value of the Royal Eswatini Sugar Corporation Limited equity.

The Swaziland Building Society Permanent shares are not exposed to price risk as they are not traded.

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

Eswatini Railways' income and operating cash flows are affected, but not to a significant extent, by changes in market interest rates. Interest rate risk arises from borrowings and investments. Borrowings and investments issued at variable rates expose Eswatini Railways to cash flow interest rate risk. Borrowings and investments issued at fixed rates expose Eswatini Railways to fair value interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2025

3. Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(ii) Cash flow and fair value interest rate risk *(continued)*

Eswatini Railways' borrowings and investments are mainly variable interest rate borrowings and as such they expose the Railways to cash flow interest rate risk. The sensitivity of these borrowings can be shown as follows:

	2025 **E**	2024 E
Current finance lease liabilities	**(2 253 656)**	(48 348 989)
Non-current finance lease liabilities	**(4 697 389)**	(1 916 614)
Current portion of long-term loans	**(40 610 032)**	(23 789 634)
Non-current portion of long-term loans	**(132 024 869)**	(152 983 097)
Financial investments at fair value through profit or loss	**93 671 759**	86 211 567
Financial investments at amortised cost	**20 456 000**	20 872 384
Total variable rate instruments	**(65 458 187)**	(119 954 383)
Interest rate fluctuation	**1%**	1%
Additional interest payable	**(654 582)**	(1 199 544)
Tax effect (at 27.5%)	**180 010**	329 875
Net of tax effect	**(474 572)**	(869 669)

(iii) Foreign exchange risk

Foreign currency exchange risk is the risk that the financial instruments that are denominated in foreign currency will fluctuate due to changes in foreign exchange rates.

Eswatini Railways' exposure to currency risk at the reporting date consists of trade receivables, trade payables, derivative financial instruments and finance lease liabilities. Trade receivables and trade payables with South African counterparts have no exchange rate differences because the Eswatini Emalangeni (SZL), and the South African Rand (ZAR) are linked at par.

The finance lease liabilities with Thelo Rolling Stock were denominated in US dollars until 31 May 2016. A new agreement was re-negotiated between Thelo Rolling Stock and Eswatini Railways. The new agreement is quoted in local currency (Emalangeni). Exchange differences that occurred up to 31 May 2016 were recognised in profit or loss.

The following exchange rates applied during the year for Eswatini Railways:

	Reporting date Bank selling rate	
	2025 **E**	2024 E
USD 1	18.27	18.74

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2025

3. Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(iii) Foreign exchange risk *(continued)*

	Average rate	
	2025	2024
	E	E
USD 1	18.29	18.73

Sensitivity analysis

At 31 March 2025, there were no foreign currency denominated financial instruments. As such, no sensitivity analysis has been presented.

(b) Credit risk

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

Credit risk arises from cash and cash equivalents, deposits with financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Eswatini Railways' cash equivalents and short-term deposits are placed with reputable financial institutions. Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The carrying amounts of financial assets included in the statement of financial position represent Eswatini Railways' maximum exposure to credit risk in relation to these assets.

Eswatini Railways has significant exposure spread over six individual customers.

Management does not expect any losses from non-performance by any of its counterparties.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2025

3. Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk

Liquidity risk is the risk that Eswatini Railways will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Eswatini Railways remains confident that the available cash resources and borrowing facilities will be sufficient to meet its funding requirements.

Management monitors rolling forecasts of liquidity reserves (which comprise undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flows.

The table below analyses Eswatini Railways' financial assets and liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 Year E	Between 2 and 5 years E	Over 5 years E
Non derivative financial assets			
At 31 March 2025			
Financial assets – FVOCI (Note 13)	**–**	**2 536 908**	**–**
Financial assets – amortised cost	**20 456 000**	**–**	**–**
Financial assets – fair value	**93 671 759**	**–**	**–**
Cash and bank balances (Note 23)	**9 960 718**	**–**	**–**
Trade and other receivables (Note 15)	**98 989 124**	**–**	**–**
	223 077 601	**2 536 908**	**–**
At 31 March 2024			
Financial assets – FVOCI (Note 13)	–	2 369 510	–
Financial assets – amortised cost	20 872 384	–	–
Financial assets – Fair value	86 211 567	–	–
Cash and bank balances (Note 23)	22 099 815	–	–
Trade and other receivables (Note 15)	102 126 214	–	–
	231 309 980	2 369 510	–

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2025

3. Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk *(continued)*

	Less than 1 Year E	Between 2 and 5 years E	Over 5 years E
Non-derivative financial liabilities			
At 31 March 2025			
Trade and other payables	**117 183 371**	**–**	**–**
Bank overdraft	**16 589 242**	**–**	**–**
Long term loans and borrowings	**42 863 688**	**136 722 258**	**–**
	176 636 301	**136 722 258**	**–**
At 31 March 2024			
Trade and other payables	110 575 216	–	–
Long term loans	23 789 634	152 983 096	–
	134 364 850	152 983 096	–
Derivative financial liabilities			
At 31 March 2025			
Embedded derivative	**–**	**–**	**–**
	–	**–**	**–**
At 31 March 2024			
Embedded derivative	–	693 035	–
	–	693 035	–

Refer to note 17.1 for disclosures lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2025

3. Financial risk management *(continued)*

3.2 Capital risk management

Eswatini Railways' objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, Eswatini Railways may adjust the amount of contributions from shareholders, return capital to shareholders or sell assets to reduce debt.

