

A Lasting Legacy of Water Infrastructure



INTEGRATED **ANNUAL REPORT** 2025 - 26



40-YEARS | 1986–2026



VISION

World-class enabler of sustainable infrastructure for a water-scarce South Africa.



MISSION

To plan, finance and implement sustainable and accessible water resource infrastructure.



VALUE: EXCELLENCE

We consistently give our best, deliver excellent work with agility, and think innovatively and creatively to improve our performance.



VALUE: INTEGRITY

We conduct ourselves honestly and transparently, stimulating constructive action, truly 'walk the talk', and gain trust and credibility through fairness and mutually cooperative relationships.



VALUE: RESPECT

We acknowledge and embrace diversity, and we are responsive to one another's needs and those of our communities, stakeholders and the environment.



VALUE: UNITY

We are committed through a common vision and goals, effective teamwork and partnerships, and we contribute positively to the team's performance, spirit and morale.



VALUE: GROWTH

We willingly share knowledge and information with each other, we are innovative and proactive in thought and in action, and we support, encourage and provide opportunities for individual and collective growth.

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PROTECTING WHAT WORKS WHILE THE SECTOR TRANSFORMS

Since 1986, TCTA has dramatically expanded its impact and capabilities. Initially focused on managing the treasury function of a single project, TCTA now successfully oversees a diverse portfolio of eight major infrastructure projects. Each project is at a different stage of the life cycle, showcasing TCTA's ability to handle complexity and drive substantial progress in the sector.

In a sector where infrastructure projects stretch across decades, stability is an active discipline. It should not be mistaken for stillness. Governance, operational readiness and careful change management sustain it. TCTA marks its 40th anniversary as a central part of South Africa's water sector. The legislative framework for SANWRIA has been established, but the move towards a consolidated national entity is complex and will take time. TCTA's responsibility in this environment is clear: protect delivery continuity and ensure that critical strengths are not weakened during reform.

TCTA plays a unique role in the water sector as the national entity tasked with developing bulk water infrastructure without relying on fiscal funding. Its primary focus is to implement bankable water infrastructure projects grounded in economic and financial feasibility. This role has grown from TCTA's original 1986 mandate to finance and build the South African component of the Lesotho Highlands Water Project into a broader delivery platform established through ministerial directives.

Four decades of experience have helped TCTA refine the internal machinery needed for large-scale infrastructure delivery. A completed dam, tunnel or pipeline may be what the public sees, but those assets are the result of deeper readiness. This readiness is reflected in a settled policy environment, mature financial systems, disciplined project controls, governance structures,

digital capacity and operational experience. These strengths support concurrent national infrastructure programmes.

Continuity means protecting the going-concern status and financial credibility required for long-term infrastructure finance. Recent leadership reflections sharpened this point by emphasising the Board's fiduciary duty to keep TCTA stable until its obligations transfer to the future Agency. Sector reform is now being translated into workstreams for governance, finance, operations, information technology and human resources.

Within this process, TCTA's value lies in consistent delivery and the trust of lenders, regulators, partners and stakeholders. The Change Management Strategy reinforces the same point from the human side of delivery. It treats change as a relationship between context, content and process. This lens is useful for an organisation moving through Agency reform, ERP adoption and digital transformation. The framing keeps the transition from becoming a purely technical handover. It makes adoption, leadership visibility and employee understanding part of the delivery environment.

Operational continuity reaches beyond institutional arrangements. TCTA's stewardship of the Delivery Tunnel North, the Ash River Management Plan and the Acid Mine Drainage treatment plants shows that its responsibilities continue long after construction. These functions call for planning, technical coordination, compliance rigour and institutional memory.

They reinforce a simple point: TCTA's value lies not only in building infrastructure, but in sustaining the systems that keep water security functioning over time.

Project maturity is also visible in the portfolio. LHWP Phase II remains central to future water security in the Integrated Vaal River System. Domestic schemes such as MCWAP-2A, uMkhomazi and BRVAS continue to strengthen regional water systems. TCTA also supports DWS through advisory services, which shows the depth of its role beyond direct implementation mandates.

Readiness has a practical meaning. It is the ability to keep obligations intact, projects moving and stakeholders assured while the sector around the organisation changes. TCTA's small but capable workforce continues to carry current delivery responsibilities while supporting the complex work required for future institutional arrangements. This balance of continuity and adaptation is one of the clearest expressions of its 40-year legacy.

END

STATEMENT BY THE MINISTER OF WATER AND SANITATION



MS PEMMY C.P MAJODINA

MP MINISTER OF WATER AND SANITATION

It is with a deepened sense of purpose and pride in what has been accomplished that I present the Trans-Caledon Tunnel Authority's Integrated Annual Report for the 2025-26 financial year.

This report comes at a defining moment for South Africa's water sector. It marks forty years since TCTA was established to give institutional form to one of South Africa's most ambitious water infrastructure visions. It also comes as the institution prepares to enter a new chapter through the establishment of the South African National Water Resources Infrastructure Agency.

Over four decades, TCTA has become a cornerstone of South Africa's water security architecture. Its record of financial discipline, project financing capability, engineering excellence and governance integrity has helped sustain critical national infrastructure that supports households, schools, clinics, industry, agriculture and the broader economy. This is a legacy that belongs not only to TCTA, but to every South African who depends on reliable water infrastructure for dignity, development and stability.

Water security is not an abstract policy goal. It is central to public health, economic growth, social stability and national development. It is also a constitutional obligation. Where communities continue to experience unreliable supply, ageing infrastructure

and the consequences of historical underinvestment, government has a responsibility to act with urgency, discipline and long-term vision.

During the year under review, government intensified its focus on strengthening the water sector through improved coordination, accelerated infrastructure delivery, institutional reform and greater accountability. The National Water Action Plan and the work of the National Water Crisis Committee reflect our commitment to addressing systemic weaknesses, improving performance and ensuring that every South African has access to reliable water services.

In this context, TCTA continues to play a critical role as one of the country's foremost water infrastructure institutions. Its mandate to finance and implement strategic bulk raw water infrastructure makes it an important instrument in government's efforts to secure water for communities and the economy. The organisation's work demonstrates the value of capable institutions, sound governance and innovative financing in responding to South Africa's water challenges.

The Lesotho Highlands Water Project remains one of the clearest examples of what can be achieved through regional cooperation and shared commitment. It demonstrates that shared water resources can be managed through rules-based cooperation for mutual benefit. Phase II continued to advance during the year, strengthening the foundations for increased water security in the Integrated Vaal River System and

the economic regions that depend on it. Beyond the Lesotho Highlands Water Project, government continues to advance strategic water resource infrastructure in areas where growing demand, climate variability and economic development require long-term security of supply. These investments are not merely technical interventions. They are investments in communities, public health, food security, industrial growth and the future prosperity of South Africa.

At the same time, bulk water infrastructure is only as effective as the systems that distribute it. Municipalities and water services institutions must reduce water losses, maintain infrastructure, improve metering, strengthen revenue management and honour their financial obligations to the sector. The impact of large-scale national infrastructure is maximised when local systems are efficient, well maintained and financially sustainable.

The establishment of the South African National Water Resources Infrastructure Agency represents one of the most important institutional reforms in the sector. It is intended to strengthen the state's capacity to plan, finance, develop, operate and maintain national water resources infrastructure. It will also create a stronger platform for mobilising public, private and development finance in service of the public good.

This reform does not erase TCTA's legacy. It builds on it. TCTA's proven project finance model, institutional experience and technical capability provide a strong foundation for the new Agency. The values that have defined TCTA over forty years — financial prudence, engineering excellence, accountability and commitment to delivery — must endure in the institution that follows. I wish to thank the Board, management and employees

of TCTA for their dedication and professionalism during the 2025-26 financial year. I also extend my appreciation to our partners in government, the Kingdom of Lesotho, financiers, contractors, communities and all stakeholders who continue to support the delivery of strategic water infrastructure.

The work reflected in this report demonstrates what capable institutions, sound governance and sustained investment can deliver. That is the standard TCTA has set. It is the standard the South African National Water Resources Infrastructure Agency must maintain.

With shared purpose and commitment, we will secure a water future that is financially, environmentally and socially sustainable — for every South African, for generations to come.



Ms Pemmy C.P Majodina
MP Minister of Water and Sanitation



FOREWORD BY THE CHAIRMAN



MS PRECIOUS SIBIYA
CHAIRMAN OF THE BOARD

South Africa's water challenge is not only defined by water scarcity. It is increasingly defined by the country's ability to finance, develop and sustain the infrastructure required to secure water for future generations.

Growing demand, climate variability and constrained public finances have fundamentally changed the environment in which strategic water infrastructure is planned, funded and delivered. In this context, capable institutions, sound governance and sustained investment are indispensable. These considerations informed the Board's deliberations throughout the 2025–26 financial year.

The urgency of this national challenge was underscored in the President's 2026 State of the Nation Address, in which water security was identified as a national priority. President Cyril Ramaphosa announced the establishment of the National Water Crisis Committee, to be chaired by Deputy President Paul Mashatile, to coordinate the government's response to the country's water challenges. He also reaffirmed the government's commitment to expanding investment in strategic water infrastructure.

The President highlighted the role of the proposed South African National Water Resources Infrastructure Agency (SANWRIA) in strengthening the planning, financing and management of the country's bulk water infrastructure.

The Board supports this important reform and recognises its potential to strengthen the governance of South Africa's strategic water infrastructure. Equally important is ensuring that the transition preserves the specialist expertise, governance disciplines and financial credibility developed by TCTA over nearly four decades. The successful implementation of key transition actions provides confidence that this reform is progressing in a structured and disciplined manner. TCTA is ahead with its preparation towards transitioning into SANWRIA while remaining focused on delivering its existing mandate.

Delivering major water infrastructure has become increasingly complex. Funding arrangements, environmental authorisations, regulatory processes, land acquisition, stakeholder expectations and climate-related risks all influence implementation. These are now enduring features of the operating environment. Responding to them requires institutions capable of balancing immediate delivery pressures with long-term national priorities through prudent risk management and effective governance.

The Board's oversight remained focused on ensuring that TCTA continued to deliver across its strategic infrastructure portfolio. The Lesotho Highlands Water Project Phase II, the uMkhomazi Water Project, Phase 2A of the Mokolo-Crocodile River (West) Water Augmentation Project and the Berg River-Voëlklei Augmentation Scheme all advanced during the year, strengthening South Africa's long-term water security while supporting economic growth. These projects

represent long-term national investments whose benefits will extend well beyond the current reporting cycle.

TCTA's ability to mobilise long-term finance remains one of its defining strengths. As pressure on public finances intensifies, this capability becomes increasingly important. The Board maintained close oversight of the organisation's funding strategy, recognising that lender confidence is fundamental to fulfilling TCTA's mandate. During the reporting period, funding remained available across major implementation programmes, borrowing was managed within approved limits and financing obligations were met. These outcomes reinforce confidence in TCTA's financial stewardship.

The Board also strengthened oversight of governance, enterprise risk, ethics and compliance. The successful implementation of the Ethics Implementation Programme, together with continued improvements in enterprise risk management and combined assurance, reflects the organisation's commitment to accountability, integrity and responsible governance.

In line with King V's concept of value creation, TCTA creates value through its broader stakeholder and community engagements. In partnership with these communities, TCTA is strengthening its social contribution and creating meaningful, lasting value in the communities in which it operates. This includes investments in youth entrepreneurship, career development and bursary programmes, while the river clean-up campaigns contribute directly to environmental stewardship, water literacy and community resilience. Despite a demanding operating environment and the additional responsibilities associated with institutional

transition, TCTA achieved the overwhelming majority of its strategic objectives while maintaining reliable operations across its infrastructure portfolio. This performance reflects an organisation built on accountability, disciplined execution and continuous improvement.

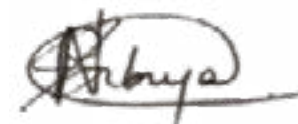
As TCTA marks its fortieth anniversary, the Board has reflected on the organisation's enduring contribution to South Africa's development. Beyond the infrastructure it has financed and implemented, TCTA has developed specialised expertise in infrastructure finance, programme delivery and governance that will remain invaluable as the water sector enters a new institutional era. Preserving this capability will be essential to SANWRIA's long-term success.

On behalf of the Board, I extend my sincere appreciation to the Honourable Minister of Water and Sanitation, Ms Pemmy Majodina, the Deputy Ministers, the Department of Water and Sanitation, National Treasury, our funding partners, clients and stakeholders for their continued support. I also thank the Chief Executive Officer, Executive Management and every employee of TCTA for their professionalism, commitment and resilience throughout the year.

Their collective efforts ensured that the organisation continued to deliver on its mandate while preparing for one of the most significant institutional transitions in its history.

The decisions taken today will shape South Africa's water security for generations to come. The Board remains committed to providing the governance, financial stewardship and institutional leadership needed to support this national responsibility and to

ensure that TCTA's legacy continues to strengthen South Africa's water future through SANWRIA.



Precious Sibiya
Chairman of the Board



PERCY SECHEMANE
CHIEF EXECUTIVE OFFICER

CHIEF EXECUTIVE OFFICER'S REPORT

The 2025-26 financial year required TCTA to continue delivering its programmes while preparing for the establishment of the South African National Water Resources Infrastructure Agency (SANWRIA). We continued financing, implementing, operating and maintaining strategic water infrastructure in support of South Africa's water security and economic development. Managing these responsibilities alongside organisational change required commitment across TCTA, and I saw this reflected in the way our teams continued meeting their obligations while adapting to new requirements.

Infrastructure delivery requires coordination across funding arrangements, regulatory approvals, environmental requirements, stakeholder engagement and social expectations. TCTA continues to manage these requirements while advancing projects and maintaining operational performance.

Preparations for SANWRIA progressed alongside implementation across TCTA's project portfolio. The Lesotho Highlands Water Project Phase II, the Mokolo-Crocodile River (West) Water Augmentation Project Phase 2A, the Berg River-Voëlvlei Augmentation

Scheme and the uMkhomazi Water Project remained key priorities during the year.

Geotechnical investigations for the tunnel and dam at the uMkhomazi Water Project were completed in early 2026. TCTA awarded the River Management System contract for Phase 2A of the Mokolo-Crocodile River (West) Water Augmentation Project in March 2026, with funding secured above projected requirements. The Berg River-Voëlvlei Augmentation Scheme was delayed following a court challenge to the tender process. Following successful mediation, implementation resumed and recovery actions are under way.

The Lesotho Highlands Water Project Phase II remained central to our programme. TCTA met its funding obligations in accordance with the bilateral treaty, while the Delivery Tunnel North achieved 100% availability and met all contracted water delivery volumes. Across the Western, Central and Eastern Basins, the Acid Mine Drainage treatment plants treated more than 90% of their target capacity and achieved full compliance with the Department of Water and Sanitation's water quality requirements.

These assets continue to play an important role in the reliability of South Africa's water infrastructure system. At the same time, progressing new infrastructure projects remains essential to meeting future water requirements.

TCTA met all financing commitments and remained within approved borrowing limits. We continued engaging with our lenders as preparations for

SANWRIA progressed. Following amendments to the JSE Debt Listings Requirements restricting new listings to Guaranteed Notes, TCTA engaged with the Department of Water and Sanitation and its lenders on the implications. A process was agreed that begins with due diligence before formal negotiations.

Preparations for SANWRIA included strengthening governance, finance, risk management, information technology and human resources. Teams across the organisation reviewed processes, clarified responsibilities and strengthened the capabilities required for future institutional arrangements. This work took place alongside ongoing project implementation and operations, while maintaining the governance and financial discipline expected by our stakeholders.

TCTA completed all key strategic actions under the Water Agency Plan, achieved most of its strategic objectives, and strengthened the systems required to support readiness for SANWRIA.

Delivery during the year was supported by collaboration between government, funding institutions, regulators, contractors, consultants, organised labour, host communities and other stakeholders. Their continued engagement contributed to progress across our projects and operations.

Our employees played a central role in sustaining performance during the year. They adapted to changing requirements while maintaining the standards expected of TCTA. Staff turnover declined to below five percent, employee engagement improved and 22 graduates gained workplace experience through the Naledi Programme. I am proud of how our people responded

during a demanding year and thank every employee for their contribution.

We must also acknowledge the unfavourable audit outcome with the seriousness it deserves. As an accountable entity, TCTA will confront the issues directly, address what is within our control and sphere of influence, and take decisive action to strengthen our systems, controls and processes.

Most importantly, we will ensure the lessons from this experience translate into meaningful and sustained action, as we have always done. We will come back strongly from this experience, stronger, more resilient and even more determined to uphold the standards of governance and performance that TCTA stands for.

I thank the Department of Water and Sanitation, National Treasury, our funding partners, clients, contractors, consultants, organised labour, host communities and other stakeholders for their continued support and constructive engagement. I also extend my appreciation to the Honourable Minister of Water and Sanitation, Ms Pemmy Majodina, the Deputy Ministers and our Board for their guidance and support.

This year marks TCTA's fortieth anniversary. Over four decades, the organisation has developed specialised expertise in infrastructure finance and project delivery in support of South Africa's development. This experience provides a strong foundation as TCTA continues contributing to the country's water infrastructure priorities.

As we enter the new financial year, TCTA will continue delivering strategic water infrastructure, supporting the

establishment of SANWRIA and applying the financial discipline and governance standards that have guided the organisation for four decades.



Percy Sechemane
Chief Executive Officer

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE INTEGRATED ANNUAL REPORT

To the best of our knowledge and belief, we confirm the following:

- all information and amounts disclosed in the Integrated Annual Report are consistent with the annual financial statements audited by the Auditor-General of South Africa;
- the Integrated Annual Report is complete, accurate and free from any omissions;
- the Integrated Annual Report has been prepared following the guidelines on annual reports as issued by the National Treasury and incorporates elements of the “G4 Sustainability Report Guidelines” issued by the Global Reporting Initiative;
- the Annual Financial Statements (Part H) have been prepared in accordance with the Standards of Generally Recognised Accounting Practice;
- the Accounting Authority is responsible for the preparation of the annual financial statements and the judgements made;
- the Accounting Authority is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance regarding the integrity and reliability of performance information, human resources information and annual financial statements; and
- external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the Integrated Annual Report fairly reflects the operations, performance information, human resources information and financial affairs of the entity for the financial year ended 31 March 2026.

The Board of Directors approved the Annual Performance Report and the Annual Financial Statements on 28 May 2026.



Precious Sibiya

Chairman of the Board
28 August 2026



Percy Sechemane

Chief Executive Officer
28 August 2026

ABOUT THE INTEGRATED ANNUAL REPORT

Trans-Caledon Tunnel Authority (TCTA) presents this Integrated Annual Report for the period 1 April 2025 to 31 March 2026. This report serves as its principal medium of communication to stakeholders on this continuing journey to create sustainable value for water users.

The primary purpose of the Integrated Annual Report is to give assurance to:

- the Shareholder, represented by the Minister of Water and Sanitation and the Parliamentary Portfolio Committee on Water and Sanitation, which plays an oversight role, that TCTA is performing its functions in keeping with the Notice of Establishment and directives;
- the lenders and investors that TCTA uses the proceeds of funding for the purpose for which they are provided, and that the Authority can meet its financial obligations;
- end users, and all other key stakeholders

In the short- to medium-term, TCTA adds value by raising funds for water infrastructure projects. It ensures that the infrastructure it builds delivers water when required by users. Moreover, the organisation guarantees strict adherence to the budget and specifications and effectively handles all aspects of project implementation, with particular emphasis on the environmental and social dimensions. Over the long-term, TCTA places a strong emphasis on managing debt in a manner that is affordable, sustainable and within regulatory requirements.

The deliverables in the current project directives and those flowing from the Notice of Establishment are reviewed yearly. This exercise results in a Shareholder's Compact between the Minister and the Board of TCTA, which maps out the predetermined objectives for the financial year. TCTA is required to report against these objectives in the Annual Performance Report (refer to Part B). The Shareholder's Compact and the subsequent Corporate Plan are drawn up in compliance with Treasury Regulations for departments, constitutional institutions and public entities.

TCTA implements projects on behalf of the Department of Water and Sanitation (DWS). Information on project progress and the outstanding liability is consolidated in the Department's Annual Report.

A

GENERAL INFORMATION

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ARTICLE ONE

TURNING GOVERNANCE DISCIPLINE INTO PUBLIC TRUST

Governance at TCTA is not merely a compliance obligation; it is the framework that ensures every project remains viable, every rand is accounted for, and every stakeholder can rely on the institution’s decisions.

Recent leadership reflections underscored this responsibility amid heightened scrutiny, urgent national water-security demands and institutional reform. For forty years, TCTA has operated on the principle that technical excellence cannot exist without ethical discipline.

A key indicator of TCTA’s governance integrity has been its longstanding record of unqualified audit outcomes. Over four decades, this tradition has affirmed the organisation’s ability to manage complex, multi-billion-rand infrastructure obligations with discipline and transparency.

The record of more than 32 unqualified audit opinions is not simply a compliance achievement; it is part of the credibility that allows TCTA to maintain the confidence of government, lenders, investors and water users. This longstanding record was not maintained in 2025–26, when TCTA received a qualified audit opinion.

This audit legacy matters because TCTA operates in an environment where credible governance is essential to meeting long-term infrastructure obligations. Water infrastructure projects depend on funding arrangements that span decades, and trust can be weakened by uncertainty about audit outcomes, project obligations, tariff assumptions or institutional arrangements. Transparent reporting and stronger controls over time show the governance resilience required to sustain bankability. Risk management is embedded across TCTA’s operations, from the boardroom to the construction site and into the digital environment that

supports daily business. The organisation’s enterprise risk-management framework is designed to identify and mitigate potential disruptions before they affect project delivery. The Disaster Recovery Strategy adds a further layer by linking ICT resilience to business continuity, critical-process recovery, backup arrangements, continuity testing and post-resumption review.

This integrated approach is important because risk, compliance, internal audit and technology resilience depend on shared information. The Integrated GRC Solution reduces duplication, improves data quality and supports consolidated reporting. The result is stronger combined assurance and clearer oversight by Executive Management, governance structures and the Board.

The 2026-2029 IT Strategy adds the technology backbone for this assurance environment through information governance, security management, enterprise architecture, data stewardship and service disciplines. The same rigour informs the Drive Innovation methodology and disaster recovery planning. Ideas, systems and recovery arrangements are assessed against value, feasibility, risk, security, compliance and strategic alignment before they are piloted, scaled or embedded.

The Change Management Strategy adds an important governance dimension. It calls for change management to be built into project steering structures, with sponsor visibility, stakeholder analysis, risk management, communication, training and feedback.

This approach strengthens accountability because change is monitored during delivery. It is not left to informal goodwill after a system or project has gone live.

Governance in practice is visible across the project portfolio. Major schemes require environmental authorisations, biodiversity commitments, procurement controls, land access, servitude management, lender assurance, stakeholder engagement and contractual accountability.

TCTA’s ability to manage these requirements across decades reflects a mature governance culture that extends beyond formal reporting into the daily practice of infrastructure delivery.

Treasury governance provides a practical example of discipline in action. TCTA’s Treasury Risk Management Framework governs funding, liquidity, interest rate, counterparty, foreign exchange and operational risks.

Treasury activities are supported by clear segregation of duties between dealing, confirmation and settlement, delegated approval authorities, multi-level payment controls, approved counterparty limits and Treasury Management System oversight. These controls help ensure that financial transactions are executed with integrity and that project funds remain protected.

Operational governance is equally important. The Delivery Tunnel North, the Ash River Management Plan and AMD treatment plants all require compliance with directives, Treaty obligations, environmental requirements and water-quality specifications. These responsibilities demonstrate that governance extends beyond the boardroom into the daily reliability of infrastructure operations.

The Board of Directors plays a central role in this landscape of trust and provides strategic leadership during a period of significant institutional change. Its fiduciary responsibility requires TCTA to remain a going

concern, for obligations to be managed responsibly and for the eventual transition to the Agency to proceed with clarity, discipline and integrity. Its oversight also extends to technology and information management, where business resilience, recoverability and continuity have become essential elements of institutional trust.

The trust TCTA has built over four decades is a national asset. It gives lenders the certainty required to commit capital to long-term projects and gives citizens confidence in the security of their water supply.

TCTA's longstanding record of sound financial governance, together with disciplined controls, integrated assurance, resilient digital systems and ethical leadership, continues to support a mature governance model.

This model will remain essential to South Africa's water future, notwithstanding the qualified audit opinion received in 2025–26.

END

LEGISLATIVE AND OTHER MANDATES

The legislative framework within which TCTA operates the water sector is set out in Figure 5.

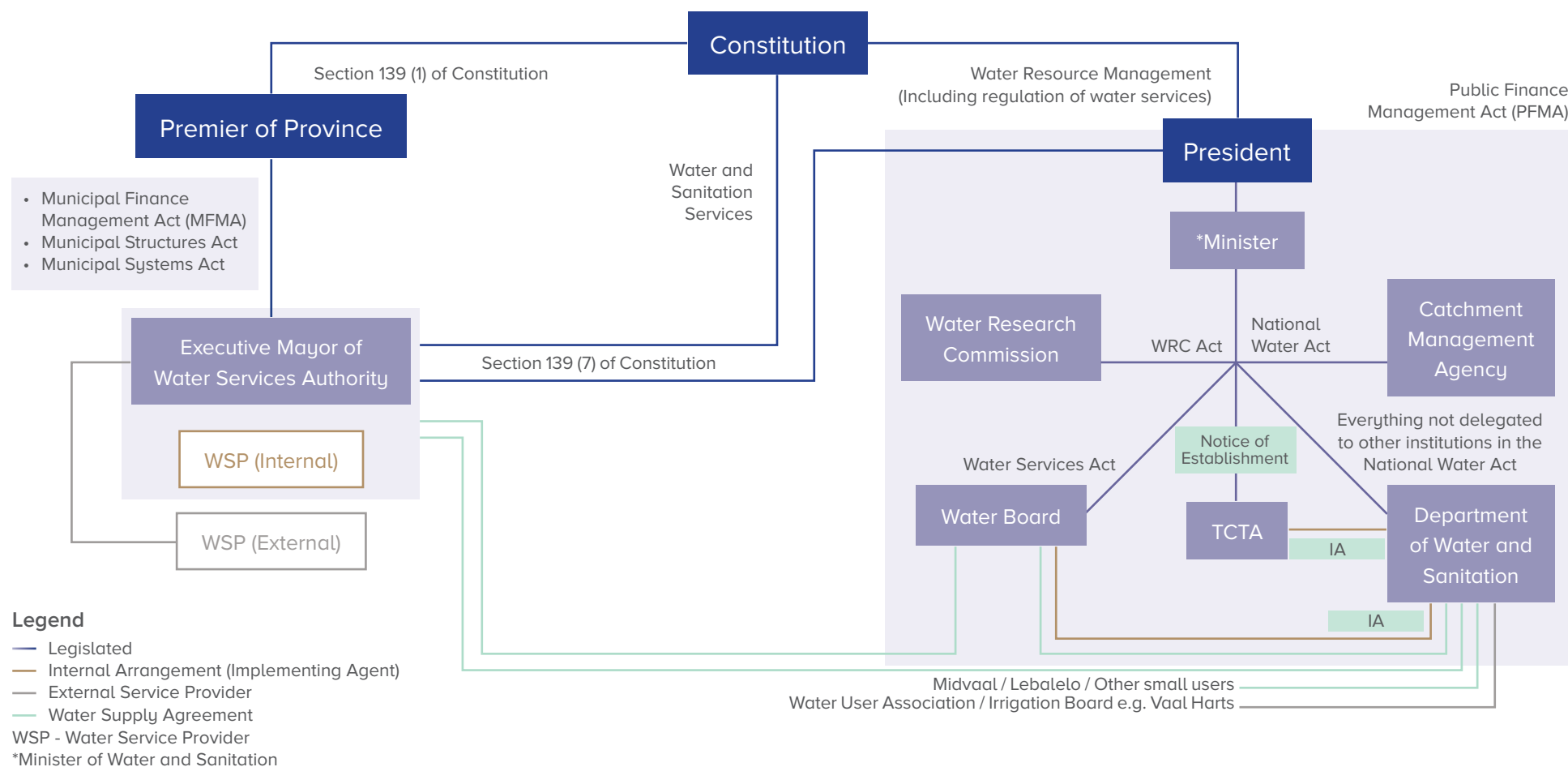


Figure 5: Legislative Framework

Trans-Caledon Tunnel Authority (TCTA) was established in 1986 by Notice 2631 in Government Gazette No. 10545, dated 12 December 1986, to finance and build the Delivery Tunnel North of the Lesotho Highlands Water Project (LHWP). In 1994, a directive was received to fulfil the financial obligations of the Government of South Africa, in terms of the Treaty on the LHWP, on the water transfer component in Lesotho.

On 24 March 2000, the Notice of Establishment was amended by Notice 277 in Government Gazette No. 21017 to include the 1994 directive. This amendment allowed the Minister, in terms of Section 24(d) of the notice, to issue directives to TCTA in terms of Section 103(2) of the National Water Act (Act No. 36 of 1998).

In accordance with Section 3 of the Notice of Establishment, TCTA is set up to:

- implement, operate and maintain that part of Phase 1 of the LHWP, situated in the Republic of South Africa, in accordance with the provisions of the Treaty; and
- perform the functions set out in Clauses 24(a) and (b) and any other additional functions that the Authority may be required to perform in terms of a directive by the Minister under Section 103(2) of the National Water Act.

In doing so, the Minister must be satisfied that such directives will not prejudice TCTA's capacity to perform the functions for which it was established. The National Water Act allows the Minister to direct a body, established under Section 102 of the Act, to perform additional functions. These may include, but are not limited to, providing water management institutions, both within the borders and external to the Republic, with:

- management services (project implementation);
- financial services (structuring and raising project finance, debt management and advising on tariff setting);
- training; and
- other support services.

The above provision makes it clear that TCTA cannot undertake any function outside of its Notice of Establishment without the permission of the Minister. In contrast, the water boards are given such an opportunity in terms of Section 30 of the Water Services Act (Act No. 108 of 1997).

In terms of the South African National Water Resources Infrastructure Agency SOC Limited Act (Act 34 of 2024), TCTA is required to transfer its commercial enterprise, Treaty functions and non-Treaty functions to the new Agency ahead of its formal disestablishment. This includes its assets, liabilities, rights and obligations, contracts, financial instruments and personnel. The transfer also covers TCTA's responsibilities relating to the Lesotho Highlands Water Project and projects implemented under ministerial directives. Once the transfer is complete, TCTA will be disestablished and removed from Schedule 2 of the Public Finance Management Act.

The National Water Act requires that TCTA manages and accounts for different functions separately. This is further emphasised in the Notice of Establishment for TCTA.

Section 20(1) states that the Authority must manage its Treaty functions separately from its non-Treaty functions and account for them separately, as required by Section 105(1) of the National Water Act. The Treaty functions in terms of Section 8A of Protocol 6 of the

Treaty are limited to the operations and maintenance of the Delivery Tunnel North within South Africa. Section 20(2) furthermore states that the Authority's Treaty responsibilities are not applicable to its non-Treaty functions. The bulk of TCTA's work now comprises non-Treaty functions. TCTA accounts for and manages these functions separately from the Treaty functions and from each other, in terms of Section 103(2) of the National Water Act. The impact of these provisions on TCTA is that, regarding the LHWP mandate and each directive, there is a separate:

- borrowing limit from the Minister of Water and Sanitation, government guarantees and funding arrangements;
- general ledger; and
- where money is borrowed to finance a project, separate income/ implementation agreements with DWS, which are back-to-back with the water supply agreements between DWS and the beneficiary water users, where applicable.

The income/implementation agreements with DWS determine, inter alia, the cost recovery mechanism for each project. To date, the following three principles have been applied:

- a structure per project is applied to ensure break-even sufficiency of revenue to recover project costs over the debt repayment period. Key principles applied in determining an appropriate tariff structure for a project include end-user affordability, predictability and sustainability;
- the revenue is only used to recover costs related to each project, namely capital costs, funding costs and administration costs; and
- management of liquidity and funding risks.

Since its original mandate (the Notice of Establishment), TCTA has received a further 21 directives. The mandate and directives, as at 31 March 2026, are shown in Table 2.

Table 2: Mandate and Directives

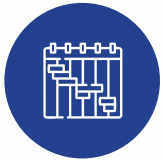
Mandate/Directive		Date	Type of work					
			Planning	Funding	Implementation	Operation and maintenance	Advisory	Payment
1.	Lesotho Highlands Water Project (LHWP): Delivery Tunnel North (Treaty obligations).	12 December 1986		✓	✓	✓		
2.	Vaal River System: To fulfil all South Africa’s financial obligations in terms of or resulting from the Treaty (non-Treaty functions) on the Lesotho Highlands Water Project and any other obligations on the VRS (e.g., Acid Mine Drainage Project).	3 August 1994 (and incorporated into amended Notice of Establishment, 24 March 2000)		✓				✓
3.	Advisory Services to Umgeni Water (UW).	4 July 2001					✓	
4.	Advisory Services to water management institutions, water boards and DWS.	17 May 2004					✓	
5.	Berg Water Project (BWP).	6 May 2002		✓	✓		✓	
6.	Vaal River Eastern Sub-System Augmentation Project (VRESAP)	6 October 2004		✓	✓		✓	
7.	Mooi–Mgeni Transfer Scheme – Phase 2 (MMTS-2).	29 November 2007		✓	✓		✓	
8.	Olifants River Water Resources Development Project – Phase 2C (ORWRDP-2C).	17 June 2008 (directive revised 12 March 2012)			✓		✓	
9.	Komati Water Scheme Augmentation Project (KWSAP).	29 September 2008		✓	✓		✓	
10.	Mokolo–Crocodile Water Augmentation Project – Phase 1 and Phase 2A (MCWAP-1; MCWAP-2A).	19 May 2010		✓	✓		✓	

Mandate/Directive		Date	Type of work					
			Planning	Funding	Implementation	Operation and maintenance	Advisory	Payment
11.	Metsi Bophelo Borehole Project.	2 March 2011			✓		✓	
12.	Acid Mine Drainage – Short-term Intervention (AMD-STI).	6 April 2011			✓	✓	✓	
13.	Mooi-Mgeni Transfer Scheme - Phase 1 (MMTS-1)	29 November 2011			✓			
14.	Strategic Infrastructure Project 3 (SIP-3).	10 November 2012					✓	
15.	Advisory Services for the uMzimvubu Water Project (MRWP).	10 February 2014 (latest revision revised 19 January 2019)	✓		✓		✓	
16.	Strategic Infrastructure Project 18 (SIP-18).	26 February 2014					✓	
17.	Amendment to MMTS-2 directive to include the construction of a potable water pipeline for Umgeni Water.	20 March 2014		✓	✓			
18.	Olifants River Water Resources Development Project – Phase 2B (ORWRDP-2B).	25 February 2015 (directive revised 22 October 2015)	✓		✓			
19.	Advisory Services for the Water Off-Take for Kriel Town (KRIEL).	20 June 2015			✓		✓	
20.	Acid Mine Drainage – Long-term Solution (AMD-LTS).	19 May 2016		✓	✓		✓	
21.	Berg River–Voëlville Augmentation Scheme (BRVAS).	18 May 2017		✓	✓		✓	
22.	uMkhomazi Water project (uMWP).	22 February 2019		✓	✓		✓	
23.	Programme Management Services to DWS in relation to Water Infrastructure Projects.	1 April 2019					✓	
24.	Nwamitwa Dam Project.	12 December 2023					✓	

* Institutional arrangements

MAJOR PRODUCTS AND SERVICES

To fulfil the responsibilities set out in the Notice of Establishment and the directives that are given to it from time to time by the Minister, TCTA provides the following services and associated products:



PROJECT MANAGEMENT AND IMPLEMENTATION OF WATER INFRASTRUCTURE:

project design | project construction |
environmental compliance | land acquisition



OPERATION AND MAINTENANCE;



DEBT MANAGEMENT;



STRUCTURING AND RAISING PROJECT FINANCE



KNOWLEDGE MANAGEMENT



RISK MANAGEMENT



SOCIO-ECONOMIC TRANSFORMATION



TARIFF SETTING

These products and services are in alignment with the functions set out in Section 102 of the National Water Act.

OUR CONTRIBUTIONS TO DEVELOPMENT OUTCOMES

In delivering on its mandate and the Minister of Water and Sanitation's directives, TCTA contributes to the Government's developmental priorities and outcomes aligned with the National Development Plan (NDP), as reflected in Table 3.

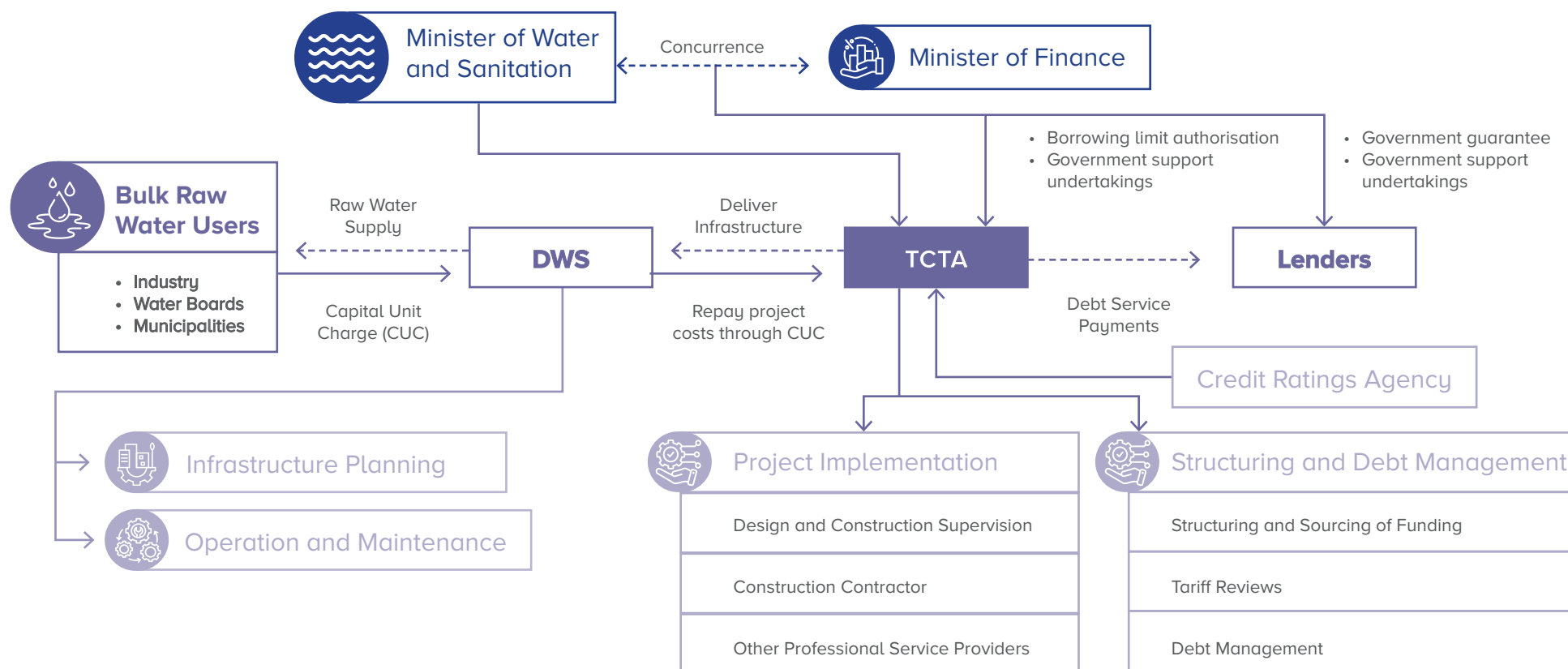
Table 3: National Development Plan-aligned government outcomes and TCTA's contribution

Outcome		TCTA Contribution
4	Decent employment through inclusive economic growth.	Providing cost-effective water infrastructure as an enabler of economic growth and jobs.
5	Skilled and capable workforce to support an inclusive growth path	– Developing a strong skills-set in scarce fields, thereby enabling SA to compete in world markets. – Promoting entrepreneurship in small businesses.
6	Efficient, competitive and responsive economic infrastructure network.	Ensuring a comprehensive financial and implementation package that delivers the most cost-effective solution.
7	Vibrant, equitable and sustainable rural communities with food security for all.	Supporting other water sector institutions to enable them to deliver on their mandate.
8	Sustainable human settlements and improved quality of household life.	Providing affordable infrastructure and improved access to basic services.
9	A responsive, accountable, effective and efficient local government system.	Supporting other water sector institutions to enable them to deliver on their mandate.
10	Environmental assets and natural resources that are well protected and continually enhanced.	Developing infrastructure in an environmentally responsible and socially inclusive manner, in accordance with global best practice.
12	An efficient, effective and development-orientated public service.	Contributing to the development of critical knowledge in the sector and beyond (e.g., project financing and implementation, desalination, water reuse).

OUR BUSINESS MODEL

The business model, through which TCTA renders services, receives revenue and allocates business risk, is schematically displayed in Figure 6. It has remained largely unchanged since the organisation's inception more than four decades ago. TCTA implements mainly off-budget national water infrastructure, on behalf of DWS, by progressing projects to a state of bankability and securing finance, followed by the procurement of design and construction services. Lenders can draw comfort from the undertaking by the government to assume TCTA's obligations to funders, if it is unable to do so, in terms of project income/implementation agreements. Loans are typically repaid over 20 years.

Figure 6: Business Model



ORGANISATIONAL STRUCTURE

The organisational structure as at 31 March 2026 is as per Figure 7.

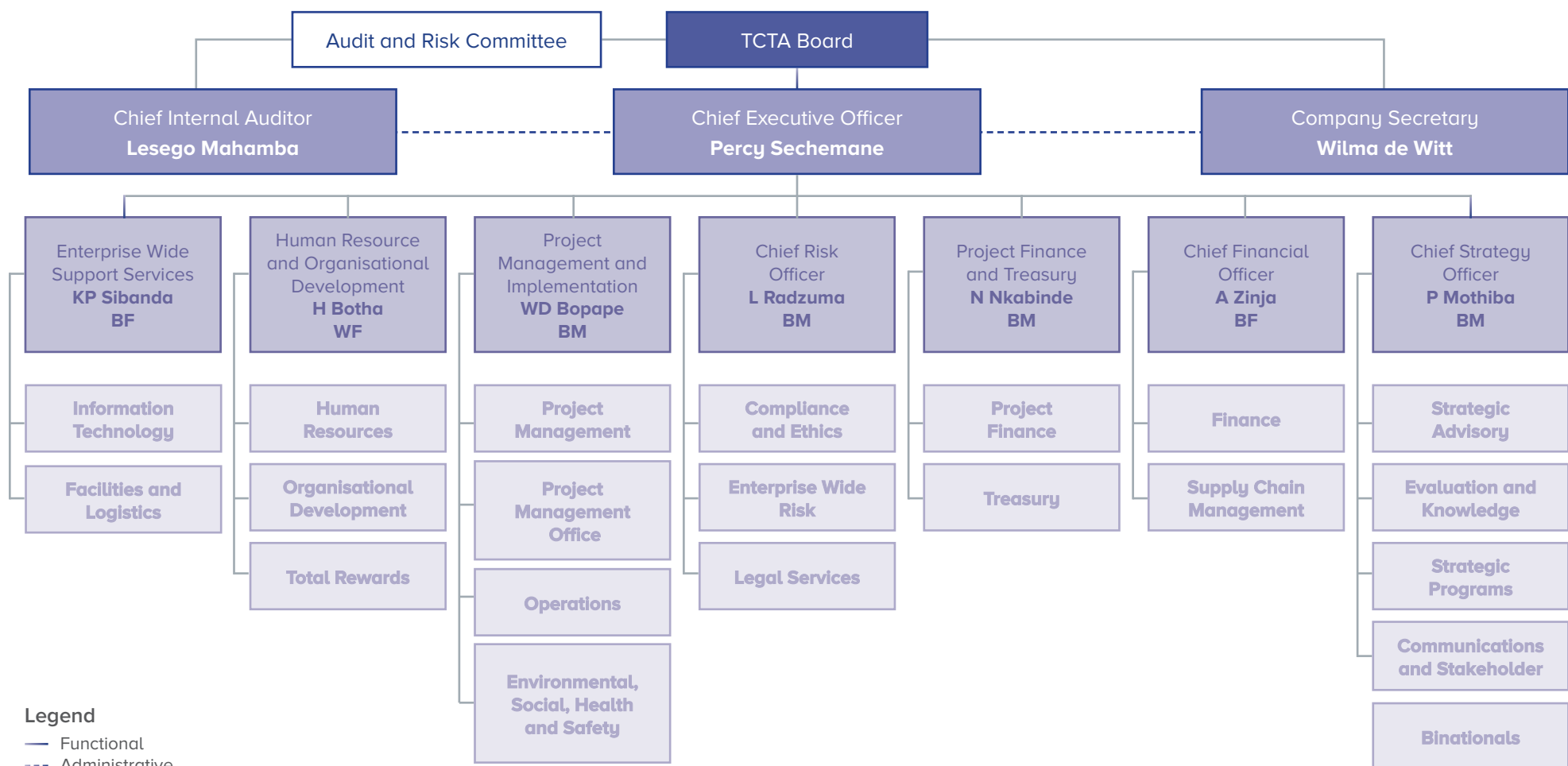


Figure 7: Organisational Structure



B

PERFORMANCE INFORMATION

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ARTICLE TWO

SUSTAINING TRUST ACROSS BORDERS

Few projects express TCTA's legacy more powerfully than the Lesotho Highlands Water Project. It is the foundation on which the organisation's history was built. It remains one of the most important regional water-security programmes serving South Africa. The advance of LHWP Phase II keeps TCTA's role focused on strategic financing, Treaty-aligned stewardship, stakeholder assurance and operational responsibility on the South African side of the scheme.

The project also reflects a wider legacy of regional solidarity. The partnership between South Africa and Lesotho has shown how shared watercourses, sustained diplomacy and disciplined governance can deliver cross-border benefits while strengthening cooperation. LHWP is therefore more than an engineering programme. It is a long-term institutional relationship that connects water security, economic stability and regional partnership.

Under the LHWP Treaty framework, TCTA raises funding and provides cost-related payments to the Lesotho Highlands Development Authority for the water-delivery component of the project. It does so on behalf of the Department of Water and Sanitation, the Designated Authority under the Treaty. This role demands more than financial administration. It requires a disciplined funding strategy, transparent reporting, careful coordination with Treaty institutions and sustained confidence among lenders, government stakeholders and project partners.

The strategic importance of LHWP Phase II lies in its long-term contribution to water security for Gauteng, the Free State, North West and Mpumalanga. These provinces support a significant share of South Africa's

population, industry and economic output. TCTA helps secure the future raw-water supply required by one of the country's most important economic regions by enabling infrastructure such as the Polihali Dam, transfer tunnel and associated works.

LHWP shows a multi-decade strength that extends beyond project finance. For four decades, TCTA has operated within a complex binational environment that requires institutional memory, technical rigour, Treaty compliance and cooperation between South Africa and Lesotho. This experience has created a body of knowledge in cross-border water governance that is difficult to replicate and essential to regional water security across generations.

TCTA's responsibilities for the Delivery Tunnel North and the Ash River Management Plan further illustrate this stewardship. Planned maintenance on the tunnel system has demonstrated the maturity of cross-border planning and coordination built over decades. The significance lies less in the logistics of a single maintenance period than in the assurance it provides. Critical infrastructure serving South Africa's economic heartland can be maintained, protected and returned to service without undermining regional water security.

The lessons from LHWP are practical and enduring. They show how strategic financing, Treaty-aligned stewardship, operational care and sustained cooperation can hold trust across borders, markets and generations. Few capabilities will matter more as South Africa prepares the water sector for its next institutional chapter.

END

ANNUAL PERFORMANCE REPORT

Table 1: Annual Performance Report

Strategic Objective	Measure	Annual Target	Means of Verification	Progress at 31 March 2026	Reason for Variance
				Achieved/Not Achieved	
1. Raise funding for implementation of infrastructure	Sufficient funding is available to facilitate reaching of critical project milestones	VRS: Funding is available to enable implementation activities per the procurement plan and contractual cashflows.	Investments and confirmation by lenders and/or DWS that sufficient funds are available for disbursement, in 2025-26.	Achieved: funding was available to enable implementation activities. - Funding was sufficient for the whole of 2025-26. - R3.2 billion NDB loan remains unavailable although the bank has deferred the Namibia no-objection condition to 31 December 2027 subject to conditions. This will require an amendment of the Facility Agreement and Government Guarantee to be effective. Discussions to amend the deferral condition requiring TCTA to indemnify NDB if LHWP-2 is not implemented according to the ORASECOM Agreement have been unsuccessful; now considering replacing the loan to release the guarantee. - Raising of R6–10 billion additional funding from existing VRS lenders: all term sheets were signed with preferred lenders, facility agreements will be negotiated in Q1 of 2026-27. - The JSE has informally agreed to allow the registration of the DMTN in respect of the listing of guaranteed notes.	No variance.
		BRVAS: Commercial and/or Social (Fiscal) Funding is available to enable implementation activities per the procurement plan and contractual cashflows.	Investments and confirmation by lenders and/or DWS that sufficient funds are available for disbursement, in 2025-26.	Achieved: funding was available to enable implementation activities. Funding was sufficient to cover expenditure planned for the 2025-26 financial year.	No variance.

Strategic Objective	Measure	Annual Target	Means of Verification	Progress at 31 March 2026	Reason for Variance
				Achieved/Not Achieved	
1. Implement capital projects on time, within budget, to the appropriate standards and in a sustainable socio/environmental manner	Sufficient funding is available to facilitate reaching of critical project milestones	MCWAP-2A: Funding is available to enable implementation activities per the procurement plan and contractual cashflows.	Investments and confirmation by lenders and/or DWS that sufficient funds are available for disbursement, in 2025-26.	Achieved: funding was available to enable implementation activities. - Funding of R22,25 billion and R 1,3 billion from fiscal contributions, more than 110% funding available to cover all planned expenditure until the end of the 2025-26 financial year. - The social contribution of R84 million for the year was due for payment by 31 March 2026 and was outstanding on this date. - The project continues to be funded from the social funding component, and the first disbursement from commercial facilities was made upon construction contract conclusion.	No variance.
		uMkhomazi: Commercial and/or Social (Fiscal) Funding is available to enable implementation activities per the procurement plan and contractual cashflows.	Investments and confirmation by lenders and/or DWS that sufficient funds are available for disbursement, in 2025-26.	Achieved: funding was available to enable implementation activities. - The project continues to be adequately funded from the previous R600 million disbursement from the R6 billion grant obtained from the Budget Facility for Infrastructure (BFI). - Raising funding from DFIs (R6 billion) awaits the conclusion of the first stage of due diligence and evaluation (Gap Analysis) by the recently appointed Lenders Advisors. - TCTA is awaiting the final gap analysis reports from the lenders' advisors; however, some of the lenders are preparing to submit term sheet proposals. - The Board approved the IF loan in January 2026 and is ready for signature. - Funding is sufficient to cover all planned expenditure until the end of the 2025-26 financial year.	No variance.

Strategic Objective	Measure	Annual Target	Means of Verification	Progress at 31 March 2026	Reason for Variance
				Achieved/Not Achieved	
2. Raise funding for implementation of infrastructure	Reaching of project critical milestones as reflected in the Project Plan	MCWAP-2A: Award construction contract for the River Management System.	Letter of award	Achieved - Contract Award / Variation Order for the River Management System in March 2026 to Metsi ke Matla Joint Venture.	No variance.
		UMKHOMAZI: Phase-1 Tunnel-Complete Surveys and Geotechnical Investigations.	Geotechnical Investigations Report	Achieved - The surveys have been completed, and the tunnel geotechnical report submitted in January 2026.	No Variance – The surveys are 100% complete, and geotechnical investigations for the tunnel are 100% complete. The geotechnical investigation for the gauging weirs and roads is in progress and was not part of the contracted annual target.
		Dam - Complete Surveys and Geotechnical Investigations.	Geotechnical Investigations Report	Achieved - The surveys have been completed, and the dam geotechnical report submitted in December 2025.	No Variance – The surveys are 100% complete, and geotechnical investigations for the dam are 100% complete. The geotechnical investigation for the gauging weirs and roads is in progress and was not part of the contracted annual target.
		BRVAS: Complete Tender Design	Tender design report	Not Achieved - tender design was not complete, and therefore no tender design report.	There was a court challenge on the bid process that delayed the achievement of this target by the planned date. The mediation process has been concluded. The delivery of the tender design report is being fast-tracked.
		Nwamitwa Dam Project: Update the Hydrology Study and validation of the Water Users.	Bridging study report	Update the Hydrology Study and validation of the Water Users was not achieved, and therefore no bridging study report.	A professional service provider has been appointed; however, the bridging study report has not yet been completed by the planned date. The tender was awarded in March 2026 to Hatch Africa.

Strategic Objective	Measure	Annual Target	Means of Verification	Progress at 31 March 2026	Reason for Variance
				Achieved/Not Achieved	
2. Raise funding for implementation of infrastructure	Effective annual co-ordination of the SIP-19 Program	Strategic Infrastructure Projects: Average effectiveness rating of 3 on SIP coordination and monitoring	Stakeholder feedback ratings from principals and partnership forums on survey.	Stakeholder feedback ratings from principals and partnership forums on survey 4.8 out of 5, comprised of: (4.6+4.8+5)/3	The performance feedback score comes from stakeholders, and it is their perspective - a sample of the stakeholders' explanation for the rating being above 3 is given in the evidence file for guidance. Basically, stakeholders affirm (expectations exceeded) the organisation's quality of work, accuracy, timeousness, responsiveness, and level of support in coordinating the SIP-19 Program.
3. Manage debt within the approved borrowing limit	Debt is managed within approved borrowing limits, and all debt payment obligations (including loan covenants) are met	Debt managed within the approved borrowing limits, and all debt payment obligations are met by the due date. • VRS • BWP • VRESAP • KWSAP • MCWAP	Borrowing Limit Utilisation Report	As of 31 March 2026: Debt was managed within the approved borrowing limits, and all debt payment obligations were met. • VRS: R6 876 million under the borrowing limit of R21 379 million. • BWP: R35 million under the borrowing limit of R80 million. • VRESAP: R855 million under the borrowing limit of R2 149 million (including inflation adjustment); • KWSAP: R154 million under the borrowing limit of R927 million; • MCWAP – 1 & 2: R7 459 million under the combined borrowing limit of R11 323 million. • BRVAS: R1 157 million under the borrowing limit of R1 277 million.	No Variance

Strategic Objective	Measure	Annual Target	Means of Verification	Progress at 31 March 2026	Reason for Variance
				Achieved/Not Achieved	
3. Manage debt within the approved borrowing limit				• uMWP: No debt; current borrowing limit is R492 million • Cash resources to Debt Ratios (Cash/Debt) as at 31 March 2026: • VRS: 42.32% (Including redemption assets) • BWP: 113.43% • BRVAS: 105.43% • VRESAP: 40.31% • KWSAP: 86.95% • MCWAP-1: 98.94% • MCWAP-2: 39.81% • All loan payments were made by the due date except: • MCWAP-2 Nedbank commitment fee – this was due on 27 February 2026, but due to the onsale of a portion of the loan, Nedbank could not provide tax invoices for Future Growth. The invoices were provided on 27 March, and payment was made on 31 March 2026. Nedbank has confirmed there is no event of default. • VRESAP RMB commitment fee - this was due on 30 January 2026; however, RMB can only provide the tax invoice on the payment date. RMB confirmed that payment could be made on 03 February 2026 and there is no event of default.	No Variance

Strategic Objective	Measure	Annual Target	Means of Verification	Progress at 31 March 2026	Reason for Variance
				Achieved/Not Achieved	
4. Operate and maintain designated projects to meet DWS requirements/ specifications	Operate and maintain AMD Assets to meet the minimum capacity availability factor.	Western Basin: An average daily volume of treated water of between 80% and 90% of the max treatment capacity of 35 ML/d.	Plant operational reports (volumes, AMD water levels in the basin & plant continuity). Plant maintenance reports (planned maintenance, unplanned maintenance and outages).	The target treated volume was achieved. An average of 32.78 ML/d was treated over the year, which is 93.66% of the targeted treatment capacity of 35 ML/d.	No Variance.
		Central Basin: An average daily volume of treated water of between 80% and 90% of the max treatment capacity of 72 ML/d.	Plant operational reports (volumes, AMD water levels in the basin & plant continuity). Plant maintenance reports (planned maintenance and unplanned maintenance and outages).	The target treated volume was achieved. An average of 65.32 ML/d was treated over the year, which is 90.72% of the targeted treatment capacity of 72 ML/d.	No Variance.
		Eastern Basin: An average daily volume of treated water of between 80% and 90% of the max treatment capacity of 100 ML/d.	Plant operational reports (volumes, AMD water levels in the basin & plant continuity). Plant maintenance reports (planned maintenance and unplanned maintenance and outages).	The target treated volume was achieved. An average of 93.53 ML/d was treated over the year, which is 93.53% of the targeted treatment capacity of 100 ML/d.	No Variance.

● Target achieved ● Progress behind schedule ● Target not achieved

SUMMARY OF PROJECT IMPLEMENTATION

TCTA funds and implements a portfolio of projects on behalf of the Department of Water and Sanitation. These projects are in various phases, namely preparation, implementation and closeout.