Consistent with others in industry, Eswatini Railways monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 31 March 2025 and 31 March 2024 were as follows:

	2025 **E**	2024 E
Total borrowings (note 17)	**196 175 188**	232 175 205
Cash and bank balances (note 23)	**(9 960 718)**	(22 099 815)
Net debt	**186 214 470**	210 075 390
Total equity	**779 046 587**	762 458 328
Total capital	**965 261 057**	972 533 718

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2025

4. Fair value measurements

The table below analyses amounts carried at fair value by the level of fair value hierarchy. The fair value hierarchy depends on the extent to which quoted prices are used in determining the fair value of the specific instruments. The different levels are defined as follows:

Level 1: Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities. These are readily available in the market and are normally obtainable from multiple sources.

Level 2: Fair value is based on input other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value is based on input for the asset or liability that is not based on observable market data (i.e. unobservable inputs).

The following table presents the Railways assets and liabilities that are measured at fair value at 31 March.

	Level 1 **E**	**Level 2** **E**	**Level 3** **E**
At 31 March 2025			
Assets			
Financial assets	**1 581 000**	**955 908**	**–**
At 31 March 2024			
Assets			
Financial assets	–	2 369 510	–
Liabilities			
Embedded derivative	–	693 035	–

Inputs on level 1 and Level 2

Level 1 financial instruments are based on quoted prices for The Royal Eswatini Sugar Corporation Limited shares which are listed on the Eswatini Stock Exchange. Swaziland Building Society Permanent shares are not quoted and are redeemable at cost.

Level 1 investment, share price per Eswatini Stock Exchange was E17 as at 31 March 2025. Level 2 investment, the value is based on the initial investment plus interest on the investment

5. Critical accounting estimates and assumptions

Eswatini Railways makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The valuation of derivatives are accounting estimates that could have a risk of causing adjustments to the carrying amounts of assets and liabilities within the next financial year. At year end accounting estimates and assumptions were included in the assessment of the following:

	2025 **E**	2024 E
Depreciation (notes 11 and 12)	**18 283 742**	18 544 788
Deferred tax liability (Note 25)	**(8 128 962)**	(4 870 927)
Embedded derivatives (Note 31)	**–**	693 035
Expected credit losses	**7 653 001**	(932 813)
Financial assets measured at fair value through profit or loss	**93 671 759**	86 211 567
Financial assets measured at fair value through OCI	**2 536 908**	2 369 510

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2025

6. Operating profit

	2025 **E**	2024 E
Operating profit is arrived at after taking into account the following:		
Auditor's remuneration	**649 387**	1 016 615
Depreciation	**18 283 742**	18 544 788
Directors' emoluments		
– Sitting allowances	**339 600**	419 207
– Board committee sessions – other expenses	**563 595**	321 249
– Retainer fees	**229 000**	155 365
Loss/(profit) on disposal of property, plant and equipment	**220 377**	(56 767)
Repairs and Maintenance	**59 760 418**	51 789 609
PEU management fees	**3 548 760**	2 605 711

7. Employee benefit expenses

	2025 **E**	2024 E
13th cheque	**5 501 036**	5 417 912
Gratuity	**1 006 778**	917 418
Medical aid	**7 066 017**	6 404 771
Pension and provident fund	**10 064 754**	9 999 805
Terminal benefits	**3 444 599**	10 758 176
Salaries, wages and allowances	**115 184 439**	111 885 777
	142 267 623	145 383 859

The average number employees during the year was **386** (2024: 355)

8. Net finance costs

	2025 **E**	2024 E
Finance income:		
Fair value changes in embedded derivatives	**–**	1 540 528
Dividend income	**256 494**	313 949
Interest on call accounts	**363 628**	350 451
Interest income on financial investments	**7 736 843**	11 324 676
Total finance income	**8 356 965**	13 529 604
Finance costs:		
Interest expense on finance lease liabilities and bank loans	**(25 631 494)**	(35 048 706)
Total finance costs	**(25 631 494)**	(35 048 706)
Net finance (costs)	**(17 274 529)**	(21 519 102)

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2025

9. Revenue

	2025 **E**	2024 E
Revenue comprises the following:		
Transit revenue	**340 080 391**	385 713 916
Exports	**33 706 386**	29 347 449
Imports	**18 354 164**	20 025 048
	392 140 941	435 086 413

10. Other income

	2025 **E**	2024 E
(Loss)/profit on disposal of assets	**(220 377)**	56 767
Passenger revenue	**1 994 189**	2 364 874
Demurrage and storage	**17 425 252**	9 189 729
Sundry income	**5 259 015**	5 149 222
Rental income	**19 685 198**	21 320 943
	44 143 277	38 081 535

11. Investment property

	2025 **E**	2024 E
Opening balance	**4 442 499**	4 570 778
Depreciation	**(105 415)**	(128 279)
Closing balance	**4 337 084**	4 442 499
Cost	**7 780 911**	7 780 911
Accumulated depreciation	**(3 443 827)**	(3 338 412)
Carrying value	**4 337 084**	4 442 499

Amounts recognised in profit or loss for investment properties

	2025 **E**	2024 E
Rental income from operating leases	**19 685 198**	21 320 943

Investment property comprises Eswatini Railways owned properties at Sidvokodvo and Matsapha that are leased to third parties. Subsequent renewals are negotiated with the lessee annually. No contingent rentals are charged. These properties are valued on the historical cost basis. A register of properties owned by Eswatini Railways is available for inspection at the registered office.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2025