In addition, TCTA oversees the operation and maintenance of the Delivery Tunnel North of the Lesotho Highlands Water Project (LHWP) and the Acid Mine Drainage (AMD) treatment plants in the Western, Central and Eastern Basins of the Witwatersrand Goldfields.

The key activities undertaken during the 2025-26 financial year are summarised as follows:

PROJECTS IN THE IMPLEMENTATION PHASE

PHASE 1 OF THE UMKHOMAZI WATER PROJECT

The uMngeni System is the main water source supplying about 6 million people and industries in KwaZulu-Natal. The water requirements projection indicates that the uMngeni System is experiencing a deficit; therefore, there is a need to augment the system's water supply.

In February 2019, the Minister issued TCTA with a directive to fund and implement the bulk raw water component of the project, which entails the following infrastructure:

- an 81m high Smithfield Dam and Associated Infrastructure in the uMkhomazi River near Bulwer.
- the Water Conveyance Infrastructure:

- a 34 km-long, 3.5 m-diameter tunnel from Smithfield Dam reservoir to the uMlazi River Valley.
- a 5km-long, 2.6m-diameter raw water pipe line from the outlet portal of the transfer tunnel (above) to the proposed Umgeni Water's water treatment works in the uMlazi River Valley. The project will increase the Mgeni System's yield from 394 to 608 million m3 per annum.

The two Environmental Authorisations (EAs) and the pre-construction Environmental Management Programmes (EMPrs) for the project were approved by the Department of Forestry, Fisheries and Environment (DFFE). The construction EMPrs and all other plans required by the EA are in progress. The EMPr update of adding quarries in the dam basin was finalised in March 2026 and will undergo public participation before being submitted to the Department of Mineral and Petroleum Resources (DMPR) for approval.

The Biodiversity Offset and Compensation Plan is in progress, with potential candidate sites under investigation. The detailed topographical surveys, geotechnical investigations, and the bulk of the optimisation studies have been completed, and the detailed designs have commenced.

All project agreements, including those for water users, raw water supply, and implementation, have been concluded. Authorisations by the Minister of Water and Sanitation, acting in concurrence with the Minister of Finance, for the project borrowing limit and guarantee are in place, with preparations underway to raise funding. Grant funding, obtained through the Budget Facility for Infrastructure, is being utilised for ongoing project activities. DFIs are completing their due diligence investigations.



Berg River-Voëlvlei Augmentation Scheme

The Water Reconciliation Strategy for the Western Cape Water Supply System indicates that the system is in deficit and should have been augmented by 2019-20 to avert a severe shortfall. This need became evident when the system could not cope with the drought in 2018-19. BRVAS was identified as the next surface water development to help address this requirement.

BRVAS will abstract and pump winter flows from the Berg River into the existing Voëlvlei Dam, increasing its yield by 23 million m³ per annum. The project comprises a diversion weir in the Berg River, a pump station, a 6.3km pipeline and ancillary works.

Appointment of Detail Design PSP: Procurement of the Detailed Design PSP was unsuccessful, resulting in bid cancellation and subsequent litigation. An interdict prevented TCTA from appointing third parties for the originally tendered scope. A project recovery process was pursued through mediation and concluded successfully in March 2026. The settlement was made an order of the court on 7 May 2026, and implementation of the court order is underway.

Eskom Power Supply (2025-26): TCTA and Eskom have finalised the scope of work for the supply of electricity to the project. Eskom has commenced detailed design in this regard.

Funding / Financial Close (2025-26): Financial close was achieved on 30 June 2025. DWS financed ongoing pre-construction project activities during the year while funding arrangements with commercial banks were being finalised. Facility agreements were signed with three banks, and financial close was reached on 30 June 2025.

Implementation Readiness and Key 2026-27 Activities: Complete tender design documentation for road construction ahead of the Environmental Authorisation expiry in June 2027, secure the land required for implementation and advance project readiness for construction.

Vaal River System

The funding programme for the Vaal River System includes commercial banks, DFIs and capital markets funding. The funding is used mainly for the implementation of Phase 2 of LHWP (LHWP-2) by the Lesotho Highlands Development Authority (LHDA). TCTA is mandated to raise funding and provide it to LHDA as cost-related payments for the water delivery component of LHWP, on behalf of DWS, the Designated Authority under the LHWP Treaty. Following delays in project implementation, the latest LHDA cost plan envisaged accelerated LHWP-2 capital expenditure to mitigate past delays. This, combined with higher capital expenditure estimates, has contributed to increased short- and medium-term funding requirements.

In response, the funding strategy has been updated and now envisages raising additional bank facilities and higher projected capital charge adjustments during the construction period. It is projected that capital charges will be reduced after construction, and that efforts to register the planned multi-project domestic multi-term note programme with the JSE will continue in 2025-26.

PHASE 2A OF THE MOKOLO - CROCODILE RIVER (WEST) WATER AUGMENTATION PROJECT

The project comprises a River Management System (RMS) from the Hartbeespoort dam to Thabazimbi, an

abstraction weir in the Mooivallei area, a low-lift and a high-lift pump station, and a 160-km pipeline to transfer water from the Crocodile River near Thabazimbi to the Lephalale area. The project is a prerequisite to enabling further industrial and mining development in the Waterberg area.

Water from the project will contribute towards an environmental solution to the emissions in the Lephalale area, as envisaged in the first Strategic Infrastructure Project of the Presidential Infrastructure Coordinating Commission. It will enable Eskom to have a second water supply source for its Medupi and Matimba power stations, which together account for more than 20% of the country's reliable power supply capacity.

Also, it will enable them to operate an additional three Flue Gas Desulphurisation (FGD) units at the Medupi Power Station, and later 6 FGD units at Matimba, which could not be supplied with water from the Mokolo Dam through the MCWAP Phase 1 of the project. The FGD units minimise the environmental emissions from the power station, which is a condition of the Eskom World Bank loan and the Department of Environment, Forestry and Fisheries emission requirements.

The project's full implementation commenced, and the infrastructure designs are 100% complete. The construction contract was awarded to Metsi ke Matla Joint Venture, and they commenced implementation of the project in the second quarter of the financial year.

They have received a construction permit and have appointed an APP for the dam construction. They have begun servitude walk-downs, identified fauna and flora to be relocated, and have started applying for environmental permits from LEDET and DFFE. Some of



the initial permits were issued, allowing the Contractor to begin establishing an access road and construction camp in the Mooivallei area. The Contractor awarded pipe manufacturing contracts for the entire pipeline and a 20 km pipe-laying contract in the reporting period. They have received jet-grouting equipment for the Abstraction works and will issue other packages in the next financial year.

The socio-economic studies for the project were completed, and their findings informed the project's socio-economic development targets. All stakeholders in the Thabazimbi and Lephalale local municipalities and the broader Waterberg District Municipality, including traditional leaders, were consulted.

The project hired 30 local personnel, and priority for unskilled labour was given to labour sourced from the host local municipality. Further engagements were required to align stakeholder expectations on the application of the District Development Model and the agreed project implementation arrangements, especially in relation to local municipal responsibilities.

The project also faced heightened stakeholder tensions, with numerous community protests, some of which included threats against project personnel. The Project engaged the DWS regional office for assistance in establishing the Political Steering Committee.

For land acquisition, valuations of properties along the entire pipeline route were completed, and the land and servitude acquisition process was undertaken, with 100% of land and servitudes acquired in the reporting period. The land and servitude compensation process is in progress, and 99.9% of compensation amounts have been agreed and paid to affected parties.

The remaining compensation relates to an ongoing financial loss claim, which is non-fixed and currently 70% complete based on the submissions received. While some landowners remain dissatisfied, many of the claims submitted are considered excessive and legally unsupported.

Additional servitude rights required for the River Management System are 64% secured, and the related compensation is expected to be finalised in the next financial year. The remaining 36% is attributable to design issues that require further consultation and refinement.

In the past year, DWS funded ongoing pre-construction activities as part of its contribution to the project's social component. Components for commercial and future users are funded off-budget. In 2024, finance facility agreements totalling R22.25 billion were signed with seven lenders for long-term loans and revolving credit facilities.

All facilities reached financial close in May 2024, and all are now available for use. The project has secured funding from seven private lenders, and all Funding conditions have been concluded, with funding now fully effective. The Lenders Technical Assistant (LTA) was appointed by the Funders and visited the site in the reporting period. The Eskom supply agreement was concluded in the reporting period.

The River Management System (RMS) for the Crocodile River, from the Hartbeespoort Dam to the Vliepoort Weir near Thabazimbi, was developed in collaboration with DWS. The design for the RMS was finalised, and the Construction contractor will implement it.

PROJECTS IN CLOSE-OUT PHASE

Berg Water Project

The dam and the supplementary system were declared operational in 2009.

As at 31 March 2026, the Heritage Display associated with the Skuifraam Farmhouse ruins was in the implementation phase. The construction contractor for the heritage display had been appointed in the previous financial year, with the letter of award issued in August 2024. Implementation activities continued during the 2025-26 reporting period, with completion anticipated in July 2026.

DWS is to take over the facility as part of the broader BWP operations and management, with a formal handover scheduled for June 2026.

Environmental/Heritage closure is expected to be effected before 15 December 2026, as part of the permit conditions by Heritage Western Cape.

Phase 2 of the Mooi Mgeni Transfer Scheme

The MMTS-2 Biodiversity Offset is a requirement of the project, designed to secure the long-term protection and conservation of grassland, wetlands and rivers in the catchment. The Biodiversity Offset Implementation Agreement between TCTA, DWS and Ezemvelo KwaZulu-Natal Wildlife (EKZNW) is in place. EKZNW has purchased a property that will extend an established protected area, rendering the project's offset more contiguous, in line with good practice.

The declaration of this property as a protected area in accordance with the National Environmental Management: Protected Areas Act (NEMPAA) No. 57 of 2003 is in progress.

Olifants River Water Resources Development Project – Phase 2C

The project comprises a 40-km distribution pipeline from De Hoop Dam, which feeds the De Hoop Water Treatment Works at Steel Bridge, and a pump station near Steelpoort, where it can interconnect with the Lebalelo Water Users Association infrastructure. It provides water to the eastern limb of the Bushveld Complex (mining) as well as for municipal consumers in the Sekhukhune District Municipality.

The project is complete and has been handed over to DWS for operation and maintenance. The Dispute Adjudication Board has given its final decision on all contract disputes. All claims have been finalised, and payments have been made to the contractor. This project is now closed.

ADVISORY SERVICES TO DWS

uMzimvubu Water Project (MWP)

The uMzimvubu Water Project aims to develop the water resources in the uMzimvubu River catchment, thereby stimulating the regional economy through domestic water supply, irrigation, hydropower generation and job creation.



On 16 January 2019, TCTA received a revised directive to provide project management advisory services to DWS for the implementation of Stage 1 of the project, which entails constructing the access road to Ntabelanga Dam. Ash River Management Plan, a river erosion monitoring and mitigation plan was implemented following the start of water deliveries from LHWP.

Construction started in March 2021 and is 22% complete against the plan of 100%. The major contributing factor to the delays in this reporting period is the supplier’s failure to deliver the construction material (G7) on time; the on-site plant is not operational, and recruitment processes for critical construction resources are delayed.

TCTA also supported DWS with resources for social facilitation to ensure all stakeholders are engaged and that key issues are resolved. TCTA has compiled and signed off on the Mzimvubu Stakeholder Engagement Plan, which has been shared with DWS.

The Project Management Office (PMO) is responsible for providing overall project management support to DWS, including the provision of Health and Safety Agent, Environmental Services and the appointment of a PSP to conduct a bridging study to unlock BFI funding and grants. Drafting of the Stage 2 Implementation Plan is in progress, with site progress at 2% against the preliminary approved programme of Ntabelanga Dam.

Nwamitwa Dam Project

TCTA received the Ministerial Directive for the Nwamitwa Dam Project in December 2024, requiring it to develop a funding model to assess the project’s commercial

viability. If the project is deemed commercially viable, TCTA may be appointed as the Implementing Agent responsible for its execution.

TCTA concluded a Service Level Agreement with DWS. A request for proposals (RFP) for bridging studies was developed and agreed with DWS, and was subsequently advertised. The tender for the bridging study was adjudicated and awarded to Hatch Africa in March 2026.

OPERATION AND MAINTENANCE ACTIVITIES

TCTA operates and maintains the following two infrastructure projects:

1. The Delivery Tunnel North of LHWP; and
2. The Short-Term Intervention of the AMD Project as per the Ministerial Directive.

A summary of these activities is as follows:

Delivery Tunnel North of the Lesotho Highlands Water Project

In terms of the Treaty, as amended by Protocol IV between the Republic of South Africa and the Kingdom of Lesotho, TCTA is responsible for the operation and maintenance of that part of the project situated in the Republic of South Africa, Delivery Tunnel North, and is accountable to the Lesotho Highlands Water Commission in this regard.

TCTA also manages the Ash River Management Plan, a river erosion monitoring and mitigation plan that was

implemented following the start of water deliveries from LHWP. During 2025-26, the Delivery Tunnel North achieved 100% availability and met all contracted water-delivery volumes.

THE LHWP SHUTDOWN

The LHWP underwent a scheduled five-year maintenance period from 1 October 2024 to 31 March 2025. The six-month closure was to allow for the repainting of the steel liners in sections of the tunnel. Measures were taken to ensure that the shutdown did not impact the water supply to consumers in the Integrated Vaal River System.

TCTA procured a professional service provider and main contractor through an open bid process to assist with this major maintenance. The work was carried out simultaneously on the Lesotho and South African sides of the tunnel under the auspices of LHDA and TCTA, respectively.

Following the completion of maintenance on the Lesotho side, the tunnel was filled with water on 21 May 2025, and the water arrived on the South African side on 23 May 2025. Delivery Tunnel filling followed the standard procedure, and water reached Ash Outfall on 23 May 2025.

A stakeholder ceremony to mark the successful completion of the shutdown and resumption of water delivery was hosted by the Minister of Water and Sanitation.

The project's stakeholder management success included weekly meetings with key local, provincial and national stakeholders, monthly meetings with the local community and business forums.

The socio-economic benefits in terms of skills development, local employment and subcontracting, in line with the PSP and contractor socioeconomic development targets and CIDB prescripts, formed part of the shutdown.

Acid Mine Drainage Treatment Plants

A summary of the performance of the AMD treatment plants is as follows:

Western Basin

Over the reporting period, the treated water volume target of 80%-90% of the maximum treatment capacity of 35 ML/d, including planned outages, calculated over the full year and adjusted for any force majeure events or other events outside TCTA's control, has been exceeded.

The average volume treated for the year ending 31 March 2026 was 32.8 ML/d (= 94% of the treatment capacity of 35 ML/d). The water effluent discharged into Tweelopiespruit met the DWS specification.

Central Basin

Over the reporting period, the Central Basin Plant met the revised target of an average daily treated water volume between 80% and 90% of its maximum treatment capacity of 72 ML/d, inclusive of planned outages. The

calculation was adjusted for any force majeure events or other occurrences outside TCTA's control. An average of 65.3 ML/d (91% of treatment capacity) was achieved during the financial year ending 31 March 2026. The water effluent discharged into the Elsburgspruit stream met the DWS specification.

Eastern Basin

The volume target for treated water, between 80% and 90% of the maximum treatment capacity of 100 ML/d, including planned outages, calculated over the full year and adjusted for any force majeure events or other events outside TCTA's control, has been met and exceeded.

The average volume treated for the year ending 31 March 2026 was 93.5 ML/d (= 94% of the treatment capacity of 100 ML/d). The water effluent discharged into Blesbokspruit met the DWS specification.



Table 5: Treated Water Quantity and Quality data from the three basins

Basins	Central	Eastern	Western
Average Annual Daily Volume Treated	65.32 ML/d	93.53 ML/d	32.78 ML/d
Target Level	126 m below ground level	106 m below ground level	3 m
Level as at 31 March 2026	43.57 m	-108.44 m	-11.57 m

Water Quality	Units	Specification (as per DWS directive)	Treated Water (Annual average 1 Apr '24 – 31 Mar '26)		
PH		6.5 – 9.5	100%	100%	100%
Iron	mg/l	< 1	100%	100%	100%
Manganese	mg/l	< 10	100%	100%	100%
Aluminium	mg/l	< 1	100%	100%	100%
Sulphates	mg/l	≤3 000	100%	100%	100%
Electrical Conductivity	mS/m	≤450	100%	100%	100%
Turbidity	NTU	≤30	98.9%	100%	100%

Table 6: Operating Costs

Basins	Central	Eastern	Western
Operations	R 121 972 767.12	R 92 136 228.92	R 73 653 251.23
Rates & Taxes (Water and Sanitation)	R 8 343 193.43	R 9 104 807.94	R0.00
Electricity	R 85 241 229.64	R 84 414 821.02	R0.00
Total	R 215 557 190.19	R 185 655 857.88	R 73 653 251.23

All costs, excluding VAT

STAKEHOLDER RELATIONSHIPS

During the year under review, the Board approved a new Stakeholder Management Strategy. Although the strategy focuses on TCTA's current stakeholder challenges and needs, it also sought to look ahead to the envisaged future under the establishment of the South African National Water Resources Infrastructure Agency (SANWRIA).

Over the years, effective stakeholder engagement has assisted TCTA in developing appropriate and timely policies, project plans, programmes and services. It is a well-established view that stakeholder management is mutually beneficial to both TCTA and its broad stakeholder base.

The benefits for stakeholders include opportunities to contribute to policy and programme development, participate in decision-making processes, where required and appropriate, and achieve satisfactory outcomes on matters of mutual interest.

Carefully considered stakeholder management interventions offer an effective platform to remove obstacles to business success and facilitate efficient information flow. This has been the benefit of established stakeholder relations to TCTA over the years.

Furthermore, stakeholder engagements provide an opportunity for the organisation to tap into crucial local knowledge and test policy initiatives with affected and interested parties.

TCTA contributes to the nation's water security through cost-effective financing and the development of bulk raw water infrastructure. Effective management of stakeholder

relationships, especially with key stakeholders, is critical to the execution of the organisational mandate, including the successful implementation of its infrastructure projects.

To provide a reliable, sustainable and coherent service to water users, TCTA creates and maintains comprehensive relationships with various stakeholder groups. By effectively engaging stakeholders with diverse experiences, knowledge and perceptions, the organisation achieves strong outcomes that may surpass what it can achieve in isolation.

During the period under review, as has been the case in recent years, TCTA focused primarily on maintaining and improving relations with its parent national department, DWS, as well as other government departments and institutions that have a significant impact on its business. These included financing institutions with an interest in TCTA's project funding, implementation and debt management.

The key areas of engagement with DWS continued to include discussions and collaborative work aimed at advancing the establishment of the planned new Agency. This included work to establish the new entity in line with the provisions of the Act, as amended, and cooperation on engagements with existing lenders, the Lesotho government and other key stakeholders.

Furthermore, the organisation continued its efforts on the two main strategic issues from the previous financial year that had shaped its stakeholder engagement focus. The first concerned efforts to gain traction on the implementation of existing projects and to move

them smoothly from the pre-implementation phase to full operations. TCTA addressed this issue by improving procurement turnaround times and concluding contracts with service providers. The focus on projects also included instituting reconciliation processes to unlock deadlocked negotiations with a service provider linked to the BRVAS project.

The second key issue was the implementation of the Agency initiative in a manner aligned with good business practice and the SANWRIA Act, while continuing to collaborate with key stakeholders in the process.

The challenges associated with the establishment of the Agency were largely addressed through bilateral engagement and advocacy, the submission of formally documented inputs and correspondence between the TCTA Board and the Minister of Water and Sanitation.

Furthermore, the existing multilateral forums were used to guide the process in an inclusive manner. However, as was the case in the previous financial year, despite several engagements with DWS, the approval status of the Business Case for the Agency remained unclear.

The proposed technical amendments to the Act were submitted to Parliament, and the process had yet to be concluded at the time of reporting. DWS made some progress with the appointment of the Board, but the process had yet to be concluded at the time of reporting.

Most notably, the long-standing call for the appointment of a Transaction Advisor was addressed by DWS through the appointment of PwC as a "strategic partner". However, at the time of reporting, TCTA was still engaging with DWS

to ascertain the exact role that the appointed service provider would play and whether the appointment was intended to replace the need for a Transaction Advisor.

Table 7 below outlines the organisation’s broad list of stakeholders and the nature of its engagement with

them. It also provides an account of efforts made during the period to interact with and manage the various stakeholders. The account below focuses on strategic-level interventions.

Table 7: Stakeholder Relationships

Stakeholder	Nature of interest/stake	Engagement strategy	Engagement report
Parliament	Regulation and compliance with legislation.	Empower with project information. Present Integrated Annual Report and Corporate Plan. Account on performance and governance of the organisation. Manage the relationship.	Engaged through the Portfolio Committee on Water and Sanitation to present the TCTA Annual Strategic Plan and Corporate Scorecard, and to provide progress reports on key programmes. TCTA's interactions with the Portfolio Committee are often initiated by an invitation from DWS to participate or by the need for TCTA to present statutory reports.
Shareholder (Ministry)	Directive and mandate to operate. Financial guarantees and compliance.	Account for the performance and governance of the organisation. Consult the stakeholder on all major decisions. Provide monthly project reports. Hold regular meetings. Collaborate and empower with relevant information. Manage the relationship.	TCTA continued to engage the Ministry to provide progress reports on the organisation’s key programmes and to seek the Minister’s counsel and support on key decisions. Examples include resolving stakeholder issues related to planned projects, obtaining government guarantees for projects under consideration, resolving outstanding issues, managing stakeholder engagement on key interventions such as the major tunnel closure of the LHWP and advancing the establishment of SANWRIA. The Minister issued two new directives to TCTA, one for advisory services and the other for the implementation of a pump station project. At the time of reporting, TCTA was engaging DWS and the Ministry on the two directives.

Stakeholder	Nature of interest/stake	Engagement strategy	Engagement report
Shareholder Department (DWS)	Compliance with Ministerial directives and mandate.	Advise on funding requirements. Provide advice and support on consultations with bulk water users. Communicate results and performance. Obtain feedback on requirements or any changes. Provide frequent status reports and updates. Hold workstream-focused collaborative meetings and engagements at senior management level. Collaborate and empower with relevant information. Manage the relationship.	A key and ongoing area of engagement between TCTA and DWS involved working closely to address project hurdles and key concerns in the process of establishing SANWRIA through bilateral engagements. The organisation also partnered with DWS to engage funders on the establishment of SANWRIA, in line with the provisions of the Act. The two organisations continue to engage and collaborate on various projects and related issues at different levels. Key matters, such as the approval of government guarantees for projects under consideration and firming up new mandates, continue to be subjects of ongoing discussion between the two organisations. Other matters include issues pertaining to the implementation of LHWP-2, especially those raised by the Lesotho government regarding royalties, project costs and related matters.
National Treasury (Ministry of Finance and National Department)	Operation within borrowing limits. Compliance with applicable legislation.	Account for the organisation's performance and governance. Consult on all major financial decisions and PFMA-related matters. Provide regular status reports and updates. Collaborate and empower with relevant information. Manage the relationship.	National Treasury, together with the Ministry, has been engaged on obtaining borrowing limits for projects, as well as on the establishment of SANWRIA. TCTA also engages NT through quarterly reports on entity performance, procurement and debt management.

Stakeholder	Nature of interest/stake	Engagement strategy	Engagement report
Off-takers (Including Water Boards and other Water Entities)	Mutually beneficial relationships on bulk raw water infrastructure projects. Raw water off-takers and tariff payments	Involve and keep stakeholders informed on all developments during project implementation. Ensure regular reporting on project progress. Provide transparent information. Explore future opportunities. Manage the relationship	Off-takers, including Water Boards and water entities, were engaged through focused discussions on tariff changes as well as on planned projects. In particular, engagements on the BRVAS and uMkhomazi Water Project have been enhanced and regular over the past three financial years. Through SIP-19, TCTA engages water boards on the planning and implementation of their capital projects. To collaborate with other parties in the water sector, TCTA has participated in programmes hosted by AWSISA and is actively involved in preparations for a conference to be held at the end of 2026, in the new financial year. Several TCTA employees have been assigned active roles in various aspects of planning for the conference.
Local Government	Availability of water infrastructure in the area of jurisdiction.	Identify relevant municipalities and collaborate with them. Lobby for support as required.	Through SIP-19, TCTA has engaged major metros on the planning and implementation of their capital projects.
Lenders	Ability to service loans.	Maintain lender satisfaction. Keep lenders informed of the organisation's financial standing. Meet regularly. Comply with contractual agreements. Report on good governance.	The lenders are continuously kept abreast of major activities at TCTA, especially issues that could have a material impact on existing contractual obligations. The lenders are also engaged individually or through regulatory platforms such as the JSE in relation to capital markets programmes. TCTA continued to engage the JSE on its decision to withdraw TCTA's permission to register a new programme. At the time of reporting, the JSE had informed the organisation by email that it would allow the listing of Guaranteed Notes only. In collaboration with DWS, TCTA continued to consult lenders on the establishment of SANWRIA. Following the final group consultation, agreement was reached on an implementation process. The lenders would commence with due diligence, after which negotiations would follow.

Stakeholder	Nature of interest/stake	Engagement strategy	Engagement report
Communities	Favourable decisions.	Empower and consult on relevant issues. Establish representative community forums in active project areas.	TCTA continues to engage and interact with communities adjacent to its existing projects. Communities were engaged on matters that could potentially affect them. They are also beneficiaries of some of TCTA's CSI programmes. During the period under review, there was increased engagement with communities, traditional leaders and municipalities linked to the uMkhomazi Water Project, including collaboration with the uMsunduzi District Municipality on several CSI programmes.
Bi-national partnerships	Servicing the terms of the Treaty.	Manage closely. Collaborate and consult. Regular meetings with bi-national partners.	TCTA continuously engages the DWS, LHWC and LHDA on issues related to the LHWP, including audit matters. Difficult stakeholder issues that persisted during the year included the recalculation of royalties payable to the Lesotho government and escalating project costs. TCTA continues to participate and play a leading role in the deliberations of the Project Governance Committee, which was established in the 2023-24 financial year. The primary role of the Committee is to actively engage all parties to the project to resolve project challenges. It aims to entrench sound governance and oversight of the project to ensure its successful and cost-effective implementation. The DG and CEO co-chair the Committee.

FINANCIAL SUMMARY

TCTA remained responsible for ensuring effective financial management to achieve its financial and non-financial strategic goals for the year ended 31 March 2026.

The financial performance of TCTA, as reported, provides a transparent view of its underlying activities and confirms the financial sustainability of the organisation. Despite challenging economic conditions and significant infrastructure investment requirements, TCTA maintained a strong liquidity position and positive net asset base, supporting management’s assessment that the organisation remains a going concern.

TCTA has assessed the impact of the anticipated establishment of the South African National Water Resources Infrastructure Agency (SANWRIA). Subsequent to year-end, Cabinet announced the appointment of the SANWRIA Board following its meeting of 6 May 2026. This paves the way for the incorporation of the Agency and, within 12 months thereafter, the determination of the date for TCTA’s incorporation into SANWRIA.

It is, however, uncertain when these events (the incorporation of the Agency and the determination of the date for the incorporation of TCTA into the Agency and its subsequent disestablishment) will occur, as these are outside the control of TCTA. At some point in the future, TCTA will cease to operate as TCTA and will continue its mandate as part of the SANWRIA.

TCTA is of the view that it will continue to operate as a going concern for at least the next twelve months and the foreseeable future, either as part of the operations to be merged into the SANWRIA, as advised by DWS,

or on a standalone basis; as such, the annual financial statements have been prepared on a going-concern basis.

Managing compliance with the Public Finance Management Act (PFMA) remains a key priority for management, particularly regarding the preparation of annual financial statements, enhancement of financial reporting controls, and consequence management relating to irregular, fruitless and wasteful expenditure. While improvements were achieved during the current year, continuous efforts are required to strengthen governance processes and maintain a robust control environment.

During the year, TCTA completed the transition from International Financial Reporting Standards (IFRS) to the Generally Recognised Accounting Practice (GRAP) reporting framework. Comparative information was restated where required, enhancing the consistency and transparency of financial reporting. The accounting principles applied in determining tariff receivable balances were also reviewed to ensure alignment with applicable accounting standards and to provide users of the financial statements with information that faithfully represents the underlying economics of TCTA’s projects.

In previous financial years, TCTA achieved unqualified audit opinions, demonstrating its commitment to transparency, accountability and the production of reliable financial information for stakeholders, investors, lenders and oversight institutions. In the year under review, however, TCTA received a qualified audit opinion due to technical GRAP transition requirements together with information relating to the VRS project that was

submitted late for audit purposes. The qualification does not constitute a material impairment of the financial soundness, internal control environment and governance of the TCTA. The Entity remains committed to building and maintaining confidence in TCTA’s ability to execute its mandate of financing and implementing strategic water infrastructure projects throughout South Africa.

Furthermore, TCTA remains fully capable of meeting all debt service and financial obligations under the Facility Agreements as and when they fall due. Plans are already in place to improve the audit outcome for the 2026-27 financial year.

Considering the financial performance, TCTA reported a deficit of R789 million for the 2025-26 financial year (2025: R1 246 million surplus). The deficit was primarily influenced by net finance costs, and the impact of the modification loss recognised on tariff receivables. Notwithstanding the reported deficit, TCTA’s financial position remained strong, with total assets increasing to R33 379 million, cash and cash equivalents increasing to R12 987 million, and net assets remaining positive at R6 697 million.

To understand TCTA’s financial performance and position, it is important to consider the following four key elements within the annual financial statements:

- 1. Tariff receivable
- 2. AMD receivable
- 3. Cash and cash equivalents
- 4. Raising and distribution of borrowings

These elements continue to be the primary drivers of TCTA's Statement of Financial Position, Statement of Financial Performance and Statement of Cash Flows, reflecting the organisation's role in funding, implementing and managing strategic national water infrastructure projects.

1. TARIFF RECEIVABLE

The tariff receivable represents TCTA's entitlement to recover project costs incurred in the funding, construction and implementation of national water infrastructure projects, as well as the post-debt management activities associated with these projects.

The tariff receivable reflects the present value of future cash flows payable by the Department of Water and Sanitation (DWS) to TCTA for the settlement of borrowings raised to fund construction costs, service delivery costs, Lesotho-related costs and other operating expenditure incurred on behalf of each project. Amounts received from DWS reduce the outstanding tariff receivable balance.

TCTA reported a balance of R16 585 million (2025: R16 352 million) for the current year with most of the balance relating to the VRS project. There has been increased project activity in the LHWP-2 in the current year, which continues to account for the largest share of tariff receivables due to ongoing construction activity and associated funding requirements.

Continued expenditure on strategic infrastructure projects, together with the recognition of finance income and re-estimation adjustments, contributed to the movement in the receivable balance during the year. The tariff receivable remains a critical component of

TCTA's Statement of Financial Position, as it represents the mechanism through which project expenditure and debt obligations are recovered from DWS over the life of each project.

During the year, project expenditure on major infrastructure programmes, including LHWP-2 and other bulk water infrastructure initiatives, continued to drive activity within the tariff receivable portfolio. Refer to note 9.1 for further details on the tariff receivable balance

TCTA invoices DWS monthly in accordance with the relevant implementation and income agreements as the principal recovery mechanism for the tariff receivable. Collections from DWS remained satisfactory during the financial year, supporting TCTA's strong liquidity position and contributing to year-end cash and cash equivalents of R12 987 million. The receivable continues to be closely monitored to ensure recoverability and alignment with approved tariff models and project funding arrangements.

Total 2026: R16 585 million

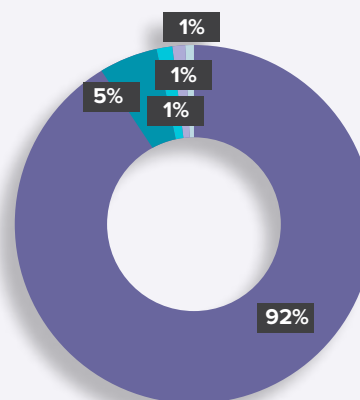


Figure 1: Tariff receivable by project (2026)

Total 2025: R16 352 million

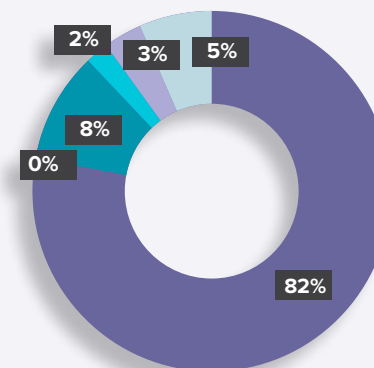


Figure 2: Tariff receivable by project (2025)

● VRS
 ● BWP
 ● VRESAP
 ● MCWAP-1
 ● KWSAP
 ● UMWP

2. AMD RECEIVABLE

AMD receivable represents two-thirds of the costs incurred on the AMD project that are not financed through borrowings and are therefore recoverable from the fiscus through the Department of Water and Sanitation (DWS). The receivable primarily relates to capital expenditure incurred on AMD infrastructure, while operations and maintenance costs are billed and recovered in full during the year in which they are incurred.

The AMD receivable balance of R1 343 million (2025: R1 572 million) decreased by R229 million primarily because of payments received from DWS during the financial year. Refer to note 9.1 for the reconciliation of the AMD receivable balance.

3. CASH AND CASH EQUIVALENTS

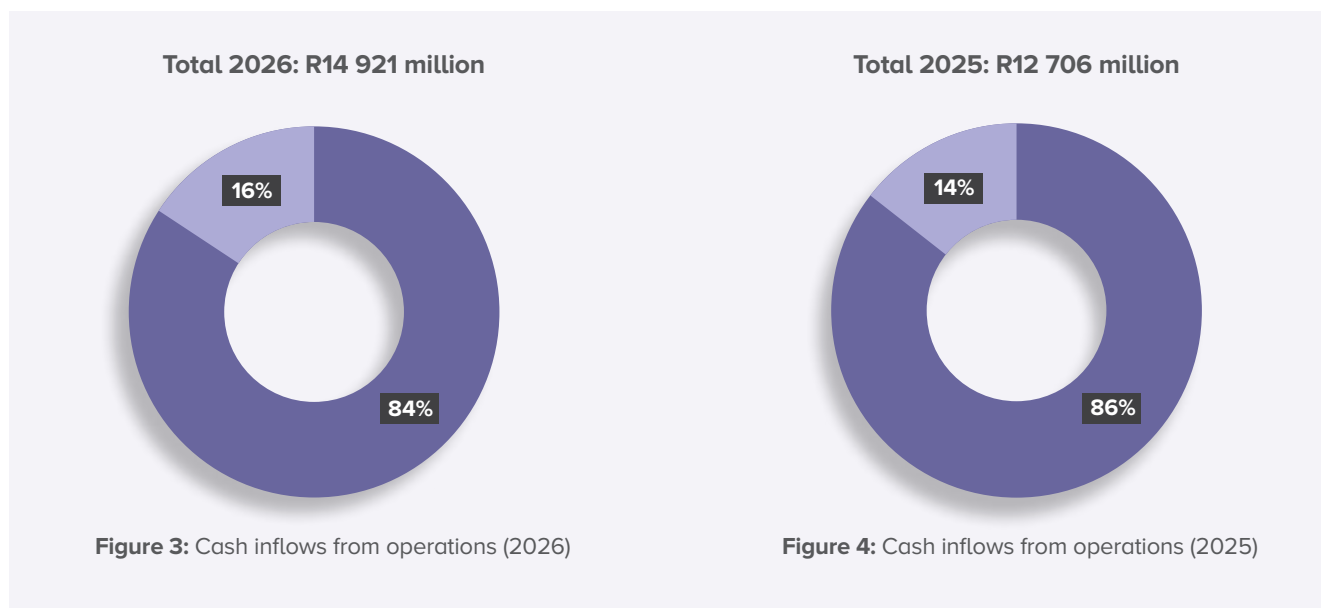
Cash and cash equivalents are held to meet TCTA's short-term cash commitments and comprise primarily short-term investments that are readily convertible into cash, together with cash held in bank accounts. These investments generally have maturities of less than three months from the date of acquisition and are managed to ensure sufficient liquidity to meet operational, debt servicing and project funding requirements. Further details are provided in Note 11 of the Annual Financial Statements.

TCTA maintained a strong liquidity position during the 2026 financial year, with cash and cash equivalents increasing to R12 987 million from R7 062 million in the previous year. This increase was primarily driven by higher financing inflows, continued recoveries from DWS, and the timing of project expenditure and funding requirements.

3.1 Cash inflows from operations

Total receipts from DWS amounted to R14 921 million during the 2026 financial year, compared to R12 706 million in the prior year. These receipts comprised tariff recoveries and fiscal allocations received in terms of the various project agreements between TCTA and DWS. The increase in receipts reflects higher project activity levels, increased funding requirements and improved collection of outstanding balances.

Receipts from tariff recoveries amounted to approximately R12 078 million (2025: R10 405 million), fiscal allocations received from DWS totalled approximately R2 256 million (2025: R1 756 million) while finance income amounted to R588 million (2025: R546 million). The increase in fiscal allocations was driven largely by funding received for socially funded projects, including significant contributions towards the uMkhomazi Water Project (uMWP) and other strategic water infrastructure programmes.



● Cash receipts from customers ● Receipts from fiscal allocations

3.2. Cash inflows from financing and investing activities

Cash inflows from financing and investing activities increased significantly during the year as TCTA continued to fund major infrastructure projects. Net cash inflows from financing activities amounted to R6 594 million (2025: R1 961 million), primarily due to new borrowings raised to support project implementation requirements. Net cash inflows from investing activities amounted to R807 million (2025: -R454 million net cash outflow), driven mainly by proceeds from financial assets and investment portfolio activity.

New borrowings of approximately R8 620 million were raised during the year, reflecting the funding requirements of strategic projects, including the VRS and MCWAP-2 projects. These inflows were partially offset by capital repayments on existing borrowings.

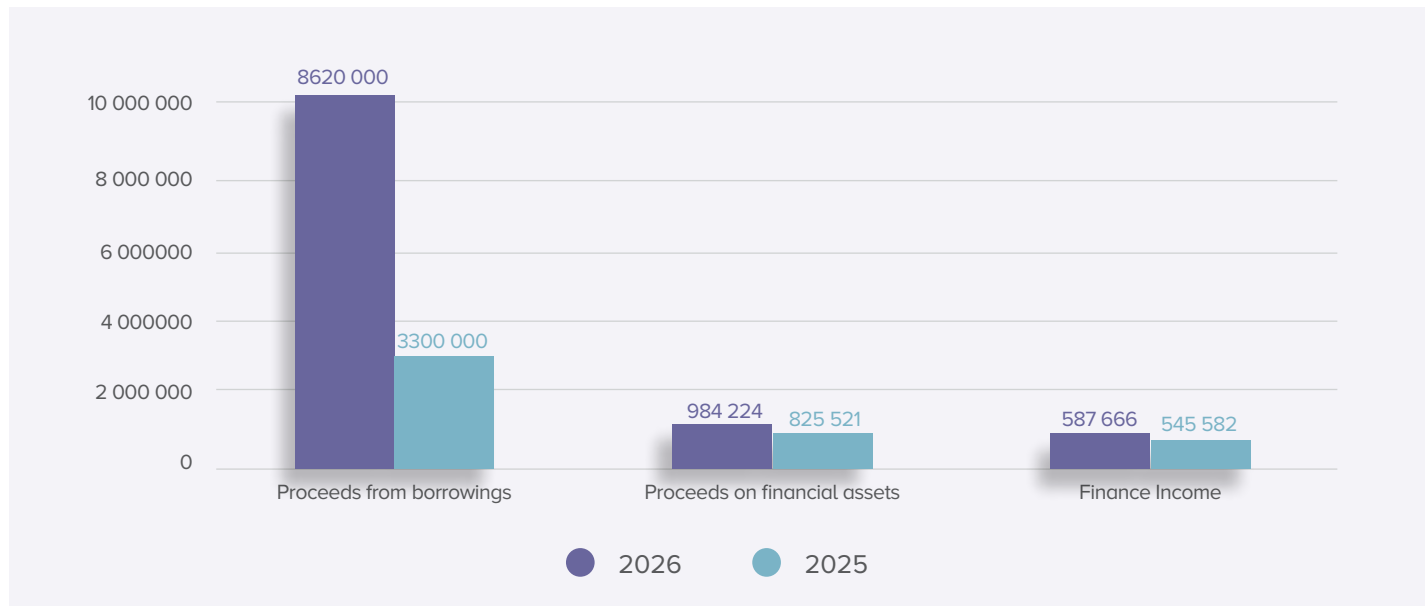


Figure 5: Cash inflows from financing and investing activities

3.3 Utilisation of cash resources

Higher cash inflows contributed to increased cash outflows during the 2026 financial year as project implementation activity continued across TCTA's infrastructure portfolio. Cash paid to suppliers remained the largest component of cash outflows, representing approximately 79% of total cash utilisation (2025: 72%), reflecting increased project expenditure, construction activity and Lesotho-related costs.

Capital repayments on borrowings accounted for approximately 11% of total cash outflows during 2026 compared to approximately 8% in the previous year. These repayments were made in accordance with loan agreements and reflect the ongoing servicing of project-related debt.

Finance costs represented approximately 9% of total cash outflows, highlighting the significance of debt funding in supporting TCTA's infrastructure programme. Investments made during the year accounted for approximately 1% of cash utilisation, while employee costs represented 2% of total outflows.

The strong liquidity position generated through operating recoveries, borrowing activities and investment proceeds enabled TCTA to increase its cash and cash equivalents balance from R7 062 million to R12 987 million by year-end, providing a solid foundation for future project funding requirements and strategic infrastructure investments.

Total 2026: R18 599 million

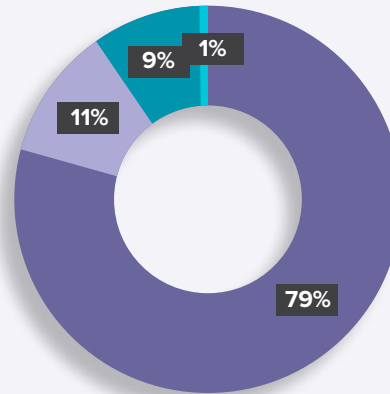


Figure 6: Cash outflows (2026)

Total 2025: R16 144 million

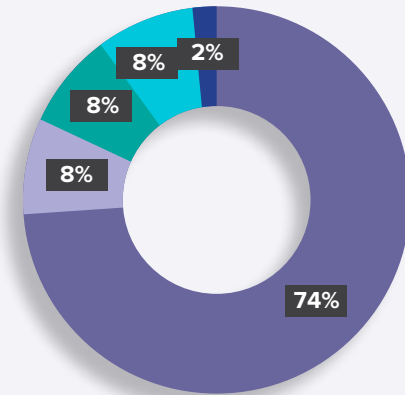


Figure 7: Cash outflows (2025)

- Paid cash to suppliers
- Capital repayments on borrowings
- Finance costs
- Investments made

4. RAISING AND DISTRIBUTION OF BORROWINGS

TCTA raises long-term and short-term borrowings from a range of financial institutions to fulfil its performance obligations in respect of commercially funded water infrastructure projects. These borrowings comprise fixed-rate, floating-rate and CPI-linked instruments and form a

critical component of TCTA's project funding model. As at 31 March 2026, the composition of borrowings remained consistent with the prior year, as shown in the figures below.

4.1 Source of Borrowings

TCTA raises funding from a diversified group of domestic and international financial institutions to meet the funding requirements of commercially funded water infrastructure projects. The borrowing portfolio comprises a combination of fixed-rate, variable-rate and CPI-linked instruments, structured to align with the long-term nature of TCTA's infrastructure mandate.

Borrowings increased from R13 836 million in 2025 to R20 625 million in 2026, reflecting continued infrastructure investment and increased funding requirements for strategic projects, particularly the Vaal River System (VRS)/Lesotho Highlands Water Project Phase II (LHWP-2), MCWAP-2 and BRVAS.

The increase in borrowings during 2026 was primarily driven by additional drawdowns under existing facilities, including significant utilisation of the Nedbank, DBSA and IDC facilities to support ongoing project expenditure and capital commitments.

Total 2026: R20 625 million

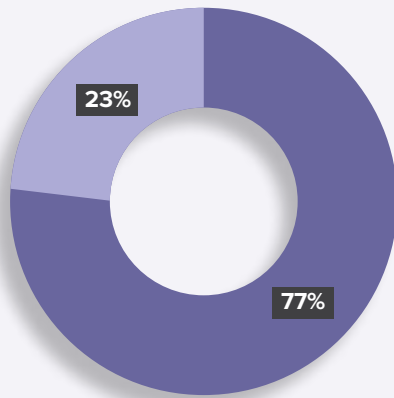


Figure 8: Composition of borrowings (2026)

Total 2025: R13 836 million

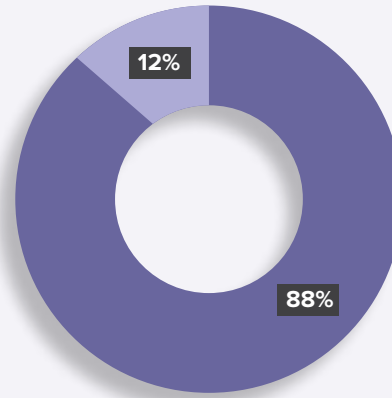


Figure 9: Composition of borrowings (2025)

● Long-term Borrowings ● Short-term Borrowings

4.2 Distribution of Borrowings

The distribution of borrowings reflects the funding requirements and stage of implementation of TCTA's commercially funded projects. During the 2026 financial year, borrowings increased significantly as TCTA continued to raise funding for strategic water infrastructure projects, particularly the Vaal River System (VRS), Lesotho Highlands Water Project Phase II (LHWP-

2) and MCWAP-2. Total borrowings increased to R20 625 million compared to R13 836 million in the previous year.

The increase in borrowings was primarily driven by new drawdowns of R8 620 million during the year, and these were partially offset by repayments of R2 026 million on existing facilities.

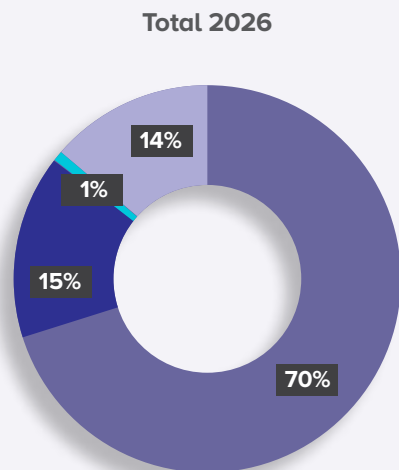


Figure 10: Borrowings by project (2026)

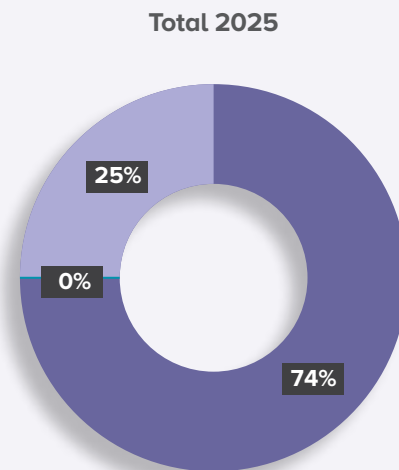


Figure 11: Borrowings by project (2025)

● VRS ● MCWAP-2 ● BWP ● BRVAS ● Other projects (VRESAP, MCWAP-1, KWSAP)



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ARTICLE THREE

TURNING MARKET CONFIDENCE INTO WATER SECURITY

Before a single kilometre of pipeline is laid, a transfer tunnel excavated, or a dam wall raised, one condition must already be in place: confidence. Capital must be mobilised, risks must be managed and lenders must be assured that their investment will be protected and repaid over decades. For forty years, TCTA's Treasury function has been the engine room behind South Africa's water security. It converts financial certainty into the physical infrastructure that sustains the nation.

Since its establishment as a special-purpose vehicle for the Lesotho Highlands Water Project, TCTA has grown from a treasury-focused platform into a broader infrastructure-delivery institution. Its evolution has strengthened the link between project bankability, implementation discipline and long-term financial stewardship.

A framework of strict financial separation and accountability sits at the centre of this model. TCTA manages its Treaty and non-Treaty functions independently, with dedicated bank accounts, project-specific borrowing authorities, separate funding arrangements and distinct financial records. Capital raised for a specific project is used exclusively for its intended purpose. This transparent model gives lenders the assurance required to commit long-term capital.

The strength of this model was demonstrated through the financing of the Mokolo-Crocodile Water Augmentation Project Phase 2A. In May 2024, TCTA secured a R22.25 billion funding portfolio from five commercial banks and two development finance institutions.

The package was oversubscribed, reflecting strong market confidence in TCTA's governance, financial discipline and delivery capability. The transaction also

introduced an innovative blended funding model that combines fiscal support, commercial user commitments and future off-taker arrangements. It demonstrated how financial innovation can unlock large-scale infrastructure investment while balancing affordability, risk and long-term sustainability. After completion, MCWAP-2A will transfer an additional 75 million cubic metres of water annually to the Waterberg region. This water will support municipal growth, industrial development, energy security and broader socio-economic expansion.

Treasury's strategic impact extends beyond domestic infrastructure. Through its Treaty mandate, TCTA continues to support the Lesotho Highlands Water Project Phase II, a flagship regional infrastructure programme valued at approximately R42 billion. Funding arrangements, including the R3.2 billion loan secured from the New Development Bank, demonstrate TCTA's ability to access diverse sources of capital. They also support infrastructure that will secure water supplies for Gauteng, the Free State, North West and Mpumalanga for decades.

Behind these headline transactions is a treasury operation that manages liquidity, debt servicing, lender relationships and financial sustainability across multiple concurrent projects. During 2025-26, Treasury maintained funding and liquidity resilience across a complex infrastructure portfolio. It also remained within approved borrowing limits and preserved access to liquidity facilities.

Pre-financing strategies, liquidity buffers, ring-fenced revenue arrangements and long-standing lender relationships helped critical projects proceed despite market uncertainty, cost pressures and revenue timing

challenges. A deep, quiet resilience has been refined over decades of operation. It is supported by disciplined cash-flow forecasting, liquidity planning, conservative hedging and rigorous risk oversight. Treasury also protects affordability for water users by optimising funding structures and managing borrowing costs. This limits the impact of infrastructure financing on future tariffs while keeping projects financially viable.

As South Africa enters a new era of institutional arrangements within the water sector, this treasury capability represents far more than an internal function. Over four decades, it has become a strategic national asset built on systems, relationships, governance frameworks and market credibility. This capability must be preserved and strengthened to maintain sector bankability, sustain infrastructure investment and ensure continuity in nationally significant water projects.

Ultimately, TCTA's Treasury function is about more than raising capital or managing financial risk. It transforms market confidence into infrastructure that secures water supplies, supports economic growth and strengthens national resilience.

By connecting capital markets with national water-security priorities, TCTA helps strategic projects move from vision to construction, from construction to service and from service to lasting public benefit.

END

INTRODUCTION

The TCTA Environmental and Social Sustainability Goal statement (below in *italics*) recognises that people and the environment are integral to TCTA's ability to deliver on our mandate, mission and vision.

"Environmental and social sustainability aspects, risks and opportunities are appropriately addressed and accounted for through the lifecycle of all TCTA operations."

The 2024-27 Environmental & Social Sustainability (E&SS) Strategy implementation actively grows internal collaboration and alignment in our efforts to improve the sustainability of TCTA operations and infrastructure projects. The growing Environmental, Social and Governance consciousness among TCTA's leadership has initiated the process of establishing Sustainability as a core function within the TCTA Strategy Division.

As infrastructure project implementation activities escalate, stakeholder engagement has intensified to ensure that negative environmental and social impacts are limited as far as possible and that opportunities to protect and enhance lives, livelihoods and the quality of the environment are realised.

The Annual ESMS Management Review considered the organisation's performance in terms of the E&S objectives, as provided for the 2026 revision of the TCTA Environmental Policy, recognising that efforts to date provide a sound foundation for deepened interdisciplinary collaboration and alignment on matters of, inter alia, combined assurance, compliance management, document and records management,

socio-economic transformation and digitalisation. An audit of the Environmental and Social Management System (ESMS) development process found TCTA to be on a credible trajectory towards ISO 14001 certification readiness.

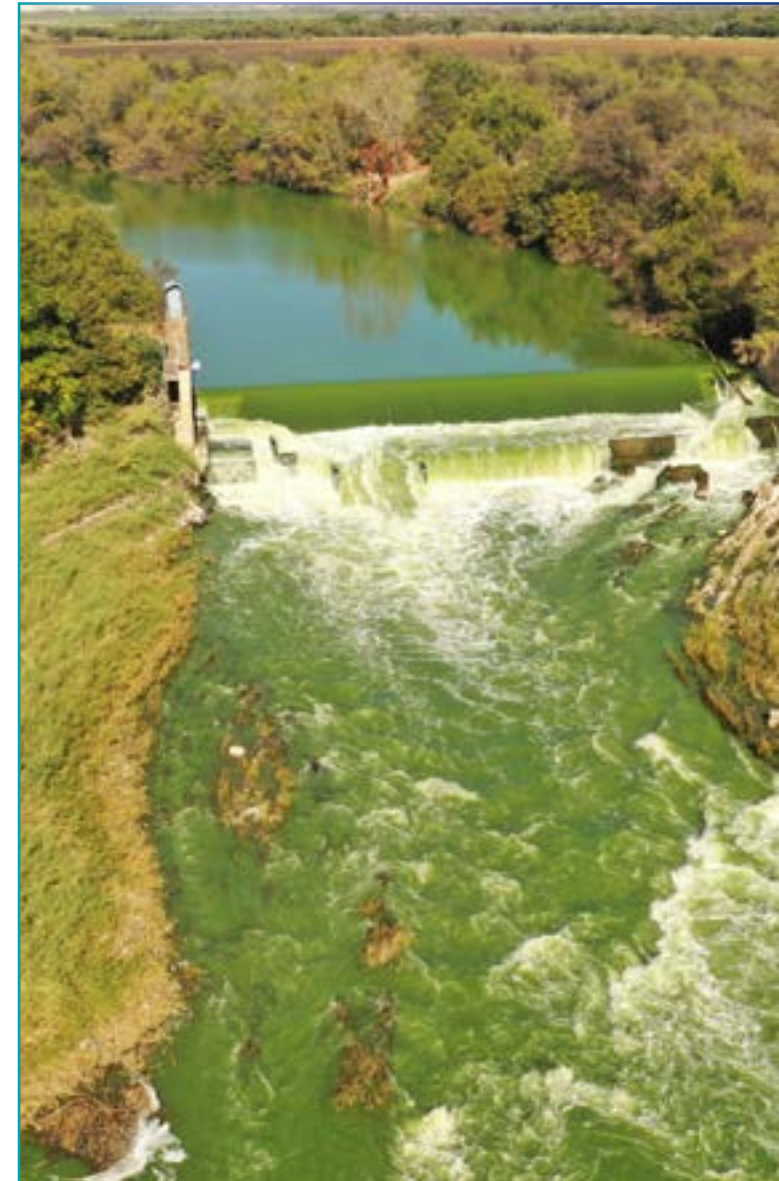
It recommended deploying a digitally integrated quality management approach to support or fast-track ESMS mainstreaming as TCTA prepares to transition into the South African National Water Resources Infrastructure Agency.

ADVANCING KNOWLEDGE FOR A WATER SECURE FUTURE (KNOWLEDGE & LEARNING)

TCTA is committed to growing the organisation's learning culture and actively contributes to building the body of knowledge on critical aspects of water security. Environmental and social sustainability topics feature strongly in organisation-wide Knowledge Sharing Sessions and broader Communities of Practice.

Topical matters included, inter alia, understanding the role of State-Owned Companies in social and economic development, resilience of South African water systems, the perils of ignoring climate change, designing infrastructure for integration into the environment, understanding the nuts and bolts of environmental and social sustainability and defining a path to improved water management and use under scarcity.

The Green Youth Indaba presented opportunities to influence youth by highlighting their role in shaping a water-secure future for all.



TCTA delegates participated in various technical forums, with one of our Environmental Managers serving on the International Commission on Large Dams (ICOLD) Technical Committee G: Environment, representing South Africa. Additional engagements were with the International Association of Impact Assessment – South Africa, the South African Right-of-Way Association, the Land Rehabilitation Society of Southern Africa and the South African Committee on Large Dams.

COMPLIANCE

PROJECT AUTHORISATIONS

TCTA prides itself on ensuring high levels of compliance and that all project activities are duly authorised, permitted and licensed before commencement. In addition to primary authorisations under the National Environmental Management Act (NEMA), the Mineral and Petroleum Resources Development Act (MPRDA), and the National Water Act (NWA), local and provincial permitting obligations are closely managed to ensure compliance.

All authorisation conditions and the associated Environmental Management Plans (EMPr) are reviewed and amended to ensure that the requirements are suited to project implementation and will deliver the intended outcome. Project obligations and the associated operational controls are incorporated into the PSP and Contractors’ contractual obligations where these have been issued to date.

uMkhomazi Water Project (uMWP) preparatory works are duly authorised and baseline studies required for the preparation of the Construction phase EMPr are in progress. EMPr submissions are being prepared for

the Department of Mineral and Petroleum Resources (DMPR) to authorise the required quarry and borrow areas. Additional NEMA Basic Assessments for specific activities are under discussion and will commence in due course. No project delays are anticipated. uMWP Water Use Licence Applications (WULA) and General Authorisations (GA) are not yet required but will be applied for as soon as the relevant information is available. Baseline studies required to meet planning obligations are allowed for the project planning process.