12. Property, plant and equipment

	Buildings E	Rolling stock E	Machinery, equipment and furniture E
Cost			
Balance at 1 April 2024	**29 025 776**	**320 706 044**	**31 890 089**
Additions	**47 904**	**–**	**515 696**
Disposals	**–**	**–**	**(110 455)**
Balance at 31 March 2025	**29 073 680**	**320 706 044**	**32 295 330**
Accumulated depreciation and impairment			
Balance at 1 April 2024	**(18 661 249)**	**(96 817 976)**	**(26 191 633)**
Depreciation for the year	**(415 376)**	**(10 203 593)**	**(1 060 984)**
Disposals	**–**	**–**	**110 455**
Balance at 31 March 2025	**(19 076 625)**	**(107 021 569)**	**(27 142 162)**
Carrying value	**9 997 055**	**213 684 475**	**5 153 168**
Cost			
Balance at 1 April 2023	29 025 776	311 839 866	28 536 445
Additions	–	8 866 178	3 374 442
Disposals	–	–	(20 798)
Balance at 31 March 2024	29 025 776	320 706 044	31 890 089
Accumulated depreciation and impairment			
Balance at 1 April 2023	(18 204 264)	(86 872 980)	(24 725 802)
Depreciation for the year	(456 985)	(9 944 996)	(1 486 629)
Disposals	–	–	20 798
Balance at 31 March 2024	(18 661 249)	(96 817 976)	(26 191 633)
Carrying value	10 364 527	223 888 068	5 698 456

Buildings and infrastructural assets are included at revalued amounts established on 21 September 1977. Land in Ezulwini Valley costing E11 250 000 was acquired on 1 June 2018. The land was financed through a loan from Nedbank at an interest rate of prime.

Buildings, land and surveys comprise 19 properties situated in the Manzini, Hhohho and Lubombo Districts of the Kingdom of Eswatini. A register of properties owned by Eswatini Railways is available for inspection at the registered office.

Infrastructural Assets comprise the Permanent Way, Tunnels, Bridges and Culverts, Water Supplies, Telecommunications Systems, Signalling, Crossings, Signs and Fencing along the line.

Assets pledged as collateral for borrowings have been disclosed in note 17.

Refer to note 17.1 for details of Property, Plant and Equipment held under finance leases.

Property, plant and equipment includes fully depreciated items which are still in use with an initial cost of **E83 346 772** (2024: E69 492 342).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2025

Infrastructural Assets E	Motor vehicles E	Land and surveys E	Work in progress E	Total E
296 101 451	**57 492 835**	**12 952 344**	**407 015 574**	**1 155 184 113**
–	**2 945 917**	**–**	**23 153 880**	**26 663 397**
–	**(680 855)**	**–**	**–**	**(791 310)**
296 101 451	**59 757 897**	**12 952 344**	**430 169 454**	**1 181 056 200**
(124 899 527)	**(40 668 358)**	**(16 420)**	**–**	**(307 255 163)**
(3 395 386)	**(3 102 988)**	**–**	**–**	**(18 178 327)**
–	**460 481**	**–**	**–**	**570 936**
(128 294 913)	**(43 310 865)**	**(16 420)**	**–**	**(324 862 554)**
167 806 538	**16 447 032**	**12 935 924**	**430 169 454**	**856 193 646**
295 569 309	58 404 061	12 952 344	225 094 752	961 422 553
532 142	–	–	181 920 822	194 693 584
–	(911 226)	–	–	(932 024)
296 101 451	57 492 835	12 952 344	407 015 574	1 155 184 113
(121 457 808)	(38 184 288)	(16 420)	–	(289 461 562)
(3 441 719)	(3 086 180)	–	–	(18 416 509)
–	602 110	–	–	622 908
(124 899 527)	(40 668 358)	(16 420)	–	(307 255 163)
171 201 924	16 824 477	12 935 924	407 015 574	847 928 950

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2025

13. Equity investments at FVOCI

	2025 E	2024 E
Non-current		
Financial assets	**2 536 908**	2 369 510
	2 536 908	2 369 510

13.1 Equity investments at FVOCI include the following:

	2025 E	2024 E
Listed investments		
The Royal Eswatini Sugar Corporation Limited – 93 000 ordinary shares at quoted market value	**1 581 000**	1 413 600
	1 581 000	1 413 600
Unlisted investments		
Swaziland Building Society permanent shares	**955 908**	955 910

The cost of the Swaziland Building Society permanent shares approximates fair value. The shares will be redeemed at nominal value.

14. Inventory

	2025 E	2024 E
Ballast	**573 024**	1 237 451
Concrete and timber sleepers	**4 982 300**	5 312 950
Petrol, diesel and spares	**6 529 298**	10 093 657
Rails	**8 036 753**	8 847 531
Wheel sets	**536 589**	3 851 211
	20 657 964	29 342 800

Inventories recognised as an expense during the year amounted to E394 441 801 (2024: 432 724 903).

15. Trade and other receivables

	2025 E	2024 E
Transnet Freight Rail	**56 676 685**	57 499 006
African Rail and Traction	**–**	1 195 599
Grindrod Logistics Africa	**12 973 502**	26 008 162
Traffic receivables	**21 080 759**	1 472 226
Allowance for credit losses	**(11 954 000)**	(4 300 999)
Trade receivables-net	**78 776 946**	81 873 994
Sundry receivables	**8 716 911**	2 839 871
Staff receivables	**26 444**	1 430
Prepayments	**2 218 560**	2 759 307
Value Added Tax refund	**5 148 990**	9 510 017
Fuel levy refund receivable	**–**	840 596
Other receivables	**16 110 905**	15 951 221
Total trade and other receivables	**94 887 851**	97 825 215

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2025

15. Trade and other receivables *(continued)*

The loss allowances for trade receivables as at 31 March reconcile to the opening loss allowances as follows:

	2025 **E**	2024 E
Opening balance	**4 300 999**	5 233 812
Unused amount reversed	**–**	(932 813)
Increase in loss allowance in profit or loss during the year	**7 653 001**	–
	11 954 000	4 300 999

The above values of trade and other receivables approximate fair value. Concentration of credit risk is in respect of storage and rental customers. As of 31 March 2025, **E11 954 000** (2024: E4 300 999), has been provided for as impaired. The railage customers including Transnet Freight Rail have no history of default unless there is a dispute on the invoice where the parties engage each other. Management believes that there is no additional credit risk with respect to accounts receivable and no further allowance for credit losses is considered necessary. Eswatini Railways does not hold any collateral as security.