The AMD Eastern basin treatment facility has sought approval to install a 1 ML/day reverse osmosis package. The required documentation has been submitted to the Department of Forestry, Fisheries and the Environment (DFFE).

The BRVAS access road construction activities are being prioritised to ensure the project commences before 20 June 2027 and to maintain the validity of the EA, as DFFE will not consider a further extension.

The Berg Water Project Heritage Record of Decision required the protection of the Skuifraam Ruins and the development of a heritage display. The works on site have advanced significantly and are being monitored to ensure compliance with all relevant conditions of project authorisation.

MCWAP 2A holds all required authorisations in terms of NEMA, the MPRDA and the NWA. Fauna and flora search-and-rescue permits have been submitted to Limpopo Economic Development, Environment and Tourism and to DFFE. TCTA supports DWS in the implementation of MWP. The MWP Environmental Authorisation for Stage 2, held by DWS, has lapsed, resulting in DFFE’s refusal to consider the Construction

EMPr. The matter has been escalated to the DG and to Infrastructure South Africa, via the SIP 19 co-ordinator. DWS, a DDG Infrastructure and the DFFE DDG met on 3 March 2026, and a response from DFFE on the way forward is awaited. DMRE has granted DWS exemption from the mining permit requirements.

REPORTABLE INCIDENTS

In May 2025, Acid Mine Drainage decant in the Blue-Sky shaft vicinity was found to be flowing into the stream upstream of Boksburg Lake. Constrained pumping operations led to subsurface AMD levels rising to the point of decant. Water quality monitoring was undertaken, and the treatment facility’s pumping capacity was reinforced to build the plant’s resilience to mechanical failure.

Despite this measure, the risk of surface decant will prevail if large-scale water ingress into the mine void persists. Ingress management falls outside of TCTA’s mandate / remit.

No other reportable social or environmental incidents were recorded in 2025-26.

ENVIRONMENTAL COMPLIANCE

The annual review of environmental and social compliance in terms of the TCTA Compliance universe was completed without findings. The Environmental and Social Legal Register has been incorporated into the first line of the organisation’s combined assurance programme.

TCTA’s project model provides for dedicated environmental and social resources that facilitate



effective compliance and performance management throughout the project lifecycle. In addition, independent Environmental Control Officers (ECO) monitor compliance with EA and EMPr obligations once on-site activities commence.

Project EA & EMPr Compliance Monitoring

AMD Operation and Maintenance activities at the Eastern and Central Basin facilities have maintained a high standard of compliance with EA and EMPr obligations. The Central Basin achieved 97,6%, and the Eastern Basin site achieved 96,8%.

The final LHWP-DTN ECO audit report, issued in December 2025, achieved a compliance score of 90%. Still, DFFE has noted ongoing compliance challenges related to isolated requirements of the EA, GA and EMPr. A response to the department outlines reasons for the failure or inability to meet the requirements. A response is awaited.

Project Environmental & Social Due Diligence

Constant actions are implemented to improve the alignment of the MCWAP-2A and BRVAS projects with the Equator Principles, IFC Performance Standards and applicable World Bank Standards/Safeguards.

The independent reviewer monitored and evaluated improvement measures to ensure they were appropriate. Improvement measures applicable to the detailed design and construction phases of the projects are ongoing. Lessons learned from these two reviews are being applied to strengthen existing operations and future projects.

ENVIRONMENTAL SUSTAINABILITY ASPECTS

Improving TCTA's ability to demonstrate good practice aligned with stakeholder needs and expectations is a foundational element of the TCTA ESMS business case. Environmental sustainability objectives formalised in the TCTA Environmental Policy are cascaded into operational objectives for both the project and corporate spheres of the ESMS.

Performance is recorded, monitored and evaluated to drive continual improvement and responsible practice. The sections that follow provide an overview of performance against TCTA's environmental objectives.

RESOURCE USE

Water, electricity, and paper are the most significant resources consumed in operating the TCTA corporate office facilities, calculated on a pro rata basis based on the building area occupied. Maintaining a hybrid working approach and advances in digitalisation have helped keep resource use intensity low.

TCTA's water consumption has increased during the reporting period to an average of 253 KL per month, up from 187KL per month in 2024-25. The increase is attributed to greater overall consumption in the business park.

Electricity consumption has increased slightly from 381178,96 kWh in 2024-25 to 386897,20 kWh in 2025-26. Improvement measures are being defined to raise awareness and drive continued decreases in electricity use.

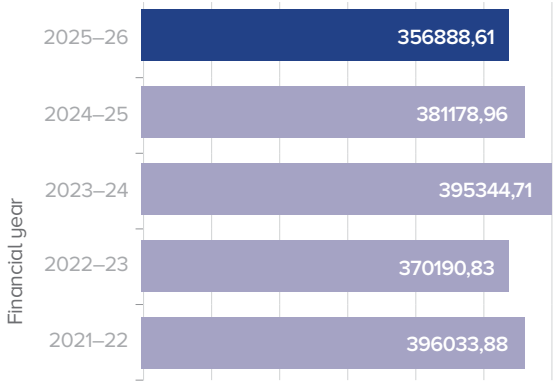


Figure 15: Annual Electricity Consumption (KWH)

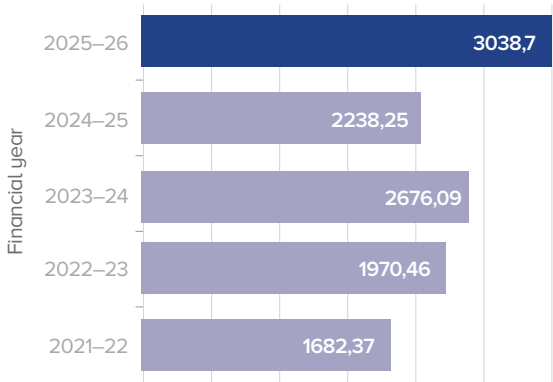


Figure 16: Annual Water Consumption (KL)



POLLUTION MANAGEMENT

TCTA prioritises pollution prevention and control, aiming to reduce the risk of material adverse impacts on the environment. Pollution prevention and mitigation requirements are incorporated into the contractual obligations of all new and existing construction contracts. The MCWAP 2 Project has commenced site establishment and construction works, during which pollution management activities reach their peak. Monitoring and evaluation of pollution risks and impacts have commenced and will be maintained for the duration of site activities.

AMD Neutralisation

The AMD Treatment plants contribute significantly to preventing and reducing pollution impacts on both land and water bodies by abstracting and neutralising AMD. The plants in the Western, Central and Eastern Basins have met both the volume and water quality performance targets for the reporting period. The high rainfall during Q4 of the financial year has led to significant ingress of water into the mine voids, increasing the risk of decanting of untreated AMD if abstraction and neutralisation efforts are not maintained.

The release of neutralised AMD into the Tweelopies River (Western basin), Blesbokspruit (Eastern Basin) and Elsbergspuit (Central Basin) has had an overall positive effect on the quality of the downstream environment, primarily by diluting diffuse contamination from other sources within the catchments. In line with the project Directives and the EA, effluent quality, quarterly groundwater quality and monthly surface water quality monitoring are conducted. Results are reported to

DWS and are shared with local stakeholders via the respective Catchment Management forums.

WASTE MANAGEMENT

Corporate ESMS Waste Management Programme. Waste management is a significant aspect of TCTA's corporate operations. The total volume of waste generated has remained reasonably constant despite an increase in the number of staff using the office during the week. The waste management programme has grown over the past year, with the recycling drive increasing the total amount recycled from approximately 9% to almost 17% of all kitchen waste.

Project Waste Management

Waste management requirements are represented in project contractual obligations and are informed by project-specific pre-construction baseline information. As site activities increase on the MCWAP-2A project, waste management and disposal are key performance areas for monitoring and evaluation by the PSP and independent ECO.

The operations and maintenance of the AMD treatment facilities result in the generation and responsible disposal of general and hazardous waste. Hydrated lime sludge from the Eastern Basin is disposed of through a pilot study currently being evaluated by the National Nuclear Regulator.

The Central Basin sludge is disposed of at a DRDGOLD facility, and the Western Basin sludge is disposed of at a site being operated by Sibanye-Stillwater.

RESOURCE TRANSFORMATION

Transformation of the quality and availability of natural resources, ecological infrastructure and the associated ecosystem services are considered throughout the lifecycle of TCTA projects.

As new infrastructure development projects are designed, significant effort is invested in limiting the disturbance footprint and ensuring that sensitive locations such as critical biodiversity areas are avoided where reasonably possible.

Baseline studies on a variety of environmental aspects are conducted to inform contract specifications, implementation phase mitigation measures, project closure provisions and rehabilitation objectives.

The Mzimvubu project catchment area is degraded and prone to erosion, posing a risk of siltation to downstream dams. Opportunities to collaborate with existing catchment management and rehabilitation interventions are being explored to determine how TCTA can participate in catchment improvement measures.

The Mooi Mgeni Transfer Scheme – Phase 2 (MMTS-2) Biodiversity Offset Implementation Agreement between TCTA, DWS and Ezemvelo KwaZulu-Natal Wildlife (EKZNW) is in place. EKZNW has purchased a property that will extend an established protected area, rendering the project's offset more contiguous, in line with good practice.

The declaration of this property to protected status in accordance with the National Environmental Management: Protected Areas Act (NEMPAA) No. 57 of



2003 is in progress. The uMWP-1 biodiversity offsetting obligations are incorporated into the Professional Service Providers' (PSPs) contractual obligations for both the Water Transfer System and the Smithfield Dam.

The preparation of the Offsets and Compensation Plan is in progress, with the targets and the candidate sites identified in the EIA being assessed.

SOCIAL SUSTAINABILITY ASPECTS

Social sustainability aspects and the associated opportunities pose risks to TCTA's corporate operations and projects. Stakeholder needs and expectations are central to the planning and implementation of TCTA strategies and programmes across the business.

CORPORATE SOCIAL INVESTMENT

TCTA's Corporate Social Investment (CSI) programme includes youth entrepreneurship development, education support, community outreach, donations and sponsorships. Much of this work is directed at communities near TCTA projects.

Education support

During the year, TCTA responded to needs identified at schools in Sterkspruit by procuring school shoes for learners. The organisation also committed to providing uniforms to three schools and bursary support for qualifying students.

16 Days of Activism

TCTA partnered with the uMsunduzi District Municipality on a two-day programme marking the 16

Days of Activism against Gender-Based Violence. The programme included a peaceful march and facilitated workshops on challenges faced by vulnerable groups. TCTA employees also volunteered to participate in the programme.

Youth Entrepreneurship Development

Implementation of the Youth Entrepreneurship Development Programme continued during 2025-26. Three beneficiaries of the AMD programme completed their planned business development initiatives, and their businesses became fully operational. TCTA held a ribbon-cutting event in December 2025 to mark the completion of the interventions and formally launch the businesses. In the uMkhomazi project area, approximately 250 young people attended a workshop introducing the programme and explaining the requirements and selection process.

Socio-economic development performance

TCTA achieved 4.99 out of 5 for Socio-Economic Development in its B-BBEE verification, based on its performance in sponsorships, donations and other CSI activities.

PROJECT STAKEHOLDER ENGAGEMENTS

Project stakeholder engagements are an essential element of project implementation. Stakeholder Engagement Plans for all projects facilitate effective consultation and participation. TCTA also participated in a range of stakeholder engagement platforms. These created opportunities to share organisational insights while gathering valuable stakeholder perspectives that inform the planning and improvement of E&SS Programmes.

Engagements included participation in the South African Biodiversity Institute Living Catchments Learning Exchange, the Ecological Infrastructure for Water Security Lessons Learned Workshop and the Worldwide Fund Project Finance for Permanence Scoping Workshop. They also included the BDSA Case for Nature Launch, the National Natural Capital Accounting Forum and other technical workshops and communities of practice.

Intensive stakeholder consultations continue throughout the life cycle of projects. For MCWAP-2, consultations focused on briefing and engaging stakeholders before on-site activities began. These engagements covered the acquisition of land and rights, the resettlement of an impacted family and the briefing of local authorities, special interest groups and directly affected landowners. The process is intensive but provides a strong foundation for project success. Engagements with RMS stakeholders through DWS-led forums remain ongoing.

During the DTN maintenance implementation, TCTA successfully engaged the area's business forums and provided stakeholder engagement support to the DWS in the Region. Closure of the water delivery tunnel for six months was the subject of extensive public engagement. Residents of Gauteng and the directly impacted project area expressed concerns about potential shortages. These concerns were alleviated mainly by heavy rains that began in January.

The Vaal River System demonstrated significant resilience, although supply to Clarens was temporarily affected, resulting in water restrictions. TCTA continues to provide social support to DWS in implementing

Phases One (access road) and Two (Ntabelanga Dam) of the Mzimvubu Project. This includes input at Project Liaison Committee meetings, support for socio-economic development interventions, and assistance in resolving grievances and other challenges.

Various stakeholder engagements also took place during the implementation of the Mzimvubu project, aimed at enhancing local participation through employment, job opportunities and skills training, as well as building and maintaining stakeholder relations. Early shortcomings in stakeholder engagement and consultation led to constraints on access to the uMWP-1 site, hindering progress on pre-construction baseline investigations.

However, these were resolved, and geotechnical investigations were completed with the landowner's permission to access the site. When one community revoked access, the matter was escalated to TCTA and DWS leadership for intervention. Leadership engagements with stakeholders were initiated immediately.

There are currently outstanding investigations and studies from the same community, and TCTA escalated the matter to the Deputy Minister of Water and Sanitation, Hon. David Mahlobo, in February 2026, who undertook to engage the traditional authorities impacted by the project. Stakeholder engagement with all affected communities and private landowners continues as is required to maintain good relations.

HUMAN RIGHTS

Resettlement and Livelihoods Restoration

TCTA, where possible, limits the need for the involuntary relocation of project-affected persons. Where unavoidable, relocation and resettlement are implemented in accordance with IFC performance standards through the execution of a project-specific Relocation Action Plan (RAP). The MCWAP 2A RAP was limited to one family whose homestead is directly impacted.

The family elected the monetary compensation and self-relocation option. Compensation was agreed and paid. They initially elected to relocate to a new location on the same property, but social monitoring of the relocation process recorded multiple changes to the family's plans.

The relocation objectives are largely met, but there have been significant delays due to changes in plans and flooding in the area. The relocation and resettlement process was completed, and the report was completed. Lessons learned from applying the agreed compensation model have been captured and will inform future TCTA programmes.

Acquisition of Land and Servitude Rights ("Land")

The acquisition of Land is governed by TCTA's existing policies and procedures, including the Land and Rights Policy, the Project Compensation Policy, and the Land and Rights Procedure. These are applied together with prevailing legislation, including but not limited to the Expropriation Act 63 of 1975, the Interim Protection of

Informal Land Rights Act 31 of 1996, and the National Water Act 36 of 1998. In addition, the process is aligned with applicable international standards, including the World Bank and IFC performance standards, as well as established South African protocols.

The acquisition of Land required for project implementation takes into account the impact on the livelihoods of affected parties, including registered landowners, land rights holders, and persons holding informal land rights such as Permission to Occupy (PTO).

Accordingly, the land acquisition process places significant emphasis on meaningful consultation with affected parties to ensure a thorough and fair process. Depending on the circumstances, TCTA may acquire Land through expropriation, by agreement, or through a Land Rights Holders Resolution in terms of IPILRA.

The process aims to ensure that fair and equitable compensation is paid in respect of alleged financial loss, while also taking into account TCTA's statutory obligations as a state-owned entity in terms of the Public Finance Management Act 1 of 1999. Among other requirements, this obliges TCTA to act with prudence and sound financial management in all compensation-related decisions.

MCWAP-2A: The Land required for the project's implementation has been fully acquired. TCTA is currently dealing with additional land required for the River Management System, which is also at an advanced stage.

In addition, financial loss claims submitted by various landowners and other parties with vested interests are

being reviewed and addressed in collaboration with relevant specialists, including agricultural economists, property valuers, quantity surveyors, engineers, and legal counsel.

BRVAS: The process to acquire Land is gaining momentum, and the appointment of a valuer from the existing panel is imminent. Thereafter, the required consultation process with landowners will follow in terms of the Promotion of Administrative Justice Act (PAJA), which will inform the expropriation process, where necessary, as the final stage of the acquisition phase.

UMWP-1: The outcome of the final engineering design will inform the next steps, including compilation of the Land and Rights Execution Plan and the subsequent appointment of a valuer.

EMPLOYMENT AND EMPLOYMENT EQUITY ON PROJECTS

The creation of employment on TCTA projects is an integral part of the organisation's contribution to the government's transformation agenda. It presents an opportunity to temporarily employ members of the communities affected by the infrastructure developments. Socio-economic targets are incorporated into the contractual obligations of TCTA PSPs,

Construction Contractors and Operators. Infrastructure development projects are in the planning phase, providing relatively few immediate employment opportunities. As Construction Contractors are mobilised and on-site activities commence, the employment numbers are set to increase.



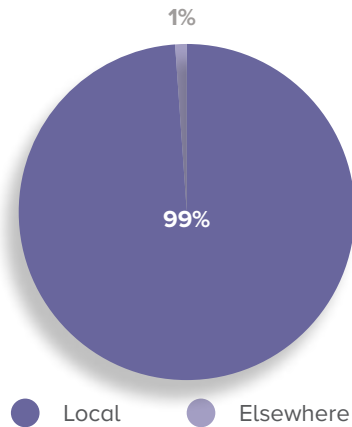


Figure 17: AMD O&M Locally Sourced Employees

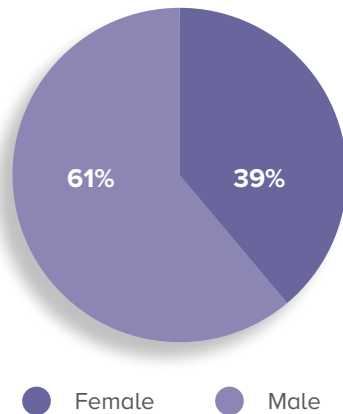


Figure 18: AMD O&M Gender Representation

OPERATIONS AND MAINTENANCE PROJECTS

LHWP Operations

The TCTA LHWP operations and maintenance team in Clarens comprises in-house personnel.

AMD Operations

The AMD operator employs a total of 67 personnel, 34 at the Eastern Basin facility and 33 at the Central Basin facility. Almost all staff are locally sourced. Of the 67 personnel, 41 are male, and 26 are female. The majority of positions are for skilled and semi-skilled personnel, with only 12 positions being suitable for unskilled personnel.

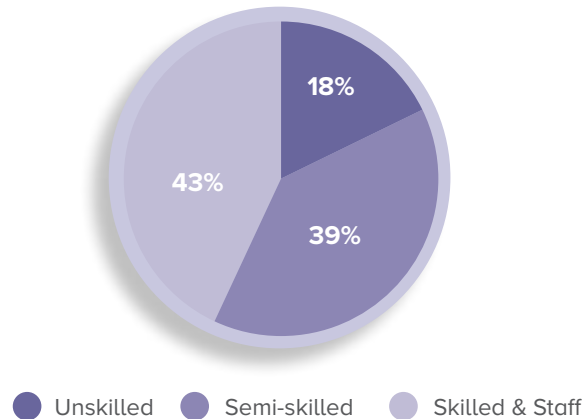


Figure 19: AMD O&M Skills Levels

ACTIVE INFRASTRUCTURE DEVELOPMENT PROJECTS

The BRVAS, MCWAP-2A and the uMWP-1 projects are in the early stages of development and progress against contractual targets is limited. The projects are monitoring their PSPs' performance against specific contractual targets related to black ownership, employment and skills development indicators. Socio-economic performance targets are to be incorporated into all project construction contracts and will be informed by project baseline studies and market research.

HEALTH AND SAFETY

Section 24 of our Constitution establishes that everyone has the right to an environment that is not detrimental to their health or well-being. Matters concerning the health and safety of all TCTA personnel, third parties acting on our behalf, and the public are presented below.

OCCUPATIONAL HEALTH AND SAFETY AT THE CORPORATE OFFICE

TCTA's operational health and safety objective is to ensure and maintain a safe and healthy environment for employees and members of the public who visit the office. To this end, the Occupational Health and Safety programme has been adapted to support the roll-out of TCTA's new Flexible Working Policy. Staff receive weekly electronic communications to raise awareness of Occupational Health and Safety (OHS) requirements. The OHS Committee effectively monitors OHS compliance with relevant legislation and internal requirements and maintains all audit, risk, compliance and COIDA registers.



PROJECT HEALTH AND SAFETY

In implementing its projects, TCTA complies with the OHS Act and the Construction Regulations of 2014. Project-specific health and safety specifications are developed to determine the risks associated with hazards at a construction site.

The Construction Health and Safety (CHS) Agent conducts health and safety oversight, including monthly audits that determine the project's compliance scores.

CHS Agents for the BRVAS, MCWAP-2A and Mzimvubu projects have been appointed and were involved in the tender design phase. Procurement of uMkhomazi's CHS Agent commenced in November 2025, and the tender was advertised to the public on 10 December 2025, with a closing date on 26 February 2026.

Specialised security protocols are being incorporated into the MCWAP-2A project in line with the project's EA.

OPERATIONS AND MAINTENANCE HEALTH & SAFETY

TCTA operates and maintains the Delivery Tunnel North (DTN) of the Lesotho Highlands Water Project (LHWP). No incidents were recorded during the financial period.

There were neither fatalities nor lost-time injuries during the financial period. Table 7 below captures the statistics for the AMD plants.

Table 8: Summary of AMD Plants' Health and Safety Statistics

Project	Year	Lost Time Injuries	Fatalities	First Aid	Near miss	Recordable cases	Recordable case rate	H & S compliance score
EASTERN BASIN	2024	0	0	2	31	0	0	98%
	2025	0	0	0	58	0	0	97%
CENTRAL BASIN	2024	0	0	0	37	0	0	98%
	2025	0	0	3	51	0	0	98%
WESTERN BASIN	2024	0	0	0	0	0	0	99%
	2025	0	0	0	0	0	0	94%

KNOWLEDGE AND LEARNING

KNOWLEDGE AGENDA

During the year under review, TCTA continued to integrate organisational knowledge flows to foster inclusive learning and leverage its partnerships and networks in support of the knowledge agenda. It also worked to optimise the value accruing from all its knowledge-based activities. The interventions in knowledge and learning include thought leadership in water management, infrastructure development and business-related research and publications.

They also cover the generation and mainstreaming of evaluative knowledge. Together, these efforts advance TCTA's journey to transform the organisation into a strong knowledge institution.

In the coming year, as it moves towards the Agency, TCTA will increasingly draw on its knowledge assets as a critical driver of its core business strategy. This will

affirm excellence in the provision of water infrastructure, as well as its leadership and change agent role in pursuing a better life for all South Africans.

THOUGHT LEADERSHIP IN THE WATER SECTOR

Over the past financial year, TCTA continued its pursuit of water sector thought leadership by convening regular sector-wide forums to address challenges to the sustainable management of water infrastructure, and by exploring strategic partnerships to concretise project planning for new water sources.

In the period under review, TCTA anchored and facilitated discussions at four well-received Community of Practice (CoP) forums, dissecting several critical issues including the role of SOEs in socio-economic development; water systems resilience, including challenges, and responsive strategies; and the significance of strategic coordination in infrastructure development. Due to the topical and contemporary nature of water resilience, both locally and globally, two sessions were convened around the theme, providing a broader

platform for deeper engagement and expertise sharing on how South Africa, in the wake of current water challenges, can plan and build sustainable water supply and management systems.

Also, with the scourge of water scarcity continuing to mount, TCTA entrenched its proactive efforts to reinforce and disseminate knowledge on alternative water sources for meeting future requirements.

These efforts were channelled through the organisation's Desalination Hub. In this domain, TCTA convened two Desalination Community of Practice sessions, a collaborative partnership established between TCTA and organisations in the planning phase of specific large-scale desalination projects.

Also, TCTA delegates actively participated in strategic international conferences and technical forums, including serving and providing inputs to the International Commission on Large Dams. Further, the organisation engaged professionals on critical water and infrastructure-related themes at the International Association of Impact Assessment, the South African Right-of-Way Association, and the Land Rehabilitation Society of Southern Africa.

Internally, the organisation persistently promoted knowledge sharing among its staff through structured knowledge sharing sessions focusing on critical contemporary themes affecting water and infrastructure development.

In the year in review, the Strategy Division planned and convened four well-received knowledge-sharing sessions exploring the impacts of climate change on

water management, strategic approaches to improve water management to avert a crisis, leveraging the circular economy concept to manage water better, and novel ways to better manage biodiversity.

As the institution mandated to coordinate SIP-19, the Strategic Integrated Project on National Water and Sanitation Infrastructure, TCTA extended its thought leadership by providing strategic direction for the effective coordination, implementation and fast-tracking of prioritised national infrastructure programmes.

The organisation carried out this work in the context of its mandate to coordinate Strategic Integrated Project 19 (SIP-19), focusing on National Water and Sanitation Infrastructure.

Research and Publications

During the year in review, TCTA outputs in water and development-related research continued to profile the organisation as a respected knowledge institution, both locally and internationally. TCTA specialists conducted research in areas of importance to its principal partners and stakeholders, leading to the publication of five technical articles.

A paper was accepted for presentation at the 9th World Conference on Research in Social Sciences, convened in Copenhagen, Denmark, in November 2025.

A second paper highlighting water infrastructure gaps and associated lessons in South Africa was presented at the International Conference on Building Science and Infrastructure Engineering held in November 2025 in Boston, USA. A third publication, prepared in collaboration with the Water Partnership Office on the

future of desalination in South Africa, featured in the 2026 Sunday Times/Business Day Water Supplement. A fourth article, reviewing delays and impacts of water infrastructure delivery in South Africa, was submitted to the International Conference on Construction Management and Civil Engineering Applications, to be convened in September 2026 in Madrid, Spain.

The final paper prepared for publication focused on State-Owned Entities' graduate internship programmes, reviewing antecedents, processes, and outcomes. The paper was submitted to the International Journal of Education, Humanities and Literature.

Generating Lessons for a Learning Organisation

Aligned with its goal of maintaining knowledge and creating value, TCTA increasingly draws on its knowledge assets as a key element in its business strategy. This reinforces its commitment to delivering excellent water infrastructure and solidifies its leadership role as a catalyst for positive change, to improve the quality of life for all South Africans.

During the reporting period, TCTA systematically generated and utilised evaluative knowledge to facilitate organisational learning and effective management, thereby enhancing accountability. Throughout the year, the organisation conducted critical evaluations to derive key lessons and emphasise two specific operational areas.

The first report offered a comprehensive assessment of the digitalisation strategy, evaluating its success and identifying areas for improvement. The second report concentrated on the intricate process of preparing, negotiating, and securing funding for the BRVAS project,





highlighting the key stakeholders and strategies essential for obtaining financial support. Incorporating evaluative activities, such as the systematic review of key programmes and operations, will gradually provide TCTA with valuable opportunities to enhance learning and to promote knowledge sharing among staff and stakeholders.

This strategy aims to enhance outcome management and promote a culture of accountability in future endeavours.



D

HUMAN CAPITAL, SOCIAL AND ETHICS

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ARTICLE FOUR

INVESTING IN THE PEOPLE BEHIND THE INFRASTRUCTURE

Infrastructure is often measured by the height of a dam wall, the length of a tunnel or the diameter of a pipeline. Its true value, however, is found in the people it empowers and the communities it stabilises. For TCTA, large-scale water infrastructure must deliver more than engineering outcomes. It must create opportunity, strengthen local economies and develop the skills required by the water sector.

TCTA's people-centred approach is grounded in its values of excellence, integrity, respect, unity and growth. These values shape how the organisation engages communities, manages stakeholders, develops employees and partners with institutions across the water sector. They also reinforce the view that infrastructure delivery is not only a technical exercise, but a public-purpose mandate.

Major projects create socio-economic value when local communities are integrated into delivery in a structured and responsible manner. This includes local participation, stakeholder consultation, skills development, SMME opportunities and transparent engagement with affected communities. The broader legacy is clear: infrastructure can be a platform for dignity, capability and inclusive growth.

The social licence to deliver remains as important as technical capacity. Major schemes often unfold in environments where community expectations, land matters, local development priorities and political dynamics intersect.

TCTA's experience across multiple projects has strengthened its ability to engage stakeholders, manage contested environments and maintain delivery standards while respecting the needs of

communities and affected parties. Operational work also creates human value. Maintenance, environmental management, project close-out and advisory services all require local engagement, specialised expertise and knowledge transfer.

These activities show that the socio-economic value of infrastructure does not end with construction. It continues through the operation, care and responsible management of assets.

Project Naledi, bursary support, internships and structured skills-development programmes help the organisation strengthen the pipeline of scarce skills. These areas include engineering, project management, finance, environmental management and related disciplines.

The Learning and Development Strategy and the Organisational Learning Plan provide this capability with practical direction. Priority areas include leadership, digital transformation, change resilience, project management and communities of practice.

The purpose is not training for its own sake. It is to keep people ready for the work TCTA must carry: complex projects, changing systems and a sector reform process that requires employees to learn while they deliver.

The longer-term ambition is to become a genuine learning organisation. This shift matters because knowledge only creates value when it changes how people work.

TCTA's learning agenda emphasises applied learning, coaching, knowledge sharing and the confidence to learn from mistakes without weakening accountability.

Change resilience is part of this people story. The Change Management Strategy recognises that major reforms can create fatigue, uncertainty and resistance. It responds by building change capability through sponsors, managers, change champions, communication, training, coaching and feedback. These are not soft extras; they are practical enablers that help scarce skills remain engaged when the organisation is under pressure.

The same strategy widens the view of capability beyond the individual. Learning must happen in teams, across the organisation and through the wider system of partners, regulators and sector stakeholders. This is particularly important in a project environment where engineers, financiers, environmental specialists, communicators and governance teams have to solve problems together.

Infrastructure may be visible in concrete and steel, but the capacity to deliver it is built through the way people learn and work across boundaries.

Talent retention is equally important during institutional transition. TCTA's ability to attract and retain high-calibre professionals rests on its clear public purpose and track record of delivering projects of national significance.

Employees are not merely supporting infrastructure; they are contributing to water security, economic stability and social development. This sense of purpose remains a powerful source of resilience.

The human element gives the organisation's infrastructure legacy its meaning. Public value is not created only when water flows through a tunnel or pipeline. It is also created when communities

benefit from responsible decisions, partnerships are strengthened and organisational action improves the lives of people connected to TCTA's projects.

The organisation's focus on dignity, opportunity, skills and community well-being ensures that its contribution is not only one of concrete, steel and finance, but also of a more inclusive and capable society.

END

HUMAN CAPITAL, SOCIAL AND ETHICS COMMITTEE REPORT



NARE MAMABOLO

HUMAN CAPITAL, SOCIAL AND ETHICS
COMMITTEE CHAIRMAN

I am pleased to present the Human Capital, Social and Ethics Committee Report for the year ended 31 March 2026.

The Human Capital, Social and Ethics Committee provides strategic oversight and guidance regarding human resources and remuneration matters, workplace and economic responsibilities, knowledge management and social and ethics matters. This includes ensuring a working environment that is conducive to personal growth and development and is fair, responsible and transparent. The committee also oversees organisational ethics and monitors social and environmental responsibility activities in the workplace and the broader economy.

Overall, the committee was satisfied with the progress reported against the key strategic human capital, social and ethics deliverables for the reporting period. The human capital focus areas included organisational culture, talent management, strategic workforce planning and recruitment, performance-linked total rewards, and improved HR technology through the implementation of a Human Resource Information System. Further details of these focus areas are available in the Human Capital Practices Report on pages 77-86.

The three-year culture transformation plan (approved in August 2024) included an annual survey to assess the impact of the culture interventions and interventions to assist the business in continuously improving its interventions to align with future business needs. A key focus of the execution plan was to prepare employees for the migration to the SANWRIA. Against the backdrop of the culture initiatives, an independent survey was conducted at the end of March 2026.

The survey results were positive and will support TCTA's transition to the SANWRIA. The engagement score of 80% demonstrates a 9% increase in employee satisfaction levels since 2025 and a 17% increase in satisfaction levels since 2021. Further, there has been a significant improvement in the Employee Net Promoter Score (eNPS) from -14 to +12. The committee also monitored the implementation of the 2025-26 social and ethics programme. All interventions were implemented as at 31 March 2026. The reviews performed by Internal Audit confirmed that the internal control environment for ethics management was adequate and effective.

The business maintains an ethics risk register to record, assess, and monitor exposure to potential risks. Most of the assessed ethics risks were residually within appetite. The implementation of the environmental and social strategy progressed as planned. The review of the Environmental and Social Management System considered the strategic importance of the Environmental, Social, and Governance (ESG)

dimensions given the changing business context and implications of the transition to SANWRIA. The review highlighted the importance of integrating ESG into organisational deliverables, and alignment with existing programmes towards defining an ESG framework

The Environmental Management Policy has been reviewed and included broad-based consultation with internal and external stakeholders. Mechanisms for the systematic dissemination of the policy to third parties, who act on behalf of the business, are being planned. Management of stakeholder relationships is critical to the execution of the organisational mandate.

To provide a reliable, sustainable, and coherent service to water users, the organisation fosters and maintains inclusive relationships with a diverse range of stakeholder groups. During the period under review, the organisation maintained its stakeholder engagement focus. Sponsorships and donations are part of the organisation’s offering and have been catered for in the Corporate Social Investment (CSI) Strategy.

The strategy provides direction for implementing programmes that contribute to the community development vision in projects, identifying and defining strategic interventions to achieve CSI objectives, including socio-economic development, with the intention of building effective constituencies that foster and enhance sustainable support. Focus in the year continued to be targeted on youth and environmental initiatives.

Key focus areas for 2026-27

- Readiness for transition into the SANWRIA;
- Organisational culture work and employee

- engagement;
- Targeted talent interventions, including leadership and managerial development, performance management, succession planning and career growth;
- Optimisation of the human resource information system and related change management;
- Implementation of the social and ethics programme;
- Implementation of recommendations from the environmental and social management review; and
- Knowledge management.

Refer to pages 299 to 301 for the Remuneration Report.

Terms of reference and composition

The committee has approved terms of reference. Overall, the committee is satisfied that it has discharged its responsibilities in line with its terms of reference

Director	Designation	Attendance
Nare Mamabolo	Chairman and Independent Non-Executive Director	100% (6 of 6)
Roy Mnisi	Independent Non-Executive Director	100% (6 of 6)
Pule Mofokeng	Independent Non-Executive Director	33% (2 of 6)
Greg White	Independent Non-Executive Director	100% (6 of 6)

Performance

The committee’s performance was assessed for the period under review in compliance with the Board Performance Evaluation Policy. The Corporate Secretariat facilitated the self-assessment process. No areas of concern or matters that required the committee’s attention were identified during the process.

and 2025-26 work plan. The committee comprises four independent non-executive directors. Members have sound knowledge and experience of general human resource matters, including strategic human resource management, performance management, talent management, workforce planning, rewards and recognition and organisational development.

Members of executive management have a standing invitation to attend all meetings. Refer to pages 101 to 105 for the qualifications and experience of committee members.

Meetings

During the period under review, four scheduled and two special meetings were held. Attendance during the reporting period is shown below:



Nare Mamabolo
Human Capital, Social and Ethics
Committee Chairman

HUMAN CAPITAL PRACTICES

The Human Capital (HC) strategic theme for the 2025-26 financial year remained “Embracing Change”, reflecting the organisation’s continued focus on preparing for a rapidly evolving operating environment and the anticipated establishment of the SANWRIA. Building on the momentum established in the previous reporting period, the Human Capital function prioritised initiatives to enable, facilitate and embed change across the organisation to ensure workforce readiness and organisational resilience.

The Human Capital strategy remained vertically aligned with TCTA's strategic objectives as articulated in the Corporate Plan and Organisational Scorecard. Central to the strategy was the objective of attracting, developing, engaging and retaining appropriately skilled and motivated employees in the right roles at the right time.

This objective is fundamental to ensuring that the organisation possesses the capabilities required to execute its mandate and deliver sustainable value to stakeholders.

Through its interventions and programmes, the Human Capital function supported the achievement of key organisational objectives, including:

- Positioning the organisation for the planned transition to the SANWRIA;
- Supporting the organisation’s ability to secure funding for infrastructure development and implementation;
- Enabling the successful delivery of capital projects

- within approved timeframes, budgets and quality standards while maintaining socio-environmental sustainability;
- Supporting prudent financial management through the attraction and retention of specialised skills required to manage debt within approved borrowing limits; and
 - Ensuring the availability of the human capital capabilities necessary to operate and maintain designated water infrastructure assets in accordance with the requirements and specifications of the Department of Water and Sanitation.

In addition to strategic alignment, the Human Capital function maintained strong horizontal alignment across the organisation by ensuring the following:

- Consistent and fair implementation of relevant, legally compliant and fit-for-purpose human capital policies, procedures and practices.
- The onboarding and implementation of a combined assurance approach to human capital practices.
- The implementation of the rolling Human Capital Policy Review Plan, which ensured that policies remained responsive to legislative developments, organisational requirements and evolving best practices.

As TCTA continues to prepare for significant organisational transformation associated with the establishment of the SANWRIA, the Human Capital function remains committed to supporting change readiness, workforce capability and organisational sustainability. The “Embracing Change” strategic theme has provided a strong foundation for building an adaptable, resilient and high-performing workforce

capable of supporting TCTA’s evolving mandate and long-term strategic aspirations. The strategic focus areas for the year under review were:

- A healthy organisational culture
- Talent management
- Strategic workforce planning and recruitment
- Performance-linked total rewards
- Improved HR technology through the implementation of a Human Resource Information System

Focus Area 1: Organisational Culture

During the reporting period, the organisation continued to implement the medium-term Culture Transformation Plan approved in 2024. Key activities included alignment of values and strategy, leadership development, adaptability and change and employee engagement and motivation. The participation rate in the annual culture survey was 72%, with a positive overall satisfaction score of 81%. The impact of the interventions was reflected in the Employee Net Promoter Score (eNPS), which was +12, indicating a positive shift from the previous year.

A healthy organisational culture is an essential part of the SANWRIA readiness approach.

Alignment of Values and Strategy

Several interventions were implemented to embed values-based leadership and performance management practices across the organisation. Performance Management workshops were conducted for leaders and managers, while targeted values workshops were delivered, including dedicated engagements within specific divisions.

Leadership Development

The organisation continued to invest in leadership capability development through a range of targeted interventions. Leaders participated in external leadership development programmes, coaching and mentoring initiatives and wellbeing-focused training designed to strengthen people management capability and employee support practices.

Managers also participated in leadership and talent management workshops, while competency discussions and focus groups were facilitated across divisions to better understand leadership expectations and developmental needs. These interventions contributed to strengthening leadership effectiveness, fostering a culture of accountability and enhancing organisational readiness for future challenges.

Adaptability and Change

Recognising the importance of organisational agility, TCTA implemented several change interventions throughout the year, with a noteworthy impact delivered through team effectiveness initiatives that strengthened team cohesion.

Employee Engagement and Motivation

Positive progress was made in implementing the Employee Relations Strategy, supported by capacity-building interventions to strengthen conflict management capabilities across the organisation. Internal training on unfair labour practices relating to promotion and demotion further enhanced management and employee understanding of fair labour practices.

Additional engagement initiatives included a pulse survey to gauge employee sentiment, Culture Day activities and Change Champion workshops aimed at

promoting employee participation in organisational transformation. Water sector exposure opportunities, including site visits, provided employees with greater insight into the impact of TCTA's projects and strengthened organisational pride and commitment.

Focus Area 2: Talent Management

Strategic talent management is a crucial element of TCTA's business strategy, expressed in the organisation's ability to attract, retain and motivate employees. TCTA successfully executed its Talent Management strategy per the approved implementation plan, which is aligned with the Talent Management framework below, and exceeded the planned deliverables.

The Talent Management Plan focused on building organisational capability, strengthening succession readiness, enhancing leadership accountability for talent development and preparing the workforce for future organisational requirements, including the planned transition to the SANWRIA. The implementation of the Talent Management Plan exceeded expectations, with several interventions delivering results beyond the original annual targets.

These achievements contributed to strengthening organisational resilience, improving workforce sustainability and supporting long-term business continuity. This not only enabled the attraction, retention and motivation of employees, but ensured talent effectiveness at individual, team and organisational levels.



TCTA STRATEGIC TM FRAMEWORK AND FOCUS AREAS

Theme for 2024-27: Enable proactive™

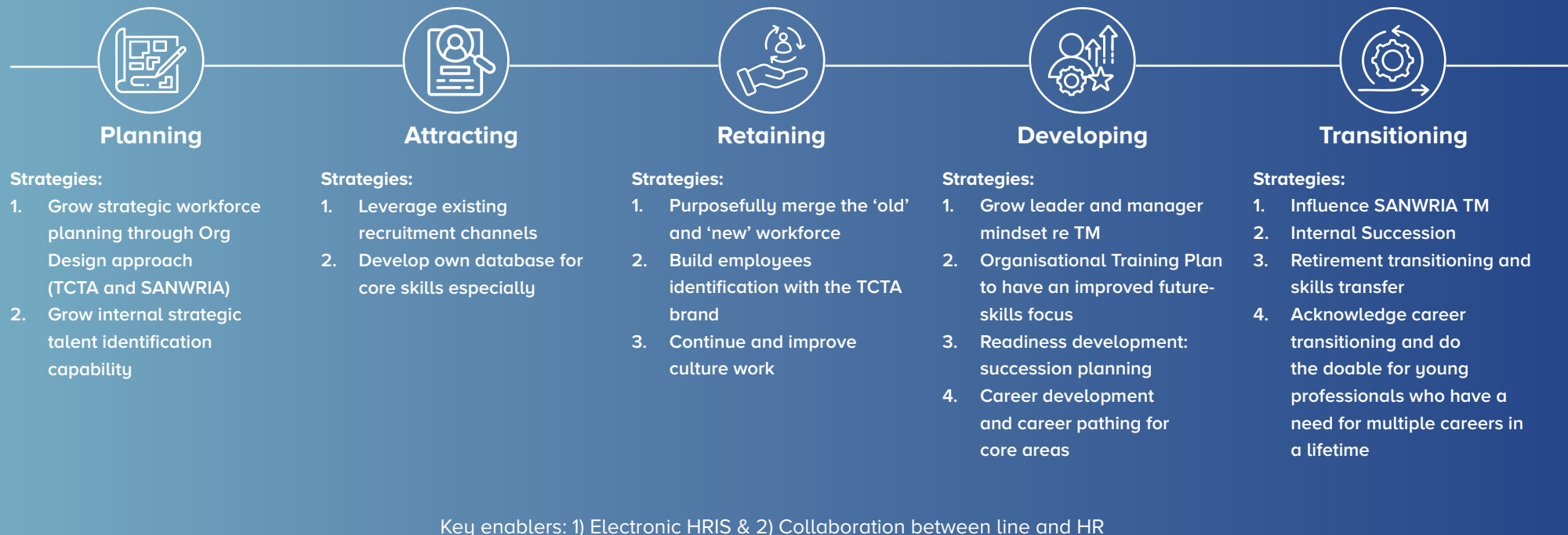


Figure 20: TCTA Strategic Talent Management Framework and Focus Areas.

The key successes of talent management in 2025-26 are summarised below:

Succession and talent planning

A significant focus during the reporting period was placed on strengthening succession planning practices. The organisation achieved a succession coverage ratio of 29%, exceeding the annual target of 20%. This achievement demonstrates progress in building a sustainable talent pipeline and reducing organisational risk associated with critical-position vacancies.

In addition, Human Resources and Organisational Development (HR&OD) conceptualised development panels and developed retirement transition principles and guidelines, which were implemented.

The retirement transition framework provides a structured approach to knowledge transfer, succession preparation, workforce planning and employee transition management. This reduces the risk of critical knowledge loss and supports organisational sustainability.

Retaining Organisational Knowledge and Experience: Recognising the importance of retaining critical organisational knowledge and strengthening cross-generational collaboration, initiatives were undertaken to improve understanding of the drivers of employee retention and workplace experiences.

A revised exit interview process was introduced during the reporting period, supported by the development of an enhanced exit interview instrument and reporting framework.

These improvements have strengthened the

organisation’s ability to analyse employee feedback, identify trends and implement targeted retention strategies. The successful implementation of these initiatives contributed to the full achievement of the retention objectives established for the reporting period.

Career pathways

Significant progress was made in establishing career pathways for critical skill areas by developing a future-fit Generic Competency Framework and Libraries and Technical Competency Frameworks, with supporting competency libraries at various proficiency levels.

Strengthening Leadership Accountability for Talent Management

An important objective of the Talent Management Plan was to increase the involvement and commitment of leaders and line managers in talent management activities.

A dedicated Talent Management Workshop was conducted for managers, supported by the development and distribution of practical talent management resources, including a Talent Management Checklist,

Table D1: Training cost summary

Metric	2025-26 value	Comparative 2024-25 value
Personnel expenditure (R'000)	R336 224	R307 031
Training expenditure (R'000)	R7 033	R4 078
Training expenditure as % of personnel expenditure	2.091%	1.33%
Number of employees trained	158	158
Average training cost per employee (R)	R44 515.63	R25 812

Succession Planning Toolkit, Leadership Development Guide and Development Panels Information Sheet.

Enabling a Talent-Centred Culture

HR&OD continued to strengthen its partnership with line management through targeted interventions to embed talent management practices across the organisation.

Workshops focusing on Learning and Development, Performance Management and Talent Management were delivered to enhance management capability and reinforce ownership of key people management processes.

Learning and Development of Talent

An approved training plan guided organisation-wide training interventions for 2025-26. TCTA implemented more than 100% of the planned training interventions while using 70% of the budget, without compromising quality or delivery. The impact of training interventions was measured through post-evaluation feedback forms, with an average score of 4 out of 5, where 3 is meeting the target.

To support youth skills development and help address unemployment, TCTA offers work exposure to young graduates under its flagship Naledi programme, especially in scarce-skills categories. TCTA provided

work exposure to 22 interns during the year under review, representing about 10% of the workforce. Expenditure on interns and bursary holders for the year under review is shown below:

Table D2: Expenditure on Interns and Bursary Holders

Category	Salaries & Stipends	Training & Fees	Total
Interns	R3 612 829.40	R273 742.62	R3 886 572.00
Bursary holders	R135 000	R574.45	R135 574.45
TOTAL	R3 747 829.40	R274 317.07	R4 022 146.45

Focus Area 3: Workforce Planning and Resourcing

TCTA maintains a cautious and flexible approach to workforce numbers. During 2025-26, workforce planning and resourcing were influenced by the uptake of project activity and readiness for the SANWRIA. Against the backdrop of a dynamic operating environment, workforce planning activities were undertaken to ensure that organisational capability remains aligned with both immediate operational demands and longer-term strategic priorities.

The Human Capital function worked closely with business units to assess workforce requirements, identify critical skills needs and develop appropriate resourcing strategies to support organisational sustainability and growth. Within this context, TCTA exceeded its resourcing plan, achieving 107% of the target, filling 41 vacancies and recording a staff turnover rate of 4.59% in 2025-26, compared with 10.87% in the previous year.



The following three tables provide employment information.

Table D3: Employment and vacancies - 2025-26

Level	Employment at the beginning of the period	Appointments	Terminations	Employment at the end of the period
Top management	1			1
Senior management	9	1	1	9
Professionally qualified	95	18	6	115*
Skilled	45	10	1	59**
Semi-skilled	9		1**	6***
Unskilled				
Headcount Subtotal	159	29	9	190
Interns	15	16	8	21**
Interim Resources	8			0
Temps	1		1	0
Contingent resources				
Total	183	45	18	211

*7 Interims moved to the Professional category

*1 Skilled moved to Professional category

** 1 Interim moved to the Skilled Category

** 2 interns moved to the Skilled Category

** 2 Semi-skilled moved to Skilled Category

Table D4: Employment by category

Level	2024-25 number of employees at the end of the period	2025-26 approved headcount	2025-26 number at the end of the period	2025-26 vacancies at the end of the period	Vacancies as % of approved headcount
Top management	1	1	1		
Senior management	8	9	9		
Professionally qualified	96	126	115	11	8.73%
Skilled	45	55	59*	-4	-7.27%
Semi-skilled	9	9	6*	3	33.33%
Unskilled					
Headcount total	159	200	190	10	5%
Interns	14	28	21	7	25%
Interim resources	7				
HR temps	1	6		6	
Contingent resources		4		4	
Subtotals	159	200	190	10	5%
Grand total	181	238	211	27	11.34%

Notes: *Movement of 2 employees from Semi-Skilled to Skilled category

Table D5: Reasons for staff leaving

Reason	Number	%
Death		
Resignation	5	27.78%
Dismissal		
Retirement	3	16.67%
Ill health		
Expiry of contract	10	55.56%
Other		
Total	18	100.0%

Focus Area 4: Total Rewards

King IV, Principle 14 provides that the governing body should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

TCTA's remuneration approach, encapsulated in the Total Rewards Strategy and related policies, is aligned with this principle.

During the year under review, TCTA spent 93% of its staff cost budget. Within this context, the following may be noted:

- A management prerogative salary increase of 4.84% was implemented with effect from 1 April 2025, with employer contributions to benefits remaining at 7.5% to pension, 50% to group life and 50% to medical aid.

- The total cost of employee benefits was R33 819 180.00, which represents 10.5% of the total staff cost bill for 2025-26, compared to 12.04% for FY 2024-25.
- TCTA paid out short-term rewards and incentives amounting to R28 425 652.00, which was subject to an external audit process.

The Remuneration Policy and Short-term Reward and Incentive Policy were reviewed and approved for implementation from 1 April 2025. As part of TCTA's commitment to fair compensation practices, executive compensation and wage gaps are monitored quarterly by the Human Capital, Social and Ethics Committee.

Table D6: Personnel cost per occupational category

Level	Personnel expenditure (R'000)	% of personnel expenditure	Number employed during the period	Average personnel cost per employee (R'000)
Top management	R6 993	2.1%	1	R6 993
Senior management	R35 286	10.8%	10	R3 529
Professionally qualified	R224 744	68.5%	125	R1 798
Skilled	R51 991	15.8%	62	R839
Semi-skilled	R9 081	2.8%	37	R245
Unskilled				
Total	R328 125	100%	235	R1 396 (R'000)

The average cost per employee for the period amounted to approximately R1 396 (R'000), based on total personnel expenditure of R328.1 million and a workforce of 235 employees.

Focus area 5: HR Technology (HRIS)

During the reporting period, TCTA made significant progress in modernising its Human Capital Management technology environment by implementing key modules within the Sage Human Resources Information System (HRIS).

The project formed part of the organisation’s broader digital transformation agenda aimed at improving operational efficiency, enhancing employee experience, strengthening data integrity and enabling more effective people management practices. The implementation programme focused on deploying the Sage 300, Direct Hire and New Leaf Learning and Development modules.

The project achieved several important milestones during the year, with the Direct Hire recruitment module successfully going live in September 2025, followed by the Payroll and Employee Self-Service (WebSS) modules in November 2025, in accordance with the approved implementation schedule.

The successful deployment of these modules has enhanced the automation of key Human Capital processes, improved data management capabilities, streamlined recruitment and payroll administration and increased employee access to self-service functionality.

These improvements have contributed to greater operational effectiveness and strengthened the organisation’s ability to deliver responsive and efficient Human Capital services. By the end of the reporting period, all planned Sage HRIS modules had been successfully implemented and operationalised,

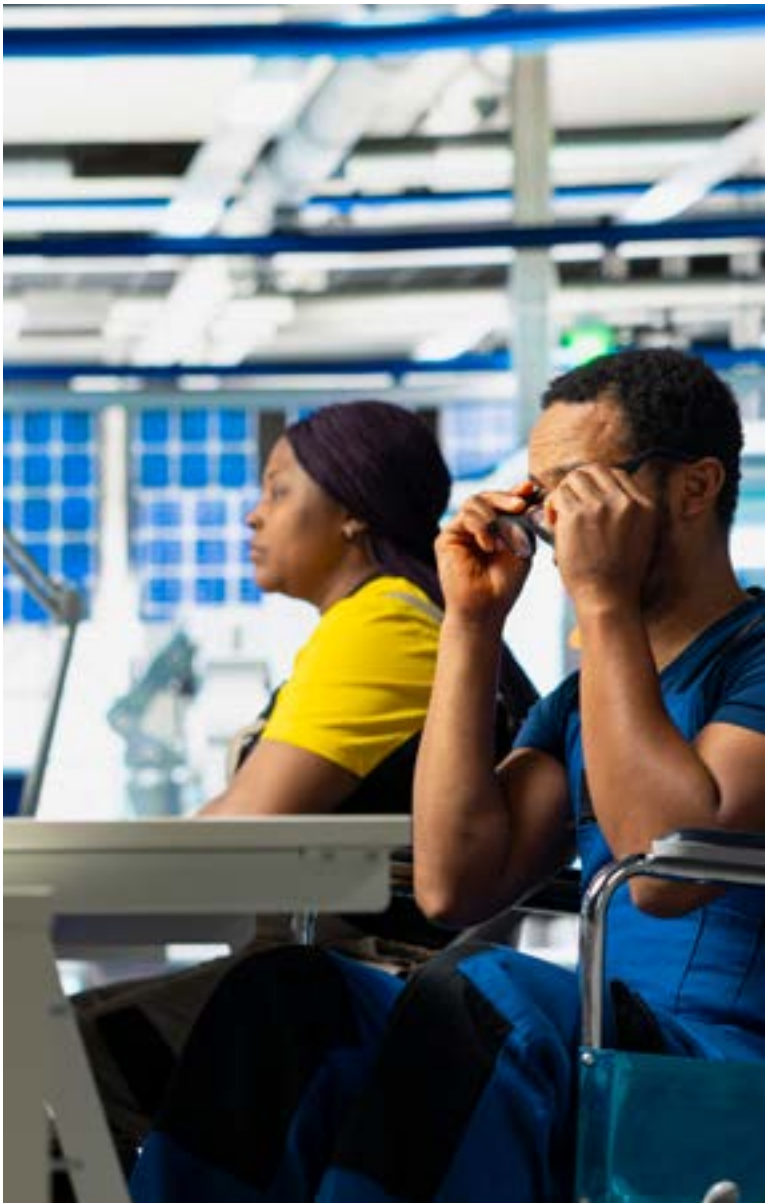
except for the Performance Management module. During User Acceptance Testing (UAT) conducted in March 2026, the module did not meet the required acceptance criteria and was therefore not approved for production deployment. A structured remediation process was initiated to address the identified system and configuration challenges.

MEANINGFUL STATISTICAL INFORMATION

TCTA adopts a cautious and flexible approach to resourcing its structure each year. Its strategy for filling vacancies is guided by the conclusion of implementation agreements with DWS and the securing of funding, reflecting the project’s financial environment and financial market conditions.

A combination of employment techniques is used, including permanent placement, fixed-term contracts, temporary placements, interim resources and internal redeployments.

As at 31 March 2026, TCTA employed 211 people across the organisation, including interns and temporary staff. The approved headcount was 238, comprising 200 headcount positions, 28 interns, four contingent resources and six temporary employees, with no interim resources.



Employment equity

The table below reflects TCTA's employment equity targets in the categories of women, men and persons with disabilities, aligned to the national Economically Active Population. The TCTA youth employment target is also reflected where applicable.

Table D7: Overall employment equity (%)

National overall EAP target comparison

Occupational Level		AM	CM	IM	AF	CF	IF	WF	Designated total	Designated female total
Top Management	Target	43.5%	4.6%	1.7%	37.5%	4.2%	1.0%	3.4%	92.5%	42.7%
	Achieved	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100%	0.0%
	Gap	+56.5%	-4.6%	-1.7%	-37.5%	-4.2%	-1.0%	-3.4%	+7.5%	-42.7%
Senior Management	Target	43.5%	4.6%	1.7%	37.5%	4.2%	1.0%	3.4%	92.5%	42.7%
	Achieved	44.4%	0.0%	0.0%	33.3%	0.0%	0.0%	22.2%	100%	55.6%
	Gap	+0.9%	-4.6%	-1.7%	-4.2%	-4.2%	-1.0%	+18.8%	+7.5%	+12.9%
Middle Management	Target	43.5%	4.6%	1.7%	37.5%	4.2%	1.0%	3.4%	92.5%	42.7%
	Achieved	40.7%	3.7%	3.7%	36.1%	1.9%	2.8%	4.6%	93.5%	45.4%
	Gap	-2.8%	-0.9%	+2.0%	-1.4%	-2.3%	+1.8%	+1.2%	+1.0%	+2.7%
Junior Management	Target	43.5%	4.6%	1.7%	37.5%	4.2%	1.0%	3.4%	92.5%	42.7%
	Achieved	32.1%	1.9%	0.0%	50.9%	9.4%	3.8%	1.9%	100%	66%
	Gap	-11.4%	-2.7%	-1.7%	+13.4%	+5.2%	+2.8%	-1.5%	+7.5%	+23.3%
Semi-Skilled	Target	43.5%	4.6%	1.7%	37.5%	4.2%	1.0%	3.4%	92.5%	42.7%
	Achieved	62.5%	0.0%	0.0%	37.5%	0.0%	0.0%	0.0%	100%	37.5%
	Gap	+19%	-4.6%	-1.7%	0.0%	-4.2%	-1.0%	-3.4%	+7.5%	-5.2%

Occupational Level		AM	CM	IM	AF	CF	IF	WF	Designated total	Designated female total
Unskilled	Target	43.5%	4.6%	1.7%	37.5%	4.2%	1.0%	3.4%	92.5%	42.7%
	Achieved	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Gap	-43.5%	-4.6%	-1.7%	-37.5%	-4.2%	-1.0%	-3.4%	-92.5%	-42.7%

*Data above excludes the three professional Lesotho officials on contract and all interns.