	Gross **2025** **E**	**Impairment** **2025** **E**	Gross 2024 E	Impairment 2024 E
The ageing of trade and other receivables as at the reporting date was as follows:				
Not past due	**94 887 851**	**–**	97 825 215	–
Past due	**11 954 000**	**(11 954 000)**	4 300 999	(4 300 999)
	106 841 851	**(11 954 000)**	102 126 214	(4 300 999)

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

The carrying amount of trade and other receivables is denominated in the following currencies:

	2025 **E**	2024 E
Rand (ZAR)	**56 676 685**	58 694 605
Lilangeni (SZL)	**50 165 166**	43 431 609
	106 841 851	102 126 214

The Rand and the Lilangeni are linked in a ratio of 1:1.

16. Eswatini government equity

Opening balance	**446 780 425**	446 780 425
Contribution	**11 939 789**	–
	458 720 214	446 780 425

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2025

17. Borrowings

	2025 **E**	2024 E
Standard Bank Eswatini – Mpaka ICD loan	**5 304 072**	7 434 963
Nedbank Eswatini Limited – land loan	**958 227**	3 257 972
The Public Service Pensions Fund	**166 372 602**	166 079 795
Finance lease liabilities (note 17.1)	**6 951 045**	50 265 603
Total liabilities	**179 585 946**	227 038 333
Analysed as:		
Non-current		
Finance lease liabilities (note 17.1)	**4 697 389**	1 916 614
Long term loans	**132 024 869**	152 983 096
	136 722 258	154 889 710
Current		
Finance lease liabilities (note 17.1)	**2 253 656**	48 348 989
Long term loans	**40 610 032**	23 789 634
	42 863 688	72 138 623

The Nedbank long term loans were advanced to acquire land at Ezulwini, locomotives and wagons, and these are secured by the following:

- First Continuing Covering Mortgage Bond for E11 250 000 over portion 10 (a portion of portion 1) of Farm No. 850 Hhohho District, Eswatini.
- Lien over assets financed under RCL facility;
- Comprehensive insurance cover over assets financed under RCL facility with Nedbank Eswatini Limited noted as first loss payer; and
- Lien over funds held on corporate deposits restricted to E15 million.
- Deed of hypothecation of E46 575 000 over locomotives, wagons, and other moveable assets.

A loan amounting to E150 000 000 was received from The Public Service Pensions Fund. The loan attracts interest annually at Prime plus 1%. The principal and interest portion of the loan is paid annually on the 3rd May over 5 years to 2029 following a roll forward agreement concluded in May 2024 in line with the provision of the original loan agreement.

17.1 Finance lease liabilities

	Future minimum lease payments		Finance costs		Present value of future lease payments	
	2025 **E**	2024 E	**2025** **E**	2024 E	**2025** **E**	2024 E
Finance lease liabilities are payable as follows:						
Less than one year	**2 881 478**	48 348 989	**627 822**	3 735 529	**2 253 656**	48 348 989
Over one year	**5 520 180**	1 916 614	**822 791**	–	**4 697 389**	1 916 614
	8 401 658	50 265 603	**1 450 613**	3 735 529	**6 951 045**	50 265 603

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2025

17. Borrowings *(continued)*

The finance lease liabilities relate to 18 (2024: 16) motor vehicles, four locomotives and seventy-five wagons which were acquired through finance lease agreements from Nedbank Eswatini Limited and Thelo Rolling Stock (Pty) Ltd respectively.

The interest rate implicit in the lease agreements, differs from asset to asset, and on rates obtained on acquisition of the assets. The payments fall due on the first of each month.

All the risk of loss, damage, destruction or otherwise in and onto the vehicles, locomotives and wagons were passed to Eswatini Railways on signature of the agreements.

The lease liability is secured by motor vehicles, locomotives and wagons (note 12) and are repayable over a maximum period of 120 months (refer to the reconciliation of the minimum lease payments above). The lease agreements for locomotives and wagons from Thelo Rolling Stock (Pty) Ltd are repayable in instalments of E4 030 581 per month and are subject to changes in the prime rate and LIBOR rate. The renegotiated lease agreement contains an embedded derivative that is disclosed in note 31.

18. General reserve

	2025 **E**	2024 E
Opening balance	**99 518 794**	88 024 503
Transfer from retained earnings		
25% of current year profits after taxation.	**1 120 268**	11 494 291
Balance at year end	**100 639 062**	99 518 794

It is the policy of the Railways to transfer 25% of profits after taxation to a general reserve account through an appropriation of retained earnings. This is accounted for through the Statement of Changes in Equity.

19. Capital reserve

	2025 **E**	2024 E
East/West line – concrete sleepers	**15 800 000**	15 800 000
East/West line rehabilitation	**87 150 000**	87 150 000
Matsapha Dry Port	**6 952 000**	6 952 000
	109 902 000	109 902 000
Release of depreciation:		
Prior years	**(54 951 000)**	(52 203 450)
Current year	**(2 747 550)**	(2 747 550)
Balance at year end	**52 203 450**	54 951 000

These amounts relate to a grant received from the Government of Eswatini for the rehabilitation of the East/West Line and the Matsapha dry port expansion.