*Middle Management – Professionals, Junior Management – Skilled,

*Disability stats are reflected in table D9.

Table D7: Overall employment equity (%) continued

Water supply, sewerage, waste management and remediation activities - EE target comparison

Occupational Level		Designated total	Designated female total	Total
Top Management	Target	49.8%	35.9%	85.7%
	Achieved	100%	0.0%	100%
	Gap	+50.2%	-35.9%	+14.3%
Senior Management	Target	49.8%	41.0%	90.8%
	Achieved	44.4%	55.6%	100%
	Gap	-5.4%	+14.6%	+9.2%
Middle Management	Target	49.8%	46.1%	95.9%
	Achieved	48.1%	45.4%	93.5%
	Gap	-1.7%	-0.7%	-2.4%
Junior Management	Target	49.8%	46.1%	95.9%
	Achieved	34.0%	66.0%	100%
	Gap	-15.8%	+19.9%	+4.1%

No EE Targets proposed for Semi-Skilled or Unskilled workers

Table D8: Breakdown of employment equity by employment category as at 31 March 2026

Classification	African		Coloured		Indian		White		Foreign nationals	
	M	F	M	F	M	F	M	F	M	F
Top management	1	-	-	-	-	-	-	-	-	-
Senior management	4	32	-	-	-	-	-	2	-	-
Professionally qualified	44	39	4	2	4	3	1	5	4	2
Skilled	17	27	1	5	-	2	-	1	-	-
Semi-skilled	5	4	-	-	-	-	-	-	-	-
Unskilled	-	-	-	-	-	-	-	-	-	-
Total	71	72	5	7	4	5	3	8	4	2

Table D9: People living with disabilities

Level	Current	Target	Comment
Top management			These disability numbers are for the reporting period. However, the EE target for people living with disabilities is 3% over the 5-year period
Senior management			
Professionally qualified	2	2	
Skilled	3	2	
Semi-skilled			
Unskilled			
Total	5	4	

Employee relations management

Employee relations foster positive and productive relationships between the employer and employees. This is achieved by managing the employment relationship, addressing workplace issues, promoting a healthy work environment, facilitating communication, managing conflict and ensuring compliance with labour laws.

The revised and approved Employee Relations Operational Strategy and Implementation Plan guide the management of employee relations, underpinned by the following principles:

- The employer-employee relationship is governed by applicable South African labour laws and employee conduct is underpinned by TCTA's values, namely Respect, Integrity, Excellence, Growth and Unity.
- Healthy employee relations are primarily a management responsibility.
- Good communication between management and employees is essential to healthy employee relations, with a clear understanding of the difference between discussion, collaboration, consultation and negotiation.
- Management exercises its prerogative to make decisions that promote the organisation's growth and sustainability.
- Employees' rights to organise as labour are intact and recognised.
- Engagement with the recognised labour union is acknowledged and captured in the relevant Recognition Agreement, without replacing the direct relationship that management seeks to maintain with all employees.

Table D10: Dashboard for management of employee relations for 2025-26

Element	2025-26 number	Status
Grievance	3	Completed
Disciplinary	5	Related to consequence management arising from IFWE
CCMA	6	
Labour Court	0	2 matters in progress, 4 closed
Investigation	0	
Suspension	1	CCMA matter in progress
Other	1	Mediation towards reaching a Recognition Agreement with the majority union

Overall, the employee relations environment remained stable throughout the reporting period. The successful resolution of most external disputes, timely grievance management and strengthened consequence management practices collectively contributed to a positive labour relations climate.

In the 2026-27 financial year, TCTA will continue to focus on proactive employee relations interventions, reducing process turnaround times and further strengthening workplace accountability and engagement.



E

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ARTICLE FIVE

BUILDING TODAY FOR THE DROUGHTS AND DEMANDS OF TOMORROW

Water security in South Africa has moved beyond a technical engineering challenge to become a central priority for national stability, economic resilience and social well-being. As the 2025-26 period concludes, the projected 17% water deficit by 2030 underscores the urgency of proactive planning.

Recent leadership reflections have made this clear: water security is inseparable from the country's development prospects, the reliability of economic regions and the dignity of communities. TCTA's long view is rooted in the understanding that infrastructure built today must withstand the climate volatility, demand growth and financing pressures of tomorrow.

South Africa's water scarcity is structural. Per capita water availability is constrained, many river systems have already been extensively developed, and opportunities for building new dams are increasingly limited. Even when surface-water systems are well supplied, they cannot, on their own, provide a sufficient guarantee of long-term resilience. This reality requires a wider approach to water security that includes storage, transfer, treatment, reuse, desalination, conservation and demand management.

Climate adaptation is no longer optional; it is a prerequisite for project bankability and operational longevity. More frequent droughts, intensified floods and changing rainfall patterns require infrastructure that is resilient by design.

TCTA's portfolio increasingly reflects this reality, combining traditional bulk-water infrastructure with environmental management, alternative water-resource capability, lifecycle planning and risk-based governance.

Large-scale bulk infrastructure must also be complemented by better local water management. Off-channel storage, metering, demand management, leak reduction and water conservation are part of the same national resilience agenda. TCTA's contribution sits within this broader system: it enables strategic infrastructure while recognising that sustainable water security depends on coordinated action across the full water value chain.

Projects now in development reflect decisions taken years before supply constraints become crises. uMkhomazi responds to future needs in the uMngeni System. BRVAS strengthens the Western Cape Water Supply System. MCWAP supports the Waterberg's municipal, industrial, mining and energy requirements.

LHWP Phase II remains central to the Integrated Vaal River System. Together, these schemes demonstrate the planning horizon needed to secure water before scarcity becomes an emergency.

Generational water security also requires sustained stewardship after assets are built. The continued operation of strategic infrastructure, environmental treatment systems and long-term asset obligations shows that TCTA's responsibilities extend across the full infrastructure lifecycle. This lifecycle view is essential in a sector where benefits, obligations and risks endure long after construction ends.

The massive funding gap in the water sector, estimated at roughly R900 billion over the next decade, requires the strategic crowding in of private capital. Public funding alone cannot meet the scale of investment required. TCTA's record of financial rigour, governance maturity and project bankability provides the market

with a credible platform through which capital can be directed towards national water-security priorities.

Human capability is equally central to the long view. The water sector competes for scarce engineering, finance, environmental, project management and digital skills. TCTA's mission-driven mandate and record of technical excellence create an environment in which skilled professionals can contribute to projects of national significance while building expertise for the future.

The long view asks TCTA to preserve more than assets. It asks the organisation to protect the financial, technical, governance, operational, environmental, digital and human strengths that make infrastructure possible. Each project, policy, system and skill developed today adds another layer to South Africa's future water security. This is the promise behind the legacy: water as a foundation for economic growth, social dignity and resilience across generations.

END

EXECUTIVE AUTHORITY

In accordance with the Notice of Establishment 2000, the Board is appointed by the Executive Authority (the Minister of Water and Sanitation) through a formal, competitive, and transparent process.

The Executive Authority ensures that the appropriate mix of directors with the necessary skills, knowledge, experience, and qualifications to lead the organisation is appointed.

Portfolio Committee on Water and Sanitation

The Portfolio Committee on Water and Sanitation (the Portfolio Committee) oversees TCTA's service delivery performance within the broader context of its contribution to the sector and the State. During the 2025-26 reporting period,

TCTA representatives attended two Portfolio Committee meetings on 22 April and 21 October 2025 to present the Corporate Plan 2025-26 and the Integrated Annual Report for the 2024-25 financial year.

Shareholder's Compact

In accordance with the Treasury Regulations issued under the Public Finance Management Act, TCTA must, in consultation with the Executive Authority, agree on its predetermined objectives, measures and indicators annually. These are included in the performance agreement (Shareholder's Compact) between the Board and the executive authority. The Shareholder's Compact promotes good governance practices by setting out the roles and responsibilities of the Board and the executive authority.



ACCOUNTING AUTHORITY

Ethical and Effective Leadership

The Board understands that directors should individually and collectively exercise their fiduciary duties ethically and in good faith and assume collective responsibility for steering the entity and setting its strategic direction.

The Board maintains a balance of power, with no individual having unfettered authority over the Board. The primary focus of the Board is to ensure that strategy, risk, performance and sustainable development considerations are effectively integrated and appropriately balanced.

The Board ensures that TCTA implements best corporate governance practices, adheres to relevant industry rules, codes and standards, and maintains effective internal control systems.

As a values-based organisation, TCTA is committed to the highest standards of business integrity and ethics. Directors acknowledge that their fundamental responsibility is to lead and direct the organisation in an ethical and effective manner. Led by an independent non-executive chairman, the Board transparently reports to stakeholders on the business's performance and its fulfilment of responsibilities.

Board Charter

The Board reviews its charter annually to guide its effective functioning. The charter regulates the parameters within which the Board operates and ensures the business applies leading corporate governance practices in all its dealings. The charter also sets out the role and responsibilities of the Board and its directors, including its composition and relevant procedures.

Board Induction, Development and Training

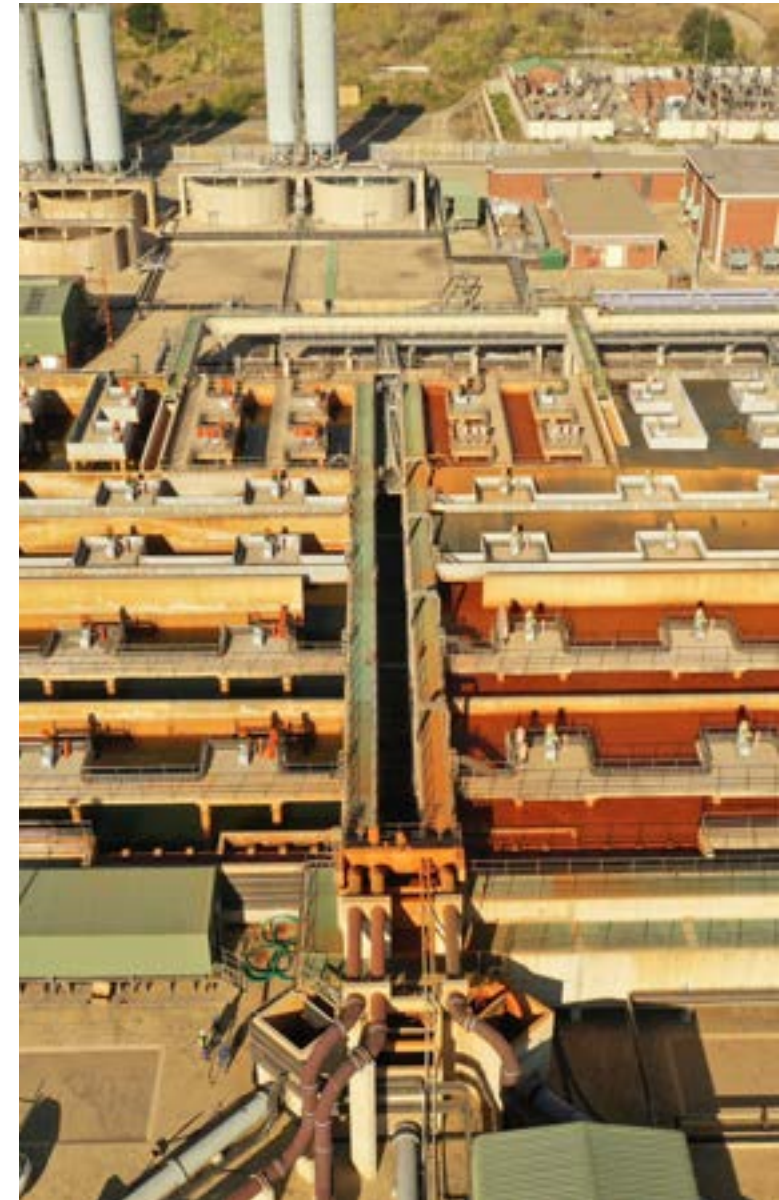
To remain effective, the Board ensures that directors are continuously developed. The Board has a structured induction programme that seeks to equip new directors with an understanding of the strategy and the complexities of the business.

Ongoing training is provided for all directors on various matters related to their role to assist them in acting with due care, skill and diligence. By staying informed about the latest developments, directors can exercise courage in taking appropriate risks and responsibly seizing opportunities, thereby acting in the best interests of the business.

Board Attendance

During the 2025-26 reporting period, seven (7) scheduled Board meetings and a Board strategic risk workshop were held. Attendance for the reporting period is shown below:

Director	Designation	Attendance
Precious Sibiya	Chairman and Independent Non-Executive Director	100% (8 of 8) 
Gerald Dumas	Deputy Chairman and Independent Non-Executive Director	100% (8 of 8) 
Neo Tladingane	Independent Non-Executive Director	100% (8 of 8) 
Roy Mnisi	Independent Non-Executive Director	88% (7 of 8) 
Nare Mamabolo	Independent Non-Executive Director	100% (8 of 8) 
Pule Mofokeng	Independent Non-Executive Director	38% (3 of 8) 
Vidhu Vedalankar	Independent Non-Executive Director	100% (8 of 8) 
Greg White	Independent Non-Executive Director	88% (7 of 8) 
Maemili Ramataboe	Independent Non-Executive Director	100% (8 of 8) 
Percy Sechemane	Executive Director (Chief Executive Officer)	100% (8 of 8) 



Board Leadership

An independent non-executive chairman leads the Board. The role of the chairman is separate and distinct from that of the Chief Executive Officer (CEO). The separation of powers and responsibilities, as outlined in the Board Charter, ensures that no person has unfettered decision-making powers and that an appropriate balance of power exists at the board level.

During the 2025-26 reporting period, the Board approved the following strategies, codes, and policies.

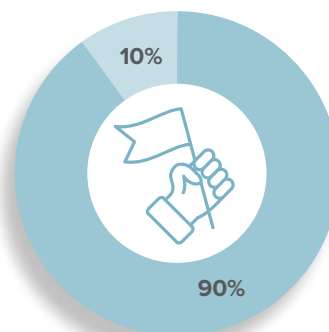
- Digital Transformation Strategy
- Disaster Recovery Strategy
- Stakeholder Management Strategy
- Cybersecurity Strategy
- IT Strategy
- Code of Conduct
- Code of Ethics
- Performance Management Policy
- Recruitment Policy
- Remuneration Policy
- Short-Term Reward and Incentive Policy
- CEO Acting Policy
- Employment Equity Policy
- Land and Rights Policy
- Whistleblower Policy
- Disciplinary Policy
- Environmental Policy
- Policy for the Sourcing of Funding
- Procurement Policy for Infrastructure Goods and Services

Board Composition and Director Independence

The Minister of Water and Sanitation (the Minister) appoints the Board, which comprises the appropriate balance of knowledge, skills, experience, diversity and independence to discharge its governance role and responsibilities objectively and effectively.

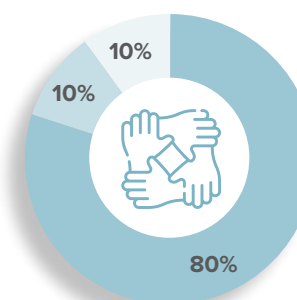
In December 2025, the three-year term of office of the non-executive directors (NEDs) expired, and the Minister subsequently reappointed all NEDs until the disestablishment of TCTA to ensure continuity of governance.

Individual members bring considerable and diverse demographics, skills and experience into the boardroom. In line with King IV™, the Board assessed the independence of non-executive directors. It concluded that there is no interest, position, association or relationship that, when judged from the perspective of a reasonable and informed third party, is likely to unduly influence or cause bias in decision-making in the best interest of the organisation.



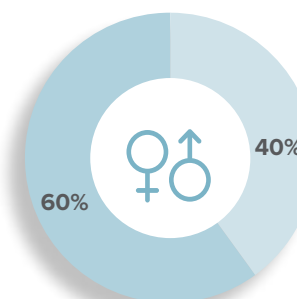
- Independent non-executive directors = 90%
- Executive directors = 10%

Board gender, racial and age diversity



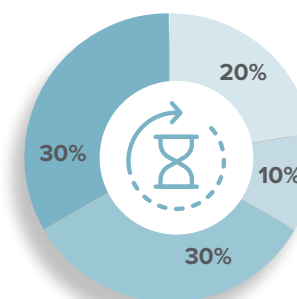
Race diversity

- African
- Indian
- White



Gender diversity

- Female
- Male



Age Diversity

- 70 and older
- 60 years & older
- 50 to 59 years
- 40 to 49 years

Board Performance

A Board performance evaluation is conducted annually to determine ways to improve the effectiveness of the board and its committees; these assessments are transparent and performed in compliance with the Board Performance Evaluation Policy. For the 2025-26 financial year, a self-evaluation performance assessment was conducted for the Board and its Committees. No areas of concern or matters that required the Board's attention were identified.

Company Secretary

The Board is assisted by the Company Secretariat, headed by a competent and suitably qualified Company Secretary, Wilma de Witt. Following a performance review conducted in January 2026, the Board is satisfied that the function possesses the necessary competency, qualifications and experience to provide sound governance advisory and stewardship to both the Board and management.

Board Committees

The Board ensures that delegation within its structures promotes independent judgement and helps maintain the balance of power, thereby facilitating the effective discharge of its duties. Responsible leadership from the Board is supported by a delegation of authority that is reviewed and approved on an annual basis.

All strategic decisions are debated in detail, either by the committees or the Board, with cognisance of the risks and unintended consequences. In delegating responsibility to management for implementing the organisation's strategic objectives, the Board monitors

key processes related to ethical decision-making, control environment, and assurance. The delegation of authority ensures that management functions are suitably empowered to discharge their responsibilities while remaining accountable through their respective reporting lines. The Board has delegated the responsibility of ensuring that individuals with the necessary competence, authority and adequate resources are appointed to key management functions to the CEO.

All Board committees have approved charters, which are reviewed annually to consider current and emerging best practices in governance. The Board is satisfied that all committees have fulfilled their responsibilities as outlined in their charters for the reporting period. Feedback sessions at Board meetings facilitate healthy collaboration between committees. The Board monitors how its committees discharge their responsibilities by annually setting work plans for each committee and monitoring their implementation with the assistance of the Company Secretary. The Board has formally, and in writing, delegated powers to the following standing committees:

- Audit and Risk Committee
- Human Capital, Social and Ethics Committee;
- Nomination and Governance Committee (NGC);
- Information, Communication and Technology Governance Committee (ICTGC);
- Technical Committee; and
- Finance Committee.

Audit and Risk Committee

As of the date of this report, the committee comprises four independent non-executive directors and a co-

opted specialist. The committee complies with all applicable legal and regulatory requirements. It also applies the corporate governance practices for audit committees as recommended by King IV.

The Board recognises the committee's important role in the risk management and governance processes.

The committee's mandate, among other things, is to review the effectiveness of internal controls, ensure satisfactory standards of governance and compliance, maintain oversight of financial results and integrated reporting, and oversee risk management, including risk control systems. In this regard, the committee also oversees financial reporting risks, internal financial risks, fraud and IT risks related to financial reporting.

The internal and external auditors attend all meetings, and the Chief Executive Officer and the Executive Managers are standing invitees.

Refer to the Audit and Risk Committee report on Page 156, setting out its composition, role and responsibilities and the members' attendance during the period under review.

Finance Committee

As of the date of this report, the committee comprises three independent non-executive directors and the CEO. It is chaired by a non-executive director appointed by the Board. Executive Managers and the Chief Internal Auditor are standing invitees.

The committee's mandate, as set out in its terms of reference, includes providing strategic guidance and oversight on key project finance and treasury activities

of the business. Its scope also includes oversight of functional areas relating to procurement, financial strategy, planning, debt and financial management, and capital structure.

During the 2025-26 reporting period, five scheduled meetings and one special meeting were held. Attendance for the reporting period is shown below:

Member	Attendance	
Greg White: Chairman and Independent Non-Executive Director	100% (6 of 6)	
Neo Tladinyane: Independent Non-Executive Director	100% (6 of 6)	
*Disebo Moephuli: Co-Opted Specialist	100% (5 of 5)	
Maemili Ramataboe: Independent Non-Executive Director	100% (6 of 6)	
Percy Sechemane: Executive Director (CEO)	50% (3 of 6)	

* Term of office expired on 31 December 2025.

Human Capital, Social and Ethics Committee

As of the date of this report, the committee comprises four independent non-executive directors. The committee is chaired by a non-executive director, appointed by the board. The committee is constituted to assist the Board in ensuring the organisation remunerates employees fairly, responsibly, and transparently.

This approach promotes the achievement of strategic objectives and outcomes across the short, medium and long term. The committee also oversees organisational ethics and monitors social responsibility activities in the

workplace, the economy, and the social and natural environment.

Refer to the committee’s report on Page 75-76, providing information regarding its composition, role and responsibilities, and members’ attendance during the period under review.

Technical Committee

As of the date of this report, the committee comprises four independent non-executive directors and the CEO. It is chaired by a non-executive director appointed by

the board. Executive managers and the Chief Internal Auditor have a standing invitation to attend meetings.

The committee assists the Board in providing strategic leadership to management on project technical management-related functions and oversees organisational project technical management functions.

During the 2025-26 reporting period, four scheduled meetings and one special meeting were held.

Attendance for the reporting period is shown below:

Member	Attendance	
Neo Tladingane: Chairman and Independent Non-Executive Director	100% (5 of 5)	
Vidhu Vedalankar: Independent Non-Executive Director	100% (5 of 5)	
Nare Mamabolo: Independent Non-Executive Director	100% (5 of 5)	
Roy Mnisi: Independent Non-Executive Director	100% (5 of 5)	
Percy Sechemane: Executive Director (CEO)	80% (4 of 5)	

Nomination and Governance Committee

As of the date of this report, the NGC c comprises six independent non-executive directors. Although the committee does not have the power to nominate directors, it actively seeks to collaborate with the executive authority on the required knowledge, skills and capabilities of new directors. The CEO has a standing invitation to attend all meetings. The committee periodically reviews the structure and

composition of the Board committees to enhance its own effectiveness and oversees the development of an induction programme for new directors.

The committee further ensures that a continuous development and training programme for directors is in place and oversees the performance review of the board and its committees. Concerning governance matters, the committee has oversight over the development and implementation of the organisational strategy

and the business model, including the corporate plan and predetermined objectives. The committee also oversees the application of King IV practices.

During the 2025-26 reporting period, five scheduled meetings were held.

Attendance for the reporting period is shown below:

Member	Attendance	
Precious Sibiya: Chairman and Independent Non-Executive Director	100% (5 of 5)	
Gerald Dumas: Independent Non-Executive Director	100% (5 of 5)	
Greg White: Independent Non-Executive Director	100% (5 of 5)	
Nare Mamabolo: Independent Non-Executive Director	100% (5 of 5)	
Neo Tladinyane: Independent Non-Executive Director	100% (5 of 5)	
Maemili Ramataboe: Independent Non-Executive Director	100% (5 of 5)	

Information, Communication and Technology Governance Committee (ICTGC)

The committee comprises three independent non-executive directors, a co-opted specialist and the CEO. The committee is chaired by a non-executive director, appointed by the Board. Executive managers and the Chief Internal Auditor have a standing invitation to

attend all meetings. The committee assists the Board in providing strategic leadership to management on information technology-related functions and oversees organisational project technical management functions.

During the 2025-26 reporting period, four scheduled meetings were held.

Attendance for the reporting period is shown below:

Member	Attendance	
Gerald Dumas: Chairman and Independent Non-Executive Director	100% (4 of 4)	
Pule Mofokeng: Independent Non-Executive Director	50% (2 of 4)	
Vidhu Vedalankar: Independent Non-Executive Director	100% (4 of 4)	
John Raphela: Co-Opted Specialist	100% (4 of 4)	
Percy Sechemane: Executive Director (CEO)	75% (3 of 4)	

DIRECTOR INFORMATION

Table 17: Director Information

	Surname and Initials	Gender	Skills, Knowledge and Experience				Term of Office		Other Active Directorships
			Race	Age	Qualifications	Field of expertise	Date of first appointment	Expiry of term	
	Sibiya, PN	Female	African	55	– Bachelor of Accountancy – Postgraduate Diploma in Accounting – Registered Chartered Accountant (South Africa) – Advanced Short Course in Business Rescue Practice	– Finance – Risk Management – Audit – Supply Chain Management – Human Resources – Information Technology – Business Rescue	01 January 2023	Until TCTA's disestablishment	– NERSA – IRBA – Trans African Concessions (PTY) LTD – Uthingo Health Solution (RF) – WIP Group – Nehawu Investment Company – SANWRIA
	Dumas, GT	Male	African	75	– Master of Business Administration – Municipal Executives Financial Programme – Diploma in Business Management – Diploma in Production Management – Bachelor of Science	– Water Sector – Strategy Development and Implementation – Risk Management – Audit – Human Resources	01 January 2023	Until TCTA's disestablishment	– Nethezeka Business Solution
	Mamabolo, ME	Female	African	49	– Attorney of the High Court – Baccalaureus Legum - LLB – Diploma in Business Leadership (Cum Laude) – Practical Legal Training (PLT)	– Legal, Compliance, and Regulation. – Human Capital – Project Management – Dispute resolution – Auditing	01 January 2023	Until TCTA's disestablishment	– Property Practitioners Regulatory Authority

	Surname and Initials	Gender	Skills, Knowledge and Experience				Term of Office		Other Active Directorships
			Race	Age	Qualifications	Field of expertise	Date of first appointment	Expiry of term	
	Mnsi, PR	Male	African	49	– Bachelor of Laws/ LLB Degree – Post Grad Certificate in Compliance Management	– Legal and Regulatory – Compliance – Risk Management – People Management – Corporate Strategy – Dispute Resolution – Human-Resource Development – Transformation etc.	01 January 2023	Until TCTA's disestablishment	– Master Builders SA – Joint Building Contracts Committee (JBCC) – ACSA
	Mofokeng, PJ	Male	African	46	– Master of Business Administration (MBA) – Master of Arts (MA) in ICT Policy & Regulation – Postgraduate Diploma in Management Practice – Multi-disciplinary Professional Certificate in CIO Practice	– Digital Transformation – ICT Governance – Information system smangement – Business continuity systems – Project Management – ICT Infrastructure – Software development	01 January 2023	Until TCTA's disestablishment	– PMFH – Consulting

	Surname and Initials	Gender	Skills, Knowledge and Experience				Term of Office		Other Active Directorships
			Race	Age	Qualifications	Field of expertise	Date of first appointment	Expiry of term	
	Tladinyane, NM	Male	African	61	– B.Sc. (Civil Engineering) – GDE (Municipal Engineering)	– Civil and Construction Engineering – Project Management – Infrastructure (South Africa and African countries) – Consulting – Construction and Development Management – Human Settlement Delivery Management	01 January 2023	Until TCTA's disestablishment	– PHB Engineers – Neo Projects – PHB Telecoms – One Climate Fund SA – ENSync Engineers – Tladinyane Family Trust

	Surname and Initials	Gender	Skills, Knowledge and Experience				Term of Office		Other Active Directorships
			Race	Age	Qualifications	Field of expertise	Date of first appointment	Expiry of term	
	Ramataboe, NJ	Female	African	70	– Diploma in Business Studies – Chartered Accountant (Lesotho) – Certificate in Supervisory Management – Master of Business Administration – Consultancy Practising Certificate	– Treasury Regulations – Corporate Governance – Risk & Compliance Management – Strategic Leadership – Financial Accounting and Management Accounting – Investment Management – Treasury & Project Finance – Performance Management, Monitoring & Evaluation – Combined Assurance	26 January 2025	Until TCTA's disestablishment	– MaeRisk Managers – Department of Trade, Industry and Competition – Department of Mining & Petroleum – Department of Public Works
	Vedalankar, VN	Female	Indian	66	– Executive Development Programme - GIBS – Master in Town & Regional Planning – Bachelor of Science	– Strategy Implementation – Human Resource Development – Governance and Risk Management – Stakeholder Management – Financial Management – Transformation	01 January 2023	Until TCTA's disestablishment	– Billy & Elsie Nair – Educational Trust – Bigen Africa Group Holdings (Pty) Ltd

	Surname and Initials	Gender	Skills, Knowledge and Experience				Term of Office		Other Active Directorships
			Race	Age	Qualifications	Field of expertise	Date of first appointment	Expiry of term	
	White, GNJ	Male	White	66	– BA (Economics) – Honours BAdmin: – Development Studies – postgraduate – Executive Leadership Program	– Human Resources and Remuneration – Social and Ethics – Development finance – Treasury – Corporate Strategy – Consulting	01 January 2023	Until TCTA's disestablishment	– Kudumane Mining Employee Trust – Kudumane Mining Community Trust – SANWRIA

Application of King IV

King IV is the corporate governance code in South Africa, applicable to all types of entities.

The King IV application register below provides information on how the principles and recommended practices were applied.

The Nomination and Governance Committee (NGC) assists the Board and accepts responsibility for the integrity of this register.

The register provides investors and other key stakeholders with information and commentary on TCTA's governance practices, enabling them to make

informed assessments. In our opinion, this report demonstrates, in a fair and balanced way, how TCTA's sound governance practices seek to mitigate against value destruction and create sustainable value for our stakeholders.

KING IV APPLICATION REGISTER 2025-26 FINANCIAL YEAR

PRINCIPLE	APPLICATION
 PRINCIPLE 1 The board should lead ethically and effectively	The Board of Directors (the Board) of the Trans-Caledon Tunnel Authority (TCTA) is committed to adhering to the good corporate governance principles outlined in the King IV Report on Corporate Governance for South Africa (King IV), which serve as the overarching principles for an ethical foundation. The directors hold one another accountable for decision-making based on integrity, competence, responsibility, fairness, and transparency. The Board assumes responsibility for the governance of ethics, including the approval of the Code of Conduct and Code of Ethics (the Code). It also includes oversight by the Human Capital, Social and Ethics Committee (HCSEC) of the monitoring and review of its implementation, as well as efforts to establish an ethical culture. The Code applies to directors and employees to ensure that the business maintains the highest level of integrity and ethical conduct. The Board Charter outlines the Board's policies and practices regarding matters such as conflict of interest declarations and the receipt of gifts. The Nomination and Governance Committee (NGC) periodically evaluates the composition of Board Committees to ensure the Board is effective in overseeing strategic matters and discharging its responsibilities.

PRINCIPLE

APPLICATION

**PRINCIPLE 2**

The board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture

The Board, through the Human Capital, Social and Ethics Committee (HCSEC), has oversight of and monitors TCTA's organisational ethics activities, ensuring that ethics are integrated and embedded in the organisation's operations and culture TCTA's Code of Ethics, Code of Conduct, and the Conflict of Interest Policy, guide the conduct of employees and instil TCTA's shared values of excellence, integrity, respect, unity and growth.

The office of the Chief Risk Officer is responsible for ethics management and the development, review and implementation of the Conflict of Interest Policy and for reporting non-compliance or material breaches to the HCSEC. Several initiatives are employed to embed the Code's principles and foster a values-based culture that extends beyond compliance, including employee satisfaction surveys. As part of ongoing efforts to raise awareness of the importance of ethical behaviour, constant focus is placed on relevant awareness and training.

The office of the Chief Risk Officer is in the process of implementing the TCTA ethics strategy to assist in strengthening and entrenching a culture of ethics across TCTA as well as formulating and implementing the governance framework accordingly. Mechanisms are in place for stakeholders to report fraud, theft, corruption, unethical behaviour and irregularities, and the anonymity of reporters is protected. The Internal Audit Function evaluates all reported incidents to ensure proper investigation and action and provides pertinent information on these issues to the Audit and Risk Committee (ARC).

PRINCIPLE	APPLICATION
 PRINCIPLE 3 The board should ensure that the organisation is and is seen to be a responsible corporate citizen.	The Board, assisted by the HCSEC, monitors activities that demonstrate the business is a responsible corporate citizen. These include rural development, community development, enterprise development and socio-economic development. The internship programme aimed to encourage students from diverse backgrounds and schools to explore various careers within the water sector, thereby affording them opportunities to develop their skills in the sector. The Environmental Department within the Project Management and Implementation Division has established processes and procedures to ensure the business acts responsibly regarding environmental sustainability. All these activities are embedded in organisational policies. The Board ensures compliance with relevant legislation and regulations through the ARC.

PRINCIPLE

**PRINCIPLE 4**

The board should appreciate that the company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

APPLICATION

The business recognises that its activities and outputs can have positive and negative impacts on the economy, society, and environment in which it operates, as well as the capital it employs to create value for stakeholders by achieving reliable performance. It sets its strategic objectives by assessing the risks and opportunities presented in relation to its risk appetite and risk tolerance, establishes its key performance indicators (KPIs) and the key risk indicators for each KPI, and measures its performance against these.

The Board has delegated to management the formulation and implementation of the approved strategy. The Board approves the strategy, key performance measures and targets for management and oversees the implementation of the strategy and plans carried out by management against the agreed performance measures and targets. The ARC assists with the governance of risks and monitors the effects of the identified risks and the mitigating controls. The responsibility for risk management is detailed in the ARC Terms of Reference.

The Board annually enters into a Shareholder Compact (SC) with the Executive Authority, which is the Minister of Water and Sanitation (the Minister). The SC includes key performance indicators and objectives that are set by the shareholder. The Board reports quarterly to the shareholder on the performance of the organisation against these objectives and indicators.

PRINCIPLE

APPLICATION

**PRINCIPLE 5**

The board should ensure that reports issued by the company enable stakeholders to make informed assessments of the company's performance and its short, medium, and long-term prospects.

The Board assumes responsibility for the integrity of the Integrated Annual Report (IAR) and critically assessed the report, ensuring that the assurances obtained are in accordance with the combined assurance model. The model fosters an effective internal control environment that ensures the integrity of information used for internal decision-making by management, the Board, and its committees.

The Board, assisted by its committees, ensures that the various reports are compliant with legal reporting requirements. The Board approves management's basis for determining materiality and accepts accountability for the IAR. Through the ARC, it ensures that the necessary controls are in place to verify and safeguard the integrity of the annual financial statements and reports, as well as any other disclosures. These disclosures align with the King IV recommended practices.

**PRINCIPLE 6**

The board should serve as the focal point and custodian of corporate governance in the organisation.

The Board serves as the focal point and custodian of corporate governance. Its role, responsibilities, and the way it executes its duties and decision-making are set out in the Board Charter. The Board is supported by its committees, which have delegated responsibility to assist the Board in fulfilling specific functions. Each Board committee is governed by a Terms of Reference. The Board committees' report quarterly to the Board on their work.

The governance structures have been aligned to King IV, and the organisation has materially applied the relevant principles. The organisation's governance framework and corporate governance practices are disclosed in the IAR.

PRINCIPLE	APPLICATION
 PRINCIPLE 7 The Board should comprise the appropriate balance of knowledge, skills, experience, diversity, and independence for it to discharge its governance role and responsibilities objectively and effectively	The non-executive directors (NEDs) are appointed by the Minister, whilst the Chief Executive Officer is appointed by the Board with the concurrence of the Minister. These appointments are made in accordance with the TCTA Notice of Establishment. Although the Board does not have the power to nominate and elect directors, it actively seeks to collaborate with the shareholders in this regard. The Board is satisfied that its current composition is appropriate, as it presents an optimal mix of knowledge, skills, experience, and independence. Independent specialists are appointed to augment the areas related to audit and risk, finance and ICT governance. The term of office of these specialists is aligned with that of the Board. All Board members are independent NEDs except for the CEO. Details of the directorate are provided in the IAR.

PRINCIPLE

APPLICATION

**PRINCIPLE 8**

The Board should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.

The Board determines delegation to individual members, groups of members, standing or ad-hoc committees. The composition of the Board and its committees aligns with King IV practices. There is a clear balance of power to ensure that no individual has undue decision-making powers. Each committee has formal Terms of Reference, approved by the Board, recording the responsibilities delegated to it. Each committee must have a minimum of three members and sufficient capability and capacity to function effectively.

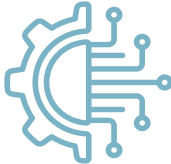
Any director is entitled to attend Board committee meetings as an observer. Management is allowed to attend Board and most Board Committee meetings by standing invitation. The Board and its committees complied with their terms of reference during the reporting period. Membership on the committees is reviewed periodically through the NGC to ensure they are optimally constituted for their respective mandates. Without abdicating its own responsibility, the Board has formally, and in writing, delegated powers to the following committees:

- Audit and Risk Committee.
- Human Capital, Social and Ethics Committee.
- Nomination and Governance Committee (NGC).
- Information, Communication and Technology Governance Committee (ICTGC).
- Technical Committee; and
- Finance Committee.

All Board Committees have work plans in place to execute their oversight responsibilities during the year. Refer to the IAR for details on Board Committee membership and Terms of Reference.

PRINCIPLE	APPLICATION
 PRINCIPLE 9 The Board should ensure that the evaluation of its own performance, and that of its committees, its chairperson, and its individual members, support continued improvement in its performance and effectiveness.	The Board conducts a formal, externally facilitated evaluation process of the Board, the Chairman, its committees, and individual directors at least every two years. The Board, through the assistance of the NGC and the Company Secretary, conducts an internal evaluation process of the Board and its committees in the intervening years. The outcome of the evaluations is discussed at the Board and Board committee levels. Areas of improvement or concern are noted, and actions are taken to address the identified shortcomings. For FY2025-26, the Corporate Secretariat facilitated the self-assessment of the performance evaluation of the Board and its Committees. The results confirmed that the Board and its committees were effective in discharging their duties during the period under review. The Board adopted a Performance Evaluation Policy, which is reviewed every three years.
 PRINCIPLE 10 The Board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.	The Board, with the concurrence of the Minister, has appointed a CEO, who is responsible for leading the implementation of strategy and regularly reports to the Board on its progress. The Board has approved and implemented the Strategic Delegation of Authority, which details the powers and matters reserved for itself and those to be delegated to Management via the CEO. The Board reviews the delegation of authority on an annual basis. The Board ensures that key management functions are led by a competent and appropriately authorised individual and are adequately resourced. The Board is satisfied that the business is adequately resourced and that its delegation to management contributes to an effective arrangement through which authority and responsibilities are exercised.

PRINCIPLE	APPLICATION
 PRINCIPLE 11 The Board should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	The Board has direct responsibility for the governance of risk and approved the risk appetite on a regular basis. The Board acknowledges the importance of risk management as it is linked to the strategy, performance, and sustainability of TCTA. The Board, via the Audit and Risk Committee (“ARC”), has delegated to Management the implementation of processes to ensure that the risks to the sustainability of the business are identified and managed within acceptable parameters. Management continuously identifies, assesses, mitigates and manages risks within the existing operating environment. Mitigating controls are in place to address these risks, which are monitored on a continuous basis. TCTA has adopted an enterprise-wide approach to risk management, enabling a formal and systematic process for identifying and assessing the organisation’s material risks. The Board has approved the Risk Management Policy and Risk Management Framework that defines the objectives and governance of risk management. The policy involves continuous risk and opportunity identification at both strategic and operational levels, as well as the evaluation of mitigating controls. A combined assurance model is applied in managing corporate risk, with both internal and external service providers providing assurance over the process. The Board oversees this and monitors the effectiveness of the organisation’s risk management processes through the ARC. A risk management audit was conducted which identified some areas of improvement. Management subsequently implemented the recommendations. Management is in the process of implementing enhancement recommendations. The Board is satisfied that the risk management process is effective in continuously assessing risks and opportunities and ensuring that these risks are managed in line with business strategy.

PRINCIPLE	APPLICATION
 PRINCIPLE 12 The Board should govern technology and information in a way that supports the organisation’s setting and achieving its strategic objectives.	The Board, in collaboration with the ICT Governance Committee (ICTGC), provides oversight of information and technology governance. Recognising the pivotal role of technology and information in achieving strategic business objectives, the Board has enhanced its focus on these areas by delegating certain oversight responsibilities to the Information, Communication and Technology Governance Committee (ICTGC). During the review period, the Board approved a revised IT Governance, Risk and Compliance (GRC) Framework. The framework is anchored in recognised best practices, adopting COBIT as the foundation for IT governance, TOGAF for enterprise architecture, ITIL for service management, NIST for cybersecurity, PMBOK for IT project management, and King V as the overarching governance framework. The Board also approved a revised IT Strategy and a Cybersecurity Strategy. Implementation has been delegated to Management, with progress monitored quarterly by the ICTGC and the Board. In line with the FY2025-26 audit plan, an IT governance audit was completed, with a clean audit outcome. This reflects the maturity and effectiveness of TCTA’s IT governance processes. Assurance on the adequacy and effectiveness of IT internal controls is provided to ARC through the combined assurance framework, incorporating the Internal Audit, Risk Management, and Compliance Management functions. EXCO plays an integral role in the IT GRC Framework, overseeing IT projects, funding, security requirements, and other strategic IT matters. Cyber and data risks are being effectively managed, and IT risk management processes remain effective.

PRINCIPLE	APPLICATION
 PRINCIPLE 13 The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	TCTA has a dedicated Compliance function that supports the Board and Management in discharging TCTA’s compliance obligations. This compliance function provides advice, compliance risk management support, independent compliance risk monitoring, and reporting on compliance controls in place to mitigate non- compliance by the organisation. Management is responsible for implementing these controls in their respective business divisions. The TCTA compliance universe comprises of approximately 64 primary legislative requirements and a number of adopted non-binding rules, codes and standards. These obligatory compliance instruments and laws are all recorded and frequently monitored and updated to ensure good corporate governance. The compliance function has been decentralised by the adoption of the compliance programme, under which champions are nominated by different operational divisions to assist them with monitoring and discharging of divisional compliance obligations. The ARC approved a risk-based Compliance Programme for FY2025-26 which is aligned with the TCTA Compliance Policy and Framework focusing on enhancing business accountability and improving compliance maturity in the organisation. The Board provides a statement of compliance in the Integrated Report confirming that it satisfied itself with the extent of TCTA’s compliance with all applicable laws, regulations, codes and standards. The Compliance and Regulatory Management Framework and Policy are reviewed every three years and approved by the Board.

PRINCIPLE	APPLICATION
 PRINCIPLE 14 The Board should ensure that the organisation remunerates fairly, responsibly, and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium, and long term.	The Board, assisted by the HCSEC, assumes responsibility for the governance of remuneration by setting the direction for how remuneration should be approached and addressed on an organisation-wide basis. The HCSEC ensures that executives and general staff are remunerated fairly and responsibly in line with industry standards, with a view to promoting the creation of value in a sustainable manner. The remuneration policy is reviewed by the HCSEC and approved by the Board. The policy is designed to attract and retain top talent, promote the achievement of strategic objectives, deliver positive outcomes, foster an ethical culture, and promote responsible corporate citizenship. The HCSEC oversees the implementation of the policy to ensure the achievement of its objectives. The Board is satisfied that the remuneration policy and its implementation reflect appropriate alignment between strategic objectives and stakeholder interests. The remuneration of directors and executive management is disclosed in the IAR.

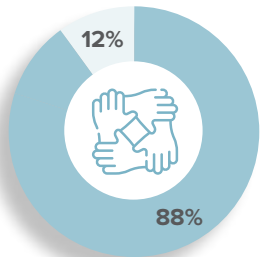
PRINCIPLE	APPLICATION
 PRINCIPLE 15 The Board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation’s external reports.	The Board delegated oversight of combined assurance to the ARC. The ARC adopted the four Lines of Assurance, and an updated Combined Assurance Strategy and Combined Assurance Policy were documented based on the four levels of assurance. The Combined Assurance Forum (CAF) provides a platform for internal assurance providers to engage and coordinate their efforts more seamlessly. To drive the implementation of combined assurance, the CAF provided leadership to further involve first-line and second-line assurance providers in the implementation of the Control Self-Assessment (CSA) process as a key control self-assessment process. The aim of the CSA process is to ultimately have management fully own the process and to improve the internal control environment. There is continuous monitoring of the implementation of the Combined Assurance Plan. Progress against the Combined Assurance Implementation Plan was reviewed, with a focus on completing CSA checklists, working closely with the Combined Assurance Representatives to enhance first-line assurance. The CSA process is also increasing employees’ knowledge of identifying key controls for key risks, and some Divisions now document their CSAs and present them to CAF. The Auditor-General of South Africa (AGSA) utilised the Internal Audit’s work in the 2024-25 regularity audit in several areas through the Direct Assistance process. This development is welcomed, and more opportunities for collaboration between AGSA and internal assurance providers. Other work by Internal Audit, in addition to the Direct Assistance, was utilised by the AGSA for risk assessment during the planning stage.

PRINCIPLE	APPLICATION
 PRINCIPLE 16 In the execution of its governance role and responsibilities, the Board should adopt a stakeholder-inclusive approach that balances the needs, interests, and expectations of material stakeholders in the best interests of the organisation over time.	The Board, with the assistance of the HCSEC, is responsible for monitoring the organisation's relationship with stakeholders. Through regular reporting by the HCSEC, the Board is equipped with the necessary information to consider the legitimate interests and expectations of stakeholders in its decision-making, thereby driving a sustainable and long-term value strategy. The business has fostered and strengthened its relationships with various stakeholders it interacts with. Environmental, social, and governance (ESG) factors in investment decision-making and practice affect the value of an investment, and these are considered essential by the Board for Responsible Investment to promote good governance.
 PRINCIPLE 17 The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the good governance and the creation of value by the companies in which it invests.	This principle is not applicable to TCTA.

EXECUTIVE COMMITTEE

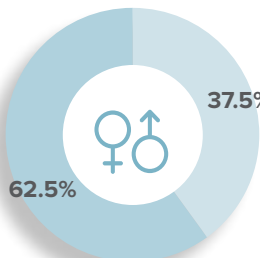
Our executive committee comprises the CEO, the Chief Financial Officer and six executive managers. The Chief Internal Auditor has a standing invitation to attend all executive committee meetings.

The Board delegates authority to executive management, through the CEO, to manage, direct, control and coordinate the day-to-day business activities and affairs of the organisation, subject to statutory limits and other limitations set out in the delegation of authority. As of the date of this report, the Risk, Compliance and Ethics Forum, the Policy Review Committee, the Combined Assurance Forum and the Business Planning and Integration Committee were standing committees of EXCO.



Race diversity

- African
- White



Gender diversity

- Female
- Male

EXCO gender and race diversity as of the date of this report



BUSINESS ETHICS

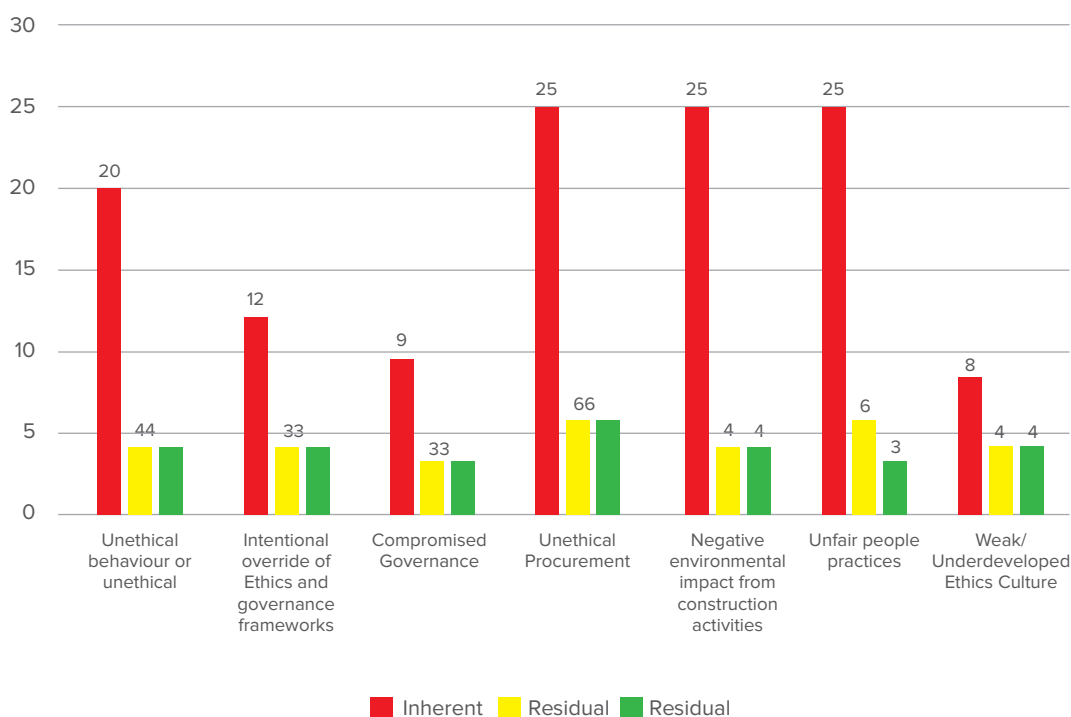
Ethics plays an important role in TCTA's business operations, particularly in fundraising and project implementation. Oversight of ethical governance rests with the Board and the Human Capital, Social and Ethics Committee (HCSEC), while management is responsible for implementing the ethics policy and framework.

The Ethics Implementation Programme was developed and approved by the Human Capital, Social and Ethics Committee (HCSEC) for the 2025-26 financial year. The programme comprised interventions designed to strengthen TCTA's ethical culture. HCSEC monitored its implementation quarterly through reviews of ethics, workplace conduct, sustainability, health and safety and fraud reports.

Management implemented all planned ethics interventions during the 2025-26 financial year. Key interventions included:

- The codes of ethics and conduct were revised and approved by the Board. Appropriate training was also provided to employees to improve understanding.
- Ethics training and awareness campaigns were conducted to strengthen understanding of ethical standards and promote a culture of integrity.
- The Board and management attended ethics training to support effective implementation within the organisation.
- The declaration of interests and gifts process was facilitated, and the declarations were independently verified for accuracy.
- Employees completed ethics pledges to help strengthen TCTA's ethical culture.

The graph below shows the status of the Ethics Risk Profile at year-end.



TCTA continues to strengthen ethical governance by refining its ethics management practices and responding to emerging risks and stakeholder expectations. These efforts embed ethical principles in the organisation's strategic and operational frameworks.

RISK MANAGEMENT

In accordance with the King V Report on Corporate Governance, the Board of Directors (the Board) is responsible and accountable for risk governance within TCTA. The Board has delegated oversight of Enterprise Risk Management (ERM) to the Audit and Risk Committee (ARC).

TCTA has developed a Risk Management Policy and Framework to support effective risk management. These are aligned with the principles of the COSO Internal Control Framework and the Public Sector Risk Management Framework. The Board has approved risk appetite and tolerance levels to guide the organisation in achieving its strategic objectives.

The ERM Framework provides a holistic view of the risks inherent in TCTA's strategy and operations, embedding risk management in business planning and decision-making. All business areas and divisions are responsible for identifying risks, developing mitigation plans and reporting on risks within their areas of responsibility. Risks and treatment plans are continually monitored and reviewed.

Business continuity at TCTA is managed through an approved policy and framework aligned with ISO 22301 and the Business Continuity Institute (BCI) Good Practice Guidelines (GPG) 2018. The organisation has adopted a combined assurance approach that brings Risk Management, Internal Audit, Compliance and Legal together to proactively manage organisational risks. This approach gives management and the Board both internal and external assurance that risks and controls are appropriately considered, effectively managed and continuously improved.

The ARC reviews the implementation of the annual Risk Management Plan quarterly. TCTA uses both top-down and bottom-up approaches to risk management.

Responsibility for implementing risk management has been delegated to the Executive Committee (EXCO) to help the organisation achieve its strategic objectives. EXCO has established the Risk, Ethics and Combined Assurance Forum to identify, monitor and report on ethics-related matters across the organisation. The Forum also recommends the proposed scope and coverage of combined assurance to EXCO and reviews assurance activities to identify any overlaps or gaps.

Risk assessments are based on the objectives in the corporate and divisional plans. Strategic risks are identified annually, then reviewed and monitored quarterly.

Divisional risks are identified, monitored and reviewed quarterly. Project risks are identified, reviewed and monitored monthly. During risk review sessions, new and emerging risks are identified, and progress in implementing mitigation measures is reviewed and updated.

Approach to Risk Management

Risk management at TCTA entails the continuous and systematic identification of potential risks and opportunities in line with the ERM Framework. This approach enables TCTA to manage risks to an acceptable level within the approved risk appetite and tolerance framework. Risk thresholds are defined, and performance against them is reviewed and reported quarterly.

Risks are identified, evaluated and managed at appropriate levels, and their combined impact is aggregated. Risk categories include strategic, sustainability, operational, financial, reputational, governance, human capital, political, information technology and project risks. Project risks encompass construction, environmental, engineering, social, health and safety risks. Identified risks are assessed in terms of their likelihood and impact before and after controls are applied.

Management of risks during the financial year

The Board-approved Risk Management Implementation Plan for the 2025-26 financial year was successfully executed. Strategic, operational and project risks were evaluated to ensure that identified and emerging risks were mitigated in line with TCTA's risk appetite and tolerance levels. Based on the latest internal risk maturity assessment, TCTA's risk maturity is at Level 3 (compliant).

In preparation for the transition to the South African National Water Resources Infrastructure Agency (SANWRIA), a Governance and Risk Workstream has been established to address transition-related risk matters. Key transition risks were identified and mitigation measures were put in place.

TCTA procured corporate insurance cover as part of its risk financing strategy. This included Asset All Risks cover, motor and travel policies, Directors' and Officers' Liability, Commercial Liability, Employment Practices Liability and Cyber Liability cover.

Key strategic risks identified during the Financial Year 2025-26

The table below outlines the strategic risks and corresponding mitigation measures, together with their inherent and residual ratings under TCTA's risk rating matrix. At year-end, some mitigation measures remained in progress.

Table 18: Key Strategic Risks

No.	Risk	Inherent risk	Mitigation Measure	Residual Risk
1	Positioning Risk Failure by TCTA to support DWS in implementing the Agency's transition roadmap.	20	- Approval of the transition roadmap. - Stakeholder engagement strategy/plan. - Various workstreams are in place to address transition-related issues. - An integrated meeting chaired by the DWS Director-General and TCTA CEO is in place.	16
2	Project Completion Risk The risk that TCTA's strategic projects may not be completed on time.	16	- Procurement and contract management policies and procedures. - Socio-Economic Development Strategy and Social Management Framework.	16
3	Cyberattack and Data Breach Risk The risk that TCTA may be exposed to cyberattacks and data breaches.	25	- Outsourced cybersecurity monitoring services through the Security Operations Centre. - Monthly vulnerability assessments and penetration tests, as well as data backup and recovery. - Monthly cybersecurity awareness and training.	12

Table 18: Key Strategic Risks continued

No.	Risk	Inherent risk	Mitigation Measure	Residual Risk
4.	Internal Controls, Risk Management and Governance Risk The risk that TCTA's internal controls, risk management, fraud management and governance processes may be ineffective and inefficient.	20	• Approved policies on risk management, finance, human resources, combined assurance, DOA, treasury, supply chain and projects. • Approved frameworks for compliance, COSO internal controls and COSO ERM. • Combined Assurance Forum. • The Loss Control Committee reviews and recommends consequence management. • Approved fraud prevention plan. • Code of conduct. • Ethics and compliance programme. • Ethics and fraud hotline. • Whistleblowing policy. • Declarations of interest during tender adjudication.	12
5.	Climate Change Risk The risk that climate change may affect the implementation of TCTA's projects.	12	• Research and partnerships with entities such as the Water Research Commission, CSIR, DBSA and WISA. • Environmental and Social Management System. • Environmental and Social Sustainability Strategy.	12

[illegible]

● Inherent
 ○ Residual
 ● Extreme
 ● High
 ● Medium
 ● Low

COMPLIANCE RISK MANAGEMENT

To the best of the Board of Directors' knowledge and belief, TCTA has, during the year, complied in all material respects with the legislation and regulations applicable to it, as contained in the Compliance Universe.

Section 51(1)(d) of the PFMA requires the Accounting Authority to ensure that TCTA complies with applicable legislation relating to taxes, levies, duties, pensions and audit commitments. In addition, the TCTA Board has formally adopted King IV. Principle 13 provides that the governing body should govern compliance with applicable laws and adopted non-binding rules, codes and standards in a manner that supports the organisation in being ethical and a good corporate citizen.

In exercising its oversight, the Board ensures that PFMA and King IV requirements are applied across the organisation and that the risk appetite for non-compliance is maintained at zero percent.

The TCTA Compliance Policy and Framework mandate the compliance function to monitor and report on the organisation's adherence to regulatory requirements and the effectiveness of compliance risk management processes and measures implemented by management. The Audit and Risk Committee exercises ongoing oversight of compliance and promotes an understanding of compliance not only as an obligation but also as a source of rights and protection.