An amount equivalent to depreciation charged to profit or loss relating to the assets acquired, as stated above, is released from capital reserve each year. This is accounted for through the Statement of Changes in Equity.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2025

20. Fair value reserve

	2025 **E**	2024 E
Balance at the beginning of the year	**1 321 517**	1 321 517
Disposal of investment in current year	**–**	–
Current year fair value (losses)/gains	**167 400**	–
Balance at year end	**1 488 917**	1 321 517

The fair value reserve arises from fair value gains on financial assets. (note 13.1)

21. Trade and other payables

	2025 **E**	2024 E
Trade payables and other payables	**88 657 285**	81 250 959
Accruals	**29 135 122**	29 324 257
	117 792 407	110 575 216

22. Payroll accruals

	2025 **E**	2024 E
Leave pay	**5 205 860**	4 907 964
13th cheque	**1 497 141**	1 398 132
Gratuity	**1 696 589**	854 738
	8 399 590	7 160 834

22.1 Reconciliation of movements in payroll accruals

	2025 **E**	2024 E
Opening balance	**7 160 834**	6 350 019
Current year movement	**1 238 756**	810 815
Closing balance	**8 399 590**	7 160 834

Leave pay

This amount represents a liability in respect of employees' leave days not utilised at year end. The entire amount of the provision is presented as current, since the Railways does not have a right, at the end of the reporting period, to defer settlement for any of these obligations beyond 12 months.

13th cheque

This relates to the 13th salary cheque that is paid to all permanent employees. The 13th cheque will be paid in December 2025.

Gratuity

An accrual is made for payments in accordance with the renewable contracts of eligible employees. The accrual is calculated at the percentage rate of the value of the annual salary included in the remuneration package of the employees as at the terminal date recognised over the number of completed years of service. If an employee leaves before end of the contract the gratuity is not paid to the employee.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2025

23. Cash and cash equivalents

	2025 E	2024 E
Cash on hand	**1 959**	3 680
Short-term deposits	**9 958 759**	22 096 135
Cash and cash equivalents	**9 960 718**	22 099 815
Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:		
Bank overdraft	**–**	(5 136 871)
Cash, cash equivalents and bank overdrafts	**9 960 718**	16 962 944

23.1 Investments

	2025 E	2024 E
Investments held at FVTPL	**93 671 759**	86 211 567
Investments held at amortised cost	**20 456 000**	20 872 384
	114 127 759	107 083 951
Investments held at FVTPL		
Money market fund		
African Alliance	**60 585 664**	35 574 565
Alphsz Limited	**5 193 674**	12 191 425
Old Mutual	**13 654 353**	25 209 372
Stanlib	**1 205**	1 108
Inhlohla	**8 890 109**	8 290 770
Prime linked investment		
Swaziland Building Society	**5 346 754**	4 944 327
	93 671 759	86 211 567
Investments held at amortised cost		
Nedbank Fixed deposit	**20 456 000**	20 872 384

The Railways has an overdraft facility of E25 000 000, obtained for the purpose of working capital, at rates linked to the prime overdraft rate and is payable on demand. At year end the rate was 10.5% (2024: 11%).

An amount of E26 189 845 is set aside to exclusively fund Eswatini Rail Link project activities. These funds are held with Alphsz Limited, Old Mutual and African Alliance.

**Comparative was restated to account for a reclassification of investments from cash and cash equivalents. Refer to note 35

23.2 Bank overdraft

	2025 E	2024 E
Bank overdraft	**16 589 242**	–

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2025

24. Income tax expense

	2025 E	2024 E
Current income tax	–	–
Deferred income tax	**3 258 035**	17 270 949
	3 258 035	17 270 949

Eswatini Railways had an estimated tax loss at 31 March 2025 which is available for setoff against future taxable income amounting to **E47 465 619** (2024: E72 811 035).

The reconciliation between accounting profit and the tax expense is as follows:	2025 E	2024 E
Profit before income tax	**7 739 105**	63 248 112
Tax calculated at a tax rate of **27.5%** (2024: 27.5%)	**2 128 254**	17 393 230
Expenses not deductible for tax purposes	**560 963**	394 646
Change in tax rate	**812 896**	(487 093)
Prior year tax – deferred tax	**(244 078)**	(29 834)
	3 258 035	17 270 949

Tax rate changed from 27.5% to 25% on the 1st of July 2024.

25. Deferred tax liability

Deferred income taxes are calculated in full on temporary differences under the liability method using a tax rate of 25% (2024: 27.5%).

The gross movement on the deferred income tax account is as follows:

	2025 E	2024 E
At the beginning of the year as previously reported	**(4 870 927)**	12 400 022
Income tax charge to statement of comprehensive income (note 24)	**(3 258 035)**	(17 270 949)
At the end of the year	**(8 128 962)**	(4 870 927)

	Estimated loss E	Accelerated depreciation E	Provisions and prepayments E	Derivative financial instruments E	Total E
As at 31 March 2025					
Opening balance	**18 029 500**	**(30 243 576)**	**7 169 890**	**173 259**	**(4 870 927)**
Charged to statement of comprehensive income	**(6 163 095)**	**121 186**	**2 957 133**	**(173 259)**	**(3 258 035)**
At 31 March 2025	**11 866 405**	**(30 122 390)**	**10 127 023**	**–**	**(8 128 962)**
As at 31 March 2024					
Opening balance	37 472 996	(33 126 519)	7 439 315	614 230	12 400 022
Charged to statement of comprehensive income	(19 443 496)	2 882 943	(269 425)	(440 971)	(17 270 949)
At 31 March 2024	18 029 500	(30 243 576)	7 169 890	173 259	(4 870 927)

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2025

Deferred tax assets and liabilities have been offset and disclosed on a net basis in the financial statements since they relate to income taxes levied by the same tax authority (Eswatini Revenue Service) on the same taxable entity and the entity intends to settle its tax liabilities and assets on a net basis.