TCTA has adopted a compliance framework aligned with the Generally Accepted Compliance Principles of the Compliance Institute of Southern Africa and ISO 37301.

The framework supports the systematic identification of legal, regulatory and ethical obligations, helping to minimise operational, financial and reputational risks. The framework, which comprises a Board-approved Compliance Policy and Framework, reflects TCTA's commitment to regulatory excellence.

PFMA COMPLIANCE

Section 55(2)(b)(i) of the Public Finance Management Act, 1999 (PFMA) requires the particulars of any irregular expenditure, fruitless and wasteful expenditure, and material losses due to criminal conduct to be disclosed in the annual financial statements and annual report. National Treasury Instruction 4 of 2022/23 – PFMA Compliance and Reporting Framework, effective from 3 January 2023, was applied in compiling the disclosures in TCTA's annual financial statements and Integrated Annual Report.

TCTA is also required to report quarterly to National Treasury any irregular expenditure and fruitless and wasteful expenditure that has not been fully addressed.

In the prior year, TCTA disclosed several unresolved instances of historical irregular expenditure and fruitless and wasteful expenditure. Auditors subsequently raised findings, particularly regarding delays in implementing consequence management. This prompted the Board to direct management to implement an improvement plan aimed at addressing all irregular expenditure and fruitless and wasteful expenditure by 31 March 2025.

As at 31 March 2026, the balance of irregular expenditure was R698 000,00, while the balance of fruitless and wasteful expenditure was R5 647 000,00, with the latter still to be assessed. An amount of R1

292 251,85 in irregular expenditure from the previous financial year was either removed or condoned by the relevant authority.

During the year, TCTA enhanced its internal processes to improve PFMA compliance by adopting a proactive and effective approach to preventing future irregular expenditure and fruitless and wasteful expenditure. The terms of reference of the Loss Control Committee were revised to strengthen its role in fast-tracking the treatment of reported irregular expenditure and fruitless and wasteful expenditure.

The internal procedure manual for the treatment of reported irregular expenditure and fruitless and wasteful expenditure was also revised to incorporate consequence management and institutionalise the process across the organisation.

In collaboration with National Treasury, TCTA conducted PFMA awareness and training sessions to enhance employees' understanding of their responsibilities and the importance of PFMA compliance. TCTA will continue to monitor and strengthen its internal controls to improve PFMA compliance.

These measures are aimed at fostering a culture of transparency and accountability while ensuring that individuals responsible for PFMA non-compliance are held accountable for their actions.

INTERNAL AUDIT

Introduction

Internal Audit provides independent, objective, risk-based assurance, advisory services and insight to support the achievement of TCTA's strategic objectives and the protection and creation of organisational value. The function applies a systematic and disciplined approach to evaluating and contributing to the effectiveness of governance, risk management and internal control processes.

The Internal Audit function is established in accordance with section 51(1)(a)(ii) of the Public Finance Management Act, 1999 (PFMA), which requires the accounting authority of a public entity to maintain a system of internal audit under the control and direction of the Audit Committee. Treasury Regulation 27.2 further requires internal audit activities to be conducted in accordance with standards set by the Institute of Internal Auditors (IIA).

Internal Audit operated under an approved Internal Audit Charter, which defines its mandate, authority, responsibilities, organisational positioning and reporting relationships. The function provided independent assurance to the Audit and Risk Committee and the Board and advisory services to Management, where such services did not impair Internal Audit's independence or objectivity.

A co-sourced resourcing model remained in place during the year. This model enabled Internal Audit to supplement its internal capacity with specialist technical expertise and additional resources where required, while retaining appropriate oversight, accountability and ownership within the Internal Audit function.

Risk-Based Internal Audit Plan and Coverage

The 2025-26 Risk-Based Annual Internal Audit Plan and the strategic three-year rolling Internal Audit Plan were approved by the Audit and Risk Committee on 24 March 2025, prior to the commencement of the financial year.

The Internal Audit planning process considered TCTA's strategic objectives, enterprise risk profile, emerging and evolving risks, regulatory and legislative requirements, prior audit outcomes, management priorities and the broader combined assurance environment.

Implementation of the approved Internal Audit Plan was monitored throughout the year. The plan was amended where necessary to respond to changes in the risk landscape, emerging risks, organisational priorities and assurance requirements. Significant changes to the approved plan were reported to the Audit and Risk Committee.

During the 2025-26 financial year, Internal Audit completed assurance and advisory engagements across key areas including governance, risk management, financial management, information technology, cybersecurity, procurement and supply chain management, operational processes, project management and compliance.

The results of these engagements, together with the status of agreed management actions and relevant work performed by other assurance providers, informed Internal Audit's overall assessment of TCTA's governance, risk management and internal control environment.

Internal Controls

Internal Audit maintained a risk-based approach to evaluating the design and operating effectiveness of controls across TCTA during the year.

Internal Audit continued to monitor management's progress in implementing agreed actions arising from Internal Audit and other assurance activities. The status of management actions was reported to Management and the Audit and Risk Committee, supporting accountability for the timely and sustainable remediation of identified control weaknesses.

The results of Internal Audit engagements identified areas of sound control design and operating effectiveness, as well as control weaknesses requiring continued management attention. Emphasis was placed on the sustainability of corrective actions, effective control ownership and addressing the root causes of recurring or significant findings.

Based on the body of assurance work completed during the year, Internal Audit assessed TCTA's overall system of internal controls as partially adequate and partially effective.

Risk Management

TCTA has adopted the COSO Enterprise Risk Management Framework as its enterprise risk management framework.

Management remains responsible for establishing, maintaining and operating an effective risk management system. Internal Audit provides independent assurance over the adequacy and effectiveness of risk management processes and related controls and

does not assume management responsibility for risk management. Internal Audit’s assurance activities during the year considered the effectiveness of risk identification, assessment, mitigation, monitoring and reporting processes, as well as the adequacy of controls supporting the management of key organisational risks.

The Enterprise Risk Management review identified areas requiring continued strengthening. These matters were communicated to Management and the Audit and Risk Committee and, where appropriate, incorporated into agreed management action plans.

Based on the assurance work performed, the overall assessment of TCTA’s risk management processes was partially adequate and partially effective.

Fraud, Investigations and Ethics

Fraud risk management and fraud prevention remained components of TCTA’s broader governance and risk management arrangements.

A fully outsourced Anti-Fraud and Ethics Hotline remained available to employees and external stakeholders to report suspected fraud, corruption, unethical conduct and other inappropriate behaviour, including anonymously. No new matters were reported through the Anti-Fraud and Ethics Hotline during the reporting period. This statement relates specifically to matters reported through the Hotline and should not be interpreted as an assertion that no fraud, corruption or unethical conduct occurred during the year. Where allegations requiring investigation were identified, these were managed through the appropriate investigative and governance processes.

Governance and Compliance

TCTA maintained a functional Audit and Risk Committee chaired by an independent member. The Audit and Risk Committee provides oversight of Internal Audit and considers, among other matters, the Internal Audit Charter, risk assessment, risk-based Internal Audit Plan, audit results, significant findings, management action plans and the effectiveness of governance, risk management and internal control processes.

The 2025-26 Internal Audit Plan and strategic three-year rolling Internal Audit Plan were approved by the Audit and Risk Committee on 24 March 2025.

The Internal Audit Charter defines the mandate, authority, responsibilities, access rights and reporting relationships of the Internal Audit function. During the year, Internal Audit operated in accordance with the approved Charter and fulfilled its responsibilities within the scope of its mandate.

The most recent independent External Quality Assessment (EQA) of the Internal Audit function was performed during the 2024-25 financial year and concluded that the function generally conformed to the professional standards applicable at the time of the assessment.

During the 2025-26 reporting period, Internal Audit continued to implement improvement opportunities arising from the EQA and strengthened its quality assurance and improvement activities. The function also continued to align its practices with the Global Internal Audit Standards, which became effective on 9 January 2025.

Independence and Objectivity

The Internal Audit function reports functionally to the Audit and Risk Committee and administratively to the Chief Executive Officer.

The Chief Internal Auditor has direct and unrestricted access to the Chairperson of the Audit and Risk Committee and the Board to support the effective discharge of the Internal Audit mandate.

Internal Audit maintained its organisational independence and objectivity throughout the year. No significant impairment to the independence or objectivity of the Internal Audit function was identified or reported during the period.

The Chief Internal Auditor provides an annual confirmation of the organisational independence of the Internal Audit function to the Audit and Risk Committee.

The Internal Audit function’s independence is further supported by the Audit and Risk Committee’s oversight of the appointment, performance and removal of the Chief Internal Auditor, in accordance with the applicable governance arrangements.

Combined Assurance

TCTA continued to implement its approved Combined Assurance Policy during the year, supported by coordination among Management, Internal Audit, other internal assurance providers and external assurance providers. The Combined Assurance Forum remained operational and contributed to improved coordination of assurance activities, enhanced visibility of key risks and controls, and improved understanding of the overall

assurance landscape. During the year, opportunities to further strengthen the integration of assurance activities, alignment with key organisational risks and indicators, participation by assurance providers and coordination with external assurance activities were identified and incorporated into ongoing improvement initiatives.

Internal Audit continued to contribute to the combined assurance process while maintaining its independence and objectivity and retaining responsibility for providing independent assurance over the effectiveness of governance, risk management and internal controls.

Quality Assurance and Continuous Improvement

Internal Audit maintained a Quality Assurance and Improvement Programme during 2025-26. Ongoing internal quality assurance activities supported consistency and quality across audit planning, engagement execution, reporting and follow-up.

The function continued to strengthen its professional practices in alignment with the Global Internal Audit Standards and to implement improvement opportunities identified through the independent EQA conducted during the 2024-25 financial year.

Continuous improvement initiatives during the year included strengthening risk-based audit planning, increasing the focus on strategic and emerging risks, enhancing coordination with other assurance providers, strengthening audit follow-up and using advisory engagements, where appropriate, to provide timely insight to Management while preserving Internal Audit's independence and objectivity.

Annual Written Assessment

Internal Audit provided an annual written assessment to the Audit and Risk Committee on the adequacy and effectiveness of TCTA's governance, risk management and internal control processes.

The 2025-26 assessment was informed by the results of completed assurance and advisory engagements, the significance and recurrence of identified findings, progress in implementing agreed management actions, and relevant work performed by other assurance providers.

The assessment also considered the extent to which identified control weaknesses were being addressed sustainably and whether management actions were addressing the underlying root causes of identified deficiencies.





F

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ARTICLE SIX

TURNING DIGITAL SYSTEMS INTO DELIVERY RESILIENCE

Modern water infrastructure is no longer supported by concrete, steel and finance alone. It also depends on reliable systems, secure information environments and the ability to preserve knowledge across complex project lifecycles. At the 40-year mark, TCTA's digital environment has become part of the foundation that enables implementation, governance and operational resilience.

The 2026–2029 IT Strategy gives this role a clearer direction. It positions IT as a strategic business partner and links technology directly to TCTA's mission of planning, financing and implementing sustainable water-resource infrastructure. It is also designed with the future Agency in mind so that today's systems, data and operating practices can adapt as the institutional landscape changes.

The strategy rests on three practical mandates: business support, IT operational excellence and innovation. Business support keeps core work moving. Operational excellence protects reliability, security and service quality. Innovation creates room for better ways of working, provided that new tools are properly governed and linked to real organisational needs.

This approach moves technology closer to the work. IT must understand business demand, develop fit-for-purpose responses and maintain dependable services across the full lifecycle. In an organisation that raises finance, manages debt, delivers infrastructure and maintains designated assets, strong information systems are part of the delivery chain.

The strategy's guiding principles reinforce this disciplined approach. Cloud-first adoption is supported

where it is financially viable and operationally sound. Information governance treats data as an enterprise asset owned by the business. Security, compliance, collaboration and change management remind the organisation that technology only delivers value when people trust it and use it well.

SAGE and the Integrated GRC Solution show what this digital maturity means in practice. SAGE is intended to consolidate finance, supply chain and human capital processes into a more integrated operating environment. Integrated GRC strengthens the governance environment by bringing risk, compliance and internal audit information into a shared platform that supports clearer reporting and combined assurance.

Digital resilience gives this foundation a sharper purpose. The Disaster Recovery Strategy recognises that the move to an Infrastructure as a Service environment has changed TCTA's technology landscape, with business applications hosted in a private cloud and replicated to a secondary data centre.

Recovery execution may involve a service provider, but planning, monitoring and management remain TCTA's responsibility.

Data and decision-support tools are equally important. Enhanced SAGE reporting, business intelligence, analytics, data management, information asset registers, application integration and knowledge-management tools all point in the same direction.

They reduce reliance on manual processes and scattered spreadsheets, improve information for audit and oversight and help managers see the work they

are accountable for. The Drive Innovation methodology gives emerging technology a governed path into the organisation. Useful ideas often start close to the work, where business users, operational teams and IT see problems first. They then move through a lifecycle of capture, evaluation, controlled pilots, scaling and value tracking, with clear attention to value, feasibility, risk and strategic alignment.

Artificial intelligence, automation, drone inspection, predictive maintenance, collaborative visualisation and workflow tools can improve efficiency and insight, but they must strengthen accountability rather than weaken it. TCTA's approach places responsible use, information protection, human oversight and business value at the centre of digital innovation.

Digital foundations operate like the hidden infrastructure behind the visible works. They provide the secure systems, information flows, continuity arrangements and decision-support tools that allow projects to be funded, governed, delivered and maintained. Technology has therefore become part of TCTA's lasting legacy: an invisible infrastructure that supports the visible infrastructure on which South Africa's water security depends.

END

INFORMATION AND COMMUNICATION TECHNOLOGY

The Information Technology (IT) environment is a key enabler of TCTA's business processes and corporate objectives. Providing an innovative, secure and resilient IT environment is critical to business continuity and to enabling a future-fit organisation that can use technology to improve service delivery to stakeholders.

During the 2025-26 period, TCTA advanced its IT strategy to strengthen IT's role as a driver of business value and service delivery. The operating model was transitioned to a demand-develop-service framework to improve business support and operational excellence.

TCTA also prioritised innovation by incorporating artificial intelligence into priority initiatives. In parallel, the Enterprise Resource Planning (ERP) strategy was updated to align with evolving business needs, and the Cybersecurity Strategy was reviewed and refined to respond to the changing threat landscape. These actions collectively support a secure, resilient and future-fit IT environment.





AVAILABILITY OF CRITICAL BUSINESS SYSTEMS

During the year ended 31 March 2026, average uptime for critical servers was 99.66%, exceeding the organisational target of 95%. This represented an improvement from 99.41% in the previous reporting period. No unplanned outages were recorded during the year under review.

This level of availability was supported by proactive maintenance and monitoring, operational discipline, continuous improvement initiatives and the Infrastructure as a Service (IaaS) operational framework.

Figure 27: Critical Server Uptime Rate

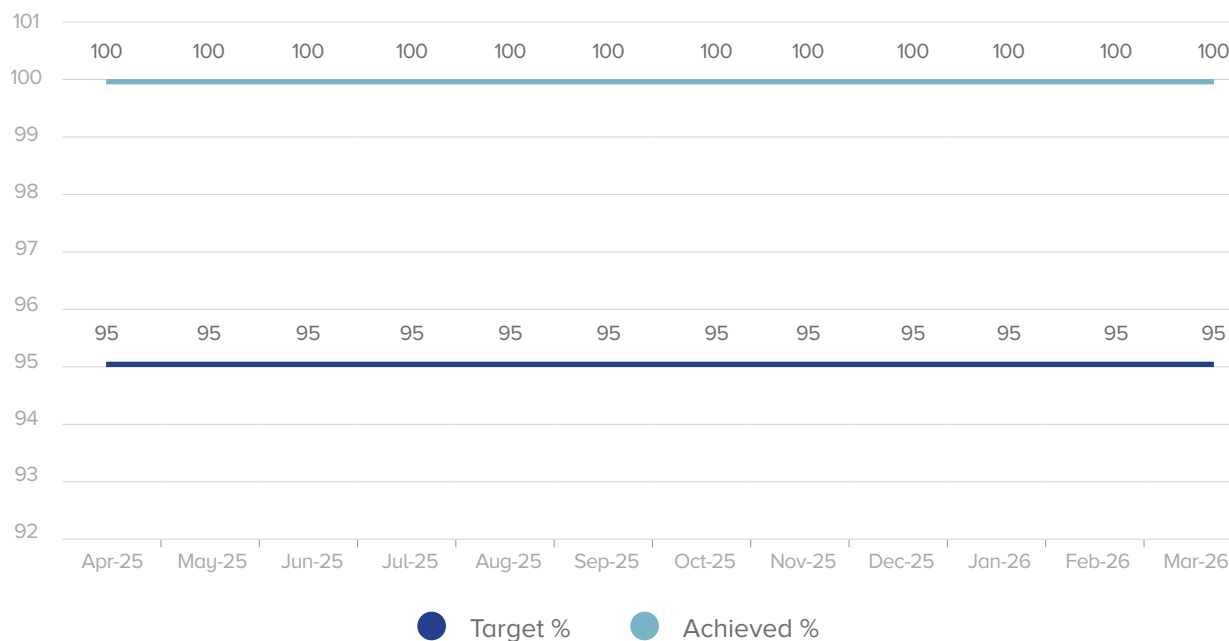


Data backup and restore performance

The average first-attempt success rate for data backups was 100%, reflecting the effectiveness of TCTA's backup policies, procedures and systems. Corporate data is backed up daily, and data restore tests are conducted weekly.

Data restore tests also achieved an average success rate of 100%. This performance remained consistent with the previous reporting period.

Figure 28: Data Backup Success Rate



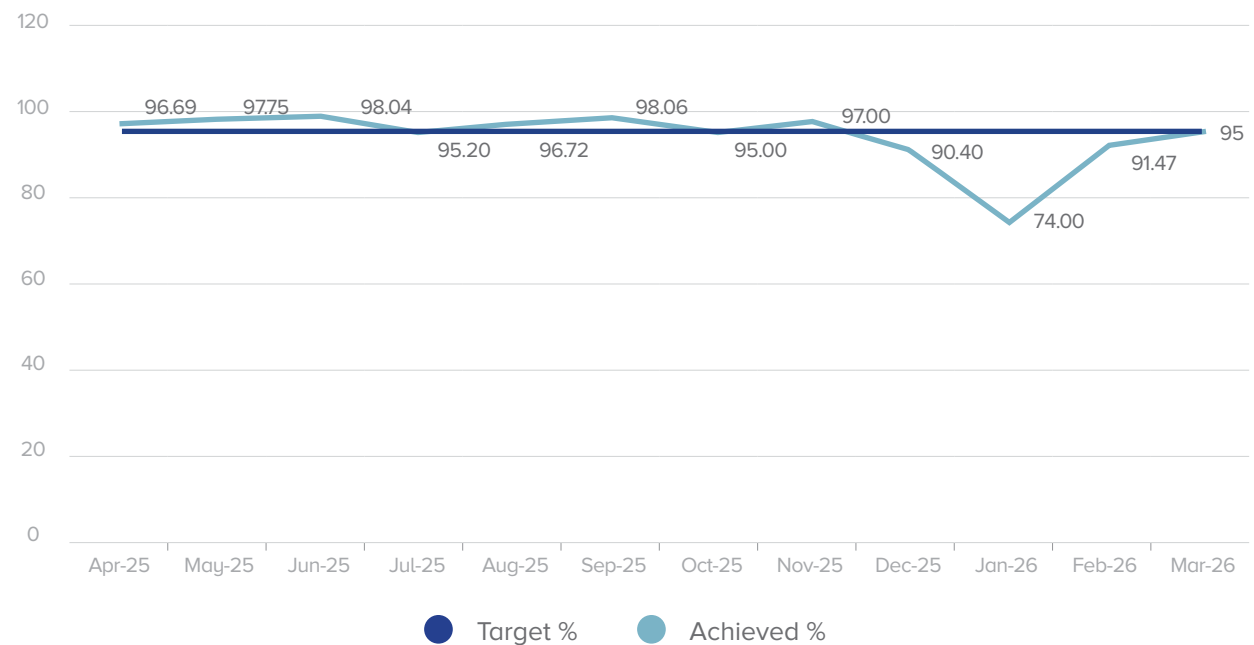


Antivirus, endpoint protection and user awareness

TCTA maintains an effective antivirus and endpoint-protection solution to protect its IT network, including servers, desktops and laptops, against viruses, malware and other cyber threats. The solution is regularly updated as new threats emerge.

TCTA continues to mitigate the risk of data loss through appropriate policies, tools and systems. Automated monthly awareness and training initiatives help ensure that users understand their role in protecting endpoints and organisational information. The security-awareness training solution equips users to detect phishing attempts and protect themselves and the organisation. These interventions continue to enhance the reliability, stability and security of the IT environment.

Figure 29: Antivirus Update Success Rate



CYBER AND INFORMATION SECURITY

The IT Department continues to support and manage TCTA's cloud-based infrastructure, enabling operational efficiency in a hybrid work environment. As flexible working arrangements can increase cybersecurity risk, TCTA has implemented tools and controls to mitigate this exposure, including data loss prevention, mobile device management, endpoint protection, identity management and monitoring solutions.

IT leadership continues to prioritise cyber and information-security controls, regardless of employee location. TCTA has implemented technical and administrative controls, policies and monitoring mechanisms to manage IT risks effectively.

Recognising that employees can be a vulnerability in the cybersecurity chain, TCTA continues to strengthen awareness and training programmes that educate employees on cyber threats, social engineering and phishing attempts.

For the year ended 31 March 2026, TCTA recorded one minor cybersecurity-related incident. The incident did not result in system downtime, data loss or financial loss and is disclosed separately under Reportable incidents below. TCTA continues to review and enhance its cybersecurity strategy to address emerging cyber threats and conducts vulnerability assessments to identify and remediate potential weaknesses.

REPORTABLE INCIDENTS

One minor reportable incident was recorded during the year under review. This was the same minor

cybersecurity-related incident noted above. It arose from human error and was reported to the Information Regulator.

STRATEGIC OBJECTIVES AND PROJECTS

TCTA recognises IT as a strategic enabler of business value and the corporate strategy. The IT strategy seeks to position Information and Technology capabilities as strategic assets and to enable TCTA to use technological advances to improve efficiency, governance and service delivery.

During the reporting period, TCTA completed all Digital Transformation Strategy initiatives identified for the financial year. These initiatives were delivered in collaboration with business process owners and incorporated a continuous-improvement approach to sustain efficiency gains and improve the user experience.

ERP implementation and business-system improvements

The ERP project has implemented most of the modules in the project scope. The Human Capital Management (HCM) workstream has gone live with eight of the nine modules in scope, including Payroll, Leave, Skills, Employment Equity, Job Profile, Job Requisition and Personnel Management.

The project team is monitoring post-go-live activities and business-benefit realisation. The Performance Management module remains in progress and is planned for completion in the next financial year.

The SCM workstream has adopted a phased implementation approach, with most modules due for completion in the next financial year. The modules that have gone live include procurement plan management, request for quotations, contract management, receipting and invoice processing.

The project is also tracking the following business benefits:

- Improved supplier and budget control
- Accurate, centralised procurement data
- Real-time tracking and improved reporting
- Enhanced HR and talent management
- Streamlined HR and recruitment processes
- Faster onboarding and performance reviews
- Improved employee experience
- Reliable HR data and workforce insights

Through digital initiatives, the organisation has improved documentation of requirements and business processes, reduced manual tasks, centralised supply-chain data and automated controls. These changes have enhanced reporting, improved access to information and strengthened data integrity.

GRC implementation

Implementation of the Governance, Risk and Compliance (GRC) solution progressed during the year under review, despite challenges that resulted in project delays. The project is back on track for completion in the next financial year. Once implemented, the GRC solution is expected to strengthen internal controls, enhance oversight of risk and compliance activities and further embed TCTA's combined assurance approach to risk management across the organisation.

Digital transformation initiatives

Over the past two to three years, TCTA has strengthened its internal capability to develop and deploy digital solutions, in alignment with its broader digital transformation strategy. This investment has delivered tangible results, with several in-house solutions implemented during the year under review. Key initiatives include the automation of travel and pool vehicle bookings, land acquisition workflows and declaration-of-interest submissions, among others.

These targeted interventions have delivered measurable benefits by reducing reliance on manual processes, minimising the risk of human error, improving operational efficiency and enhancing data accuracy and reporting. Collectively, they represent progress in advancing TCTA's digital maturity and demonstrate TCTA's commitment to using technology to drive innovation.

INFORMATION AND TECHNOLOGY GOVERNANCE

As TCTA's reliance on information technology grows, sound IT governance remains a key component of corporate governance. The Board of Directors exercises its duty of care by ensuring that management implements prudent and reasonable measures for IT governance, risk and compliance. The governance environment is further strengthened through the ICT Governance Committee at Board level. Through this committee, the Board oversees management's efforts to ensure effective IT governance and alignment with TCTA's business strategy and objectives.





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PFMA COMPLIANCE REPORTING INFORMATION

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ARTICLE SEVEN

TURNING DELIVERY COMPLEXITY INTO REGIONAL WATER SECURITY

TCTA's implementation portfolio extends beyond cross-border cooperation to include domestic schemes essential to regional water security, economic growth and climate resilience. Recent national leadership reflections made the challenge clear: delivery must improve and institutions must adapt. In this context, TCTA's 40-year implementation record demonstrates a delivery model that balances urgency, governance integrity and long-term value.

This strength rests on disciplined project preparation. Major water schemes rarely begin with construction. By 2011, TCTA's delivery role also covered institutional arrangements, off-take agreements, project credit-rating support, project financing, environmental, health and safety standards, land acquisition and the procurement of engineering consultants and construction contractors. These capabilities make bankable project preparation possible.

They begin with feasibility work, environmental authorisations, land and servitude planning, procurement strategy, funding design, stakeholder alignment and governance approvals. TCTA's experience shows that speed without these foundations can undermine long-term outcomes. Deliberate and well-governed preparation protects continuity and public value.

Domestic regional schemes such as uMkhomazi, BRVAS and MCWAP illustrate the breadth of this delivery model. Each responds to a distinct water-security challenge. uMkhomazi supports long-term supply for KwaZulu-Natal. BRVAS strengthens drought resilience in the Western Cape. MCWAP supports industrial, municipal and energy-related water requirements in the Waterberg. Together, these schemes show how

TCTA adapts to different geographies, user groups, hydrological realities and funding structures while retaining consistent rigour.

MCWAP illustrates the complexity of infrastructure delivery across a large geographic footprint. Projects of this scale require land and servitude processes, environmental permitting, stakeholder engagement, lender assurance, construction planning and alignment with local development expectations. TCTA's value lies in its ability to coordinate these moving parts while preserving project progress and governance integrity.

BRVAS and other domestic schemes show the same delivery reality. Procurement, engineering, contractual and stakeholder challenges often have to be resolved before construction momentum can be secured. Over four decades, TCTA has built the legal, commercial and governance strength required to manage these complexities and sustain delivery.

TCTA's role also extends beyond new construction. Close-out responsibilities for completed schemes, biodiversity-offset obligations, heritage matters, advisory services, operations and maintenance activities form part of a broader lifecycle approach to infrastructure. This reflects the organisation's evolution from a build-focused delivery vehicle into a platform for planning, financing, implementation, operations, closure and knowledge transfer.

The Acid Mine Drainage programme provides a clear example of this lifecycle approach. It reflects a wider shift in the water sector from traditional storage and transfer schemes towards more complex environmental and alternative water-resource infrastructure. TCTA's

long-term management of AMD treatment facilities across the Witwatersrand Goldfields demonstrates its ability to protect water resources, manage technical operations and support environmental resilience beyond the initial build phase.

Advisory services further demonstrate TCTA's value beyond direct implementation. Its support to DWS on strategic projects brings project management, stakeholder, technical, environmental and funding-related expertise to schemes that remain vital to future water security. This knowledge-rich role reflects the organisation's evolution from a single-purpose project vehicle into a broader asset for the water sector.

Over four decades, these responsibilities have created delivery strength with both breadth and depth. TCTA's capability spans preparation, authorisations, funding, procurement, construction, stakeholder engagement, environmental management, close-out, advisory services and operations. This range gives the country more than a project implementer. It gives the water sector an institution that understands the full life of infrastructure.

END

IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1 IRREGULAR EXPENDITURE

a) Reconciliation of irregular expenditure

Description	2026 R'000	2025 R'000
Opening balance	1 667	26,690
Prior period errors	-	2,490
As restated	1,667	29,180
Add: Irregular expenditure confirmed	277	505
Less: Irregular expenditure condoned	(32)	(1,344)
Less: Irregular expenditure not condoned by National Treasury and removed by the Accounting Authority	(1,214)	(26,674)
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	698	1 667

As at 31 March 2026, the outstanding amount was R698 thousand. Of this amount, R671 thousand had been submitted to National Treasury for condonation. Subsequent to year-end, the remaining R27 thousand was fully recovered in April 2026.

b) Reconciling notes to the annual financial statement disclosure

Description	2026 R'000	2025 R'000
Irregular expenditure that was under assessment in 2024-25	-	-
Irregular expenditure that relates to 2024-25 and identified in 2025-26		421
Irregular expenditure for the current year	277	84
Total	277	505

During the year ended March 2026, an amount of R421 thousand was identified as irregular expenditure incurred in 2024-25 but was identified in the 2025-26 financial year by management.

c) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description	2026 R'000	2025 R'000
*Irregular expenditure under assessment	-	2,144
Irregular expenditure under determination	-	1,246
Irregular expenditure under investigation	-	-
Total	-	3,390

d) Details of current and previous year irregular expenditure condoned

Description	2026 R'000	2025 R'000
Irregular expenditure condoned	32	1,344
Total	32	1,344

*R2 144 was assessed and found not to be irregular

e) Details of current and previous year irregular expenditure removed - (not condoned)

Description	2026 R'000	2025 R'000
Irregular expenditure NOT condoned and removed	1 214	(26,674)
Total	1 214	(26,674)

f) Details of current and previous year irregular expenditure recoverable

Description	2026 R'000	2025 R'000
Irregular expenditure recovered	-	-
Total	-	-

g) Details of current and previous year irregular expenditure not recoverable and written off (irrecoverable)

Description	2026 R'000	2025 R'000
Irregular expenditure written off	-	-
Total	-	-

There was no irregular expenditure written off in the current and prior year.

Additional disclosure relating to inter-institutional arrangements

a) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

Description	2026 R'000	2025 R'000
None	-	-
Total	-	-

b) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description	2026 R'000	2025 R'000
The institution procured services of another organ of state to conduct business case analysis for a division that is to be established, and it was found that the supplier awarded the contract did not meet the minimum requirement and Entity A was part of the bid committee meeting	-	-
Total	-	-

c) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Description	2026 R'000	2025 R'000
Disciplinary or criminal steps taken amounting to	277	505
Total	277	505

A disciplinary process was conducted against some employees who were involved in some irregular expenditure transactions

Fruitless and wasteful expenditure

a) Reconciliation of Fruitless and wasteful expenditure

Description	2026 R'000	2025 R'000
Opening balance	197	3,547
Prior period errors	-	(92)
As restated	197	3,455
Add: Fruitless and wasteful expenditure confirmed		197
Less: Fruitless and wasteful expenditure written off	-	(3,455)
Less: Fruitless and wasteful expenditure recoverable	(197)	-
Closing balance	0	197

b) Reconciling notes to the annual financial statement disclosure

Description	2026 R'000	2025 R'000
Fruitless and wasteful expenditure that was under assessment in 2025-26	-	
Fruitless and wasteful expenditure that relates to 2024-25 and identified in 2025-26	-	
Fruitless and wasteful expenditure for the current year	-	-
Total	0	0

c) Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description	2026	2025
*Fruitless and wasteful expenditure under assessment	5 450	355
**Fruitless and wasteful expenditure under determination	197	
Fruitless and wasteful expenditure under investigation	-	-
Total	5 647	355

*This amount of R355 was assessed and an amount of R195 included in the R197 was confirmed as fruitless and wasteful. The balance was employee tax that was recovered from SARS. The amount of R5450 is the potential fruitless & wasteful expenditure relating to extension of time still to be assessed.

d) Details of current and previous year fruitless and wasteful expenditure recovered

Description	2026 R'000	2025 R'000
Fruitless and wasteful expenditure recovered	197	-
Total	197	-

e) Details of current and previous year fruitless and wasteful expenditure not recovered and written off

Description	2026 R'000	2025 R'000
Fruitless and wasteful expenditure written off	0	3,455
Total	0	3,455

INFORMATION ON SUPPLY CHAIN MANAGEMENT

Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract
Appointment of a legal service provider to advise and defend TCTA in a litigation matter.	Bowman Gilfillan Incorporated	Single sourcing	102/2025/CRO/ LITIGATION/Rfq	R161 000
Appointment of a legal service provider to provide legal support for the BRVAS Project in respect of Infrastructure Finance Transactions	Cliffe Dekker Hofmeyr Inc	Single Sourcing	84/2021/LEGAL/ LAWFIRMS/PSL-41	R445,694.00
Appointment of service provider to provide long term Economic Forecasts	Bureau of Economic Research University of Stellenbosch	Single sourcing	060/2025/PF&T/BER/ RFQ	R641 298,12
Appointment of an external legal service provider with proven experience in litigation	Malatji Co.	Single sourcing from the panel	84/2021/LEGAL/LAW- FIRMS/PSL-52	R1,483,500.00
Appointment of Sibanye for the AMD O&M for the Western Basin	Sibanye Stillwater	Single sourcing	061/2025/PMID/WEST- ERNBASIN/RFB	R400,000,000.00
Development of a generic competency dictionary and 5 discipline specific competency dictionaries for TCTA. To source a service provider to design and develop the above-mentioned competency dictionaries.	TTS-Talent Technology Solutions	Limited bidding to few shortlisted suppliers	001/2025/HR&OD/co mpetency/Rfq	R1 529 849.60
Appointment of a legal service provider to provide legal support for the BRVAS Project in respect of Infrastructure Finance Transactions.	Cliffe Dekker Hofmeyr Inc (CDH)	Single sourcing on the grounds of continuity	84/2021/LEGAL/LA WFIRMS/PSL-47	R287 500,00
Emergency appointment of an event management company for the DMs engagement with Kwa-Zashuke Traditional Council and The Community for the Upper uMkhomazi Water Project	Vinyl Entertainment	Single sourcing on the grounds of urgency	051/2025/CSO/Event/ EMER	R449 627.00

Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value R	Value of previous contract expansion/s or variation/s (if applicable) R	Value of current contract expansion or variation R
Development and compilation of the TCTA Enterprise-Wide EMS Compliance Register	LNP Attorneys Incorporated	Extension	84/2021/LEGAL/LAWFIRMS/PSL-20	R2 226 521,60	R0.00	R0.00
Appoint of a service provider to supply TCTA with Treasury Management System for a period of 5 years	Fikon Treasury & IT (Pty)	Expansion	TCTA/51/2021/ESS/TMS/RFB	7 867 725,00	R0.00	123 050.00
Appoint of a service provider to supply TCTA with Treasury Management System for a period of 5 years	Fikon Treasury & IT (Pty)	Expansion	TCTA/51/2021/ESS/TMS/RFB	7 867 725,00	123 050.00	153 812.50
Appointment of a service provider to provide limited assurance on the annual financial models of TCTA projects.	BDO ADVISORY SERVICES PROPRIETARY LIMITED	Expansion	045/2022/PF&T/MODEL/RFB	11 735 000	R0.00	R115 000.00
Environmental pre-construction services for Mzimvubu Project	Linlos Investment 2 T/A Ikamva Consulting	Expansion	038/2023/PMID/RFB	1 817 402.50	R0.00	598 391.00
Environmental pre-construction services for Mzimvubu Project	Linlos Investment 2 T/A Ikamva Consulting	Expansion	038/2023/PMID/RFB	1 817 402.50	598 391.00	499 937.50
Supply of computer laptops and accessories for a period of 3 years	Sage Computers Technology	Expansion	056/2022/EWSS/DESKTOPS/RFB	9 125 430.00	250 010	130 870
Supply of computer laptops and accessories for a period of 3 years	Sage Computers Technology	Expansion	056/2022/EWSS/DESKTOPS/RFB	9 125 430.00	380 880.00	996 912.00
Supply of computer laptops and accessories for a period of 3 years	Sage Computers Technology	Expansion	056/2022/EWSS/DESKTOPS/RFB	9 125 430.00	1 377 792	1 106 611.65

Contract variations and expansions (continued)

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value R	Value of previous contract expansion/s or variation/s (if applicable) R	Value of current contract expansion or variation R
Appointment of cleaning services for a period of 5 years	People's Choice projects	Expansion	077/2023/EWSS/ CLEANING/RFB	6 461 034.38	R0.00	163 012.06
Appointment of Microsoft SA for the provision of M365 Licences products for a period of 36 months	Microsoft SA	Expansion	009/2024/EWSS/ LICENSING/RFB	12 764 369.97	R0.00	1 790 560.96
Appointment of Microsoft SA for the provision of M365 Licences products for a period of 36 months	Microsoft SA	Expansion	009/2024/EWSS/ LICENSING/RFB	12 764 369.97	1 790 560.96	951 652.00
Appointment of a service provider to provide business continuity consultancy for six months	Dimension Data Proprietary Limited	Extension	027/2024/CRO/ CONSULTANCY/RFQ	334 822.50	R0.00	R0.00
Extension of the AdaptIT contract scope to include an additional licence and additional smartsync which will allow cloud backups and simultaneous access to annual financial working papers	Adapt IT	Extension	N/A	963 349.50	2 152 443.83	69 451.93
Legal Representation in the Review proceeding at the labour court.	ENS		040/2022/CRO/ LEGAL/RFQ/14	1 315 000.00	850 000.00	856 750.00
The Provision of Security Services	Mjayeli Security Services	Price adjustment for the contract, Sectoral Determination	023/2022/EWSS/ SECURITY/RFB	9 408 704.93	850 241.12	1 512 007.48
The operation and maintenance of the AMD treatment plant at central basin	Nafasi Water Technologies	Extension	TCTA-08-030	803 123 832.50	R0.00	R0.00
Treatment Plant at Eastern Basin	Nafasi Water Technologies	Extension	TCTA-08-032	782 785 346.50	R0.00	R0.00

Contract variations and expansions (continued)

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value R	Value of previous contract expansion/s or variation/s (if applicable) R	Value of current contract expansion or variation R
Appointment of a service provider to conduct Internal Audit: specialist Audit Reviews	Nexia SAB&T	Extension for continuity	TCTA/2019/IA/FHL	27 746 162.70	R0.00	5 000 00
BRVAS – Appointment of an Environmental Panel of Expert member to undertake independent environmental and social due diligence on the BRVAS Project (ESAP close -out)	WSP Group Africa (Pty) Ltd	Expansion	TCTA/2020/ PMID/PO2-EN- VSOC/05-ASSES- SOR-04	211 122.75	R0.00	451 807.40
Appointment of a service provider to translate the PAIA manual from English to 10 other official languages.	Onprint Group	Extension for continuity	022/2024/EWSS/ TRANSLATION/RFQ	48 918.24	R0.00	2 847.28
Appointment of a panel of Travel Management Service providers for the provision of Travel Management Services for a period of 36 Months	NEXUS	Extension	TCAT/64/2021/ EWSS/TRAV/RFP	458 401.98	R0.00	40 797.78
Appointment of a panel of Travel Management Service providers for the provision of Travel Management Services for a period of 36 Months	NEXUS	Extension	TCAT/64/2021/ EWSS/TRAV/RFP	458 401.98	40 797.78	27 962.51
Extension of the consumer profile Bureau (CPB) contract on a month-to-month basis up to a maximum of 5 months and 21 days	Consumer Profile Bureau	Expansion	58/2021/ESS/SUP/ VET/SYS/RFQ	869 400.00	289 800.00	169 050.00
Appointment of a service provider to provide Debt Sponsor Services, Arranging and Agency services	Nedbank Limited and RHO Capital Consortium	Expansion	8/2021/ESS/SUP/ VET/SYS/RFQ	1 274 937.07	R0.00	954 500.00
Appointment of a service provider to provide Debt Sponsor Services, Arranging and Agency services	Nedbank Limited and RHO Capital Consortium	Expansion	8/2021/ESS/SUP/ VET/SYS/RFQ	1 274 937.07	954 500.00	920 000.00
Skuifraam Heritage Display	Cape Archaeological Survey (CAS) cc	Expansion	TCTA BTN 039	1 285 204.50	93 509.64	2 573 399.16

Contract variations and expansions (continued)

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value R	Value of previous contract expansion/s or variation/s (if applicable) R	Value of current contract expansion or variation R
The operation and maintenance of the AMD Treatment plant at Western Basin	Sibanye Stillwater	Extension	TCTA 08- 031	430 000 000.00	R0.00	R0.00
Office Lease Agreement	Centurion Vision Development	Expansion	94/2021/EWSS /OFFICE/RFB	76 748 796.88	12 975 849.64	11 739 028.41
Appointment of a Service Provider to conduct Probity Review for TCTA Internal Audit Function	Rain Chartered Accountants Incorporation	Extention	RFQ NO: 050/2025/ IA/PROBITY/RFQ	212 750.00	R0.00	R0.00
Oracle human resources management support services	EOH Mthombo Pty (Ltd)	Expansion	TCTA/2019/IT/HR/ ORACLE/23	8 035 905.60	15 040 522.47	1 526 538.78
BRVAS Consulting Services	Amanzi Entaba Joint Venture (AEJV)	Extension	TCTA Contract 021-041	62 486 250.23	R0.00	R0.00
Appointment of a service provider to implement DMARC policy framework, licensing for two years.	INQ Digital (PTY)LTD	Expansion	004/2025/IT/ DMARC/RFQ	137 779.20	R0.00	1 380.00
Appointment of a service provider to renew mimecast licensing for 200 users for a period of 24 months.	WIB Intelli tech (Pty) Ltd	Expansion	005/2025/EWSS/ MIMECAST/RFQ	901 911.12	R0.00	48 439.36
Provision of psychometric Assessments services for a period of 36 months	MN Nethavhani (Pty) Ltd.	Extension	019/2022/HR&OD/ PSYCHOMETRIC/ RFB	4 141 035.00	R0.00	R0.00
Appointment of a service provider to assess TCTA's asset values	Rain Chartered Accountants Incorporation	Expansion	033/2023/EWSS/ ASSET/RFQ	261 602.04	R0.00	10 275.00
APPOINTMENT OF A SAGE APPROVED PARTNER TO IMPLEMENT SAGE SCM and HRCM solutions and sage 3rd party solutions and support and maintenance.	Isitshixo Business Solutions	Expansion	038/2024/EWSS/ SAGE/RFB	5 393 492.54		495 089.66

Contract variations and expansions (continued)

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value R	Value of previous contract expansion/s or variation/s (if applicable) R	Value of current contract expansion or variation R
APPOINTMENT OF A SAGE APPROVED PARTNER TO IMPLEMENT SAGE SCM and HRCM solutions and sage 3rd party solutions and support and maintenance.	Isitshixo Business Solutions	Expansion	038/2024/EWSS/ SAGE/RFB	5 393 492.54	495 089.66	268 755.00
Appointment of a service provider for the provision of PPE, regulation 7 First Aid kits consumables and servicing/replacement of the fire extinguishers for a period of 24 months.	Ori Tondi Holdings	Expansion	091/2025/EWSS/ PPE/RFQ	230 428.77		24 407.06
Appointment of service provider for mobile phones	Telkom	Extension	101/202/EWSS/ Mobile/TC	3 000 000.00	R0.00	R0.00
Appointment of a service provider to review, update, and develop a generic, Cohesive Competency Dictionary, proficiency table, competency model, competency framework and 5 disciplinary specific competency dictionaries for TCTA	Top Talent Solutions (TTS)	Extension	001/2025/HR&OD/ COMPETENCY/RFB	1 5329 849.60	R0.00	R0.00
Provision of land valuation services for MCWAP2	Lutendo Group	Expansion	23/2020/PMID/ VALUERS/ MCWAP-2/RFB	1 731 925.00	0.00	443 835.27
Appointment of a service provider for the maintenance of TCTA website	Okuhle Digital	Expansion	037/2023/CSO/ WEBSITE/RFQ	286 638.00	0.00	164 816.85
Accpac Licensing	Isitshixo Business Solutions	Expansion	029/2023/EWSS/ ACCPACC/RFQ-LB	450 926.39	1 907 394.71	356 592.00

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value R	Value of previous contract expansion/s or variation/s (if applicable) R	Value of current contract expansion or variation R
Appointment of a service provider for the provision of catering services at TCTA's offices in Centurion for a period of 60 months	Maribelo Trading and Projects CC	Expansion	061/2022/ EWSS.CATERING/ RFB	3 325 707.50		6 095.00
Abstraction works, pumping stations, reservoirs, pipeline, related multidiscipline works, ancillary works for MCWAP-2A	Metsi ke Matla Joint Venture	Expansion	054/2024/PMID/ MCWAP2/RFB	17 226 861 248.19		370 239 397.86

Description	Number of invoices	Value (R)
Invoices paid within 30 days or agreed period	2 324	2 827 186
Invoices paid after 30 days or agreed period	41	62 024
Invoices older than 30 days or agreed period (unpaid and without dispute)	-	-
Invoices older than 30 days or agreed period (unpaid and in dispute)	-	-

H

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AUDIT AND RISK COMMITTEE REPORT



MAEMILI RAMATABOE

AUDIT AND RISK COMMITTEE CHAIRMAN

I am pleased to present the Audit and Risk Committee report for the year ended 31 March 2026.

The Audit and Risk Committee's ("Committee") fundamental role is to assist the Board in fulfilling its oversight responsibilities for financial reporting, internal control, risk management, and internal and external audit functions. The Committee also oversees compliance with laws and regulations and evaluates combined assurance activities and assurance plans to ensure coordinated, optimal coverage of risks and governance activities. It comprises four independent non-executive directors and a co-opted specialist.

The Board believes the members collectively have the skills to carry out their duties effectively and with due care. The Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Chief Internal Auditor, Executive Managers, and the independent external auditor are permanent invitees to meetings. Details on members' qualifications and experience are available on pages 101 to 105.

The Committee's responsibilities are set out in its terms of reference, which the Committee reviews annually. The Committee's work plan is aligned with these responsibilities, and progress is monitored at each meeting to ensure these obligations are fulfilled. The Committee oversees, amongst other things:

- The preparation of the Annual Financial Statements (AFS), ensuring fair presentation and compliance with Standards of Generally Recognised Accounting Practice (GRAP) and recommending them to the Board for approval;
- The integrity of the integrated annual report by ensuring its content is reliable and includes all relevant operational, financial and other non-financial information, risks and other relevant factors;
- Accounting policies and significant transactions, estimates and accounting judgements;
- The effectiveness of the internal control environment;
- The effectiveness of the internal and external audit functions;
- The effectiveness of the finance and risk management functions;
- The adequacy and effectiveness of the enterprise-wide risk management policies, processes and mitigating strategies;
- The going concern basis of reporting and whether it is appropriate;
- The combined assurance model which provides coordinated oversight of the effectiveness of risk management;
- Compliance with applicable legislation and regulatory requirements; and
- Policies and procedures for mitigating fraud.

- The Committee held seven scheduled meetings during the period under review. Members’ attendance is shown below:

Members	Attendance %
M Ramataboe (Chairman and Independent Non-Executive Director)	100% (7 of 7)
P Mofokeng (Independent Non-Executive Director)	57% (4 of 7)
R Mnisi (Independent Non-Executive Director)	100% (7 of 7)
V Vedalankar (Independent Non-Executive Director)	100% (7 of 7)
S Maharaj (Co-opted Specialist)	100% (7 of 7)

During the period under review, the Committee, amongst others:

- Oversaw risk governance and monitored the implementation of action plans in the strategic risk register, the risk management plan, and the fraud prevention plan.
- Approved the annual Internal Audit Plan and oversaw the execution of deliverables.
- Approved the audit strategy, the engagement letter and external audit fees.
- Considered and recommended the quarterly organisational performance reports to the Board for submission to the Executive Authority and the National Treasury.
- Recommended Irregular, Fruitless and Wasteful Expenditure transactions to the Board for write-off and removal from the financial statements.
- Oversaw business continuity management process.
- Monitored the audit tracking process to ensure management action plans addressed internal and external audit findings.
- Oversaw compliance management.
- Reviewed progress on litigation and legal exposures.

- Oversaw the investigation of allegations reported through the fraud hotline.
- Assessed the effectiveness of internal financial controls and the finance and risk management functions.
- Monitored the implementation of the combined assurance to ensure improved risk management coverage, strengthen governance, reduce duplication and drive efficiencies.

FINANCIAL STATEMENTS

The Committee provided oversight of TCTA’s financial affairs and the transition from IFRS to the GRAP reporting framework. The AFS fairly presented TCTA’s financial position at the end of the financial year, except for matters highlighted by the Auditor-General of South Africa (AGSA) in the audit report. These matters relate to technical GRAP transition requirements, disclosure errors, together with information relating to the VRS project that was submitted late for audit purposes. The qualification does not materially impair the financial soundness and governance of the TCTA. The qualification highlights areas where internal controls require enhancement, and the Committee will monitor these areas. The Committee is satisfied that TCTA

remains fully capable of meeting all debt service and financial obligations under the facility agreements as and when they fall due. The Committee will continue to oversee management’s plans to improve the audit outcome in the forthcoming year.

Considering the going concern assertion, the Committee was satisfied that the AFS were prepared on a going-concern basis and confirmed the going-concern assessment as the basis of preparing the AFS. The Committee recommended the AFS for the year ended 31 March 2026 to the Board for approval. The Board is satisfied that the business is in a sound financial position to meet its foreseeable cash requirements. The Board’s statement on the going concern status is contained on page 302.

During the period under review, the Committee reviewed the management report and the external auditor’s report. The Committee concurs with the AGSA’s assessment of significant improvements in consequence management, supply chain management control environment, and predetermined objectives. The Committee welcomes these positive shifts in the control environment. The Committee considered the key audit matters as reported by the external auditors relating to

the impact of the GRAP transition, disclosure errors, and Lesotho-related arrangements on the annual financial statements. The Committee will provide more dedicated oversight over these areas and hold management accountable to ensure improved audit outcomes. The Committee met with the internal and external auditors to discuss the AFS, the audit process and findings.

EXTERNAL AUDIT

The Committee reviewed and approved the external audit strategy and the engagement letter, including the scope, materiality levels and significant risk areas. It determined that the approach would respond appropriately to organisational and regulatory changes, as well as other applicable requirements and risks.

The external audit strategy, read together with the external audit report, forms the basis of providing the Committee with the necessary assurances on financial management, performance information, compliance with legislation, information systems, internal controls and governance.

During the review period, the AGSA conducted the year-end audit. The Committee reviewed the quality and suitability of the external auditor’s work, focusing on internal quality control procedures. The Committee reported no significant matters and concluded that the external auditor’s work was independent. The AGSA has direct access to the Committee and meets with it annually, without management present.

FINANCE FUNCTION

The Committee assessed the finance function as partially effective during the reporting period. While the Committee acknowledged that remedial initiatives

were underway to strengthen the function, serious deficiencies remain in the overall effectiveness and efficiency of the finance environment. In particular, weaknesses relate to financial reporting and planning, technical accounting capability, capacity and succession planning, and key-person dependencies. The audit outcome highlighted the need for urgent and sustained improvement in the control environment and the quality of financial reporting.

The Committee concluded that financial reporting and planning require serious attention in the year ahead, together with accelerated implementation of the identified remedial measures to strengthen the finance function and improve the reliability and quality of financial information.

INTERNAL CONTROLS

TCTA maintains an enterprise-wide system of internal control and risk management to support the achievement of its objectives. The combined assurance approach is integrated with the risk management process and provides coordinated oversight across the various lines of defence.

Based on the annual written assessment presented by Internal Audit, the overall system of internal control was assessed as partially adequate and partially effective. While controls are generally established and operating across the organisation, improvements remain necessary in certain areas to address recurring weaknesses, strengthen control effectiveness and ensure the timely implementation of corrective actions.

Management has committed to implementing remedial actions, which the Committee and combined assurance processes will continue to monitor.

INTERNAL AUDIT

Internal Audit maintained a Quality Assurance and Improvement Plan during the period under review. The function continued to strengthen its professional practices in alignment with the Global Internal Audit Standards and to implement improvement opportunities identified through the independent external quality assessment conducted during the 2024-25 financial year. The risk-based strategic and annual Internal Audit Plan was delivered by year-end, and management closely monitored its implementation. Continuous improvement initiatives during the year included strengthening risk-based audit planning, increasing the focus on strategic and emerging risks, enhancing coordination with other assurance providers, strengthening audit follow-up, and, where appropriate, using advisory engagements to provide timely insight to Management while preserving Internal Audit’s independence and objectivity. Regarding the Direct Assistance approach, collaboration with the AGSA led to the use of selected Internal Audit work.

The Committee assessed the internal audit function as effective during the reporting period. The Committee remained satisfied with the function’s independence, competence and the assurance provided. Internal Audit had continued to implement its audit coverage plan and had provided assurance on key areas of the organisation. Progress was noted in addressing previously identified quality improvement matters and in strengthening the function following earlier challenges. Despite the overall effective assessment, Internal Audit needs to continue strengthening its focus on significant and recurring control weaknesses, particularly matters arising from the external audit process, and follow up on and escalate issues raised by the AGSA during the year to support timely corrective action by management.

COMBINED ASSURANCE

The Committee oversees the implementation of combined assurance. The Board approved the Combined Assurance Policy during the period under review. Internal Audit led the Combined Assurance Forum, enhancing coordination across assurance providers and improving coverage. The Combined Assurance Forum strengthened collaboration across assurance providers, while AGSA's reliance on selected Internal Audit work improved audit efficiency. Continued success depends on strong leadership, management ownership of risks, and ongoing monitoring and reporting of action plans to ensure timely remediation of control weaknesses.

RISK GOVERNANCE

The Committee oversees the enterprise risk management processes and monitors the implementation of risk management policies and frameworks. During the period under review, the Committee recommended the Risk Management Plan and Fraud Prevention Plan to the Board for approval. The Committee reviewed the organisation's risk profile and ensured that sufficient mitigation actions were in place to manage the exposures. The Committee also monitored risk appetite and tolerance thresholds and key risk indicators, and reported key issues to the Board. The risk management function demonstrated a compliant level 3 of maturity with some elements of integrated level 4 and provided reasonable assurance during the reporting period.

The Committee assessed the enterprise risk management function as partially effective. While progress was noted in the implementation of the risk management plan, the Committee remained concerned that the risk management process was not consistently

translating into the desired organisational outcomes. In particular, the Committee identified weaknesses in the quality and completeness of risk registers, including inadequate identification of root causes and risk-treatment actions that were not always sufficiently specific, measurable, or responsive to the underlying risks.

The Committee further noted the need for stronger alignment between risk management, internal controls and organisational performance, particularly in light of the audit outcome and the emergence of significant risks that had not been adequately anticipated or mitigated. The Committee accordingly concluded that focused remedial action is required to strengthen the maturity and effectiveness of enterprise risk management.

COMPLIANCE GOVERNANCE

The Committee exercises ongoing oversight of compliance and ensures that compliance is understood not only as an obligation but also as a source of rights and protection. TCTA's compliance risk management takes a holistic view of laws and non-binding provisions, continually monitoring the regulatory environment and responding appropriately to changes and developments.

The risk-based methodology is guided by ISO 37301:2021 Compliance Management Systems, ISO 37303:2025 Development of competencies to support effective compliance management, and the Generally Accepted Compliance Practice Framework issued by the Compliance Institute of Southern Africa. Management monitors and records changes in legislation in the compliance universe and implements them to ensure the efficient management of identified and documented compliance risks.

The compliance programme for the reporting period was adequately implemented.

IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

The strengthening of controls and oversight of the National Treasury's Compliance and Reporting Framework on Irregular, Fruitless and Wasteful Expenditure led to a substantial reduction in irregular expenditure.

The framework was applied to the treatment of historical irregular, fruitless and wasteful expenditure, resulting in the removal and write-off of all historical regulated expenditure from the annual financial statements. Furthermore, all matters relating to consequence management have been cleared. This shows a positive improvement in the control environment. The Committee continues to oversee compliance with the framework.

LEGAL MATTERS

The Committee reviewed progress on litigation and legal exposures. Concerning the dispute between the Kingdom of Lesotho (KOL) and Frazer Solar GmbH (Frazer Solar), reported in the previous financial year, TCTA was served with a Writ of Execution and Notice of Attachment in execution against incorporeal property or rights in incorporeal property on 17 May 2021, arising from a dispute between Frazer Solar GmbH and the Kingdom of Lesotho.

The legal documents sought to attach the KOL's right to receive royalty payments from the Republic of South Africa through TCTA for water delivery.

The High Court granted leave to appeal on 27 March 2024, and the Supreme Court of Appeal (“SCA”) heard the matter in May 2025. Because the SCA majority set aside the Enforcement Order, the writ of Execution issued against TCTA failed. Frazer Solar appealed to the Constitutional Court against the SCA’s relief granted to the KOL on 11 June 2026, specifically the second and third prayers of the SCA order.

COMMITTEE PERFORMANCE

The Committee’s performance was assessed for the period under review in compliance with the Board Performance Evaluation Policy. The Corporate Secretariat facilitated the self-assessment process. The process identified no areas of concern or matters requiring the Committee’s attention.

KEY FOCUS AREAS FOR 2026-27

The Committee has set the following key areas of focus for 2026-27:

- Strengthen financial reporting, planning and technical accounting capability, address capacity, succession planning and key-person dependencies in the finance function, and accelerate remedial actions and strengthen the control environment.
- Improve the quality of risk registers, root-cause analysis and risk-treatment actions, strengthen alignment between risk management, internal controls and organisational performance, and improve proactive identification and management of significant and emerging risks.
- Strengthen follow-up on significant and recurring control weaknesses, including external audit findings.

- Ensure timely escalation of significant matters requiring management action, and continue quality improvement and effective delivery of the audit coverage plan.

DISCHARGE OF RESPONSIBILITIES

During the period under review, the Committee has discharged its statutory and delegated responsibilities outlined in its terms of reference and in accordance with the requirements of the PFMA.



Maemili Ramataboe

Audit and Risk Committee Chairman

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE TRANS-CALEDON TUNNEL AUTHORITY

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of Trans-Caledon Tunnel Authority (the public entity) as set out on pages 169 to 330, which comprise statement of financial position as at 31 March 2026, statement of financial performance, statement of changes in net assets, the cash flow statement and the statement of comparison of budget information with actual information for the year as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of Trans-Caledon Tunnel Authority as at 31 March 2026 and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (GRAP) as issued by the Accounting Standards Board (ASB) and the requirements of the Public Finance Management Act of 1999 (PFMA).

Basis for qualified opinion

Cash flow statements

3. Net cash flows from operating activities were not correctly prepared and disclosed as required by GRAP 2, Cash flow statements. This was due to multiple errors in determining cash flows from operating activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to cash flows from operating activities and the related note, as stated at R1 476 005 000 in the financial statements were necessary.

Receivables from exchange transaction

4. I was unable to obtain sufficient appropriate audit evidence for the Receivables from exchange transactions, as adequate systems were not in place to maintain records of Cost related payments. I was unable to confirm the Receivables from exchange transaction by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to Receivables from exchange transactions stated at R18 097 277 000 in note 9 to the financial statements.

Context for opinion

5. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
6. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International Code of ethics for Professional Accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matter

- As disclosed in note 35 to the financial statements, the corresponding figures for 31 March 2025 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2026.
- As disclosed in note 36 to the annual financial statements, GRAP was applied retrospectively in accordance with GRAP directive 2 for initial adoption of the standards of GRAP.
- My opinion is not modified in respect of this matter.

Responsibilities of the accounting authority for the financial statements

- The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP as issued by the ASB and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- In preparing the financial statements, the accounting authority is responsible for assessing the public entity’s ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

- My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
- A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor’s report. This description, which is located on page 163, forms part of my auditor’s report.

Report on the audit of the annual performance report

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

- I selected the following objective presented in the annual performance report for the year ended 31 March 2026 for auditing. I selected objective that measures the public entity’s performance on its primary mandated functions and that is of significant national, community or public interest.

Objective	Page numbers	Purpose
Strategic objective 2: Implement capital projects on time, within budget, to the appropriate standards and in a sustainable socio/ environmental manner	163	Reaching of project critical milestones as reflected in the Project Plan

- I evaluated the reported performance information for the selected objective against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity’s planning and delivery on its mandate and objectives.
- In performing the audit, my procedures focused on the material indicators relating to water, sanitation, human settlements and related infrastructure.
- I performed procedures to test whether:
 - the indicators used for planning and reporting on performance can be linked directly to the public entity’s mandate and the achievement of its planned objectives

- all the indicators relevant for measuring the public entity’s performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets taken to improve performance.
20. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
21. I did not identify any material findings on the reported performance information for the selected objective.

Other matter

22. I draw attention to the matter below.

Achievement of planned targets

23. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements. This information should be considered in the context of the material findings on the reported performance information.

24. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 29 to 36.

Strategic objective 2: Implement capital projects on time, within budget, to the appropriate standards and in a sustainable socio/environmental manner

Targets achieved: [4/6] 67%		
Key [service delivery] indicator not achieved	Planned target	Reported achievement
Nwamitwa Dam Project: Update the hydrology study and validation of the water users.	Nwamitwa Dam Project: Update the hydrology study and validation of the Water Users.	Update the hydrology study and validation of the water users Target not achieved, and therefore no bridging study report
Berg River Voelvlei Augmentation Scheme (BRAVAS): Complete Tender Design	Tender design report	Not achieved-tender design was not complete, and therefore, no tender design report

Report on compliance with legislation

25. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity’s compliance with legislation.
26. I performed procedures to test compliance with selected requirements in key legislation

- in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
27. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity,

clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

28. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, performance report and annual reports

29. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1) (a) and (b) of the PFMA.
30. Material misstatements of cash flow generated from operations, receivables from exchange transactions, deferred income, statement of comparison of budget and actual amounts, segment information, financial instruments risk management and contingencies identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

Other information in the annual report

31. The accounting authority is responsible for the other information included in the annual. The other information referred to does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported on in this auditor's report.
32. My opinion on the financial statements, and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
33. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
34. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

35. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
36. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on the annual financial statements and the material findings on compliance with legislation included in this report.
- Management has not consistently implemented and monitored key controls over financial and performance reporting that operates throughout the financial year.
 - Management has not adequately strengthened the entity's technical financial reporting capability to support the implementation of GRAP.
 - Management has not consistently monitored the implementation and effectiveness of corrective actions have addressed the underlying causes of audit finding.

Auditor-General

Pretoria
29 August 2026



ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

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

Auditor general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statement

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as

fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the public entity to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the

disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. I am responsible for the direction, supervision and review of audit work performed for purposes of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

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

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

COMPLIANCE WITH LEGISLATION - SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 49(1); 50(3)(a); 50(3)(b); 51(1)(a)(ii); 51(1)(a)(iii); 51(1)(b)(i); 51(1)(b)(ii); 52(b); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 57(d); 66(3)(a)
Treasury Regulations, 2005	Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; 29.2.2; 29.3.1; 31.2.5; 31.2.7; 33.1.1; 33.1.3
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A); 25(9)(a); 25(10)
National Treasury SCM Instruction No.03 of 2021/22	Paragraph 4.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2(1)(a); 2(1)(b); 2.1(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
REGISTERED NAME OF THE PUBLIC ENTITY	Trans-Caledon Tunnel Authority
REGISTERED OFFICE	Byls Bridge Office Park, Building 9 Corner of Olievenhoutbosch & Jean Ave Doringkloof Centurion 0157
POSTAL ADDRESS	PO Box 10335 Centurion 0046
CONTACT TELEPHONE NUMBER	012 683 1200
EMAIL ADDRESS	info@tcta.co.za
WEBSITE ADDRESS	www.tcta.co.za
OVERSEEING DEPARTMENT	Department of Water and Sanitation
AUDITORS	Auditor-General of South Africa 4 Daventry Street Lynnwood Bridge Office Park Lynnwood Manor Pretoria 0001 PO Box 446 Pretoria 0001

SECRETARY

Wilma De Witt

MEMBERS

EXECUTIVE MEMBER

Mr DKP Sechemane (Chief Executive Officer)

NON-EXECUTIVE MEMBERS

Ms Precious N. Sibiya (Chairperson)
Mr Gerald T. Dumas (Deputy Chairperson)
Mr Neo M. Tladinyane
Ms Vidhulekha N. Vedalankar
Mr Gregory N.J. White
Ms Evelyn M. Mamabolo
Mr Patrick R. Mnisi
Mr Pule J. Mofokeng
Ms Maemili J. Ramataboe

ABBREVIATIONS

AGSA	The Auditor-General South Africa
ASB	Accounting Standards Board
DBO	Defined Benefit Obligation
DWS	Department of Water and Sanitation
GRAP	Standards of Generally Recognised Accounting Practice
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IFWE	Irregular, Fruitless and wasteful expenditure
NT	National Treasury
PFMA	Public Finance Management Act (Act 1 of 1999)
SANWRIA	SA National Water Resources Infrastructure Agency
TCTA	Trans-Caledon Tunnel Authority
LHDA	Lesotho Highlands Development Authority

BOARD'S RESPONSIBILITIES AND APPROVAL

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report.

It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of TCTA as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

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

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

The members acknowledge that they are ultimately responsible for the system of internal financial control established by TCTA and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities,

the board sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout TCTA and all employees are required to maintain the highest ethical standards in ensuring TCTA's business is conducted in a manner that in all reasonable circumstances is above reproach.

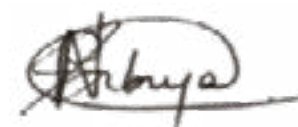
The focus of risk management in TCTA is on identifying, assessing, managing and monitoring all known forms of risk across TCTA. While operating risk cannot be fully eliminated, TCTA endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The members have reviewed TCTA's cash flow forecast for the year to 31 March 2027 and the impact of the

SANWRIA on the operations of TCTA. The members are satisfied that TCTA is a going concern.

The annual financial statements set out on page 169, which have been prepared on the going concern basis, were approved by the board on 28 August 2026 and were signed on its behalf by:



Ms Precious Sibiya

Chairperson



Mr Percy Sechemane

Chief Executive Officer

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2026

Figures in Rand thousands	Note(s)	2026 R'000	2025 Restated R'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	7	14 478	12 377
Intangible assets	8	-	1 074
Receivables from exchange transactions	9	16 874 291	16 037 592
Financial assets	10	11 937	330 545
Prepayments	12	1 013 292	8 000
Total Non-Current Assets		17 913 998	16 389 588
Current Assets			
Receivables from exchange transactions	9	1 222 986	1 926 893
Financial assets	10	501 750	1 012 602
Cash and cash equivalents	11	12 987 387	7 061 753
Prepayments	12	753 293	38 410
Total Current Assets		15 465 416	10 039 658
TOTAL ASSETS		33 379 414	26 429 246

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2026

Figures in Rand thousands	Note(s)	2026 R'000	2025 Restated R'000
LIABILITIES			
Non-Current Liabilities			
Financial liabilities	13	15 923 907	12 230 723
Employee benefit obligation	14	1 800	1 385
Deferred income	15	1 969 624	657 790
Provision	27	3 145	-
Total Non-Current Liabilities		17 898 476	12 889 898
Current Liabilities			
Financial liabilities	13	4 701 084	1 605 301
Employee benefit obligation	14	48 979	44 517
Deferred income	15	305 403	713 160
Payables from exchange transactions	16	2 719 281	2 624 105
Taxes and transfers payable (non-exchange)	17	103 756	100 794
Provisions	27	342 045	389 203
Unspent restrictive grants and receipts	28	563 464	567 255
Total Current Liabilities		8 784 012	6 053 335
TOTAL LIABILITIES		26 682 488	18 943 233
NET ASSETS		6 696 926	7 486 013
NET ASSETS CONSISTS OF:			
ACCUMULATED SURPLUS		6 696 926	7 486 013
TOTAL NET ASSETS		6 696 926	7 486 013

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

STATEMENT OF FINANCIAL PERFORMANCE AS AT 31 MARCH 2026

Figures in Rand thousands	Note(s)	2026 R'000	2025 Restated R'000
REVENUE			
Revenue from exchange transactions			
Contract revenue	18	1 311 490	1 062 367
Finance income	19	1 678 383	1 429 455
Total revenue from exchange transactions		2 989 873	2 491 822
Revenue from non-exchange transactions			
Contract revenue	18	315 283	119 089
Total revenue	18	3 305 156	2 610 911
EXPENDITURE			
Employee related cost	20	(343 272)	(319 823)
Depreciation and amortisation	21	(5 789)	(9 452)
Finance costs	22	(1 785 836)	(1 620 125)
Other expenses	23	(1 278 109)	(871 738)
Net impairment reversal on financial assets	10	397	19 557
Modification (loss)/gain on financial asset	9	(681 634)	1 436 521
Total expenditure		(4 094 243)	(1 365 060)
(DEFICIT) / SURPLUS FOR THE YEAR		(789 087)	1 245 851

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

STATEMENT OF CHANGES IN NET ASSETS AS AT 31 MARCH 2026

Figures in Rand thousands	Accumulated surplus/deficit	Total net assets
Opening balance at 31 March 2024 - as previously reported	6 145 164	6 145 164
Adoption of GRAP	3 461	3 461
Prior year adjustments	91 537	91 537
Balance at 01 April 2024 as restated	6 240 162	6 240 162
Changes in net assets		
Surplus for the year - as previously reported	1 334 703	1 334 703
Adjustments		
Adoption of GRAP	1 943	1 943
Prior year adjustments	(90 795)	(90 795)
Balance at 31 March 2025	7 486 013	7 486 013
Changes in net assets		
Deficit for the year	(789 087)	(789 087)
Balance at 31 March 2026	6 696 926	6 696 926

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

CASHFLOW STATEMENT AS AT 31 MARCH 2026

Figures in Rand thousands	Note(s)	Accumulated surplus /deficit	Total net assets
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from customers (Tariffs)		12 077 880	10 404 748
Receipts from fiscal allocations		2 255 667	1 755 511
Finance income	24.1	587 666	545 582
		14 921 213	12 705 841
Payments			
Employee costs		(338 812)	(322 350)
Suppliers		(14 449 170)	(11 610 014)
Finance cost	24.2	(1 609 236)	(1 592 745)
		(16 397 218)	(13 525 109)
Net cash flows from operating activities		(1 476 005)	(819 268)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	(6 826)	(2 578)
Proceeds from sale of property, plant and equipment		-	88
Purchase of financial assets		(170 000)	(1 277 000)
Proceeds from financial assets		984 224	825 251
Net cash flows from investing activities		807 398	(454 239)

TCTA ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

CASHFLOW STATEMENT AS AT 31 MARCH 2026

Figures in Rand thousands	Note(s)	Accumulated surplus/deficit	Total net assets
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		8 620 000	3 300 000
Repayment of borrowings		(2 025 759)	(1 339 516)
Net cash flows from financing activities		6 594 241	1 960 484
Net increase/(decrease) in cash and cash equivalents		5 925 634	686 977
Cash and cash equivalents at the beginning of the year		7 061 753	6 374 776
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	11	12 987 387	7 061 753

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT 31 MARCH 2026

Budget on Accrual Basis	Approved Budget	Adjustments	Final Budget	Actual amounts	Difference between final budget and actual	Variance as a % of final budget	Reference
Figures in Rand thousands							
Statement of Financial Position							
REVENUE							
Revenue from exchange transactions							
Contract revenue Finance	7 855 066	-	7 855 066	1 619 847	6 228 293	79 %	38a.
Income	844 391	-	844 391	1 678 031	(833 992)	(99)%	38c.
Total revenue from exchange transactions	8 699 457	-	8 699 457	3 305 156	5 394 301		
EXPENDITURE							
Employee costs	(376 300)	-	(376 300)	(343 272)	(33 028)	9 %	
Depreciation and Amortisation	(8 980)	-	(8 980)	(5 789)	(3 191)	36 %	
Finance costs	(2 247 151)	-	(2 247 151)	(1 785 836)	(461 315)	21 %	38d.
Other expenses	(7 469 786)	-	(7 469 786)	(1 278 109)	(6 191 677)	83 %	38b.
Total expenditure	(10 102 217)	-	(10 102 217)	(3 413 006)	(6 689 211)		
Surplus/(deficit) for the year	(1 402 760)	-	(1 402 760)	(107 850)	(1 294 910)		

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT 31 MARCH 2026

Budget on Accrual Basis	Approved budget	Adjustments	Final Budget	Actual amounts	Difference between final budget and actual	Variance as a % of final budget	Reference
Figures in Rand thousands							
RECONCILIATION TO SURPLUS PER STATEMENT OF FINANCIAL PERFORMANCE							
Modification loss on financial assets				(681 634)			38e.
Net impairment reversal on financial assets				397			
TOTAL (DEFICIT)/SURPLUS PER STATEMENT OF FINANCIAL PERFORMANCE				(789 087)			

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT 31 MARCH 2026

Budget on Accrual Basis	Approved budget	Adjustments	Final Budget	Actual amounts	Difference between final budget and actual	Variance as a % of final budget	Reference
Figures in Rand thousands							
Statement of Financial Position							
ASSETS							
NON-CURRENT ASSETS							
Property Plant and Equipment	7 137	-	7 137	14 478	(7 341)	(103)%	
Intangible assets	1 672	-	1 672	-	1 672	(100)%	
Receivables from exchange transactions	13 691 206	-	13 691 206	16 874 291	(3 183 085)	(23)%	38f.
Financial assets	-	-	-	11 937	(11 937)	-%	
Prepayments	-	-	-	1 013 29)	(1 013 292)	-%	
	13 700 015	-	13 700 015	17 913 998	(4 213 983)		
CURRENT ASSETS							
Financial assets	-	-	-	501 750	(501 750)	-%	
Receivables from exchange transactions	997 701	-	997 701	1 222 986	(225 285)	(23)%	38f.
Prepayments	-	-	-	753 293	(753 293)	-%	
Cash and cash equivalents	15 254 268	-	15 254 268	12 987 387	2 266 881	15 %	38g.
	16 251 969	-	16 251 969	15 465 416	786 553		
TOTAL ASSETS	29 951 984	-	29 951 984	33 379 414	(3 427 330)		

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT 31 MARCH 2026

Budget on Accrual Basis	Approved budget	Adjustments	Final Budget	Actual amounts	Difference between final budget and actual	Variance as a % of final budget	Reference
Figures in Rand thousands							
LIABILITIES							
NON-CURRENT LIABILITIES							
Provisions	-	-	-	3 145	(3 145)	-%	
Financial liabilities	24 156 355	-	24 156 355	15 923 907	8 232 448	34 %	38h.
Employee benefit obligation	-	-	-	1 800	(1 800)	-%	
Deferred income	-	-	-	1 969 624	(1 969 624)	-%	
	24 156 355	-	24 156 355	17 898 476	6 257 879		
CURRENT LIABILITIES							
Provisions	-	-	-	342 045	(342 045)	-%	
Financial liabilities	30 642	-	30 642	4 701 084	(4 670 442)	(15 242)%	38h
Payables from exchange transactions	2 194 268	-	2 194 268	2 719 281	(525 013)	(24)%	38i.
Unspent restrictive grants and receipts	-	-	-	563 464	(563 464)	-%	
Employee benefit obligation	-	-	-	48 979	(48 979)	-%	
Deferred income	-	-	-	305 403	(305 403)	-%	
VAT payable	-	-	-	103 756	(103 756)	-%	
	2 224 910	-	2 224 910	8 784 012	(6 559 102)		
TOTAL LIABILITIES	26 381 265		26 381 265	26 682 488	(301 223)		
NET ASSETS	3 570 719	-	3 570 719	6 696 926	(3 126 207)		
NET ASSETS CONSISTS OF:							
Accumulated surplus	3 570 719	-	3 570 719	6 696 926	(3 126 207)	(88)%	
TOTAL NET ASSETS	3 570 719	-	3 570 719	6 696 926	(3 126 207)		

TCTA ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL INFORMATION

The Trans-Caledon Tunnel Authority (TCTA) is a state-owned entity charged with financing and implementing bulk raw water infrastructure projects, established in terms of Government Notice No 2631 in Government Gazette No 10545, dated 12 December 1986. The Notice was replaced by Government Notice No 277 in Government Gazette No 21017, dated 24 March 2000. The Schedule 2 public entity is domiciled in South Africa. The address of the registered office is Byls Bridge Office Park, Building 9, Corner of Olievenhoutbosch & Jean Ave, Doringkloof, Centurion.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these annual financial statements are set out below and are based on Standards of Generally Recognised Accounting Practice (hereafter - GRAP), which TCTA adopted as its financial reporting framework effective 1 April 2025. Previously, TCTA applied International Financial Reporting Standards (IFRS).

The change in the accounting framework applied is pursuant to the application of Directive 12 of the GRAP reporting framework issued by Accounting Standards Board concerning the selection of an appropriate reporting framework by public entities. TCTA previously applied for and obtained an exemption from applying GRAP. The exemption expired on the 31 March 2025 and TCTA was not granted any further exemptions thus

requiring TCTA to transition from IFRS to GRAP effective 01 April 2025.

In making this change, TCTA has applied the transition guidance provided in GRAP. In order to facilitate the transition process and understanding of financial information reported by the users, the entity has opted to maintain similar accounting policies as those applied under IFRS as far as possible, with the exception of areas where IFRS differs from GRAP. The impact of the adoption process is addressed in greater detail in note 35.

2.1 Basis of preparation and measurement Statement of compliance

The annual financial statements have been prepared in accordance and in compliance with the Standards of GRAP, issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting with exemption of cash flow statements and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with Standards of GRAP as read with Directive 5. Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

Functional and presentation currency

The annual financial statements are presented in South African Rand, which is the entity’s functional and presentation currency and are rounded to the nearest thousand (R’000).

2.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the TCTA will continue to operate as a going concern for at least the next 12 months. Refer to note 32 for the detailed going concern note.

2.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, or for administrative purposes, and are expected to be used during more than one period. The cost of an item of property, plant and equipment is recognised as an asset when:

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

Property, plant and equipment is initially measured at cost.

TCTA ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

SIGNIFICANT ACCOUNTING POLICIES

2.3 Property, plant and equipment (continued)

TCTA applies the cost model for all classes of assets. Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

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

The costs of day-to-day servicing of assets are not recognised as property, plant and equipment, but are expensed as repairs and maintenance and recognised in surplus or deficit during the reporting period in which they are incurred.

Useful life and depreciation method

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

The depreciation method used reflects the pattern in which the asset’s future economic benefits or service potential are expected to be consumed by TCTA.

The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate. TCTA assesses at each reporting date whether there is any indication that the entity expectations about

the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The estimation is based on professional judgement and independent expert opinion, where available, considering historical performance, the circumstances and operating environment in which the assets operate, alignment to industry benchmarks as well as expectations about the future.

Accordingly, actual individual useful lives may differ from the indicative ranges disclosed above.

The depreciation charge for each period is recognised in surplus or deficit.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised.

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

Class	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	4-15 years
Motor vehicles	Straight-line	4-8 years
Office equipment	Straight-line	3-8 years
Networking equipment	Straight-line	5-8 years
Computer equipment	Straight-line	2-5 years
Leasehold improvements	Straight-line	5-10 years
Video conferencing	Straight-line	5-10 years

TCTA ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

SIGNIFICANT ACCOUNTING POLICIES

Impairment

An impairment test is performed at each reporting date on property, plant and equipment when there is an indicator that they may be impaired.

When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in surplus or deficit to bring the carrying amount in line with the recoverable amount. Impairment indicators include deterioration of physical condition of propety, plant and equipment.

Capital commitments

The entity discloses relevant information relating to contractual commitments for the acquisition of property, plant and equipment in the notes to the financial statements (see note 7). Contractual commitments are determined based on approved and committed expenditure in terms of signed contracts before the reporting date. These commitments represent the portion of capital expenditure that has been authorized and contracted for, but not yet recognised as property, plant and equipment at reporting date.

Leasehold improvements

Leasehold improvements are depreciated over their estimated useful lives, typically ranging from 5 to 10 years, but not exceeding the remaining lease term, including any expected extensions.

2.4 Intangible assets

Computer Software

Separately acquired intangible assets are recognised when:

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

Computer software acquired and has a finite useful life and is measured at cost less accumulated amortisation and any accumulated impairment losses. Costs associated with support and maintenance of computer software programmes are recognised as an expense when incurred in surplus or deficit.

Useful life and amortisation method

Amortisation is provided to write down the intangible assets using a straight-line basis to allocate costs over their estimated useful lives of software and is recognised in surplus or deficit. Amortisation methods and useful lives of intangible assets are reviewed at each reporting date and adjusted if appropriate:

The useful lives of items of intangible assets have been assessed as follows:

Class	Amortisation method	Average useful life
Computer software - separately acquired	Straight-line	2-10 years

Amortisation is provided to write down the intangible assets using a straight-line basis to allocate costs over their estimated useful lives of software and is recognised in surplus or deficit. The amortisation method used reflects the pattern in which the assets’ future economic benefits or service potential are expected to be consumed by the entity.

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

The estimation is based on professional judgement and independent expert opinion, where available, considering historical performance, the circumstances and operating environment in which the assets operate, alignment to industry benchmarks as well as expectations about the future. Accordingly, the actual useful lives of individual assets may differ from the indicative ranges disclosed above.

TCTA ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

SIGNIFICANT ACCOUNTING POLICIES

Impairment

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

2.5 Financial Instruments

Financial instruments are recognised when the entity becomes a party to the contractual provisions and are measured initially at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

2.5.1 Financial Assets

TCTA holds its financial assets to maturity. TCTA considers the characteristics of the contractual cash flows of the financial assets and the entity’s business model for managing financial assets to determine whether the conditions for amortised costs have been met as detailed below.

Financial assets are initially measured at fair value plus transactions costs that are directly attributable to the acquisition of the financial instruments.

Based on the nature and purpose for holding the assets, all financial assets are subsequently measured at amortised cost less impairment. Financial assets are classified at amortised cost only if the contractual terms of the instrument give

rise, on specific dates, to cash flows that are solely payments of principal and interest and the entity’s business model is to collect the contractual cash flows on this financial assets.

Classification

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

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Financial market investments	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

Impairment

Financial Market Investments

TCTA recognises an Expected Credit Loss (ECL) allowance on financial market investments to reflect changes in credit risk since initial recognition of the respective financial market investments.

If the credit risk on financial market investments has not increased significantly since initial recognition, then the loss allowance is measured at 12-month ECL. Where there has been a significant increase in credit risk, the investment is regarded as being in stage 2 and a lifetime ECL is applied.

If the company is unable to assess the credit risk at inception, then there is an insufficient basis to determine whether there has been a significant

increase in credit risk and in this case, management judgement is applied in assessing the staging of the loan based on the debtor’s payment behaviour and specific circumstance.

If the investment is credit impaired, it is regarded as being in stage 3 and a lifetime ECL is applied. TCTA considers the investment to be credit impaired if repayment obligations have not been met for more than two consecutive periods as contractually agreed.

Management has performed an assessment on the recoverability of other financial assets measured at amortised costs due from DWS which includes tariff receivable, AMD receivable as well as trade and other receivables and concluded that there will be no expected credit loss to be recognised during the period due to the following:

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

SIGNIFICANT ACCOUNTING POLICIES

- The probability of default in the next 12 months is insignificant, This is supported by the fact that TCTA has invoiced the department monthly and DWS have made payments within the agreed payment terms.
- There has been no increase in credit risk as payments are made when due or shortly after they are due.
- TCTA does not expect a non-payment from DWS as there hasn't been a triggering event that occurred during the period.
- Following the simplified approach, no lifetime expected credit losses will be recognised as TCTA expects to receive all the cashflows as contained in the implementation agreement.

Receivables from exchange transactions

Receivables from exchange transactions consists of tariff receivables, AMD receivables and other receivables.

Tariff receivables

The tariff receivable is a non-derivative financial asset with determinable receipts based either on costs to be reimbursed or a tariff determined to enable TCTA to repay the project debt over approximately a twenty-year period.

This category consists of the right to receive cash from the Department of Water and Sanitation (DWS) with respect to construction work completed on

DWS projects or services rendered by TCTA in managing debt on each project or other operational expenditure incurred. The VRS project costs include cost related payments to the Lesotho Highland Development Authority (LHDA), royalty payments to Government of the Kingdom of Lesotho (KOL) and contributions to the operating costs of the Lesotho Highlands Water Commission (LHWC). This is in terms of the provisions of the Treaty between the Government of the Republic of South Africa (RSA) and the Government of the Kingdom of Lesotho (KOL) in line with Article 9,10, and 12.

The cost-related payments are payable when the costs become due for payment by the LHDA. TCTA makes monthly funding contributions to the LHWC for the RSA share of the operating costs.

The tariff receivable arises as the contra to the construction revenue earned in each project, and is measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of financial asset and of allocating interest income over the relevant period. Interest income is included in finance income in surplus or deficit.

TCTA revises its estimates of costs and revenue annually and adjusts the carrying amount of the tariff receivable to reflect actual and revised estimated cash flows. TCTA recalculates the carrying amount by computing the present value of estimated future cash flows at the financial instrument's effective

interest rate. The adjustment is recognised in surplus or deficit. The critical accounting estimates and judgements from management are included in note 3.

AMD receivables

The AMD receivable constitute TCTA's right to receive cash from the Department of Water and Sanitation (DWS) with respect to construction work completed on the AMD project as well as services rendered to operate and maintain the project. These costs have two sources of funding as two thirds of the costs are funded from the fiscus while the remaining one-third is commercially funded. The AMD receivable arises as the contra to the construction revenue earned, revenue from services rendered and other operating income. The AMD receivable is measured at amortised cost using the effective interest method.

Other receivables

Other receivables consists of amounts due from the DWS for those socially funded projects as it relates to work performed that was invoiced and payments is not yet received at the end of the reporting period.

Write-off policy

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery

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include instances where invoices remain unpaid for a period of six months despite exhaustive collection efforts by management. For such instances, the matter is referred to the legal department for further action. Where the legal department collection efforts fail, a recommendation to write off the debts is submitted to the Board for approval. Any subsequent recoveries made are recognised in surplus or deficit.

Financial market investments

Financial market investments relate to the Land bank investment and Negotiable Certificates of Deposits (NCDs) purchased from the banks, Jibar linked investments with maturity of more than three months.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprises of call deposits, cash at banks and on hand and investments in money market instruments with financial institutions which are highly liquid and readily convertible to a known amount of cash with an original maturity of less than three months from date of acquisition.

Derecognition of financial assets

TCTA derecognises financial assets when, and only when, the contractual rights to the cash flows

from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

2.5.2 Financial liabilities

TCTA recognises a financial liability once it becomes a party to the contractual terms of the financial instrument. At initial recognition, financial liabilities

Class	Category
Borrowings	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost

Borrowings

Borrowings (including accrued interest) comprise of fixed, variable and CPI rate loans raised from financial institutions to fund projects operational and capital expenditure and are recognised when TCTA becomes a party to the contractual provisions of the loan.

At initial recognition, the loans are measured at fair value plus transaction costs, if any, and subsequently measured at amortised costs using the effective interest method. Fees paid on the establishment of loan facilities are recognised immediately as finance cost in surplus or deficit.

are measured at fair value plus transaction costs, if any, and subsequently measured at amortised costs.

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

Payables from exchange transactions

Payables from exchange transactions consist of payables and obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

This also includes a refund to the Department for the excess funds received including interest earned on temporarily invested monies that TCTA does not expect to be entitled to because it will be refunded to DWS. The refund is remeasured at each reporting date to reflect changes in the estimate of returns, with a corresponding adjustment to revenue.

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Derecognition of financial liabilities

TCTA derecognises financial liabilities only when it's obligations are discharged, cancelled or expired.

2.6 Prepayments

Prepayments are payments made in one reporting period, for services that TCTA expects to receive in future periods.

Prepaid expenditure includes, but is not limited to, advance payments to contractors, annual insurance premiums, and treasury-related licence fees. Advance payments to contractors are recovered through future payment certificates as the related work is performed.

Prepaid expenditure is recognised as an asset in the statement of financial position to the extent that it represents future economic benefits or service potential. Prepayments are classified as either current or non-current assets depending on when the related benefits are expected to be consumed:

- Current prepayments relate to benefits expected to be consumed within 12 months of the reporting date and
- Non-current prepayments relate to benefits expected to be consumed after 12 months of the reporting date.

Prepaid expenditure is recognised as an expense in the statement of financial performance in the periods in which the related services are received and the economic benefits or service potential are consumed. No discounting is applied to prepayments.

Tax

Expenses

No provision has been made for taxation as the entity is a tax exempt institution in terms of section 10(1)(a) of the Income Tax Act No, 58 of 1962.

2.8 Leasing

Classification of leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risk and rewards incidental to ownership of the leased asset to the entity. All other leases are classified as an operating leases.

In assessing whether a lease is a finance or operating lease, consideration is given to the substance of the transaction rather than the legal form of the contract.

Operating leases - lessee

TCTA is a party to a lease contract for its office building. Lease payments under operating leases are recognised as an expense in surplus or deficit on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the entity's benefit. The difference between the amounts recognised as an expense and the contractual lease payment is recognised as a deferred operating lease asset or liability in the statement of financial position and presented under payables from exchange transactions (see Note 16). Contingent rentals are recognised as expenses in the period in which they are incurred.

Future minimum lease payments under non-cancellable operating leases are disclosed as contractual commitments in aggregate and by maturity (within one year, between one and five years, and beyond five years). A general description of significant leasing arrangements, including material terms, conditions and restrictions, is also disclosed (refer to note 25).

2.9 Employee benefits obligations

2.9.1 Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render

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the related service. Short-term employee benefits include items such as salaries and social security contributions.

2.9.2 Leave benefits

TCTA measures the expected cost of accumulating paid annual leave as the additional amount that the TCTA expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. In terms of TCTA's Leave policy, employees can accumulate leave not taken to a maximum of 40 working days. Employees are encouraged to take any accumulated annual leave exceeding the maximum 40 working days, failing which such leave is forfeited six months after the end of their anniversary cycle.

2.9.3 Incentive bonus

Performance rewards and incentives refer to the variable portion of pay and are element of the overall TCTA Total Rewards Strategy. The Board-approved short-term rewards and incentive policy which sets the framework, principles, and methodology for the payment of performance rewards and incentives.

These are payable annually based on the performance management process outcome at organisational, divisional and individual levels, and under the discretion of the Board. The mentioned policy also prescribes how the provision of funds is to be determined.

Incentive bonus provision is recognised when a constructive obligation exists as there is a reasonable expectation that the bonuses will be paid based on the history of bonus pay outs when performance targets are achieved and the bonus amount payable can be reliably estimated. Refer to note 14.

2.9.4 Long service awards

TCTA provides long service awards to eligible employees for every five years of service completed, from five years of service to 45 years of service, inclusive. Payable on completion of those number of years of service i.e. 5 yrs, 10 yrs, 15 yrs, 20 yrs etc. A liability is raised to account for the expected long service awards due to be paid in future years.

Defined benefit obligation

Actuarial valuations are conducted on an annual basis by independent actuaries for long service award provision.

Payments for long service awards are recognised as an expense as they fall due. The amount recognised in the statement of financial position represents the present value of the defined benefit obligation.

There are no past service costs. All actuarial gain or loss is recognised immediately for participating employees in surplus or deficit within employee

benefit expense. The cost of providing the benefits is determined by using the projected unit credit method.

2.10 Provisions and contingencies

Provisions

Provisions and contingencies Provisions Provisions are recognised when:

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

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. Included in provisions is the variable components of royalties payable to LHDA that comprises:

- Operations and maintenance components which is measured based on actual water volumes transferred and escalated by the PPI.
- The electricity components which is measured based on actual water volumes delivered and escalated by the Electricity Supply Index (ESI).

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SIGNIFICANT ACCOUNTING POLICIES

2.10 Provisions and contingencies (continued)

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

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

Contingent liabilities

A contingent liability is a possible obligation arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of TCTA.

A contingent liability may also arise where a present obligation exists but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or because the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the statement of financial position but are disclosed in the notes to the annual financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of TCTA. Contingent assets are not recognised in the statement of financial position. Where an inflow of economic benefits or service potential is probable, a contingent asset is disclosed in the notes to the annual financial statements.

When the realisation of income is virtually certain, the related asset is no longer contingent and is recognised in the annual financial statements

2.11 Unspent restrictive grants and receipts

Restrictive grants received from National Treasury are recognised as liabilities when the funding is received, to the extent that the restrictions attached to the grant have not yet been satisfied. Grant revenue is recognised as the related qualifying expenditure is incurred and the restrictions attached to the grant are satisfied. Grant revenue is recognised and presented as revenue from non-exchange transactions in the statement of financial performance. The unspent portion of restrictive grant

funding is recognised as an unspent restrictive grant liability at the reporting date. The liability represents amounts received that have not yet been utilised for qualifying expenditure and/or for which the restrictions attached to the grant have not yet been satisfied.

For the uMkhomazi Water Project – Raw Water Component (uMWP-1), funding received through the Budget Facility for Infrastructure (BFI) comprises a grant and an interest-free loan. The grant component is subject to restrictions imposed by National Treasury. Accordingly, the grant component is recognised as revenue from non-exchange transactions as qualifying expenditure is incurred, with the corresponding unspent portion recognised as an unspent restrictive grant liability until utilised.

2.12 Revenue from exchange transactions

Revenue is recognised at the fair value of consideration received or receivable (net of VAT). TCTA operates on a cost recovery basis and charges no margin on the costs incurred. The revenue recognised equals the costs incurred in delivering construction works, project management and project finance activities. TCTA construction contracts relate to infrastructure projects that the Minister of Water and Sanitation direct TCTA to implement on behalf of DWS. These infrastructure projects deal with the construction of a single asset such as a dam or pipeline, and in some instances several assets that are closely interrelated or interdependent in terms of their design, technology and function or ultimate purpose or use.

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2.12 Revenue from exchange transactions (continued)

Where applicable, revenue is recognised over time based on the stage of completion of the contract activity, measured using the input method based on costs incurred or when TCTA provides services. Contract and service costs are recognised in surplus or deficit in the period in which they are incurred.

Deferred Income (Unearned Revenue)

This represents the tariff charged and received in advance from water users as well as fiscal contributions received from Department of Water and Sanitation. TCTA receives working capital advance payments in the form of fiscal allocations from the Department of Water and Sanitation to fund administrative cost including overheads and to construct infrastructure on behalf of DWS for the benefit of the public. The entity’s allocation is approved and signed by the Minister of Water and Sanitation with details of full allocation for the period. The full allocation is invoiced and received once a year.

Amounts invoiced and received in advance of cost incurrence are not recognised as revenue immediately. Such amounts are initially recognised as liability when invoices and cash is received and the related costs of providing the service have not yet been incurred. Deferred income is subsequently recognised as revenue as and when the entity incurs costs related to project implementation. TCTA discloses revenue from exchange transactions under the following categories:

Rendering of services

Revenue from rendering of services is recognised over time as services are provided, measured at the costs incurred to deliver the services. This includes debt management, operations, and maintenance of infrastructure assets.

It also covers the operations and maintenance costs of the LHWP Delivery Tunnel North as well as the AMD treatment plants. Debt management costs are recognised when the applicable service costs are incurred. These costs are mainly staff-related costs of the Project Finance and Treasury division.

Construction revenue

Revenue from construction contracts is recognised over time based on stage of completion of the contract activity, measured using the input method. Costs included are those directly related to the contract, attributable general contract costs, and other costs recoverable from the customer under the terms of the contract.

Costs that relate directly to a contract include materials, labour, equipment usage and project management costs incurred in executing the contract. Costs attributable to contract activity in general include insurance, construction overheads, and design or technical assistance not directly related to a specific project. These costs are allocated to contracts using systematic and rational methods that are applied consistently and

reflect a normal level of construction activity.

Operating income

Operating income is recognised over time as the related operating services are delivered, measured at the cost of services provided. Operating expenses comprise the TCTA running costs. Project-specific overheads are allocated to contracts, while non-specific overheads are allocated based on estimated time spent by divisions on each project.

Finance income

Interest earned on financial assets measured at amortised cost is recognised using the effective interest rate method by applying the rate to the gross carrying amount of non-credit impaired financial assets and is included in revenue from exchange transactions in surplus or deficit. Finance income comprises of interest earned on financial market investments and interest charged on tariff and AMD receivables.

2.13 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange. Transfers are inflows of future economic benefits or service potential from non-exchange

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2.13 Revenue from non-exchange transactions
(continued)

transactions, other than taxes. Transfers received from National Treasury are recognised as revenue when TCTA obtains control of the resources, except to the extent that it is a liability in respect of the same inflow.

Control is typically established when the funds are received or when there is an enforceable arrangement confirming the transfer. The recognised revenue and a corresponding asset (receivable) is recognised in respect of costs incurred for both operational and capital expenditure. The receivable from non-exchange transactions is derecognised as the amount of revenue is actually received. Transfers are measured at fair value, which is normally the nominal amount received in cash.

Unspent restrictive grants and receipts

Restrictions

Revenue from grants is recognised in accordance with GRAP 23 – Revenue from Non-Exchange Transactions. TCTA received transfers in advance in the form of BFI grant from National Treasury through DWS to construct infrastructure on behalf of DWS for the benefit of the public.

The full allocation is invoiced and received once a year. Grants and contributions that impose restrictions on the entity, requiring it to deliver goods, services,

or infrastructure, are initially recognised as a liability in the Statement of Financial Position when received. Revenue is recognised in surplus or deficit reflecting the extent to which the costs are incurred by the entity. TCTA received BFI grant from National Treasury for use in uMWP project, this grant is ringfenced. These transfers are provided without directly receiving approximately equal value in exchange.

Significant judgement is applied in concluding that the transfer is not linked to specific service delivery but rather to provide general financial support and therefore does not require matching to performance. Unspent restrictive grant at the reporting date are disclosed as a liability in note 28.

2.14 Finance cost

Finance costs are expensed in the period in which they occurred and recognised in surplus or deficit. Finance costs consist of interest and other costs that TCTA incurs in connection with the borrowing of funds, leasing activities, finance costs on long service awards calculated by applying the effective interest rate method.

2.15 Irregular, fruitless and wasteful expenditure

Irregular expenditure is accounted for and disclosed in terms of the National Treasury Instruction 4 of 2022/23: PFMA compliance and reporting framework. Section 55(2)(b)(i) of the PFMA requires that a public entity disclose particulars of any material losses through

criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year in the notes to the annual financial statements. Such expenditure that was incurred during the year under review is included in “Other operating expenses” in the statement of financial performance as well as disclosed in Note 37.

The irregular expenditure and fruitless and wasteful expenditure is removed from the disclosed notes on approval by the Board and National Treasury in accordance with the irregular expenditure and fruitless and wasteful expenditure frameworks and instruction notes as issued by National Treasury.

2.16 Budget information

The financial statements and the budget are prepared on the same accrual basis of accounting. However, specific items are not included i.e. prepayments, VAT payable, deferred income and modification gain/loss on financial assets. The classification basis used in the budget and financial statements is the same; both classify items by their economic nature. The budget and financial statements are prepared for the same period.

The Statement of Comparison of Budget and Actual amounts include:

- The original approved budget, which is the final budget, and
- The actual amounts.

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2.13 Budget information (continued)

Explanations of material differences between the budget and the actual amount are disclosed in note 38. Materiality for TCTA for the 2025-26 financial year as approved by the Board is R48 million. Explanations are only provided for differences above materiality.

2.17 Related party transactions

TCTA is a Schedule 2 public entity in terms of the PFMA. TCTA elected to apply the exemption in GRAP 20. TCTA is exempt from detailed disclosure of related party transactions where such transactions occur within normal supplier and/or client relationships, conducted on terms and conditions no more or less favorable than those adopted in similar circumstances and are within the normal operating parameters of the entity's legislative mandate.

It therefore has a number of related parties, including other state-owned entities, government departments and all other entities within the national sphere of government. TCTA used the database maintained by National Treasury to identify related parties

in line with Standards of GRAP. Any transactions with parties concluded at arm's length (same terms and conditions as the public) will not be disclosed except for those that related to entities within the same controlling entity (DWS). TCTA has applied the exemption in for government-related entities and within joint/ common control. The nature of the transactions and the related

outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements are disclosed in note 31.

Key management personnel compensation is disclosed separately in note 31 of the annual financial statements.

2.18 Events after reporting

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date). The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred. The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

2.19 Segment information

Operating segments

Each segment is a project that meets the criteria to be classified as an identifiable component of TCTA's business, as follows:

- projects may earn revenue and incur expenses;
- each segment's operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to determine the allocation of resources and assess its performance, and
- discrete financial information for it is available.

The function of CODM is fulfilled by the Chief Executive Officer and EXCO members who review the financial results of TCTA on a monthly basis.

Presently, the operating segments of TCTA are aligned to the project orientated model of the organisation.

Identification of operating segments

An important criterion for identifying operating segments is that the operating results are regularly reviewed by the entity's CODM to make decisions about resources to be allocated to the segment and assess its performance. TCTA considers quarterly reporting to be 'regularly'.

TCTA provides various services to its customers such as liability management, treasury management

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SIGNIFICANT ACCOUNTING POLICIES

2.19 Segment information(continued)

services as well as project implementation. TCTA is required to report and account separately for each project and reports to the CODM (on a quarterly basis), government (as determined by legislation) as well as external stakeholders (as determined in individual agreements) on the performance and financial position of each project as directed by the Minister of Water and Sanitation.

The mandate and directives are funded by government or TCTA arranges commercial funding and manages the debt repayment. In the second instance, TCTA earns revenue for the services it provides in respect of its liability management, project implementation and treasury management services. The revenue ensures that TCTA can repay the liabilities incurred.

The aggregated financial statements are merely a sum total of TCTA's assets, liabilities, income and expenses. TCTA therefore includes a full statement of financial position and statement of financial performance in note 5.4 below as well as the segmental cash flows as an annexure (Annexure A) to these financial statements to fulfil its obligation of separate reporting.

2.20 Comparative figures

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and/

or restatement is not required by a Standard of GRAP. The nature and the reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in the accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

3.1 Estimates and judgements

The following key estimates and other key sources of estimation uncertainty have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, as presented in these financial statements, within the next financial year. TCTA based its judgements and estimates on parameters available when the financial statements were prepared. Any changes to existing conditions, such as market changes or circumstances beyond TCTA's control, are reflected in the judgements when they occur.

3.1.1 Provision for expected credit loss on financial market investments

The loss allowances for financial assets are based

on judgements about risk of default and expected loss rates. TCTA uses estimates in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions and forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6.

3.1.2 Estimates of cash flows imputed in the tariff receivable asset

At the inception of each project, TCTA estimates the construction costs to be incurred and tariffs to be received over the debt repayment period.

The projected costs are based on the estimates of timing and cost as approved by the TCTA Board and the respective project off-takers in the project charters. At each reporting date, these estimates are revised to take into account changes in the timing of the contract, costs due to escalation and variation orders.

TCTA estimates the future receipt of tariffs from DWS using projected demand consumption as forecast by DWS, to arrive at a tariff that will repay all debt and operating costs when the long-term facilities expire. The estimated tariff includes the forecasting of inflation where the project water supply agreement with DWS allows for inflationary increases in the tariff over the life of the project. Water demand consumption and inflation are revised on an annual

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3.1.2 Estimates of cash flows imputed in the tariff receivable asset (continued)

basis using the best estimates available from DWS and reputable economic research agencies 9).

Modification gain or loss of tariff receivables

In determining the modification gain or loss, management uses estimates of cashflows to calculate Net Present Value calculation (NPV). The effective interest rate used is determined by computing an internal rate of return at the beginning of the financial asset life.

3.1.3 Property, plant and equipment: estimation of useful lives

Factors involved in determining the useful life of a tangible asset includes inter alia:

- The age of the asset when purchased;
- How frequently the asset is used; and
- The environmental conditions for which the asset operates in.

Additional factors that affect an asset's useful life include the expected technological improvements. If circumstances relating to the usage of an asset change, this may necessitate a change in the useful life of that asset. In accordance with TCTA's approved Asset Management Procedure provided, a third party will do the annual re-assessment of the

useful lives of assets. The table on useful lives is on note 2.3 above. Refer to note 7 for more information about changes in estimates. The Asset Management Policy of TCTA may specify the disposal of assets after a specified time or after consumption of a specified proportion of the future economic benefits embodied in the asset. Thus, the useful life of an asset may be shorter than its economic life and the estimation of the useful life of the asset is a matter of judgement based on the experience of TCTA with similar assets.

3.1.4 Intangible assets: estimation of useful lives

The determination of the useful lives of computer software requires management to exercise judgement and make estimates regarding the period over which the software is expected to generate economic benefits or service potential.

Factors considered in assessing useful lives include the age and condition of the software when acquired, the frequency and extent of its use, expected technological developments, system upgrades, changes in business requirements, and the risk of technological obsolescence.

Management reviews the useful lives of computer software annually to ensure that depreciation periods remain appropriate. Where changes in technology, operational requirements, or the expected pattern of consumption of benefits indicate that the useful life has changed, the

amortisation period is revised prospectively as a change in accounting estimate. Details of the useful lives applied to computer software and any changes in estimates are disclosed in Note 8.

The Asset Management Policy of TCTA may specify the disposal of assets after a specified time or after consumption of a specified proportion of the future economic benefits embodied in the asset. Thus, the useful life of an asset may be shorter than its economic life and the estimation of the useful life of the asset is a matter of judgement based on the experience of TCTA with similar assets.

3.1.5 Provision for expected credit losses on receivables from exchange transactions

Trade receivables comprise amounts due to TCTA from DWS on project funded by the fiscus. These receivables are short-term in nature as DWS is compelled to provide TCTA with funding in order to fulfil our performance obligations. In applying the simplified approach the assumptions are based on historical collection rates and trends noted in the payment patterns of the department.

TCTA's judgement is based on the expectation that the recoverability of the funds will align to historical trends. Any potential future changes in the economic outlook of the DWS are factored in during the project planning phase, during which the availability of funds is secured.

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3.1.6 Provision for long service award

The measurement of the long service award liability requires significant judgement and is based on an actuarial valuation performed in accordance with GRAP 25 using the Projected Unit Credit Method.

The present value of the obligation is determined using assumptions relating to the discount rate, future salary increases, inflation, employee turnover, retirement ages and the probability of employees remaining in service long enough to qualify for long service awards.

Changes in these assumptions may have a material impact on the carrying amount of the liability and the related employee benefit expense recognised in surplus or deficit.

Management, with the assistance of independent actuaries, determines the assumptions applied at each reporting date. The long service award obligation is particularly sensitive to changes in salary inflation, discount rates and employee retention levels, as lower staff turnover may result in a greater number of employees qualifying for benefits than anticipated.

Actuarial gains and losses arise from changes in assumptions and differences between expected and actual experience. The key actuarial assumptions applied are disclosed in Note 14.

3.1.7 Significant judgements and key sources of uncertainty

The timing of the performance obligations is estimated to closely reflect the contract terms. Contract modifications and contractual claims to existing performance obligations are considered when measuring the revenue over time. The status of expenditure on contracts is updated regularly. In doing so, management is required to exercise judgement when recognising the revenue over time which involves assessing the progress made towards completing the specific performance obligation and their assessment of the valuation of contract variations and claims. Depending on the level of judgement and estimate in each, the range on each contract can be individually significant. In addition, changes in these judgments, and the related estimates as contracts progress, can result in material adjustments to revenue, which can be both positive and negative.

For all its contracts, TCTA took into account:

- Construction contracts were assessed against the revenue recognition criteria of focusing on contract classification, allocation of income and cost.
- Tested the contract status through examining externally generated evidence, such as approved variations and DWS correspondence.
- Analysed, through inspection of contract documentation through the annual budgeting

process, the estimates for the total forecast revenue and costs to complete in order to perform a reasonability test of the estimates made by management of the progress made towards completion of the performance obligations. This included taking into account the historical accuracy of such estimates. The forecasted revenue and cost are critical in determining the effective interest rate with which the revenue earned but not yet due is discounted.

Management assessed the adequacy of the disclosure made in the financial statements with reference to the disclosure requirements of GRAP.

3.1.8 Immovable Property and Servitude Rights

Judgements and assumptions: Legal title without control

In executing its mandate to develop and implement water infrastructure projects, the entity has been granted expropriation powers by the Minister as part of the respective projects mandate. The title deeds are only available after the properties have been registered by the conveyancer, a process which is still underway for some of the projects. The servitudes are registered against properties not belonging to TCTA (i.e. the title deeds are still in the names of the respective owners). While these contracts and arrangements result in TCTA holding legal ownership of the land and rights during the

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SIGNIFICANT ACCOUNTING POLICIES

project implementation phase, management has concluded that TCTA does not “control” these assets as defined in IGRAP 18: Recognition and Derecognition of Land.

Key judgements and assumptions applied:

- Nature of ownership: Legal ownership is held by TCTA as a facilitator of the national mandate through expropriation notices. This ownership is temporary and transitional, with a binding obligation to transfer the properties to the Department of Water and Sanitation upon project completion and fulfilment of financial obligations.
- Substantive vs. protective rights: Management has judged that TCTA's rights are “protective” in nature, granted solely to enable the construction of infrastructure. TCTA does not have the substantive right to decide how the land is used to provide water services, nor does it have the right to dispose of the land or exchange it for its own benefit.
- Directing service potential: The power to direct the future economic benefits and service potential (the storage and distribution of raw water) rests with the Minister of Water and Sanitation and the Department of Water and Sanitation.
- Ministerial directives: All land acquisitions are governed by specific Ministerial Directives issued under the National Water Act. These directives restrict the use of the land to the

specific project mandate, thereby precluding TCTA from exercising control

Based on these judgements, the land and servitude rights have not been recognised in the statement of financial position of TCTA. These assets are recognised by the DWS as the controlling entity.

4. NEW STANDARDS AND INTERPRETATIONS

4.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted all effective and relevant standards and interpretations that are effective for the current financial period and that are relevant to its operations through first time adoption. Refer to note 32.

4.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations that have been issued but are not yet effective. These standards and interpretations will be applied by TCTA once they become effective.

The effective dates of the standards below have not yet been determined by notice in the Government Gazette and will become effective on a date determined by the Minister of Finance.

Standard/ Interpretation	Effective date: Years beginning on or after	Expected Impact
GRAP 107 (as revised) Mergers	-	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements (Going concern)	-	Unlikely there will be a material impact

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5. SEGMENTAL INFORMATION

5.1 Entity-wide disclosures

Treaty Functions in terms of Section 3(a) of the Notice of Establishment, namely, to implement, operate and maintain that part of Phase 1 of the Lesotho Highlands Water Project situated in South Africa, and non-Treaty Functions in terms of Section 24 of the Notice of Establishment, including:

- Fulfilling the RSA's financial obligations in terms of or resulting from the Treaty.
- Receiving all water delivered by the LHDA and releasing it to the Department of Water and Sanitation.
- Performing any additional functions pertaining to the release of the water, and
- Performing any other functions that may be assigned to it by the Minister in terms of Section 103 (2) of the National Water Act.

TCTA's services are thus:

1. Treaty functions
2. Non-treaty functions, including:
 - Management services (project implementation)
 - Structuring and raising project finance, debt management and advising on tariff setting, and
 - Other support services.