26. Cash generated from operations

	2025 E	2024 E
Profit before income tax	**7 739 105**	63 248 112
Adjusted for:		
Depreciation of property, plant and equipment (note 12)	**18 178 327**	18 416 509
Depreciation of investment property (note 11)	**105 415**	128 279
Loss/(profit) on disposal of property, plant and equipment (note 6)	**220 377**	(56 767)
Investment income (note 8)	**(8 356 965)**	(11 989 076)
Interest expense (note 8)	**25 631 494**	35 048 706
Fair value change in embedded derivative (note 8)	**–**	(1 540 528)
	43 517 753	103 255 235
Changes in working capital		
– Inventories	**8 684 836**	(4 645 820)
– Trade and other receivables	**2 937 364**	(37 684 157)
– Trade and other payables	**7 217 191**	45 689 400
– Payroll accruals	**1 238 756**	810 815
Cash generated from operations	**63 595 900**	107 425 473

26.1 Cash flow from financing activities

	2025 E	2024 E
Long term debt reconciliation		
Borrowings at the beginning of the year	**176 772 731**	176 404 503
Current	**23 789 634**	14 909 439
Non-current	**152 983 097**	161 495 064
Cashflows	**(4 137 830)**	–
Repayment of borrowings	**(4 137 830)**	–
Proceeds	**–**	–
Accrued interest	**–**	368 228
Borrowings at the end of the year	**172 634 901**	176 772 731
Current	**40 610 032**	23 789 634
Non-current	**132 024 869**	152 983 097
Finance lease reconciliations		
Finance lease at the beginning of the year	**50 265 603**	92 351 639
Current	**48 348 989**	46 120 574
Non-current	**1 916 614**	46 231 065
Cashflows	**(43 314 558)**	(42 086 036)
Repayment of finance lease	**(47 689 914)**	(42 086 036)
Finance lease received	**4 375 356**	–
Finance lease at the end of the year	**6 951 045**	50 265 603
Current	**2 253 656**	48 348 989
Non-current	**4 697 389**	1 916 614

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2025

27. Related parties

Eswatini Railways is a wholly owned Eswatini Government parastatal. Eswatini Government is the ultimate parent company.

Government of the Kingdom of Eswatini.

The Railways received Funds for a project in the current year from Eswatini Government.

	2025 **E**	2024 E
Project Funds received	**11 939 789**	–
Dividend paid	**–**	2 000 000

Certain transactions are conducted on an arm's length basis with parastatals owned by the Government of the Kingdom of Eswatini including, but not limited to electricity, water, telephone, municipal rates and taxes, corporate taxes and PEU Management fees.

	2025 **E**	2024 E
PEU Management fees	**3 548 760**	2 605 711

Key Management Compensation

Compensation for directors includes the Chief Executive Officer's salary and post-employment benefits. Key management personnel comprise of the Director Finance, Director Technical Services and Operations, Director Corporate Services and Director Business Development.

	Directors **E**	**Key management personnel** **E**	**Total** **E**
2025			
Short term employee benefits	**2 163 773**	**5 896 339**	**8 060 112**
Post-employment benefits	**–**	**–**	**–**
	2 163 773	**5 896 339**	**8 060 112**
2024			
Short term employee benefits	2 114 436	3 492 374	5 606 810
Post-employment benefits	–	–	–
	2 114 436	3 492 374	5 606 810

Non-executive Directors' emoluments is disclosed in note 7.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2025

	2025 E	2024 E

28. Income tax asset

	2025 E	2024 E
Opening balance	**(6 840 804)**	(6 840 804)
Income tax charge (refer to note 24)	**–**	–
Tax paid	**–**	–
Closing balance	**(6 840 804)**	(6 840 804)

29. Financial instruments

29.1 Financial instruments by category

The carrying amounts of each category of financial asset and liability as defined in IFRS 9 are as follows:

	Amortised cost E	Assets fair value Through Profit/loss E	Assets at fair value through OCI E	Total E
31 March 2025				
Assets as per statement of financial position				
Financial assets	**–**	**–**	**2 536 908**	**2 536 908**
Trade and other receivables	**87 035 124**	**–**	**–**	**87 035 124**
Financial investments	**20 456 000**	**93 671 759**	**–**	**114 127 759**
Cash and bank balances	**9 960 718**	**–**	**–**	**9 960 718**
Total	**117 451 842**	**93 671 759**	**2 536 908**	**213 660 509**
31 March 2024				
Assets as per statement of financial position				
Financial assets	–	–	2 369 510	2 369 510
Trade and other receivables	102 126 214	–	–	102 126 214
Financial investments	20 872 384	86 211 567	–	–
Cash and bank balances	22 099 815	–	–	22 099 815
Total	145 098 413	86 211 567	2 369 510	126 595 539

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2025

29. Financial instruments *(continued)*

29.1 Financial instruments by category *(continued)*

	Liabilities at fair value through profit and loss E	Amortised cost E	Total E
31 March 2025			
Liabilities as per statement of financial position			
Trade and other payables	**–**	**117 792 407**	**117 792 407**
Bank overdraft	**–**	**16 589 242**	**16 589 242**
Loans and borrowings	**–**	**179 585 946**	**179 585 946**
Total	**–**	**313 967 595**	**313 967 595**
31 March 2024			
Liabilities as per statement of financial position			
Trade and other payables	–	110 575 216	110 575 216
Loans and borrowings	–	176 772 730	227 038 333
Embedded derivatives	693 035	–	693 035
Total	693 035	287 347 946	288 040 981

29.2 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to the external credit ratings (if available) or historical information about counterparty default rates.