Description of the Segment	Current work	Acronym
Vaal River System Treaty Functions as per Section 3 of the Notice of Establishment Delivery Tunnel North of the Lesotho Highlands Water Project (LHWP) Sections 24 (a), (b) and (c)	Royalty payments to the Government of Lesotho. Payments for: • The operation and maintenance of the water transfer component in Lesotho undertaken by Lesotho Highlands Development Authority for the construction of Phase II and • Lesotho Highlands Water Commission costs	VRS
Vaal River System Advice to institutions on various matters pertaining to the construction of infrastructure and the viability of the water sector. The Income Agreement, signed in 2001 between DWS and TCTA, established the principle of using water use charges on the Vaal River System to enable TCTA to meet its financial obligations incurred when carrying out a directive of the Minister, where no alternative source of income was provided (transfers or separate income streams).	Strategic Integrated Project	VRS
Acid Mine Drainage Sections 24 (d) Other functions that may be assigned to the Authority in terms of Section 103 (2) of the National Water Act Combined borrowing programme for LHWP and AMD funded from the cash flow from the Vaal River system Acid Mine Drainage Project. The project comprises:	Management of debt	AMD

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Description of the Segment	Current work	Acronym
Acid Mine Drainage - Short-term intervention The installation of pumps to extract water from the Western, Central and Eastern Basins in the Witwatersrand gold fields (Gauteng, South Africa), neutralisation and reduction in the concentration of metals before discharge into the river system.	Operations and Maintenance	
Berg River Water Project The project comprises the Berg River Dam and supplementary scheme located in the reaches of the Berg River near Franschhoek, Western Cape, South Africa.	Management of debt, Project close-out	BWP
Vaal River Eastern Sub-System Augmentation Project The project comprises of a scheme to convey water 121km from the Vaal Dam (Gauteng, Free State border, South Africa) to the Secunda area (Mpumalanga, South Africa).	Management of debt	VRESAP
Mooi Mgeni Transfer Scheme – 2 Situated in KwaZulu-Natal, South Africa, this project comprises of the Spring Grove Dam on the Mooi River, a fish barrier upstream of the dam and augmentation of the Water Transfer System from the Mooi to the Mpofana River.	Management of debt, Project close-out	MMTS-2
Komati Water System Augmentation Project This project forms part of the Vaal River Eastern Subsystem. The project comprises the installation of a system to convey water to Eskom's power stations in Mpumalanga, South Africa.	Management of debt	KWSAP

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Description of the Segment	Current work	Acronym
Olifants River Water Resource Development Project Phase 2C: The project comprises a 40 km pipeline from De Hoop Dam to Steelpoort in Limpopo, South Africa.	Project close-out	ORWRDP
Mokolo Crocodile Water Augmentation Project This project is situated in the Limpopo province, South Africa and comprises of the following phases:	Management of debt Implementation	MCWAP
Phase 1: The project comprises of a scheme to convey water 43km from the Mokolo Dam to the Lephalale area.		
Phase 2A: The project comprises of a scheme to transfer water 160km from the Crocodile River, near Thabazimbi, to the Lephalale area.	Advisory services	
Mzimvubu River Water Project This project is in the Mzimvubu area in the Eastern Cape, South Africa. Provision of project management services to DWS for stage 1 (access road).	Advisory services	MRWP
Berg River-Voëlvlei Augmentation Scheme The project comprises a diversion weir and pump station in the Berg river to transfer water into the Voëlvlei Dam to augment the Western Cape Water Supply system situated in Western Cape, South Africa.	Implementation	BRVAS
uMkhomazi Water Project uMWP-1 situated in KwaZulu-Natal, South Africa consists of: Bulk raw water – implementation by TCTA: 81m high dam and appurtenant works at Smithfield on the uMkhomazi River near Bulwer. Conveyance infrastructure (32km 3.5m diameter tunnel and 5km 2.6m diameter raw water pipeline) to the proposed Umngeni Water's Water Treatment Works (WTW) in the uMlaza River valley.	Implementation	uMWP

TCTA ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Description of the Segment	Current work	Acronym
NWAMITWA In December 2023, TCTA received a Ministerial Directive for the Nwamitwa Dam Project to develop the funding model that will determine the commercial viability of the project. If deemed viable, TCTA will become the Implementing Agent for the project. The project involves the construction of a large storage dam with a gross storage capacity of 187 Mm3 on the Great Letaba River downstream of the confluence of the Nwanedzi River to provide for ecological water reserve, domestic and irrigation water requirements. The scope of work includes the construction of the Nwamitwa Dam and the re-alignment of affected national and provincial roads.	Advisory services	NWAMITWA
Kriel This project comprises the construction of a 3km pipeline from the KWSAP to Kriel water treatment works and the upgrading	Advisory services	KRIEL
Trans-Caledon Tunnel Authority Corporate Segment used for entity related expenses, for example SARS related payments, Salary related payments etc	Performing the RSA's financial obligations arising from the treaty	TCTA-C

5.2 Operating segments: financial results

TCTA reports detailed statements of financial position as well as statements of comprehensive income for each project.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5.2.1 Segmental Statement of Financial Position as at 31 March 2026

Figures in Rand thousand	Note(s)	VRS R'000	BWP R'000	VRESAP R'000	MCWAP-1 R'000	MMTS-2 R'000	ORWRDP R'000	KWSAP R'000	KRIEL R'000	TCTA-C R'000	MRWP R'000	MCWAP-2 R'000	BRVAS R'000	UMWP R'000	NWAMITWA	Segmental Total R'000	VAT reclassification (1) R'000	Interproject elimination R'000	Total R'000
ASSETS																			
Non-current assets																			
Property, plant and equipment	7	14 478	-	-	-	-	-	-	-	-	-	-	-	-	-	14 478	-	-	14 478
Receivables from exchange transactions	9	16 308 864	-	327 827	149 347	-	-	88 253	-	-	-	-	-	-	-	16 874 291	-	-	16 874 291
Financial assets	10	11 937	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11 937
Prepayments	12	8 392	-	-	-	-	-	-	-	-	-	1 004 900	-	-	-	1 013 292	-	-	1 013 292
Total non-current assets		16 343 671	-	327 827	149 347	-	-	88 253	-	-	-	1 004 900	-	-	-	17 913 998	-	-	17 913 998
Current assets																			
Receivables from exchange transactions	9	310 910	120	456 320	66 464	4 155	-	124 149	-	-	64 412	84 231	12 772	99 502	1	1 222 986	-	-	1 222 986
Inter-project receivables		198 573	-	-	14 427	-	-	-	3 869	-	-	-	-	-	-	216 869	-	(216 869)	-
Financial assets	10	501 750	-	-	-	-	-	-	-	-	-	-	-	-	-	501 750	-	-	501 750
VAT Receivable	17	-	137	-	-	-	-	-	-	-	45	4 748	201	-	-	5 131	(5 131)	-	-
Cash and cash equivalents	11	6 739 479	51 470	522 977	710 586	50 643	1 387	676 058	-	15 001	30 036	1 261 354	127 160	2 749 209	52 027	12 987 387	-	-	12 987 387
Prepayments	12	34 925	-	-	-	65	-	-	-	-	-	718 303	-	-	-	753 293	-	-	753 293
Total current assets		7 785 637	51 727	979 297	791 477	54 863	1 387	800 207	3 869	15 001	94 493	2 086 636	140 083	2 848 711	52 028	15 687 416	(5 131)	(216 869)	15 465 416
TOTAL ASSETS		24 129 308	51 727	1 307 124	940 824	54 863	1 387	888 460	3 869	15 001	94 493	3 073 536	140 083	2 848 711	52 028	33 601 414	(5 131)	(216 869)	33 379 414
NET ASSETS																			
Net assets consists of:																			
Accumulated surplus/(deficit)		6 540 303	460	(9 170)	216 930	-	892	103 175	-	7 722	4 410	(293 724)	(2 702)	126 602	2 028	6 696 926	-	-	6 696 926
TOTAL NET ASSETS		6 540 303	460	(9 170)	216 930	-	892	103 175	-	7 722	4 410	(293 724)	(2 702)	126 602	2 028	6 696 926	-	-	6 696 926

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5.2.1 Segmental Statement of Financial Position as at 31 March 2026 (continued)

Figures in Rand thousands	Note(s)	VRS R'000	BWP R'000	VRESAP R'000	MCWAP-1 R'000	MMTS-2 R'000	ORWRDP R'000	KWSAP R'000	KRIEL R'000	TCTA-C R'000	MRWP R'000	MCWAP-2 R'000	BRVAS R'000	UMWP R'000	NWAMITWA	Segmental Total R'000	VAT reclassification (1) R'000	Interproject elimination R'000	Total R'000
Liabilities																			
Non-current liabilities																			
Financial liabilities	13	10 926 405	30 000	970 027	-	-	-	701 636	-	-	-	3 175 839	120 000	-	-	15 923 907	-	-	15 923 907
Deferred income	15	-	-	-	-	-	-	-	-	-	-	-	-	1 951 016	18 608	1 969 624	--	-	1 969 624
Employee benefit obligation	14	1 800	-	-	-	-	-	-	-	-	-	-	-	-	-	1 800	-	-	1 800
Provisions	27	-	-	-	-	-	-	-	-	-	-	3 145	-	-	-	3 145	-	-	3 145
Total non-current liabilities		10 928 205	30 000	970 027	-	-	-	701 636	-	-	-	3 178 984	120 000	1 951 016	18 608	17 898 476	-	-	17 898 476
Current liabilities																			
Financial liabilities	13	3 576 775	15 000	323 975	713 987	-	-	71 347	-	-	-	-	-	-	-	4 701 084	-	-	4 701 084
Deferred income	15	-	2 981	-	-	-	495	0	2 812	-	-	119 789	-	147 934	31 392	305 403	(5 131)	-	305 403
Unspent restrictive grant and receipts	28	-	-	-	-	-	0	-	-	-	-	-	-	563 464	-	563 464	-	-	563 464
Payables from exchange transactions	16	2 586 749	2 353	11 534	8 685	34 465	-	1 392	-	-	329	41 033	2 850	29 891	-	2 719 281	-	-	2 719 281
Inter-project payables		14 429	933	2 975	-	20 398	-	8 547	1 057	7 279	89 754	26 129	19 935	25 433	-	216 889	-	(216 869)	-
Employee benefit obligation	14	48 979	-	-	-	-	-	-	-	-	-	-	-	-	-	48 979	-	-	48 979
Taxes and transfers payable (non-exchange)	17	93 148	-	7 783	1 222	-	-	2 363	-	-	-	-	-	4 371	-	108 887	(5 131)	-	103 756
Provisions		340 720	-	-	-	-	-	-	-	-	-	1 325	-	-	-	342 045	-	-	342 045
Total current liabilities		6 660 800	21 267	346 267	723 894	54 863	495	83 649	3 869	7 279	90 083	188 276	22 785	771 093	31 392	9 006 012	(5 131)	(216 869)	10 700 872
TOTAL LIABILITIES		17 589 005	51 267	1 316 294	723 894	54 863	495	785 285	3 869	7 279	90 083	3 367 260	142 785	2 722 109	50 000	26 904 488	(5 131)	(216 869)	26 682 488
TOTAL NET ASSETS AND LIABILITIES		24 129 308	51 727	1 307 124	940 824	54 863	1 387	888 460	3 869	15 001	94 493	3 073 536	140 083	2 848 711	52 028	33 601 414	(5 131)	(216 869)	33 601 414

(1) VAT receivable is included as part of trade and other receivables in each project (except for VRS), however on aggregate this is netted off against VAT payables which is included in trade and other payables as TCTA has one VAT liability.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5.2.1 Segmental Statement of Financial Position as at 31 March 2025

Figures in Rand thousands	Note(s)	VRS R'000	BWP R'000	VRESAP R'000	MCWAP-1 R'000	MMTS-2 R'000	ORWRDP R'000	KWSAP R'000	KRIEL R'000	TCTA-C R'000	MRWP R'000	MCWAP-2 R'000	BRVAS R'000	UMWP R'000	Segmental Total R'000	VAT reclassification (1) R'000	Interproject elimination R'000	Total R'000
ASSETS																		
Non-current assets																		
Property, plant and equipment	7	12 377	-	-	-	-	-	-	-	-	-	-	-	-	12 377	-	-	12 377
Intangible assets	8	1 074	-	-	-	-	-	-	-	-	-	-	-	-	1 074	-	-	1 074
Receivables from exchange transactions	9	14 689 051	7 827	917 389	210 914	-	-	212 411	-	-	-	-	-	-	16 037 592	-	-	16 037 592
Financial assets	10	330 545	-	-	-	-	-	-	-	-	-	-	-	-	330 545	-	-	330 545
Prepayments	12	8 000	-	-	-	-	-	-	-	-	-	-	-	-	8 000	-	-	8 000
Total non-current assets		15 041 047	7 827	917 389	210 914	-	-	212 411	-	-	-	-	-	-	16 389 588	-	-	16 89 588
Current assets																		
Receivables from exchange transactions	9	335 080	1 477	458 880	45 823	4 155	-	183 542	-	-	33 928	-	9	863 999	1 926 893	-	-	1 926 893
Inter-project receivables		99 802	-	-	-	-	-	-	3 869	4 181	-	-	-	-	107 852	-	(107 852)	-
Financial assets	10	1 012 602	-	-	-	-	-	-	-	-	-	-	-	-	1 012 602	-	-	1 012 602
Taxes and transfers payable (non-exchange)		-	-	-	-	-	-	-	-	-	63	2 207	116	3 416	5 802	(5 802)	-	-
Cash and cash equivalents	11	3 978 986	50 206	607 834	722 435	47 237	1 298	538 213	-	1 846	29 753	452 044	20 205	611 696	7 061 753	-	-	7 061 753
Prepayments	12	37 258	-	-	-	635	-	-	-	-	-	517	-	-	38 410	-	-	38 410
Total current assets		5 463 327	51 683	1 066 714	768 258	52 027	1 298	721 755	3 869	6 027	63 744	454 768	20 330	1 479 111	10 153 312	(5 802)	(107 852)	10 039 658
TOTAL ASSETS		20 504 775	59 510	1 984 103	979 172	52 027	1 298	934 166	3 869	6 027	63 744	454 768	20 330	1 479 111	26 542 900	(5 802)	(107 852)	26 429 246

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5.2.1 Segmental Statement of Financial Position as at 31 March 2025 (continued)

Figures in Rand thousands	Note(s)	VRS R'000	BWP R'000	VRESAP R'000	MCWAP-1 R'000	MMTS-2 R'000	ORWRDP R'000	KWSAP R'000	KRIEL R'000	TCTA-C R'000	MRWP R'000	MCWAP-2 R'000	BRVAS R'000	UMWP R'000	Segmental Total R'000	VAT reclassification (1) R'000	Interproject elimination R'000	Total R'000
NET ASSETS																		
Net assets consists of:																		
Accumulated surplus/ (deficit)		7 204 412	(3 297)	49 125	197 283	-	801	90 205	-	6 027	2 352	(85 024)	9 215	14 914	7 486 013	-	-	7 486 013
Total net assets		7 204 412	(3 297)	49 125	197 283	-	801	90 205	-	6 027	2 352	(85 024)	9 215	14 914	7 486 013	-	-	7 486 013
Liabilities																		
Non-current liabilities																		
Financial liabilities	13	9 112 555	45 000	1 586 197	713 987	-	-	772 984	-	-	-	-	-	-	12 230 723	-	-	12 230 723
Deferred income	15	-	-	-	-	-	-	-	-	-	-	-	-	657 790	657 790	-	-	657 790
Employee benefit obligation	14	1 385	-	-	-	-	-	-	-	-	-	-	-	-	1 385	-	-	1 385
Total non-current liabilities		9 113 940	45 000	1 586 197	713 987	-	-	772 984	-	-	-	-	-	657 790	12 889 898	-	-	12 889 898
Current liabilities																		
Financial liabilities	13	1 161 838	15 000	312 372	54 242	-	-	61 849	-	-	-	-	-	-	1 605 301	-	-	1 605 301
Deferred income	15	-	-	-	-	-	230	-	2 812	-	-	498 831	5 077	206 210	713 160	-	-	713 160
Unspent restrictive grant and receipts	28	-	-	-	-	-	-	-	-	-	-	-	-	576 255	576 255	-	-	576 255
Payables from exchange transactions	16	2 500 746	437	17 691	10 057	52 027	267	1 314	-	-	249	29 074	371	11 872	3 012 907	-	-	2 624 105
Inter-project payables		4 182	1 602	2 398	2 382	-	-	5 464	1 057	-	61 143	11 887	5 667	12 070	107 852	-	(107 852)	-
Employer benefit obligation	14	44 517	-	-	-	-	-	-	-	-	-	-	-	-	47 517	-	-	47 517
VAT payable	17	85 937	768	16 320	1 221	-	-	2 350	-	-	-	-	-	-	106 596	(5 802)	-	100 794
Provisions		389 203	-	-	-	-	-	-	-	-	-	-	-	-	389 203	-	-	389 203
Total current liabilities		4 186 423	17 807	348 781	67 902	52 027	497	70 977	3 869	-	61 392	539 792	11 115	806 407	6 166 989	(5 802)	(107 852)	6 053 335
TOTAL LIABILITIES		13 300 363	62 807	1 934 978	781 889	52 027	497	843 961	3 869	-	61 392	539 792	11 115	1 464 197	19 056 887	(5 802)	(107 852)	18 081 832
TOTAL NET ASSET AND LIABILITIES		20 504 775	59 510	1 984 103	979 172	52 027	1 298	934 166	3 869	6 027	63 744	454 768	20 330	1 479 111	26 542 900	(5 802)	(107 852)	26 429 246

(1) VAT receivable is included as part of trade and other receivables in each project (except for VRS), however on aggregate this is netted off against VAT payables which is included in trade and other payables as TCTA has one VAT liability.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5.2.2 Segmental Statement of financial performance as at 31 March 2026

Figures in Rand thousands	Note(s)	VRS R'000	BWP R'000	VRESAP R'000	MCWAP-1 R'000	MMTS-2 R'000	ORWRDP R'000	KWSAP R'000	TCTA-C R'000	MRWP R'000	MCWAP-2 R'000	BRVAS R'000	UMWP R'000	NWAMITWA	Segmental Total R'000	Interproject elimination R'000	Total R'000
REVENUE	18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue from exchange transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract revenue		749 056	21 106	14 289	14 021	2	2	9 822	1	23 925	462 559	16 707	-	-	1 311 490	-	1 311 490
Finance income	19	1 113 969	5 236	183 741	84 461	-	91	84 585	1 695	8 618	75 982	4 780	113 197	2 028	1 678 383	-	1 678 383
Total revenue from exchange transactions		1 863 025	26 342	198 030	98 482	2	93	94 407	1 696	32 543	538 541	21 487	113 197	2 028	2 989 873	-	2 989 873
Revenue from non-exchange transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract revenue		-	-	-	-	-	-	-	-	-	-	-	315 283	-	315 283	-	315 282
Total revenue		1 863 025	26 342	198 030	98 482	2	93	94 407	1 696	32 543	538 541	21 487	428 480	2 028	3 305 156	-	3 305 156
Other income		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter-project finance income		11 671	-	-	-	-	-	-	-	-	-	-	-	-	11 671	(11 671)	-

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5.2.2 Segmental Statement of financial performance as at 31 March 2026 (continued)

Figures in Rand thousands	Note(s)	VRS R'000	BWP R'000	VRESAP R'000	MCWAP-1 R'000	MMTS-2 R'000	ORWRDP R'000	KWSAP R'000	TCTA-C R'000	MRWP R'000	MCWAP-2 R'000	BRVAS R'000	UMWP R'000	NWAMITWA	Segmental Total R'000	Interproject elimination R'000	Total R'000
EXPENDITURE																	
Employee related costs	20	(188 617)	(6 541)	(9 654)	(9 664)	-	-	(6 436)	-	(16 164)	(48 271)	(9 654)	(48 271)	-	(343 272)	-	(343 272)
Depreciation and amortisation	21	(5 789)	-	-	-	-	-	-	-	-	-	-	-	-	(5 789)	-	(5 789)
Finance costs	22	(1 152 821)	(5 306)	(167 396)	(76 558)	-	-	(85 978)	-	(6 560)	(284 682)	(16 697)	(1 509)	-	(1 797 507)	11 671	(1 785 836)
Net impairment reversal /(losses) on financial assets	10	397	-	-	-	-	-	-	-	-	-	-	-	-	397	-	397
Other operating expenses	23	(555 048)	(14 565)	(4 635)	(4 357)	(2)	(2)	(3 386)	(1)	(7 761)	(414 288)	(7 053)	(267 012)	-	(1 278 109)	-	(1 278 109)
Modification gain/(loss) on financial assets	9	(636 927)	3 826	(74 640)	11 744	-	-	14 363	-	-	-	-	-	-	(681 634)	-	(681 634)
Total expenditure		(2 538 805)	(22 586)	(256 325)	(78 835)	(2)	(2)	(81 437)	(1)	(30 485)	(747 241)	(33 404)	(316 792)	-	(4 105 914)	11 671	(4 094 243)
(DEFICIT)/ SURPLUS FOR THE YEAR		(664 109)	3 756	(582 925)	19 647	-	91	12 970	1 695	2 058	(208 700)	(11 917)	111 688	2 028	(789 087)	-	(789 087)

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5.2.2 Segmental Statement of financial performance as at 31 March 2025

Figures in Rand thousand	Note(s)	VPS R'000	BWP R'000	VRESAP R'000	MCWAP-1 R'000	MMTS-2 R'000	ORWRDP R'000	KWSAP R'000	KRIEL R'000	TCTA-C R'000	MRWP R'000	MCWAP-2 R'000	BRVAS R'000	UMWP R'000	Segmental Total R'000	Interproject elimination R'000	Total R'000
REVENUE	18																
Revenue from exchange transactions																	
Contract revenue		863 554	8 929	12 846	12 862	2	2	8 676	-	9	20 827	120 258	14 401	-	1 062 367	-	1 062 367
Finance income	19	969 464	10 525	216 631	78 471	-	95	97 927	-	1 560	6 454	41 396	1 586	16 436	1 440 545	(11 090)	1 429 455
Total revenue from exchange transactions		1 833 018	19 454	229 477	91 333	2	97	106 603	-	1 569	27 281	161 654	15 987	16 436	2 502 912	(11 090)	2 491 822
Revenue from non-exchange transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract revenue		-	-	-	-	-	-	-	-	-	-	-	-	119 089	119 089	-	119 089
Total revenue		1 833 018	19 454	229 477	91 333	2	97	106 603	-	1 569	27 281	161 654	15 987	135 525	2 622 001	(11 090)	2 610 911
Other income		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter-project finance income		11 076	-	-	-	-	-	14	-	-	-	-	-	-	11 090	(11 090)	-

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5.2.2 Segmental Statement of financial performance as at 31 March 2025 continued

Figures in Rand thousand	Note(s)	VRS R'000	BWP R'000	VPESAP R'000	MCWAP-1 R'000	MMTS-2 R'000	ORWRDP R'000	KWSAP R'000	KRIEL R'000	TCTA-C R'000	MRWP R'000	MCWAP-2 R'000	BRVAS R'000	UMWP R'000	Segmental Total R'000	Interproject elimination R'000	Total R'000
EXPENDITURE																	
Employee related cost	20	(175 372)	(6 019)	(9 028)	(9 028)	-	-	(6 019)	-	-	(15 047)	(45 141)	(9 028)	(45 141)	(319 823)	-	(319 823)
Depreciation and amortisation	21	(9 452)	-	-	-	-	-	-	-	-	-	-	-	-	(9 452)	-	(9 452)
Finance costs	22	(1 018 955)	(8 287)	(206 208)	(83 436)	-	-	(96 361)	-	-	(4 927)	(208 800)	(717)	(3 524)	(1 631 215)	11 090	(1 620 125)
Net impairment reversal / (losses) on financial assets	10	19 557	-	-	-	-	-	-	-	-	-	-	-	-	19 557	-	19 557
Other operating expenses	23	(698 286)	(2 911)	(3 818)	(3 834)	(2)	(2)	(2 657)	-	(9)	(5 780)	(75 118)	(5 373)	(73 948)	(871 738)	-	(871 738)
Modification gain/(loss) on financial assets	9	1 053 616	(154)	206 447	159 135	-	-	17 477	-	-	-	-	-	-	1 436 521	-	1 436 521
Total expenditure		(828 892)	(17 371)	(12 607)	62 837	(2)	(2)	(87 560)	-	(9)	(25 754)	(329 059)	(15 118)	(122 613)	(1 376 150)	11 090	(1 365 060)
(DEFICIT)/SURPLUS FOR THE YEAR		1 015 202	2 084	216 870	154 170	-	95	19 057	-	1 560	1 527	(167 404)	869	12 912	1 256 941	-	1 245 851

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

6. FINANCIAL INSTRUMENT RISK MANAGEMENT

6.1 Capital management

TCTA manages its capital to ensure that projects will be able to continue as a going concern while optimising the debt for each project. The capital structure of TCTA consists of short, medium and long-term debt (borrowings as detailed in note 13) and equity (comprising accumulated surpluses or deficits).

TCTA is not subject to any externally imposed capital requirements except for adherence to the debt ceiling as approved by DWS with concurrence from the Minister of Finance. TCTA’s Finance Committee reviews each project’s capital structure on a quarterly basis.

As part of this review, the Committee considers the cost of capital and the risks associated with each class of debt. TCTA’s borrowing limits per project are reviewed on an annual basis by the Minister of Water and Sanitation, with the concurrence of the Minister of Finance. The borrowing limits are based on TCTA’s borrowing requirements in order to fulfil the Republic of South Africa’s financial obligations in terms of, or resulting from, the Treaty and other directives received from the Minister (Refer to note 6.2.1).

Optimal capital structure

In principle, TCTA prefers to maintain a capital structure of a minimum of 70% fixed rate debt to 30% floating

rate debt ratio after construction of the infrastructure. The debt equity ratio is 3,88:1 (2025: 2:1). This ensures that there is less volatility on the debt curve and furthermore, there is a high predictability of cash flows, thus minimising the associated interest rate risk to each project.

6.2 Financial risk management objectives

The Board has overall responsibility for the establishment and oversight of risk management within the organisation and approves all risk management policies. Risk management in TCTA is carried out through a central risk management function. The user departments identify, assess and monitor the management of financial risks. The Finance Committee provides oversight on the management of financial risks and provides guidance on key finance activities of the TCTA business.

TCTA actively manages enterprise-wide risks to ensure achievement of organisational goals and long-term sustainability of the organisation. The risk management process is governed through an approved Risk Management Policy, Risk Management Framework, and risk implementation plan. The Audit and Risk Committee (ARC) of the Board reviews the implementation of risk management activities on a quarterly basis, in line with the annually approved Risk Management plan, and provides oversight. TCTA’s treasury activities comprise of raising finance and managing investments (e.g. liquidity and treasury investment portfolios). TCTA’s treasury operates within the financial markets,

as such, is subject to associated risks, which could have financial implications on the organisation. In line with the approved Risk Management Framework and Treasury Risk Management policy, the Treasury Department monitors treasury risks on a daily, weekly and monthly basis, in order to ensure that controls in place are working effectively, to mitigate any possible financial losses to the organisation.

TCTA’s market activities expose it to market risk (including interest rate risk, etc.) credit risk and liquidity risk (Refer notes 6.2.1–6.2.3). TCTA seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures where possible and appropriate within Board approved policies.

The various types of financial and treasury risks pertaining to each of the projects are identified, assessed, managed and monitored in a prudent manner, within a Board approved Treasury Risk Management policy.

The liability is managed in a very prudent and conservative manner, which is further underscored by the adoption of the following portfolio approaches and objectives:

- asset and liability matching: TCTA strives to minimise both refinancing and repricing risks associated with maturing debt by matching the maturity dates of debt issued with free cash generated by the project.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

TCTA has taken a more proactive approach to short-term cash management. The cash flow requirements for the next 12 months are assessed, and where required, the required funding is procured.

The set guiding principles and objectives have been applied consistently over the years.

6.2.1 Liquidity stress test scenarios as at Tuesday, 31 March 2026

TCTA has performed a liquidity stress test in order to assess its ability to meet its debt obligations in the next 12 months and beyond. The assessment considers two scenarios:

Scenario 1

This scenario which assumes the estimated time from the 31 March 2026 until the date that the cash resources are fully depleted assuming no cash is recovered through the tariff receivable and no additional funding is obtained.

The table below represents stress tests to determine the number of days each project's cash resources would last, assuming TCTA does not receive any payments from DWS. The calculation takes the opening cash balance and deducts all the cash outflow forecast over the period.

Estimated number of days as at 31 March 2026 exhaustion of cash resources assuming no tariffs are received in the foreseeable future.

Project	Current cash balances	Days till cash is depleted	Anticipated depletion date(1)	Undrawn liquidity facilities(2)
VRS	6 739 477	91	30-Jun-26	500 000
BWP	51 470	364	30-Mar-27	50 000
VRESAP	522 977	346	12-Mar-27	739 511
MCWAP-1	710 586	>365 days	After April 2027	-
MMTS-2	50 643	>365 days	After April 2027	-
KWSAP	676 058	>365 days	After April 2027	250 000
ORWRDP	1 387	>365 days	After April 2027	-
MCWAP-2	1 261 354	241	27-Nov-26	2 000 000
BRVAS (3)	127 160	212	29-Oct-26	250 000
MRWP	30 036	212	29-Oct-26	-
uMWP	2 749 209	>365 days	After April 2027	-
Nwamitwa	52 027	>365 days	After April 2027	-

1. Expected date at which the cash resources will be depleted.
2. TCTA has available facilities that enables each project to drawdown if required, except ORWRDP which is funded from the fiscus.
3. The facility is not available at 31 March 2026.

Scenario 2

This scenario considers the estimated time from the 31 March 2026 until the date that the cash resources are fully depleted assuming that cash is received through the tariff receivable but no additional funding is obtained.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The table below represents the number of days each project's cash resources would last assuming TCTA receives timely payments (in respect of the tariff receivable) from DWS.

Estimated number of days as at 31 March 2026 exhaustion of cash resources assuming the forecast tariff receivable is received.

Project	Current cash balances	Days till cash is depleted	Anticipated depletion date(1)	Undrawn liquidity facilities(2)
VRS	6 739 477	91	30-Jun-26	
BWP	51 470	>365 days	After April 2027	-
VRESAP	522 977	>365 days	After April 2027	-
MCWAP-1	710 586	>365 days	After April 2027	-
MMTS-2	50 643	>365 days	After April 2027	-
KWSAP	676 058	>365 days	After April 2027	-
ORWRDP	1 387	>365 days	After April 2027	-
MCWAP-2	1 261 354	>365 days	After April 2027	-
MRWP	30 036	212	29-Oct-26	-
BRVAS	127 160	270	26-Dec-26	-
uMWP	2 749 209	>365 days	After April 2027	-
NWAMITWA	52 027	>365 days	After April 2027	-

(1) Expected date at which the cash resources will be depleted

(2) TCTA has available facilities that enables each project to drawdown if required, except ORWRDP which is funded from the fiscus.

Notes

1. The liquidity of all the projects under this scenario is robust, subject to DWS making payments to TCTA on time.

TCTA and DWS are presently investigating mechanisms for ring-fencing of the receipt of tariff revenue by DWS from consumers to only be used to repay the tariff that is due to TCTA. This will ensure timely payment of tariffs by DWS to TCTA.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

VRS

A. Financing facilities

Funding sources and utilisation at 31 March	2026	2025
Global limit (1)	21 379 000	20 920 000
Utilisation	(14 503 180)	(10 274 393)
Available	6 875 820	10 645 607

The table above includes the total utilisation of all facilities, including both local and foreign loans, against the borrowing limit.

(1) The Global limit are as set by National Treasury and governs the total limit of gross liabilities of the project. The individual limit is set internally from time to time when markets are suitable to move from one instrument to the other.

Utilization of approved facilities 2026	Facility amount	Disbursed	Available	Outstanding Debt
Investec	1 000 000	1 000 000	-	688 525
Investec (2)	500 000	-	500 000	-
Investec	1 650 000	1 650 000	-	1 127 500
Standard Bank of SA	3 000 000	3 000 000	-	1 500 000
Standard Bank of SA	1 500 000	1 500 000	-	414 286
Firststrand Bank Ltd	3 800 000	2 390 000	-	2 389 937
Nedbank Ltd	2 000 000	2 000 000	-	1 692 308
DBSA (1)	3 000 000	3 000 000	-	3 000 000
DBSA (1)	1 250 000	1 250 000	-	1 187 500
IDC (1)	1 250 000	1 250 000	-	1 203 125

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Utilization of approved facilities	Facility amount	Disbursed	Available	Outstanding Debt
ABSA	1 000 000	-	-	-
New Development Bank(1)	3 200 000	-	-	-
African Development Bank	1 300 000	1 300 000	-	1 300 000
	24 450 000	18 340 000	500 000	14 503 181

(1) These facilities are subject to fulfillment of conditions precedent before the first drawdown.

Utilization of approved facilities 2025	Individual Limit	Disbursed	Available	Outstanding Debt
Investec	1 000 000	1 000 000	-	754 098
Investec (2)	500 000	-	500 000	-
Investec	1 650 000	1 650 000	-	1 237 500
Standard Bank of SA	3 000 000	3 000 000	-	1 700 000
Standard Bank of SA (2)(3)	1 000 000	-	-	-
Standard Bank of SA	1 500 000	1 500 000	-	642 858
Firststrand Bank Ltd	3 800 000	2 390 000	-	2 389 937
Nedbank Ltd	2 000 000	2 000 000	-	2 000 000
DBSA(1)	3 000 000	-	-	-
DBSA (1)	1 250 000	-	-	-
IDC (1)	1 250 000	-	-	-
ABSA	1 000 000	-	-	250 000
New Development Bank (1)	3 200 000	-	-	-
African Development Bank	1 300 000	1 300 000	-	1 300 000
	25 450 000	12 840 000	500 000	10 274 393

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

As at 31 March, VRS had contractual maturities as summarised below:

2026	Weighted average effective interest rate %	Total undiscounted current financial assets / (liabilities) R'000	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities) R'000	Total undiscounted financial assets / (liabilities) R'000
			1-5 years R'000	>5 years R'000		
Non-derivative financial assets / (liabilities)						
Financial assets						
Tariff receivable	4.77	(5 615 077)	16 998 734	11 889 974	28 888 708	23 273 631
AMD receivable	9.87	307 174	1 236 279	-	1 236 279	1 543 453
Other receivables	N/A	202 309	-	-	-	202 309
Financial Market investment (Variable)	9.86	7 916	13 212	-	13 212	21 128
Financial Market investment (Fixed)	8.82	497 072	-	-	-	497 072
Cash and cash equivalents (1)	6.95	6 739 479	-	-	-	6 739 479
Financial asset maturities		2 138 873	18 248 225	11 889 974	30 138 199	32 277 072
Financial liabilities						
Borrowings	9.88	(4 833 882)	(8 270 473)	(12 210 961)	(20 481 434)	(25 315 316)
Payables from exchange transactions (excluding interest payable) (2)	N/A	(2 526 279)	-	-	-	(2 526 279)
Financial liabilities maturities		(7 360 161)	(8 270 473)	(12 210 961)	(20 481 434)	(27 841 595)
Net financial asset/(liabilities)		(5 221 288)	9 977 752	(320 987)	9 656 765	4 435 477

(1) The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.

(2) Accrued interest has been included with the applicable instruments in the table above.

(3) The above contractual maturities reflect the net cash outflows and inflows and are therefore different from the carrying values of the liabilities at reporting date.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2025	Weighted average effective interest rate %	Total undiscounted current financial assets / (liabilities) R'000	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities) R'000	Total undiscounted financial assets / (liabilities) R'000
Non-derivative financial assets / (liabilities)						
Financial assets						
Tariff receivable	4.77	(3 500 253)	10 873 578	8 849 821	19 723 399	16 223 146
AMD receivable	10.44	197 618	988 091	197 618	1 185 709	1 383 327
Trade and other receivables	N/A	101 816	-	-	-	101 816
Financial Market investment (Fixed rate)	10.66	9 687	21 143	-	21 143	30 830
Cash and cash equivalents (1)	8.48	1 032 848	313 682	-	313 682	1 346 530
Financial Market investments (Variable term)	7.60	3 978 986	-	-	-	3 978 986
Financial asset maturities		1 820 702	12 196 494	9 047 439	21 243 933	23 064 635
Financial liabilities						
Borrowings	10.01	(2 121 852)	(7 802 644)	(5 310 452)	(13 113 096)	(15 234 948)
Lease liability	N/A	(2 418 192)	-	-	-	(2 418 192)
Trade and other payables (excluding interest payable) (2)						
Financial liabilities maturities		(4 540 044)	(7 802 644)	(5 310 452)	(13 113 096)	(17 653 140)
Net financial asset/(liabilities)		(2 719 342)	4 393 850	3 736 987	8 130 837	5 411 495

TCTA ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

BWP

A. Financing facilities

Funding sources and utilisation at 31 March:

Total borrowing authority	2026	2025
Global limit (1)	80 000	129 000
Utilisation	(45 000)	(60 000)
Available	35 000	69 000

The table above includes the total utilisation of all facilities, including both local and foreign loans, against the borrowing limit.

(1) Global limit is as set by National Treasury and governs the total limit of gross liabilities of the project. The individual limit is set internally from time to time when markets are suitable to move from one instrument to the other.

Total utilisation of capital market and commercial paper facilities

Each year the Finance Committee reviews and approves facility utilisation for the financial year.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Each year the Finance Committee reviews and approves facility utilisation for the financial year.

2026	Individual limit	Issued	Available (3)(4)	Outstanding Debt
Approved facilities				
Total issued to date				
DBSA (1)	500 000	400 000	-	45 000
ABSA (5)	50 000	-	50 000	-
	550 000	400 000	50 000	45 000
2025	Individual limit	Issued	Available (3)(4)	Outstanding Debt
Approved facilities				
DBSA (1)	500 000	400 000	-	60 000
European Investment Bank (1) (2) (3)	800 000	890 000	-	-
ABSA (5)	50 000	-	50 000	-
	1 350 000	1 290 000	50 000	60 000

(1) The facilities are not available for further drawdowns.

(2) This is a Euro denominated facility drawn in Rands and repaid in Rands.

(3) All amounts are in ZAR unless otherwise stated.

(4) Where the available amount is zero, the drawdown period has expired.

(5) The facility was reduced from R300m to R50m in February 2025.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

B. Liquidity risk tables

The liquidity and interest risk tables are included for each project and include the contractual maturity analysis reports for non-derivative financial assets and liabilities. There is no liquidity analysis for derivatives as there were no derivative instruments in BWP.

Contractual maturity analysis report for non-derivative financial assets / (liabilities)

The following tables detail TCTA's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA's liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in Note 13 and 26.

As at 31 March, BWP had contractual maturities as summarised below:

2026	Weighted average effective interest rate %	Total undiscounted current financial assets/(liabilities) R'000	Non-current financial assets/(liabilities)		Total undiscounted non-current financial assets/ (liabilities) R'000	Total undiscounted financial assets/ (liabilities) R'000
			1-5 years R'000	>5 years R'000		
Non-derivative financial assets / (liabilities)						
Financial assets						
Tariff receivable	9.93	3 694	(7 660)	-	(7 660)	(3 966)
Other receivables	N/A	120	-	-	-	120
Cash and cash equivalents (1)	6.86	51 470	-	-	-	51 470
Financial asset maturities		55 284	(7 660)	-	(7 660)	47 624
Financial liabilities						
Borrowings (fixed rate)(2)	8.87	(18 659)	(33 333)	-	(33 333)	(51 992)
Payables from exchange transactions (excluding interest payable) (3)	N/A	(3 286)	-	-	-	(3 253)
Financial liabilities maturities		(21 945)	(33 333)	-	(33 333)	(55 278)
Net financial assets/(liabilities)		33 339	(40 993)	-	(40 993)	(7 654)

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2025	Weighted average effective interest rate %	Total undiscounted current financial assets/(liabilities) R'000	Non-current financial assets/(liabilities)		Total undiscounted non-current financial assets/ (liabilities) R'000	Total undiscounted financial assets/ (liabilities) R'000
Non-derivative financial assets / (liabilities)						
Financial assets						
Tariff receivable	9.93	2 269	8 757	-	8 757	11 026
Other receivables	N/A	120	-	-	-	120
Cash and cash equivalents (1)	7.46	50 206	-	-	-	50 206
Financial asset maturities		52 595	8 757	-	8 757	61 352
Financial liabilities						
Borrowings (fixed rate)	8.87	(19 989)	(51 991)	-	(51 991)	(71 980)
Payables from exchange transactions (excluding interest payable) (3)	N/A	(2 039)	-	-	-	(2 039)
					(51 991)	(74 019)
Financial liabilities maturities		(22 028)	(51 991)	-	(43 234)	(12 667)
Net financial assets/(liabilities)		30 567	(43 234)	-	(33 333)	(3 655)

(1) The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.

(2) Loan repayments are made periodically as per the respective agreements.

(3) Accrued interest has been included with the applicable instruments in the table.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

VRESAP

A. Financing facilities

Funding sources and utilisation at 31 March:

	2026 R'000	2025 R'000
Total borrowing authority		
Borrowing limit	2 149 000	2 437 000
Utilisation	(1 294 002)	(1 898 569)
Available	854 998	538 431

2026	Facility amount R'000	Issued R'000	Available R'000	Outstanding debt R'000
Approved Facilities, Total issued to date				
European Investment Bank (1) (2)	906 000	412 000	-	125 577
Standard Bank of SA	1 350 000	1 350 000	-	392 027
ABSA	1 000 000	660 489	339 511	660 489
Main Street 196 Pty Ltd - a SPV of Investec	155 000	155 000	-	38 117
Nedbank	350 000	350 000	-	77 792
RMB	200 000	-	200 000	-
DBSA	200 000	-	200 000	-
	4 161 000	2 927 489	739 511	1 294 002

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2025	Facility amount R'000	Issued R'000	Available R'000	Outstanding debt R'000
Approved Facilities, Total issued to date				
European Investment Bank (1) (2)	906 000	412 000	-	203 297
Standard Bank of SA	1 350 000	1 350 000	-	596 781
ABSA	1 000 000	928 922	71 078	928 922
Main Street 196 Pty Ltd - a SPV of Investec	155 000	155 000	-	52 880
Nedbank	350 000	350 000	-	116 689
RMB	200 000	-	200 000	-
DBSA	200 000	-	200 000	-
	4 161 000	3 195 922	471 078	1 898 569

(1) This is a Euro denominated facility drawn in Rands and repaid in Rands.

(2) All amounts are in ZAR unless otherwise stated.

B. Liquidity risk tables

The liquidity and interest risk tables are included for each project and includes the contractual maturity analysis reports for non-derivative financial assets and liabilities.

Contractual maturity analysis report for non-derivative financial assets/(liabilities)

The following tables detail TCTA's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA's liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in Note 13 and 26.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

As at 31 March VRESAP has contractual maturities as summarised below:

2026	Weighted average effective interest rate %	Total undiscounted current financial assets / (liabilities) R'000	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities) R'000	Total undiscounted financial assets / (liabilities) R'000
			1-5 years R'000	>5 years R'000		
			Non-derivative financial assets / (liabilities) R'000			
Non-derivative financial assets / (liabilities)						
Financial assets						
Tariff receivable	9.82	533 175	366 347	-	366 347	899 522
Other receivables	N/A	119	-	-	-	119
Cash and cash equivalents (1)	6.96	522 977	-	-	-	522 977
Financial asset maturities		1 056 271	366 347	-	366 347	1 422 618
Financial liabilities						
Borrowings (fixed rate) (2)	10.05	(367 583)	(522 126)	-	(522 126)	(889 709)
Borrowings (variable rate) (1)(2)	7.74	(57 963)	(544 939)	-	(544 939)	(602 902)
Payables from exchange transactions (excluding interest payable) (3)	N/A	(3 811)	-	-	-	(3 758)
Financial liabilities maturities		(429 357)	(1 067 065)	-	(1 067 065)	(1 496 422)
Net financial assets/(liabilities)		626 914	(700 718)	-	(700 718)	(73 804)

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2025	Weighted average effective interest rate %	Total undiscounted current financial assets / (liabilities) R'000	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities) R'000	Total undiscounted financial assets / (liabilities) R'000
			1-5 years R'000	>5 years R'000		
Non-derivative financial assets / (liabilities)						
Financial assets						
Tariff receivable	9.82	593 867	1 087 720	-	1 087 720	1 681 587
Other receivables	N/A	119	-	-	-	119
Cash and cash equivalents (1)	7.63	607 834	-	-	-	607 834
Financial asset maturities		1 201 820	1 087 720	-	1 087 720	2 289 540
Financial liabilities						
Borrowings (fixed rate) (2)	10.06	(373 367)	(889 738)	-	(889 738)	(1 263 105)
Borrowings (variable rate) (1)(2)	8.86	(97 253)	(982 361)	-	(982 361)	(1 079 614)
Payables from exchange transactions (excluding interest payable) (3)	N/A	(3 933)				
			-	-	-	(3 933)
Financial liabilities maturities		(474 553)	(1 872 099)	-	(1 872 099)	(2 346 652)
Net financial assets/(liabilities)		727 267	(784 379)	-	(784 379)	(57 112)

(1) The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.

(2) Loan repayments are made periodically as per the respective agreements.

(3) Accrued interest has been included with the applicable instruments in the table.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

MCWAP-1

A. Financing facilities

	2026 R'000	2025 R'000
Total borrowing authority		
Borrowing limit	11 323 000	6 680 000
Utilisation MCWAP-1	(713 987)	(768 229)
Utilisation MCWAP-2	(3 175 839)	-
Available	7 433 174	5 911 771

2026	Facility amount R'000	Issued R'000	Available R'000	Outstanding debt R'000
Utilisation of approved facilities				
Investec	700 000	498 082	-	190 084
Investec (1)	200 000	-	200 000	-
Nedbank	600 000	225 000	-	-
Rand Merchant Bank iNdwa	700 000	700 000	-	523 903
	2 200 000	1 423 082	200 000	713 987

2025	Facility amount R'000	Issued R'000	Available R'000	Outstanding debt R'000
Utilisation of approved facilities				
Investec	700 000	498 082	-	209 362
Investec (1)	200 000	-	200 000	-
Nedbank	600 000	225 000	-	-
Rand Merchant Bank iNdwa	700 000	700 000	-	558 867
	2 200 000	1 423 082	200 000	768 229

(1) This is a revolving credit facility. (2) Where the available amount is zero, the drawdown period has expired.

TCTA ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

B. Liquidity risk tables

The liquidity and interest risk tables are included for each project and includes the contractual maturity analysis reports for non-derivative financial assets and liabilities. There is no liquidity analysis for derivatives as there were no derivative instruments in MCWAP-1.

Contractual maturity analysis report for non-derivative financial assets / (liabilities)

The following tables detail TCTA’s remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA’s liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in Note 13 and 26.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

As at 31 March MCWAP-1 has contractual maturities as summarised below:

2026	Weighted average effective interest rate %	Total undiscounted current financial assets / (liabilities) R'000	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities) R'000	Total undiscounted financial assets / (liabilities) R'000
Non-derivative financial assets / (liabilities)						
Financial assets						
Tariff receivable	13.02	94 558	183 007	-	183 007	277 565
Other receivables	N/A	14 427	-	-	-	14 427
Cash and cash equivalents (1)	6.98	710 586	-	-	-	710 586
Financial asset maturities		819 571	183 007	-	183 007	1 002 578
Financial liabilities			-	-	-	(208 526)
Borrowings (fixed rate) (2)	10.11	(208 526)	-	-	-	(536 288)
Borrowings (variable rate) (1)(2)	9.58	(536 288)				
Payables from exchange transactions (excluding interest payable) (3)	N/A	(188)	-	-	-	(188)
Financial liabilities maturities		(745 002)	-	-	-	(745 002)
NET Financial assets/(liabilities)		74 569	183 007	-	183 007	257 576

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

As at 31 March MCWAP-1 has contractual maturities as summarised below:

2025	Weighted average effective interest rate %	Total undiscounted current financial assets / (liabilities) R'000	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities) R'000	Total undiscounted financial assets / (liabilities) R'000
Non-derivative financial assets / (liabilities)						
Financial assets						
Tariff receivable	13.02	79 245	276 421	-	276 421	355 666
Cash and cash equivalents (1)	7.64	722 435	-	-	-	722 435
Financial asset maturities		801 680	276 421	-	276 421	1 078 435
Financial liabilities			-	-	-	(308 217)
Borrowings (fixed rate)(2)	10.11	(39 836)	(152 616)	(115 765)	(268 381)	(887 280)
Borrowings (variable rate) (1)(2)	10.43	(90 852)	(386 775)	(409 653)	(796 428)	
Payables from exchange transactions (excluding interest payable)(3)	N/A	(2 782)	-	-	-	(2 782)
Financial liabilities maturities		(133 470)	-	-	-	(1 198 279)
NET Financial assets/(liabilities)		668 210	(262 970)	-	(788 388)	120 178

TCTA ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

MMTS-2

A. Financing facilities

B. Liquidity risk tables

The liquidity and interest risk tables are included for each project and includes the contractual maturity analysis reports for non-derivative financial assets and liabilities. There is no liquidity analysis for derivatives as there were no derivative instruments in MMTS-2.

Contractual maturity analysis report for non-derivative financial assets / (liabilities)

The following tables detail TCTA’s remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA’s liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in Note 13 and 26.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

As at 31 March MMTS-2 has contractual maturities as summarised below:

2026	Weighted average effective interest rate %	Total undiscounted current financial assets / (liabilities) R'000	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities) R'000	Total undiscounted financial assets / (liabilities) R'000
			1-5 years R'000	>5 years R'000		
Non-derivative financial assets / (liabilities)						
Financial assets						
Other receivables	N/A	4 155	-	-	-	4 155
Cash and cash equivalents (1)	7.04	50 643	-	-	-	50 643
Financial asset maturities		54 798	-	-	-	54 798
Financial liabilities						
Payables from exchange transactions (excluding interest payable) (2)	N/A	(54 863)	-	-	-	(54 863)
Financial liabilities maturities		(54 863)	-	-	-	(54 863)
Net financial assets/(liabilities)		(65)	-	-	-	(65)

2025		Weighted average effective interest rate %	Total undiscounted current financial assets / (liabilities) R'000	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities) R'000	Total undiscounted financial assets (liabilities) R'000
				1-5 years R'000	>5 years R'000		
Non-derivative financial assets / (liabilities)							
Financial assets							
Other receivables	N/A	4 155	-	-	-	4 155	
Cash and cash equivalents (1)	7.48	47 237	-	-	-	47 237	
Financial asset maturities		51 392	-	-	-	51 392	
Financial liabilities							
Payables from exchange transactions (excluding interest payable) (2)	N/A	(20 460)	-	-	-	(20 460)	
Financial liabilities maturities		(20 460)	-	-	-	(20 460)	
Net financial assets/(liabilities)		30 932	-	-	-	30 932	

TCTA ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

- (1) The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.
- (2) Accrued interest has been included with the applicable instruments in the table.

ORWRDP

A. Financing facilities

ORWRDP is funded through the fiscus, hence there are no financing facilities for this project.

B. Liquidity risk tables

The liquidity and interest risk tables are included for each project and include the contractual maturity analysis reports for non-derivative financial assets and liabilities. There is no liquidity analysis for derivatives as there were no derivative instruments in ORWRDP.

Contractual maturity analysis report for non-derivative financial assets / (liabilities)

The following tables detail TCTA’s remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA’s liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in Note 13 and 26.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

As at 31 March ORWRDP has contractual maturities as summarised below:

2026	Weighted average effective interest rate %	Total undiscounted current financial assets / (liabilities) R'000	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities) R'000	Total undiscounted financial assets / (liabilities) R'000
			1-5 years R'000	>5 years R'000		
Non-derivative financial assets / (liabilities)						
Financial assets						
Cash and cash equivalents (1)	7.40	1 387	-	-	-	1 387
Financial asset maturities		1 387	-	-	-	1 387
Net financial assets/(liabilities)		1 387	-	-	-	1 387

2025	Weighted average effective interest rate %	Total undiscounted current financial assets / (liabilities) R'000	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities) R'000	Total undiscounted financial assets / (liabilities) R'000
			1-5 years R'000	>5 years R'000		
Non-derivative financial assets / (liabilities)						
Financial assets						
Cash and cash equivalents (1)	8.05	1 298	-	-	-	1 298
Financial asset maturities		1 298	-	-	-	1 298
Payables from exchange transactions (excluding interest payable and VAT) (2)	N/A	(267)	-	-	-	(267)
Net financial assets/(liabilities)		1 031	-	-	-	1 031

- (1) The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.
- (2) Accrued interest has been included with the applicable instruments in the table.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

KWSAP

A. Financing facilities

Funding sources and utilisation at 31 March:

Total borrowing authority	2026 R'000	2025 R'000
Global limit	927 000	986 000
Utilisation	(772 984)	(834 833)
Available	154 016	151 167

2026	Facility amount R'000	Issued R'000	Available R'000	Outstanding debt R'000
Utilisation of approved facilities				
Nedbank	400 000	369 313	-	158 277
RMB (1)	600 000	600 000	-	614 707
ABSA	250 000	-	250 000	-
	1 250 000	969 313	250 000	772 984

2025	Facility amount R'000	Issued R'000	Available R'000	Outstanding debt R'000
Utilisation of approved facilities				
Nedbank	600 000	600 000	-	653 108
RMB (1)	250 000	-	250 000	-
ABSA	1 250 000	969 313	250 000	834 833

(1) The outstanding debt is higher than the facility amount as interest was capitalised up to the fourth anniversary of the drawdown date.

(2) Where the availability amount is zero, the drawdown period has lapsed.

TCTA ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

B. Liquidity risk tables

The liquidity and interest risk tables are included for each project and includes the contractual maturity analysis reports for non-derivative financial assets and liabilities. There is no liquidity analysis for derivatives as there were no derivative instruments in KWSAP.

Contractual maturity analysis report for non-derivative financial assets / (liabilities)

The following tables detail TCTA’s remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA’s liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in Note 13 and 26.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

As at 31 March, KWSAP has contractual maturities as summarised below:

2026	Weighted average effective interest rate %	Total undiscounted current financial assets / (liabilities) R'000	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities) R'000	Total undiscounted financial assets / (liabilities) R'000
			1-5 years R'000	>5 years R'000		
			Non-derivative financial assets / (liabilities) R'000			
Financial assets						
Tariff receivable	10.51	146 477	105 917	(13 042)	92 875	239 352
Cash and cash equivalents (1)	6.93	676 058	-	-	-	676 058
Financial asset maturities		822 535	105 917	(13 042)	92 875	915 410
Financial liabilities						
Borrowings (Fixed rate) (2)	9.86	(122 700)	(150 032)	(45 020)	(195 052)	(317 752)
Borrowings (Variable rate) (1)(2)	10.23	(26 191)	(476 143)	(304 524)	(780 667)	(806 858)
Payables from exchange transactions (excluding interest payable) (3)	N/A	(9 092)	-	-	-	(9 092)
Financial liabilities maturities		(157 983)	(626 175)	(349 544)	(975 719)	(1 133 702)
Net financial assets/(liabilities)		664 552	(520 258)	(362 586)	(882 844)	(218 292)

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

As at 31 March, KWSAP has contractual maturities as summarised below:

2025	Weighted average effective interest rate %	Total undiscounted current financial assets / (liabilities) R'000	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities) R'000	Total undiscounted financial assets / (liabilities) R'000
			1-5 years R'000	>5 years R'000		
			Non-derivative financial assets / (liabilities) R'000			
Financial assets						
Tariff receivable	10.51	225 166	250 909	18 016	268 925	494 091
Cash and cash equivalents (1)	7.65	538 213	-	-	-	538 213
Financial asset maturities		763 379	250 909	18 063	268 925	1 032 304
Financial liabilities						
Borrowings (Fixed rate) (2)	9.67	(40 080)	(138 062)	(73 859)	(211 921)	(252 001)
Borrowings (Variable rate)(1)(2)	11.04	(107 462)	(482 678)	(442 331)	(925 009)	(1 032 471)
Payables from exchange transactions (excluding interest payable) (3)	N/A	(6 056)	-	-	-	(6 056)
Financial liabilities maturities		(153 598)	(620 740)	(516 190)	(1 136 930)	(1 290 528)
Net financial assets/(liabilities)		609 781	(369 831)	(498 174)	(868 005)	(258 224)

(1) The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.

(2) Loan repayments are made periodically as per the respective agreements.

(3) Accrued interest has been included with the applicable instruments in the table.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

MCWAP-2

A. Financing facilities

2026	Facility amount R'000	Issued R'000	Available R'000	Outstanding debt R'000
Approved facilities total issued to date				
Standard Bank of SA	3 250 000	-	3 250 000	-
Absa	2 000 000	-	2 000 000	-
ABSA (1)	1 000 000	-	1 000 000	-
RMB	3 000 000	-	3 000 000	-
RMB (1)	1 000 000	-	1 000 000	-
Nedbank (2)	4 500 000	3 000 000	1 324 929	3 175 839
Investec	1 000 000	-	1 000 000	-
IDC	1 500 000	-	-	-
ABSA	5 000 000	-	-	-
	22 250 000	3 000 000	12 574 929	3 175 839

(1) These are revolving credit facilities

(2) Interest is capitalised.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2025	Facility amount R'000	Issued R'000	Available R'000	Outstanding debt R'000
Approved facilities total issued to date				
Standard Bank of SA	3 250 000	-	3 250 000	-
Absa	2 000 000	-	2 000 000	-
ABSA (2)	1 000 000	-	1 000 000	-
RMB	3 000 000	-	3 000 000	-
RMB (2)	1 000 000	-	1 000 000	-
Nedbank (2)	4 500 000	-	4 500 000	-
Investec	1 000 000	-	1 000 000	-
IDC (1)	1 500 000	-	-	-
ABSA (1)	5 000 000	-	-	-
	22 250 000	-	15 750 000	-

(1) These are revolving credit facilities

(2) Interest is capitalised.

B. Liquidity risk tables

This project comprises the refurbishment of the existing transfer scheme from Mearns Weir into the Mgeni system and the project is funded from the fiscus. The liquidity and interest risk tables are included for each project and includes the contractual maturity analysis reports for non-derivative financial assets and liabilities. There is no liquidity analysis for derivatives as there were no derivative instruments in MCWAP-2.

Contractual maturity analysis report for non-derivative financial assets / (liabilities)

The following tables detail TCTA's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA's liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in Note 13 and 26.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

As at 31 March MCWAP-2 has contractual maturities as summarised below:

2026	Weighted average effective interest rate %	Total undiscounted current financial assets / (liabilities) R'000	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities) R'000	Total undiscounted financial assets / (liabilities) R'000
			1-5 years R'000	>5 years R'000		
Non-derivative financial assets / (liabilities)						
Financial assets						
Other receivables	N/A	84 231	-	-	-	84 231
Cash and cash equivalents (1)	6.95	1 261 354	-	-	-	1 261 354
Financial asset maturities		1 345 585	-		-	1 345 585
Financial liabilities						
Payables from exchange transactions (excl interest payable)	N/A	(67 162)				(67 162)
Borrowings (Variable rate) (1)(2)	9.32	-	(1 641 496)	(5 117 780)	(6 759 276)	(6 759 276)
Financial liabilities maturities		(67 162)	(1 641 496)	(5 117 780)	(6 759 276)	(6 826 173)
Net financial assets/(liabilities)		1 278 423	(1 641 496)	(5 117 780)	(6 759 276)	(5 480 853)

(1) The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.

(2) Accrued interest has been included with the applicable instruments in the table.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

As at 31 March MCWAP-2 has contractual maturities as summarised below:

2025	Weighted average effective interest rate %	Total undiscounted current financial assets / (liabilities) R'000	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities) R'000	Total undiscounted financial assets / (liabilities) R'000
			1-5 years R'000	>5 years R'000		
Non-derivative financial assets / (liabilities)						
Financial assets						
Cash and cash equivalents (1)	7.64	452 044	-	-	-	452 044
Financial asset maturities		452 044	-	-	-	452 044
Payables from exchange transactions (excluding interest payable) (2)	N/A	(40 961)	-	-	-	(40 961)
Net financial assets/(liabilities)		411 083	-	-	-	411 083

(1) The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.