	2025 E	2024 E
Trade receivables		
– Counterparties without external credit ratings	**30 358 439**	39 130 610
– Counterparties with external credit ratings	**56 676 685**	58 694 605
Investments		
Equity investments at FVOCI	**2 536 908**	2 369 510
Financial investments	**114 127 759**	107 083 952

The entity's receivables domiciled in Eswatini do not have external credit ratings. The entity has categorised all its debtors as low risk.

Cash at bank and equivalents		
– Cash and bank balances (note 23)	**9 960 718**	22 099 815

For cash and cash equivalents, deposits are only placed with banks and financial institutions of a reputable nature. Fixed deposits are balances that mature after 3 months but before 12 months.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2025

30. Commitments and contingencies

30.1 Capital commitments

	2025 **E**	2024 E
Purchase of locomotive (one) class 43	**82 000 000**	65 000 000
Eswatini Rail Link project	**5 464 093**	4 633 003
ICD Expansion	**–**	12 560 000
Normal capital expenditure	**207 095 536**	69 863 909
	294 559 629	152 056 912

The expenditure will be funded by internally generated cashflows, existing cash and cash equivalents, undrawn overdraft facilities and long-term loans. Eswatini Railways holds E26 189 845 in cash and cash equivalents received from Government to exclusively fund the Eswatini Rail Link project activities

Refer to note 23.

Normal capital expenditure is expected to be incurred in the next financial year extending to other financial years depending on the fund's availability and project stages of completeness.

30.2 Contingencies

Eswatini Railways is defending a number of actions brought by former employees. Liability is not admitted, and Eswatini Railways will defend itself against the actions. Due to the nature of the claims, a realistic estimate of the potential liability and legal costs is not practical. The directors are of the opinion that the total liability and costs, if any, would not be material.

30.3 Contingent liabilities and commitments

As part of bank overdraft facilities Eswatini Railways has the following contingent liabilities with Nedbank Eswatini who have issued guarantees with no expiry dates on behalf of Eswatini Railways.

	2025 **E**	2024 E
Guarantees issued		
Eswatini Revenue Service	**946 255**	946 255
Department of Labour	**300 000**	300 000
Thelo Rolling Stock	**–**	12 606 690
Bank facilities		
Current account	**25 000 000**	18 000 000
Revolving Credit Line	**10 000 000**	10 000 000
Medium Term Loan Facility	**958 502**	–

The bank facilities attract interest at the Eswatini prime rate. At year end the rate was 11% (2024: 10.25%).

31. Embedded derivatives

	2025 **E**	2024 E
Adjustments arising from US$/ZAR exchange rate	**–**	831 031
Adjustments arising from LIBOR rate fluctuations	**–**	(137 996)
	–	693 035

Eswatini Railways entered into a lease arrangement with Thelo Rolling Stock for locomotives and wagons.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2025

32. Subsequent events

At the date of approval of the financial statements there were no material events that occurred subsequent to the reporting date that required adjustments to amounts recognised in the financial statements.

33. Going concern

The financial statements have been prepared on a going concern basis, which assumes that the entity will be able to meet its financial obligations as and when they become due as disclosed in the statement of financial position. The entity currently has sufficient financial resources to enable it to continue operating for the next 12 months from the date of approval of these financial statements.

The Directors are of the view that the strong financial position, liquidity and short-term investments together with access to facilities from the shareholder and financial institutions should result in the Railways being able to continue as a going concern. Eswatini Railways is a Government parastatal but it does not solely rely on Government for financial support.

At year end, cash and cash equivalents amounted to E9 million, which is readily accessible for use in the operations of the Eswatini Railways thus providing sufficient liquidity for the Railways for at least twelve months after the date of approval of the financial statements.

The Railways has long-term debt obligations (loans and leases) repairs and maintenance costs and salaries and wages costs as its major monthly obligations. In a worst-case scenario, the entity will be able to maintain its obligations with the cash resources it already has at its disposal. Cash flow forecasts for the next 12 months show a positive cash influx to the Railways, which confirms the use of the going concern assumption.

The financial statements are prepared on the basis of accounting policies applicable to a going concern. After taking into account the impacts described above management are of the view that no material uncertainty exists which may cast significant doubt on the Railways' ability to continue as a going concern and, therefore, it will be able to realise its assets and settle its liabilities in the ordinary course of business. The directors concur with management's assessment.

The board of directors believe that Eswatini Railways 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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2025

34. Correction of reclassification of investments

On assessment of the presentation of the financial statements, it was noted that the entity incorrectly presented investments in money market funds as part of cash and cash equivalents. These investments in money market funds do not meet the IAS 7 Statement of Cash Flows criteria to be classified as cash and cash equivalents and must be disclosed as a separate line item. The value of this misstatement in these financial statement line items was material and management resolved to correct the error retrospectively in line with the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The errors and reclassifications have been corrected by restating and reclassifying each of the affected financial statement line items for prior periods. The following table summarise the impacts on the financial statements.

Statement of Financial Position

	Impact of correction of errors		
	As previously reported E	Adjustment E	As restated E
1 April 2024			
Total Assets			
Cash and cash equivalents	108 311 383	(86 211 568)	22 099 815
Financial Investments	20 872 384	86 211 568	107 083 952
	129 183 767	-	129 183 767
1 April 2023			
Total Assets			
Cash and cash equivalents	271 308 166	(261 432 571)	9 875 595
Financial Investments	20 847 671	261 432 571	282 280 242
	292 155 837	-	292 155 837

Statement of Cashflows
for the year ended 31 March 2024

Cash flows operating activities			
Dividend income	–	313 949	313 949
Interest received	11 967 527	(11 626 076)	350 451
Net cashflow generated from operating activities	84 721 522	(11 312 127)	73 409 395
Cashflow from investing activities			
Proceeds from financial investment	–	186 508 417	186 508 417
Net utilised in investing activities	(194 327 701)	186 508 417	(7 819 284)
Cash and cash equivalents and bank overdraft at beginning of the year 1 April 2023	256 891 440	(261 432 571)	(4 541 131)
Cash and cash equivalents and bank overdraft for the year ended 31 March 2024	103 174 512	(86 211 568)	16 962 944
Cash and cash equivalents and bank overdraft at beginning of the year ended 1 April 2024	103 174 512	(86 211 568)	16 926 944

FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2025

DETAILED INCOME STATEMENT NOT SUBJECT TO AUDIT OPINION

	2025 **E**	2024 E
Revenue	**392 140 941**	435 086 413
Other income	**44 143 277**	38 081 535
Interest income	**8 356 965**	13 529 604
	444 641 183	486 697 552
Operating and administrative expenses		
Advertising and promotions	**1 177 559**	775 835
Assessment rates and royalties	**1 362 340**	872 748
Auditor's remuneration	**649 387**	1 016 615
Bank charges	**258 258**	717 386
Business meetings	**501 697**	281 896
Cartage	**(1 274 103)**	560 558
Cleaning	**1 953 035**	1 576 873
Computer expenses and licenses	**4 948 102**	5 090 233
Consultancy fees	**4 144 612**	266 520
Consumables	**556 277**	568 227
Corporate social responsibility	**1 151 575**	1 050 958
Depreciation	**18 283 742**	18 544 788
Directors' expenses	**969 620**	895 821
Electricity and water	**12 487 476**	12 546 857
Employee relations	**272 328**	794 664
Fuel and containers traffic	**–**	744 539
Fuel imports and exports	**44 070 058**	44 137 343
Fuel license	**541 380**	343 494
Fuel locomotive expenses and recovery	**(6 935 842)**	(6 105 292)
Fuel operational motor vehicles	**4 149 613**	4 763 386
Haulage and operations	**(375 015)**	(802 291)
Heavy plant hire	**5 758 824**	(174 810)
Insurance	**5 802 280**	7 828 390
Legal fees	**888 291**	384 115
Loan interest and finance costs	**25 631 494**	35 048 706
Locomotives and wagon hire	**56 605 838**	37 254 462
Medical and IOD expense	**10 937**	521 127
Membership fees	**975 386**	1 079 443
Membership subscriptions and periodicals	**66 119**	154 788
Operating costs – CFM	**(7 279 334)**	14 315 622
Perway material	**16 563 112**	11 763 816
PEU management fees	**3 548 760**	2 605 711
Printing and stationery	**296 252**	422 495
Protective clothing	**1 565 584**	1 247 817
Provision for credit losses	**7 653 001**	(932 813)
Public relations	**703 530**	423 721
Rental accommodation	**1 023 749**	770 944

DETAILED INCOME STATEMENT NOT SUBJECT TO AUDIT OPINION

(continued)

	2025 **E**	2024 E
Operating and administrative expenses *(continued)*		
Repairs and maintenance	**59 760 418**	51 789 609
Risk management	**278**	164 790
Safety and security	**8 270 247**	6 725 755
Salaries and wages	**148 331 936**	145 383 859
Strategic plan expenses	**2 189 309**	3 618 892
Tarpaulins	**–**	400 823
Telephone	**2 767 371**	6 699 462
Tender board expenses	**276 611**	211 731
Training and education	**2 377 907**	3 806 318
Transport services	**1 033 148**	1 084 756
Travelling and accommodation	**1 877 834**	1 661 706
Wellness	**223 303**	703 278
Work assignment	**1 087 794**	923 215
Total expenditure	**436 902 078**	423 449 440
Profit before income tax	**7 739 105**	63 248 112

ABBREVIATIONS

GLOSSARY OF TERMS

Terms and abbreviations used in this report

CAPEX	Capital Expenditure
CEO	Chief Executive Officer
CFM	Camhinos de Ferro de Moçambique
CFO	Chief Financial Officer
CMAC	Concilliation, Mediation and Arbitration Commission
CPF	Country Partnership Framework
CSI	Corporate Social Investment
CSR	Corporate Social Responsiblity
DBSA	Development Bank of Southern Africa
ERM	Enterprise Risk Management
ESG	Environmental, Social, and Governance
ESPPRA	Eswatini Public Procurement Regulatory Agency
ESR	Eswatini Railways
ESRL	Eswatini Rail Link
FNB	First National Bank
GDP	Gross Domestic Product
HR	Human Resources
ICD	Inland Container Depot
ICT	Information and Communication Technology
IFRS	International Financial Reporting Standards
IPAC	Inter-Ministerial Project Appraisal Committee
ISO	International Organization for Standardization
IT	Information Techonology
MTBF	Mean Time Before Failure
MTTR	Mean Time To Repair
NAR	Non-Accident Releases
NDC	Nationally Determined Contribtution
NEC	Network Engineering Corridor
NMFR	Near Miss Frequency Rate

OEM	Original Equipment Manufacturers
PDP	Performance Development Plan
PEU	Public Enterprises Unit
PPP	Public-Private Partnerships
PSPF	Public Service Pension Fund
RDP	Radio Distributed Power
RSL	Revenue Services Lesotho
RTK	Revenue Tonne-Kilometres
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAQI	South African Quality Institute
SARA	Southern African Railways Association
SHEQ	Safety, Health, Environment and Quality
SIDC	Swaziland Industrial Development Company
SLA	Service Level Agreement
SMT	Swazi Molasses Tank
TCM	Terminal de Carvão da Matola Limitada
TFR	Transnet Freight Rail
TRIMS	Transnet Rail Infrastructure Management System
TRIR	Total Recordable Incident Rate
TSR	Temporary Speed Restriction
UNCTAD	United Nations Conference on Trade and Development

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