(2) Accrued interest has been included with the applicable instruments in the table.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

MRWP

A. Liquidity risk tables

The liquidity and interest risk tables are included for each project and includes the contractual maturity analysis reports for non-derivative financial assets and liabilities. There is no liquidity analysis for derivatives as there were no derivative instruments in MRWP.

Contractual maturity analysis report for non-derivative financial assets/(liabilities)

The following tables detail TCTA's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA's liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in note 13 and 26.

As at 31 March, MRWP had contractual maturities as summarised below:

2026	Weighted average effective interest rate %	Total undiscounted current financial assets / (liabilities) R'000	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities) R'000	Total undiscounted financial assets / (liabilities) R'000
			1-5 years R'000	>5 years R'000		
Non-derivative financial assets / (liabilities)						
Financial assets						
Other receivables	7.64	64 412	-	-	-	64 412
Cash and cash equivalents (1)	6.64	30 036	-	-	-	30 036
Financial asset maturities		94 448	-		-	94 448
Financial liabilities						
Payables from exchange transactions (excluding interest payable) (2)	N/A	(90 083)				(90 083)
Financial liabilities maturities		(90 083)	-	-	-	(90 083)
Net financial assets/(liabilities)		4 365	-	-	-	4 365

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

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2025	Weighted average effective interest rate %	Total undiscounted current financial assets / (liabilities) R'000	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities) R'000	Total undiscounted financial assets / (liabilities) R'000
			1-5 years R'000	>5 years R'000		
Non-derivative financial assets / (liabilities)						
Financial assets						
Other recievables	N/A	33 928				33 928
Cash and cash equivalents (1)	7.36	29 753		-	-	29 753
Financial asset maturities		63 681	-		-	63 681
Financial Liabilities						
Payables from exchange transactions (excluding interest payable) (2)	N/A	(61 392)	-	-	--	(61 392)
Financial liailties maturities		(61 392)	-	-	-	(61 392)
Net financial assets/(liabilities)		2 289	-	-	-	2 289

(1) The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand

(2) Accrued interest has been included with the applicable instruments in the table.

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FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

TCTA-C

A. Liquidity risk tables

Contractual maturity analysis report for non-derivative financial assets / (liabilities)

The following tables detail TCTA’s remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA’s liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in Note 13 and 26.

2026	Weighted average effective interest rate %	Total undiscounted current financial assets / (liabilities) R'000	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities) R'000	Total undiscounted financial assets / (liabilities) R'000
			1-5 years R'000	>5 years R'000		
Non-derivative financial assets / (liabilities)						
Financial assets						
Cash and cash equivalents (1)	6.65	15 001	-	-	-	15 001
Financial asset maturities		15 001	-	-	-	15 001

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

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As at 31 March TCTA-C has contractual maturities as summarised below:

2025	Weighted average effective interest rate %	Total undiscounted current financial assets / (liabilities) R'000	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities) R'000	Total undiscounted financial assets / (liabilities) R'000
			1-5 years R'000	>5 years R'000		
			Non-derivative financial assets / (liabilities) R'000			
Financial assets						
Other receivables	N/A	4 181	-	-	-	4 181
Cash and cash equivalents (1)	7.40	1 846	-	-	-	1 846
Financial asset maturities		6 027	-	-	-	6 027
Net financial assets/(liabilities)		6 027	-	-	-	6 027

(1) The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand

(2) Accrued interest has been included with the applicable instruments in the table.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

BRVAS

A. Financing facilities

Funding sources and utilisation at 31 March:

Total borrowing authority	2026 R'000	2025 R'000
Borrowing limit	1 277 000	1 246 000
Utilisation	(120 000)	-
Available	1 157 000	1 246 000

2026	Facility amount R'000	Issued R'000	Available R'000	Outstanding debt R'000
Utilisation of approved facilities				
DBSA (1)	1 600 000	-	-	-
DBSA (1)(2)	250 000	-	-	-
RMB (1)	520 000	120 000	400 000	120 000
Investec(3)	200 000	-	-	-
	2 570 000	120 000	400 000	120 000

(1) These facilities are subject to fulfillment of conditions precedent before the first drawdown.

(2) This is a revolving credit facility.

(3) This facility has been cancelled, refer to note 33.

TCTA ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2025	Facility amount R'000	Issued R'000	Available R'000	Outstanding debt R'000
Utilisation of approved facilities				
DBSA (1)	1 600 000	-	-	-
DBSA (1)(2)	250 000	-	-	-
RMB (1)	520 000	-	-	-
	2 370 000	-	-	-

- (1) These facilities are subject to fulfillment of conditions precedent before the first drawdown.

(2) This is a revolving credit facility.

B. Liquidity risk tables

Contractual maturity analysis report for non-derivative financial assets / (liabilities)

The following tables detail BRVAS’s remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which BRVAS may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand BRVAS’s liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in Note 13 and 26.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2026	Weighted average effective interest rate %	Total undiscounted current financial assets / (liabilities) R'000	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities) R'000	Total undiscounted financial assets / (liabilities) R'000
			1-5 years R'000	>5 years R'000		
Non-derivative financial assets / (liabilities)						
Financial assets						
Other receivables	N/A	12 722	-	-	-	12 722
Cash and cash equivalents (1)	6.84	127 160	-	-	-	127 160
Financial asset maturities		139 882	-	-	-	139 882
Financial Liabilities						
Borrowings (Variable rate)(1)(2)	9.95	(12 484)	-	-	-	(12 484)
Payables from exchange transactions (excluding interest payable) (2)	N/A	(22 752)	-	-	-	(22 752)
Financial liabilities maturities		(35 236)	-	-	-	(35 236)
Net financial assets/(liabilities)		104 646	-	-	-	104 646

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2025	Weighted average effective interest rate %	Total undiscounted current financial assets / (liabilities) R'000	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities) R'000	Total undiscounted financial assets / (liabilities) R'000
			1-5 years R'000	>5 years R'000		
Non-derivative financial assets / (liabilities)						
Financial assets						
Other receivables	N/A	9	-	-	-	9
Cash and cash equivalents (1)	7.35	20 205	-	-	-	20 205
Financial asset maturities		20 214	-	-	-	20 214
Financial Liabilities						
Borrowings (Variable rate)(1)(2)	N/A	(6 038)	-	-	-	(6 038)
Payables from exchange transactions (excluding interest payable) (2)		(6 038)	-	-	-	(6 038)
Financial liabilities maturities		14 176	-	-	-	14 176
Net financial assets/(liabilities)		104 613	-	-	-	104 613

(1) The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.

(2) Accrued interest has been included with the applicable instruments in the table.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

KRIEL

A. Liquidity risk tables

This project comprises the construction of a 3km pipeline from the KWSAP to Kriel water treatment works and the upgrading of the works.

Contractual maturity analysis report for non-derivative financial assets/(liabilities)

The following tables detail TCTA's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA's liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in note 13 and 26.

As at 31 March, Kriel had contractual maturities as summarised below:

2026	Weighted average effective interest rate %	Total undiscounted current financial assets / (liabilities) R'000	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities) R'000	Total undiscounted financial assets / (liabilities) R'000
			1-5 years R'000	>5 years R'000		
Non-derivative financial assets / (liabilities)						
Financial assets						
Other receivables	N/A	3 869	-	-	-	3 869
Financial asset maturities		3 869	-	-	-	3 869
Financial liabilities						
Payables from exchange transactions (excluding interest payable and VAT) (1)	N/A	(1 057)	-	-	-	(1 057)
Financial liabilities maturities		(1 057)	-	-	-	(1 057)
Net financial assets/(liabilities)		2 812	-	-	-	2 812

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2025	Weighted average effective interest rate %	Total undiscounted current financial assets / (liabilities) R'000	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities) R'000	Total undiscounted financial assets / (liabilities) R'000
			1-5 years R'000	>5 years R'000		
Non-derivative financial assets / (liabilities)						
Financial assets						
Other receivables	N/A	3 869	-	-	-	3 869
Financial asset maturities		3 869	-	-	-	3 869
Financial liabilities						
Payables from exchange transactions (excluding interest payable)(1)	N/A	(1 057)	-	-	-	(1 057)
Financial liabilities maturities		(1 057)	-	-	-	(1 057)
Net financial asset/(liabilities)		2 812	-	-	-	2 812

(1) Accrued interest has been included with the applicable instruments in the table.

UMWP

A. Financing facilities

	2026 R'000	2025 R'000
Total borrowing authority		
Borrowing limit	492 000	352 000

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B. Liquidity risk tables

Contractual maturity analysis report for non-derivative financial assets/(liabilities)

The following tables detail TCTA's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA's liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in note 13 and 26.

As at 31 March, uMWP had contractual maturities as summarised below:

2026	Weighted average effective interest rate %	Total undiscounted current financial assets / (liabilities) R'000	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities) R'000	Total undiscounted financial assets / (liabilities) R'000
			1-5 years R'000	>5 years R'000		
Non-derivative financial assets / (liabilities)						
Financial assets						
Tariff receivable	N/A	99 502	-	-	-	99 502
Cash and cash equivalents	6.93	2 749 209	-	-	-	2 749 209
Financial asset maturities		2 848 711				2 848 711
Financial liabilities						
Payables from exchange transactions (excluding interest payable)(2)	N/A	(55 234)	-	-	-	(55 234)
Financial liabilities maturities		(55 234)	-	-	-	(55 234)
Net financial assets/(liabilities)		2 793 477	-	-	-	2 793 477

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2025	Weighted average effective interest rate %	Total undiscounted current financial assets / (liabilities) R'000	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities) R'000	Total undiscounted financial assets / (liabilities) R'000
			1-5 years R'000	>5 years R'000		
Non-derivative financial assets / (liabilities)						
Financial assets						
Tariff receivables	N/A	611 696	-	-	-	611 696
Cash and cash equivalents (1)	7.56	611 696	-	-	-	611 696
Financial asset maturities		1 475 695				1 475 695
Financial liabilities						
Payables from exchange transactions (excluding interest payable and VAT) (2)	N/A	(23 943)	-	-	-	(23 943)
Financial liabilities maturities		(23 943)	-	-	-	(23 943)
Net financial assets/(liabilities)		1 451 752	-	-	-	1 451 752

(1) The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.

(2) Accrued interest has been included with the applicable instruments in the table.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

NWAMITWA

A. Liquidity risk tables

Contractual maturity analysis report for non-derivative financial assets/(liabilities)

The following tables detail TCTA's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA's liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in note 13 and 26.

As at 31 March, NWAMITWA had contractual maturities as summarised below:

2026	Weighted average effective interest rate %	Total undiscounted current financial assets / (liabilities) R'000	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities) R'000	Total undiscounted financial assets / (liabilities) R'000
			1-5 years R'000	>5 years R'000		
Non-derivative financial assets / (liabilities)						
Financial assets						
Other receivables	N/A	1				1
Cash and cash equivalents (1)	6.70	52 027	-	-	-	52 027
Financial asset maturities		52 028	-	-	-	52 028
Financial liabilities						
Financial liabilities maturities		-	-	-	-	-
Net financial assets/(liabilities)		52 028	-	-	-	52 028

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6.2.2 Credit risk

TCTA deposits and invests working capital and excess funds with banks and other financial counterparties, which exposes the organisation to credit risk. Credit risk is defined as the risk that a counterparty defaults on its obligations on maturity or redemption or presentation of paper for settlement, resulting in financial deficit to TCTA.

The credit risk is in two forms i.e:

- ii. the risk of financial deficit resulting from the failure of a counterparty to honour its obligations in accordance with the terms and conditions of a contract: or
- ii. the risk of financial deficit resulting from the failure of a counterparty to a financial transaction to effect timely settlement, in the correct amount and currency, of its obligations according to the terms and conditions of the relevant transaction(s).

This section relates to the credit risk on financial market investments as disclosed in the statement of financial position.

TCTA has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial deficit from defaults. TCTA only transacts with entities that are rated the equivalent of investment grade and above. In terms

of policy, TCTA will only invest with counterparties with a long-term rating of A or better. This information is supplied by independent rating agencies where available and, if not available, TCTA uses other publicly available financial information and its own trading records to rate its major customers. TCTA's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties

Credit exposure is controlled by setting counterparty limits that are reviewed and approved by the Finance Committee annually.

Hence, credit risk at TCTA is managed through the following:

- ensuring that TCTA deals with reputable counterparties;
- liaison with credit rating agencies;
- allocating counterparty investment limits;
- continuous monitoring of the financial status of counterparties;
- annual review of counterparty limits; and
- daily monitoring of utilisation of counterparty limits.

Limits are allocated based on the following:

- limits are allocated to counterparties with a minimum short-term rating of P-1 and long-term rating of A from Moody's rating agency, or the

equivalent from the other rating agencies;

- an internal credit rating score is calculated based on qualitative and quantitative factors; and
- the allocated credit limit can be up to 10% of shareholders' funds, depending on the internal credit rating, with a cap of R1,5 billion per counterparty.

The credit limit per counterparty refers the total investment limit allocated to each counterparty for all TCTA projects. Refer to note 6.2.2 for further detail for each project.

Impairment of financial assets

Long-term financial assets

Financial market investments consists of the loan with Landbank, which inherently exposes the company to credit risk, being the risk that the company will incur financial loss if the counterparty fails to make payments as they fall due.

Expected credit loss allowances on financial market investments were valued based on the PD and LGD data from the S&P CreditModel™ (the model) for banks in the emerging market.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

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The calculation of ECL rates, which is a forward-looking measure, is based on:

- The probability of default (PD) rate for each ageing bucket; multiplied by
- The percentage of defaulted amounts that were irrecoverable (LGD); and
- Adjusted by a factor to convert historical loss experience to future credit loss expectations, using multiple macroeconomic scenarios.

The PD is based on the credit rating of the counterparty and the LGD is measured using S&P CreditModelTM. The inputs into this are the latest available audited annual financial statements of the counterparty which are available on the S&P Capital IQ platform. The model utilises both financial data from banks and the most relevant macroeconomic data for the banking sector to generate a quantitative credit score that aims to statistically match a credit rating by S&P Global Ratings.

The score is calculated prior to any group or government support consideration. In addition, each score is mapped to one-, three- and five-year implied default rates using S&P Global Ratings observed historical default rates for the entire rated universe. The credit score is also benchmarked to the country and industry median.

The model's primary output is a one-year probability of default (PD), which is then mapped to a credit

score to get an expected LGD and expected loss. A through-the-cycle PD is determined by the model using forward-looking pre-defined macroeconomic factors and scenarios.

As the Land Bank is supported by government, government support was applied into the model.

The Land Bank (the Bank) defaulted on the notes it had issued shortly after the acquisition of the investment by TCTA. After several years of being in default, it has undergone restructuring and the Government has stated its intention to support it through a re-capitalisation.

On 16 September 2024, the Bank implemented Liability Solution No 5 which was supported by National Treasury as part of its debt restructuring process with its lenders. This milestone intended to end the Bank's default status since April 2020.

As at year end, the Bank has honoured its repayments under this solution, thus improving its default status with TCTA. However, as the Bank is still in default status, TCTA sees it prudent to maintain the investment at Stage 2.

The investment will continue being monitored and reassessed in the next six and 12 months. As the investment moves closer to the full settlement date and payments obligations are being honoured, the probability of default will reduce resulting in consideration to move the investment to stage 1.

On this basis, as at 31 March, the loss allowance on the long-term financial market investment was determined as follows:

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31 March 2026

Counterparty	Stage	PD	LGD	ECL	Gross carrying amount R'000	Loss allowance R'000
Land and Agricultural Development Bank of South Africa	2	1 %	35,93 %	0,69 %	18 198	57
Total					18 198	57

31 March 2025

Counterparty	Stage	PD	LGD	ECL	Gross carrying amount R'000	Loss allowance R'000
Land and Agricultural Development Bank of South Africa	2	5 %	37,10 %	1,79 %	25 422	454
Total					25 422	454

Concentration risk

Concentration risk in TCTA is measured per counterparty and per project. According to TCTA policy, the utilisation of a counterparty limit is subject to a 30% concentration limit per counterparty. The concentration limit is further extended to projects whereby investment to a counterparty should not exceed 30% of a single project's funds. This ensures that the portfolio is sufficiently diversified and is exposed to acceptable levels of risk. For each project, the amount of risk exposure to counterparties varies on a day-to-day basis depends on volumes of trades done. TCTA determines this exposure daily and prepares a report before any dealing is performed. An exception to the limits requires approval through exception reporting by the Risk department.

Similar credit ratings in the notes below, refer to different counterparties and are therefore not combined.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Counterparty risk

The table shows investments with 6 Counterparties, 5 money market funds (MMFs) and the Corporation for Public Deposits (CPD). The maximum approved limit for investment with any one of the above counterparties is R 1,5 billion. TCTA had call investments with counterparties and money market investments with the MMFs.

Investments to each counterparty or MMF is spread across all projects. The available amount shows the difference between amount invested and approved counterparty limit.

2026																		
Investments Moody's Ratings: Long-term	Short-term	Counterparty	Credit limit R'000	VRS R'000	BWP R'000	VRESAP R'000	MCWAP-1 R'000	MMTS-2 R'000	ORWRDP R'000	KWSAP R'000	TCTA-C R'000	MCWAP-2 R'000	BRVAS R'000	UMWP R'000	MRWP R'000	NWAMITWA R'000	Total utilization R'000	Available R'000
Aa1	P-1	Counterparty 1	1 500 000	517 900	13 111	20 160	47 975	3 975	1 360	29 038	14 826	62 369	11 514	78 895	8 236	6 537	815 896	684 104
Aa1	P-1	Counterparty 2	1 500 000	64 247	4 785	5 542	15 261	1 106	-	10 894	-	8 513	9 761	16 848	4 902	1 508	143 367	1 356 633
Aa1	P-1	Counterparty 3	1 500 000	593 007	7 511	27 471	37 522	2 162	-	32 600	-	64 360	14 445	193 209	6 290	6 134	984 711	515 289
Aa1	P-1	Counterparty 4	1 500 000	205 199	10 017	31 848	37 440	2 648	-	44 843	-	73 142	14 962	205 349	8 422	6 235	640 105	859 895
NA	NA	Counterparty 5	-	18 198	-	-	-	-	-	-	-	-	-	-	-	-	18 198	(18 198)
Aa3	P-1	Counterparty 6	1 500 000	525 603	4 117	37 976	28 245	2 359	-	41 449	-	81 082	-	126 757	-	6 336	853 924	646 076
		MMF 1*	-	893 446	5 320	62 198	92 968	9 851	-	62 458	-	128 690	-	236 822	-	-	1 491 753	-
		MMF 2*	-	354 237	268	30 668	42 129	1 606	-	24 556	-	106 832	-	88 437	-	-	648 733	-
		MMF 3*	-	331 264	309	26 736	19 298	1 258	-	37 352	-	113 608	-	149 377	-	-	679 202	-
		MMF 4*	-	301 353	1 518	3 736	37 615	1 103	-	40 156	-	12 221	-	173 282	-	-	570 984	-
		- MMF 5*	-	17 458	1 015	3 079	5 479	-	-	4 018	-	1 219	10 146	20 427	-	-	62 841	-
		- MMF 6	-	49 518	-	20 552	5 065	-	-	20 294	-	-	7 504	118 097	-	-	221 030	-
		CPD**	-	3 381 372	3 418	252 836	341 485	24 408	-	328 266	-	609 202	58 687	1 341 571	2 052	25 112	6 368 409	-
			7 500 000	7 252 802	51 389	522 802	710 482	50 476	1 360	675 924	14 826	1 261 238	127 019	2 749 071	29 902	51 862	13 499 153	4 043 799

* Investments with the CPD cannot exceed 50% of available investment funds at any point.

** This investment or counterparty is subject to a maximum of 50% of the project funds.

Note 1: R18 million (2025: R25 million) invested on VRS is subject to impairment and categorised as Stage 2. All other investments are not subject to impairment. Refer to note 10 for the reconciliation of movement on the provision for impairment.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2025																		
Investments Moody's Ratings: Long-term	Short-term	Counterparty	Credit limit R'000	VRS R'000	BWP R'000	VRESAP R'000	MCWAP-1 R'000	MMTS-2 R'000	ORWRDP R'000	KWSAP R'000	TCTA-C R'000	MCWAP-2 R'000	BRVAS R'000	UMWP R'000	MRWP R'000	Total utilization R'000	Available R'000	
Aa1	P-1	Counterparty 1	1 500 000	624 848	10 704	48 443	36 130	11 122	1 269	30 759	1 689	45 616	5 735	67 908	7 636	891 859	608 141	
Aa1	P-1	Counterparty 2	1 500 000	301 224	5 794	10 275	18 994	6 137	-	10 901	-	6 808	4 837	11 418	5 810	382 198	1 117 802	
Aa1	P-1	Counterparty 3	1 500 000	463 530	4 496	8 543	19 883	5 182	-	7 563	-	5 633	3 990	60 423	5 760	585 003	914 997	
Aa1	P-1	Counterparty 4	1 500 000	512 890	9 527	32 213	38 973	6 272	-	37 243	-	34 849	5 513	75 842	8 730	762 052	737 948	
NA	NA	Counterparty 5	-	25 422	-	-	-	-	-	-	-	-	-	-	-	25 422	(25 422)	
Aa3	P-1	Counterparty 6	1 500 000	632 871	13 225	44 199	47 281	10 008	-	31 473	-	13 585	-	-	-	792 642	707 357	
		MMF 1*	-	452 570	5 336	51 522	96 105	4 076	-	61 223	-	40 835	-	-	-	711 667	-	
		MMF 2*	-	296 004	249	67 249	44 994	1 492	-	33 808	-	22 581	-	-	-	466 377	-	
		MMF 3*	-	229 284	287	33 673	27 819	1 169	-	25 291	-	24 058	-	-	-	341 581	-	
		MMF 4*	-	79 105	76	14 451	33 936	1 024	-	36 681	-	36 241	-	92 197	-	293 711	-	
		MMF 5*	-	6 338	-	-	10 044	-	-	-	-	1 132	-	-	-	17 514	-	
		CPD**	-	1 694 943	384	297 074	348 117	615	-	263 156	-	220 570	20	303 776	1 626	3 130 281	-	
			7 500 000	5 319 030	50 078	607 642	722 276	47 097	1 269	538 098	1 689	451 908	20 095	611 564	29 562	8 400 308	4 060 823	

* Investments with the CPD cannot exceed 50% of available investment funds at any point.

** This investment or counterparty is subject to a maximum of 50% of the project funds.

(1) Prior year cross-casting errors have been corrected on MMF 4, MMF5 and CPD.

Note 1: R25 million (2024: R44 million) invested on VRS is subject to impairment and categorised as Stage 2. All other investments are not subject to impairment.

Refer to note 10 for the reconciliation of movement on the provision for impairment.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

6.2.3 Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to change in market prices. Market risk reflects currency risk, interest rate risk, and other price risks. TCTA's activities expose it primarily to the financial risks of changes in interest rates. There is no foreign currency denominated borrowings.

All projects do not have any foreign currency exposures.

Interest rate risk

Interest rate risk is the risk of financial loss arising from adverse fluctuations in market interest rates. This is the risk that adverse changes in interest rates will cause a reduction in net income caused by increased cost from financial liabilities including repricing of TCTA's floating debt obligations and the short-term rollover of maturing debt.

TCTA manages interest rate risk by fixing a portion of its debt depending on market conditions. The Finance Committee approved an optimal capital structure where a minimum of 70% debt is fixed for all projects post construction. Currently most of the projects are above the approved capital structure. TCTA does not have any derivatives hedging interest rate risk, instead attainment of the optimal capital structure and the proactive interest rate risk management strategies are applied.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Fixed vs. variable rate loans

The ratio of fixed to floating debt as at 31 March was as follows:

2026	Financial Assets (borrowings) at fixed rates R'000	Financial Assets (borrowings) at variable rates R'000	Fixed rate borrowings as % of total debt book	Variable rate borrowings as % of total debt book
Interest-rate exposure				
VRS				
Borrowings	-	(14 503 180)	-	100
Tariff Receivable	15 273 524	-	100	-
AMD receivable	-	1 342 515	-	100
Financial market investment - long term	-	11 540	-	100
Financial market investment - shortterm	495 546	6 204	99	1
Cash and cash equivalents	6 739 479	-	100	-
BWP				
Borrowings	(45 000)	-	100	-
Cash and cash equivalents	51 470	-	100	-
VRESAP				
Borrowings	(771 824)	(522 176)	60	40
Tariff receivable	784 029	-	100	-
Cash and cash equivalents	522 977	-	100	-
MCWAP-1				
Borrowings	(190 084)	(523 902)	27	73
Tariff receivable	215 810	-	100	-
Cash and cash equivalents	710 586	-	100	-

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2026	Financial Assets (borrowings) at fixed rates R'000	Financial Assets (borrowings) at variable rates R'000	Fixed rate borrowings as % of total debt book	Variable rate borrowings as % of total debt book
Interest-rate exposure				
MMTS				
Cash and cash equivalents	50 643	-	100	-
ORWRDP				
Cash and cash equivalents	1 387	-	100	-
KWSAP				
Borrowings	(628 879)	(144 105)	81	19
Tariff receivable	212 402	-	100	-
Cash and cash equivalent	676 058	-	100	-
MCWAP-2				
Borrowings	-	(3 175 069)	-	100
Cash and cash equivalents	1 261 354	-	100	-
BRVAS				
Borrowings	-	(120 000)	-	100
Cash and cash equivalents	127 160	-	100	-
UMWP				
Cash and cash equivalents	2 749 209	-	100	-
MRWP				
Cash and cash equivalents	30 036	-	100	-
TCTA-C				
Cash and cash equivalents	15 001	-	100	-
NWAMITWA				
Cash and cash equivalents	52 027	-	100	-

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2025	Financial Assets (borrowings) at fixed rates R'000	Financial Assets (borrowings) at variable rates R'000	Fixed rate borrowings as % of total debt book	Variable rate borrowings as % of total debt book
Interest-rate exposure				
VRS				
Borrowings	-	(10 274 393)	-	100
Tariff Receivable	13 449 695	-	100	-
AMD receivable	-	1 572 021	-	100
Financial market investment - long term	312 801	17 744	95	5
Financial market investment - shortterm	1 005 378	7 224	99	1
Cash and cash equivalents	-	3 978 986	-	100
BWP				
Borrowings	(60 000)	-	100	-
Tariff receivable	9 184	-	-	-
Cash and cash equivalents		50 206		100
VRESAP				
Borrowings	(1 043 841)	(854 728)		45
Tariff receivable	1 376 150		55	-
Cash and cash equivalents	-	607 834	-	100
MCWAP-1				
Borrowings	(209 362)	(558 867)		73
Tariff receivable	256 737		27	-
Cash and cash equivalents	-	722 435	-	100

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2025	Financial Assets (borrowings) at fixed rates R'000	Financial Assets (borrowings) at variable rates R'000	Fixed rate borrowings as % of total debt book	Variable rate borrowings as % of total debt book
Interest-rate exposure				
MMTS				
Cash and cash equivalents	-	47 237	-	100
ORWRDP				
Cash and cash equivalents	-	1 298	-	100
KWSAP				
Borrowings	(181 726)	(653 107)	22	78
Tariff receivable	395 953	395 953	100	-
Cash and cash equivalent	-	538 213	-	100
MCWAP-2				
Cash and cash equivalents	-	452 047	-	100
BRVAS				
Cash and cash equivalents	-	20 205	-	100
UMWP				
Cash and cash equivalents	-	611 696	-	100
MRWP				
Cash and cash equivalents	-	29 753	-	100
TCTA-C				
Cash and cash equivalents	-	1 819	-	100

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year to a reasonably possible change in interest rates of +100bps and -100bps (2025: +/- 100bps) and +200bps and -200bps (2025: +/- 200bps), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a projects' financial instruments held at the reporting date. All other variables are held constant.

2026	Change in interest rate			
	-100bps	+100bps	-200bps	+200bps
Financial liabilities				
VRS	114 873	(114 873)	229 747	(229 747)
VRESAP	7 899	(7 899)	15 797	(15 797)
MCWAP-1	5 404	(5 404)	10 809	(10 809)
KWSAP	2 321	(2 321)	4 642	(4 642)
MCWAP-2	19 086	(19 126)	38 131	(38 291)
BRVAS	407	(407)	814	(814)
Financial Assets				
VRS	(33 832)	34 047	(67 451)	68 311
BWP	(621)	623	(1 242)	1 246
VRESAP	(6 997)	7 046	(13 947)	14 140
MCWAP-1	(7 319)	7 371	(14 586)	14 795
MMTS	(489)	490	(977)	981
ORWRDP	(13)	13	(26)	26
KWSAP	(6 165)	6 207	(12 288)	12 457
MCWAP-2	(10 902)	10 962	(21 746)	21 984
BRVAS	(545)	546	(1 090)	1 092
UMWP	(16 150)	16 216	(32 233)	32 500
MRWP	(298)	299	(597)	597
TCTA-C	(245)	245	(489)	489
NWAMITWA	(301)	301	(601)	603

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2025	Change in interest rate			
	-100bps	+100bps	-200bps	+200bps
Financial liabilities				
VRS	87 598	(87 598)	175 196	(175 196)
VRESAP	9 128	(9 128)	18 256	(18 256)
MCWAP-1	5 733	(5 733)	11 465	(11 465)
KWSAP	7 066	(7 066)	14 132	(14 132)
Financial Assets				
VRS	(36 301)	36 316	(72 230)	73 008
BPW	(460)	460	(919)	920
VRESAP	(5 625)	5 607	(11 190)	11 275
MCWAP-1	(7 267)	7 261	(14 453)	14 602
MMTS	(659)	661	(1 315)	1 324
ORWRDP	(12)	12	(24)	24
KWSAP	(3 504)	3 553	(6 997)	7 116
MCWAP-2	(5 084)	5 084	(10 111)	10 227
BRVAS	(116)	117	(233)	233
UMWP	(1 739)	1 725	(3 463)	3 466
MRWP	(212)	212	(423)	424
Corporate	(132)	132	(263)	263

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

7. PROPERTY, PLANT AND EQUIPMENT

Summary of property, plant and equipment:

	2026			2025		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Furniture and fixtures	2 868	(2 501)	367	2 773	(2 447)	326
Computer equipment	10 807	(8 108)	2 699	9 128	(6 834)	2 294
Networking equipment	1 890	(1 733)	157	1 890	(1 576)	314
Office equipment	5 521	(4 603)	918	5 347	(3 949)	1 398
Motor vehicles	3 702	(2 166)	1 536	2 981	(1 799)	1 182
Video conferencing	2 234	(2 058)	176	2 234	(1 883)	351
Leasehold improvements	16 630	(8 005)	8 625	12 642	(6 130)	6 512
TOTAL	43 652	(29 174)	14 478	36 995	(24 618)	12 377

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Reconciliation of property, plant and equipment - 2026

2026	Opening balance	Additions	Disposals	Reassessment (*)	Depreciation	Total
Furniture and fixtures	326	133	-	9	(101)	367
Computer equipment	2 294	1 792	(10)	412	(1 789)	2 699
Networking equipment	314	-	-	(22)	(135)	157
Office equipment	1 398	191	-	6	(677)	918
Motor vehicles	1 182	722	-	(11)	(357)	1 536
Video conferencing	351	-	-	81	(256)	176
Leasehold improvements	6 512	3 988	-	-	(1 875)	8 625
TOTAL	12 377	6 826	(10)	475	(5 190)	14 478

Reconciliation of property, plant and equipment - 2025

2025	Restated opening balance	Additions	Disposals	Reassessment (*)	Other adjustments	Depreciation	Total
Furniture and fixtures	231	277	(1)	70	(39)	(212)	326
Computer equipment	4 794	-	(153)	1 544	17	(3 908)	2 294
Networking equipment	1 349	-	-	135	-	(1 170)	314
Office equipment	1 428	924	-	230	128	(1 312)	1 398
Motor vehicles	287	1 377	-	(185)	-	(297)	1 182
Video conferencing	1 812	-	-	257	-	(1 718)	351
Leasehold improvements	8 398	-	-	503	(73)	(2 316)	6 512
TOTAL	18 299	2 578	(154)	2 554	33	(10 933)	12 377

(*) Reassessment - Depreciation adjusted due to the re-assessment of the useful lives of property, plant and equipment.

Other adjustments relate to corrections identified during the reconciliation of the accounting records to the fixed asset register.

TCTA ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

7. Property, Plant and Equipment (continued)

Impairment

The entity assessed at each reporting date whether there is any indication that property, plant and equipment may be impaired. No indicators of impairment were identified during the current or prior reporting periods. Accordingly, no impairment losses were recognised.

Repairs and maintenance

Expenditure incurred of R77 thousand on the servicing and maintenance of motor vehicles is recognised as an expense in the Statement of Financial Performance. These costs include routine services, oil changes, replacement of minor parts, tyres, and general repairs necessary to maintain vehicles in their current operating condition. The expenditure does not meet the recognition criteria for capitalisation as it does not enhance the vehicles’ service potential or extend their useful lives beyond the originally assessed standards.

Changes in estimates

TCTA reassesses the useful lives and residual values of property, plant and equipment of TCTA at the end of each reporting period, in line with the accounting policy. These assessments are based on historic analysis, benchmarking and the latest available and reliable information.

The depreciation methods and average useful lives of TCTA have been assessed and based on this analysis, the useful lives of property, plant & equipment have been revised. The impact of the change is a net decrease in the annual depreciation charge for the current and future years of R475 thousand (2025: R2.5 million decrease). The effect of these changes on actual and expected depreciation expense, included in “Depreciation and amortisation”, was as follows:

(Decrease) / Increase	2026	Future Periods
Furniture and fixtures	(9)	9
Computer equipment	(412)	412
Networking equipment	22	(22)
Office equipment	(6)	6
Motor vehicles	11	(11)
Video conferencing equipment	(81)	81
TOTAL	(475)	475

Capital Commitments	2026	2025
Leasehold improvements	5 117	-

The capital commitments relate to leasehold improvements that needs to be done on the Office building during the next financial year.

Restrictions on title and assets pledged as security

There are no restrictions on the title of property, plant and equipment. No items of property, plant and equipment were pledged as security for liabilities during the current or prior reporting periods.

Compensation received for disposals

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

During the current year, compensation amounting to R3 thousand (2025: R88 thousand) was recognised in respect of property, plant and equipment.

Asset class	2026	2025
Furniture and fixtures	3	-
Computer equipment	-	88
	3	-

TCTA ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

7. Property, Plant and Equipment (continued)

Summary of assets held but not recognised: The following is a list of properties, land registered and servitudes expropriated however have not been recognised. The cost or carrying amounts of these properties has not been disclosed as the values are not easily obtainable.

	BWP	VRS (LHWP)	VRESAP	MCWAP-1	MMTS-2	ORWRDP	KWSAP	KRIEL	AMD	MCWAP-2
Land/farms	11	5		6	60	5			14	9
Servitudes	14	4	192	23	47	57	78	2	12	94
Residential units		40								
Mineral rights		1								
Total	25	50	192	29	107	62	78	2	26	97

TCTA ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8. INTANGIBLE ASSETS

Summary of separately acquired intangible assets	2026			2025		
	Cost	Accumulated amortisation	Carrying amount	Cost	Accumulated amortisation	Carrying amount
Computer software	16 158	(16 158)	-	16 694	(15 620)	1 074

Reconciliation of separately acquired Intangible Assets

2026	Opening balance	Amortisation	Carrying amount
Computer software	1 074	(1 074)	-
2025	Opening balance	Amortisation	Carrying amount
Computer software	2 148	(1 074)	1 074

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Restrictions on title and assets pledged as security

There are no restrictions on the title of intangible assets. No items of intangible assets were pledged as security for liabilities during the current or prior reporting periods.

Impairment

The entity assessed at each reporting date whether there is any indication that intangible assets may be impaired. No indicators of impairment were identified during the current or prior reporting periods. Accordingly, no impairment losses were recognised.

Changes in estimates

TCTA reassess the useful lives and residual values of Intangible assets of TCTA at the end of each reporting period, in line with the accounting policy. These assessments are based on historic analysis, benchmarking and the latest available and reliable information.

Based on this review, the amortisation methods and average useful lives of intangible assets have been reassessed, resulting in a revision of their useful lives. The useful lives of intangible assets are reviewed at each reporting date. During the current year, management assessed the appropriateness of the useful lives and concluded that no changes were required.

Prior period error

During the current period, intangible assets were reclassified following the identification of an error in their classification in prior reporting periods, as well as a restatement resulting from the recognition of a zero carrying value on these assets.

Refer to Note 36 for further details.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

9. RECEIVABLES FROM EXCHANGE TRANSACTIONS

At Amortised cost	2026	2025
Tariff receivable	16 585 267	16 351 719
AMD Receivable	1 342 515	1 572 021
Other receivables	169 495	40 745
Total	18 097 277	17 964 485

TCTA has not pledged any receivables from exchange transactions as collateral.

9.1 Classified as:

Projects	2026			2025		
	Non-current	Current	Total	Non-current	Current	Total
VRS	15 273 524	-	15 273 524	13 449 695	-	13 449 695
BWP	-	-	-	7 827	1 357	9 184
VRESAP	327 827	456 202	784 029	917 389	458 761	1 376 150
MCWAP-1	149 346	66 464	215 810	210 914	45 823	256 737
KWSAP	88 253	124 149	212 402	212 411	183 542	395 953
UMWP	-	99 502	99 502	-	864 000	864 000
Tariff receivables	15 838 950	746 317	16 585 267	14 798 236	1 553 483	16 351 719
AMD receivable	1 035 341	307 174	1 342 515	1 239 356	332 665	1 572 021
Other receivables	-	169 495	169 495	-	40 745	40 745
Total	16 874 291	1 222 986	18 097 277	16 037 592	1 926 893	17 964 485

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Reconciliation of movements in the tariff receivable

2026	Opening Balance	Revenue earned	Cost related payment re-imburement	Tariffs or transfers received	Finance Income	Modification (gain/loss)	Transfer to deferred income	Net VAT on debtors	Closing balance
VRS	13 449 695	266 871	9 845 333	(8 380 783)	641 363	(636 927)	-	87 972	15 273 524
BWP	9 184	21 107	-	(38 008)	912	3 826	2 979	-	-
VRESAP	1 376 150	14 289	-	(666 876)	135 106	(74 640)	-	-	784 029
MCWAP-1	256 737	14 021	-	(100 113)	33 421	11 744	-	-	215 810
KWSAP	395 953	9 822	-	(248 318)	41 624	14 363	-	(1 042)	212 402
UMWP	-	-	-	99 502	-	-	-	-	99 502
Total	15 487 719	326 110	9 845 333	(9 334 596)	852 426	(681 634)	2 979	86 930	16 585 267

2025	Opening Balance	Revenue earned	Cost related payment re-imburement	Tariffs or transfers received	Finance Income	Modification (gain/loss)	Transfer to deferred income	Net VAT on debtors	Closing balance
VRS (*)	8 701 072	449 506	10 808 698	(7 848 303)	414 920	1 053 616	-	(129 814)	13 449 695
BWP	68 135	8 984	-	(73 520)	6 764	(154)	-	(1 025)	9 184
VRESAP	1 761 596	12 847	-	(770 795)	172 948	206 447	-	(6 893)	1 376 150
MCWAP-1	163 562	12 862	-	(100 114)	21 292	159 135	-	-	256 737
KWSAP	564 559	8 676	-	(255 149)	59 348	17 477	-	1 042	395 953
UMWP	-	-	-	864 000	-	-	-	-	864 000
Total	11 258 924	492 875	10 808 698	(8 183 881)	675 272	1 436 521	-	(136 690)	16 351 719

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Reconciliation of movements in AMD receivable

Movements	2026	2025
Opening balance	1 572 021	1 882 955
Revenue earned	482 211	414 039
Finance income	142 395	177 163
Net VAT on debtors	(5 252)	(9 251)
Payments received	(848 860)	(892 885)
Total	1 342 515	1 572 021

The tariff receivable arises as the contra to the construction revenue earned in each project, and is measured at amortised cost using the effective interest method. The interest earned on the tariff receivable to compensate for the time value of money, is disclosed as “Finance income” in surplus or deficit.

Two-thirds of the costs incurred on the AMD short-term intervention is recoverable from the fiscus. The repayment terms agreed with DWS per the implementation agreement is for the period 31 May 2023 to 31 March 2032.

Other receivables comprises of DWS debtors for the socially funded projects. The balances per project are reflected in the segmental statement of financial position in note 5.2.1.

Impairment

There has been no increase in credit risk because as at 31 March 2026, there is no receivables due from the department which are older than six months. In applying GRAP 104, we have applied the rebutting principle, as only 0.57% of amounts owing by DWS are above 30 days and the amount was settled in April 2026, thus the balance due from DWS has a low risk credit. *Included in revenue earned in VRS is an amount of R1.6million that relates to GRAP adjustments. Refer to note 35 for further details.

Included in tariffs transferred in VRS is an amount of R920 million received from the DWS in 2025-26 financial year which relates to a government-approved fiscal intervention intended to support tariff affordability.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

10. FINANCIAL ASSET

The financial assets comprise financial market investments as detailed below:

At amortised cost	2026	2025
Negotiable certificates of deposits	495 546	1 318 179
Land bank investment	18 141	24 968
Total	513 687	1 343 147

TCTA has not pledged any financial market investments as collateral.

Reconciliation of movements in financial market investments below:

	2026	2025
Opening balance	1 343 147	845 119
Amount due at the beginning of the year	(41 179)	(14 457)
Amount paid to acquire financial assets	170 000	1 277 000
Impairment reversals/(losses) on financial assets	397	19 557
Proceeds from financial assets	(984 224)	(825 251)
Amount due at the end of the year	25 546	41 179
Total	513 687	1 343 147

The reconciliation of the Land Bank investments is detailed below:

Land Bank Investments	2026	2025
Opening balance	24 968	43 673
Capital repayments	(7 224)	(18 251)
Impairment loss	397	(454)
Gross carrying amount	18 141	24 968

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

All Negotiable Certificates of Deposits (NCDs) matures in April 2026, thus as at 31 March 2026, there is no significant increase in credit risk, therefore no impairment loss has been recognised on the NCDs. The investment in Land Bank is measured at amortised cost and is performing as the Bank is up to date with its contractual obligations. In line with the accounting policy, Land Bank has honoured its contractual obligations for more than 12 months. The expected credit loss remains at stage 2 (Lifetime ECL) in the current year and management will continue to monitor the credit risk.

The investment in Land Bank has been adjusted for the expected credit loss as reflected below:

Allowance account for credit losses

Reconciliation of changes in allowance account of financial assets 2026

2026	Opening balance	Reversals	Closing balance
Description			
Lifetime ECL (not credit impaired)	454	(397)	57

Reconciliation of changes in allowance account of financial assets 2025

2025	Opening balance	Reversals	Closing balance
Description			
Lifetime ECL (not credit impaired)	20 011	(19 557)	454

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

At amortised cost	2026	2025
Bank balances	1 976	5 053
External investments	12 985 411	7 056 700
Total	12 987 387	7 061 753

Cash and cash equivalents comprises cash at banks and highly liquid investments that are readily available, generally on a “same day” basis. TCTA prioritises liquidity across all its projects, as such, most investments are allocated to Call and Money Market Funds. TCTA’s cash management practice is to maintain a minimum amount of cash on hand. Refer to Note 5.2.1 for the cash and cash equivalents per project. TCTA had no restricted cash balances at the reporting date.

Call investments are with the five big banks (RMB, Standard Bank, Investec, Nedbank and Absa) and money market funds are with Nedgroup, Ninety One, Ashburton, Prescient, Stanlib, and Old Mutual. All are liquid and can be called back the next day. The credit ratings for the big five South African banks, as well as the financial institutions which TCTA invests in, are all investment grades, therefore there is no significant increase in credit risk, thus no impairment loss has been recognised on external investments portion of cash and cash equivalents.

12. PREPAYMENTS

Reconciliation of movements in prepayments	2026	2025
Opening balance	46 410	43 965
Payments made	1 736 955	9 589
Expenses recognised	(16 780)	(7 144)
Closing balance	1 766 585	46 410

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FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Classified as:

Reconciliation of movements in prepayments	2026	2025
Non-current assets	1 013 292	8 000
Current assets	753 293	38 410
Closing balance	1 766 585	46 410

Prepaid expenditure includes advance payments made to contractors, service providers, and annual insurance fees. The advance payments to contractors are recouped from future payment certificates. Other prepaid expenditure is amortised to surplus / deficit in the periods that the expenses are incurred. Refer to Note 36 for details of prior period error relating to classification of prepayments.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

13. FINANCIAL LIABILITIES

At amortised cost	2026	2025
Borrowings	20 624 991	13 836 024

2026	Opening balance	Draw downs	Repayments	Transfer to fixed / floating	CPI Uplift / Capitalised interest	Closing balance	Current	Non-current
Fixed rate loans	1 494 927	-	(359 140)	500 000	-	1 635 787	559 035	1 076 752
Variable rate loans	11 881 649	8 620 000	(1 637 875)	(500 000)	178 253	18 542 027	4 111 906	14 430 121
CPI rate loans	459 448	-	(28 743)	-	16 472	447 177	30 143	417 034
Total	13 836 024	8 620 000	(2 025 758)	-	194 725	20 624 991	4 701 084	15 923 907

2025	Opening balance	Draw downs	Repayments	Transfer to fixed / floating	CPI Uplift / Capitalised interest	Closing balance	Current	Non-current
Fixed rate loans	1 838 156	-	(343 229)	-	-	1 494 927	329 742	1 165 185
Variable rate loans	9 547 719	3 300 000	(969 811)	-	3 741	11 881 649	1 247 762	10 633 887
CPI rate loans	471 744	-	(26 491)	-	14 195	459 448	27 797	431 651
Total	11 857 619	3 300 000	(1 339 531)	-	17 936	13 836 024	1 605 301	12 230 723

Loans bear effective interest rates ranging from 8.78% to 10.26% (2025: 10.54% to 11.09%).

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

14. EMPLOYEE BENEFIT OBLIGATION

The following amounts have been accrued for in the current financial year and are based on best available estimates and have an element of uncertainty.

	2026	2025
Leave pay	17 348	15 654
Incentives	31 425	28 425
Long service awards	2 006	1 823
	50 779	45 902

Reconciliation of employee benefit obligation - 2026

2026	Opening balance	Prior year adjustments	Additions	Utilised during the year	Total
Leave pay	15 654	(109)	27 838	(26 035)	17 348
Incentives	28 425	359	31 422	(28 781)	31 425
Long service awards	1 823	-	618	(435)	2 006
Total	45 045	250	59 878	(55 251)	50 779

2025					
Leave pay	15 654	-	24 471	(24 437)	15 654
Incentives	28 425	-	28 425	(28 425)	28 425
Long service awards	-	1 749	449	(375)	1 823
Total	44 045	1 749	53 345	(53 237)	45 902

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Long service awards liability

TCTA provides for long service awards for all its employees, a long service award is payable after 5 years of continuous service, and every 5 years thereafter. The provision is an estimate of the long service based on historical staff turnover.

The most recent actuarial valuation of the defined benefit obligation (DBO) was carried out at 31 March 2026 by Arch Actuarial Consulting. The present value of the defined benefit obligation, and the related current service cost were measured using the Projected Credit Unit Method.

The service cost is equal to the current service cost of the DBO as there are no past service costs or settlement gains / losses to consider.

The key risks to which the plan exposes the entity are:

TCTA faces several key risks relating to its benefit plan obligations. These include the risk of higher-than-expected CPI and salary inflation increasing future costs, as well as the possibility that fewer employees leave the organisation, resulting in more long service awards vesting than anticipated.

The defined benefit obligation (DBO) is also inherently volatile due to its open-ended and long-term nature.

Additional risks arise from inconsistent enforcement of eligibility criteria and plan rules, potential legislative or tax changes that could increase liabilities, and the administrative burden associated with managing the DBO.

The long service award arrangement is unfunded, and accordingly the net defined benefit liability equals the defined benefit obligation. The number of employees eligible for long service awards as at 31 March 2026 was 188 (2025: 157).

All components of the defined benefit cost, including actuarial gains and losses, are recognised in surplus or deficit in the period in which they occur.

The principal assumptions used for the purposes of the actuarial valuation were as follows:

Principal assumptions	2026	2025
Discount rate	9.1%	9.7%
Consumer price inflation	3.9%	0%
Average retirement age	62	62
Mortality rates*		
	SA85-90	SA85-90

*SA85-90 ultimate table, adjusted for female lives.

Sensitivity Analysis

The defined benefit obligation is sensitive to changes in key assumptions. A 1% decrease in the discount rate would increase the liability by approximately 5%, while a 1% increase would reduce the liability by approximately 5%.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Assumptions	Change	DBO	% Change
Central assumptions		2 006	
	+1%	2 036	1%
CPI Inflation rate	-1%	1 976	-1%
Discount rate	+1%	1 915	-5%
	-1%	2 105	5%
Average retirement age	+2yrs	2 242	12%
	-2yrs	1 802	10%
Rates of termination of service	x2	1 748	13%
	x0,5	2 160	8%

Assumptions	Change	Current service cost	Interest cost	Total	% change
Central assumptions		172	156	328	-
Discount rate	+1%	165	164	329	0%
Average retirement age	-1%	179	147	326	-1%
	+2yrs	187	172	359	9%
Rates of termination of service	-2yrs	158	141	299	-9%
	x2	144	135	279	-15%
	x0.5	189	169	358	9%

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Changes in the present value of the long service awards are as follows:

Principal assumptions	2026	2025
Opening balance	1 823	-
Prior year adjustments	-	1 749
Past service costs	178	-
Current service costs	172	170
Interest costs	156	169
Benefits paid	(435)	(375)
Actuarial (gains) / losses	112	110
Total	2 006	1 823

Amounts recognised in Surplus/Deficit

Principal assumptions	2026	2025
Current service cost	172	170
Past service cost	178	-
Interest cost	156	169
Actuarial (gains)/losses	112	110
Total recognised in surplus or deficit	618	449

Amounts presented on Statement of Financial Position

Principal assumptions	2026	2025
Non-current long service liability	1 800	1 385
Current long service liability	48 979	44 517
Total	50 779	45 902

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

15. DEFERRED INCOME

Deferred income breakdown	2026	2025
Tariff receipts	2 101 931	863 999
Social contributions	173 096	506 951
Total	2 275 027	1 370 950

Reconciliation of movements in deferred income:

Deferred income breakdown	2026	2025
Opening balance	1 370 950	536 368
Transferred to receivables	(5 077)	-
Invoiced and payments received during the year	1 372 163	971 220
Tariff receipts	1 138 430	-
Social contributions	50 000	107 221
Invoiced	183 733	863 999
Revenue recognised during the year	(462 295)	(134 661)
Net finance income / (cost)	(714)	(1 977)
Closing balance	2 275 027	1 370 950

Deferred income relating to working capital advances represent payments made to TCTA to enable TCTA to construct infrastructure on behalf of DWS for those projects which are completely socially funded and for those which have a combination of commercial and social funding. These will also arise if a particular payment received from DWS for costs incurred to date, exceeds the revenue recognised to date under the cost-to-cost method.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Classified as:

	2026	2025
Non-current	1 969 624	657 790
Current	305 403	713 160
Total	2 275 027	1 370 950

16. PAYABLES FROM EXCHANGE TRANSACTIONS

At amortised cost	2026	2025
Refund due to DWS	34 465	31 567
Trade payables	1 122 411	1 014 679
Interest payable	94 975	113 271
Other creditors	1 466 498	1 463 517
Deferred operating lease payments	932	1 071
Total	2 719 281	2 624 105

Details of amounts due to DWS	2026	2025
Opening balance	31 567	26 269
Interest earned during the year	(509)	-
Cost incurred	(2)	(2)
Closing balance	34 465	31 567

Other creditors relates to accruals raised at year end. The net VAT payable is disclosed separately due to the adoption of GRAP. Therefore the comparative figures has been restated as noted in note 35. Refer to note 17 for VAT payable. The refund is as a result of an over-payment received from DWS on the MMTS-2 project. The amounts receivable from DWS in relation to the work performed by TCTA on their behalf was settled, and this over-payment will be refunded to DWS following the completion of TCTA's internal processes.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

17. VALUE ADDED TAX

	2026	2025
VAT payable	108 887	106 596
VAT receivable	(5 131)	(5 802)
Total	103 756	100 794

VAT receivable and VAT payable are presented on a net basis on the face of the Statement of Financial Position. TCTA is registered for VAT on an accrual basis.

18. REVENUE

Revenue from exchange transactions	2026	2025
Construction contracts	491 210	134 659
Rendering of services	489 064	634 298
Operating income	331 216	293 410
Subtotal	1 311 490	1 062 367
Finance income	1 678 383	1 429 455
Total	2 989 873	2 491 822

The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue		
Construction contracts	315 283	119 089

Details of finance income are disclosed in note 19.

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FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

19. FINANCE INCOME

Exchange transactions	2026	2025
Tariff receivable	852 427	674 272
Financial market investments	685 366	577 679
AMD receivable	142 395	177 163
Other	9 866	10 431
Subtotal	1 690 054	1 440 545
Elimination of inter-project related finance income	(11 671)	(11 090)
Total	1 678 383	1 429 455

Refer to note 9 for details of tariff receivable per project.

20. EMPLOYEE RELATED COSTS

	2026	2025
Basic salary and other salary related costs	304 780	284 281
Short term incentives	31 425	28 425
Directors emoluments	7 067	7 117
Total	343 272	319 823

The amount included in employee costs is split in the following categories:

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2026	2025
Cost of services rendered	15 782	13 598
Construction costs	106 197	99 310
Operating expenses	221 293	206 915
Total	343 272	319 823

During the construction phase, all staff related costs are included in the construction costs for each individual project. Staff costs related to debt management services are also disclosed separately under cost of services rendered. Refer to note 31 for details of remuneration of the executive management and the non-executive management.

21. DEPRECIATION AND AMORTISATION

	2026	2025
Property, plant and equipment	4 715	8 378
Intangible assets	1 074	1 074
Total	5 789	9 452

Refer to notes 7 and 8 for details of PPE and Intangible assets per asset class.

22. FINANCE COSTS

	2026	2025
Financial liabilities at amortised cost	1 631 526	1 358 128
Interest on defined benefit obligation	156	169
Other finance cost	165 825	272 918
Subtotal	1 797 507	1 631 215
Elimination of inter-project related finance income	(11 671)	(11 090)
Total	1 785 836	1 620 125

Other finance costs represents the costs that an entity incurs in connection with the borrowing of funds such as commitment fees.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

23. OTHER EXPENSES

Construction costs	2026	2025
Construction costs	651 823	113 621
Engineering	42	20
Overheads	48 431	40 797
	700 296	154 438
Costs of services rendered		
Operations and maintenance services	467 702	619 336
Debt management services	5 580	1 364
	473 282	620 700
Other operating expenditure		
Auditors remuneration	15 895	16 619
Legal fees and litigation costs	4 318	5 267
Telephone	4 434	3 653
Training costs	7 305	5 021
Travel and accommodation	7 733	5 665
Leases expensed	9 726	9 514
Other miscellaneous expenses	12 317	13 427
Insurance	5 586	5 243
Repairs and maintenance	371	1 235
Electricity	1 186	1 422
Security services	1 413	1 786
Guarantee fee paid to National Treasury	34 247	27 748
Total other administrative expenses	104 531	96 600
Total other expenses	1 278 109	871 738

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Breakdown of auditors remuneration	2026	2025
External audit	12 004	10 305
Internal audit	3 891	6 314
	15 895	16 619

24. CASH GENERATED FROM OPERATIONS

Cash generated from operating activities

Details	2026	2025
(Deficit) surplus	(789 087)	1 245 851
Adjustments for:	-	-
Depreciation and amortisation	5 789	9 452
Loss on disposal of property, plant and equipment	10	86
Net finance income	954 506	859 998
Imputed interest on tariff receivable	(852 427)	(675 274)
Contract revenue	(1 626 773)	(1 181 456)
Modification (gain)/ loss on tariff receivable	681 634	(1 436 521)
Impairment reversal on credit loss	(397)	(19 557)
Changes in working capital:		
Receivables from exchange transactions	(128 662)	(9 616)
Financial assets	(1 720 175)	(2 446)
Payables from exchange transactions	77 206	1 427 056
Vat on tariff receivables	(86 930)	130 690
Increase in deferred income	1 665 594	(29 468)

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

24. CASH GENERATED FROM OPERATIONS CONTINUED

Details	Notes	2026	2025
Unspent restrictive grants and receipts		(12 793)	477 436
Capitalised to the tariff receivables		10 404 923	9 959 773
Cost related payments		(9 845 333)	(10 808 698)
Non-cash flow item in receivables		818 480	274 589
Finance income and finance cost			
Finance income	24.1	587 666	545 582
Finance cost	24.2	(1 609 236)	(1 592 745)
Cash generated from operations		(1 476 005)	(819 268)

24.1 Finance Income	2026	2025
Amount due at the beginning of the year	41 178	14 457
Income during the year adjusted for non-cash items	572 034	571 889
Interest on financial instruments accrued	841 038	770 572
Non-cash	(269 004)	(198 683)
Amount due at the end of the year	(25 546)	(40 764)
Total	587 666	545 582

24.2 Finance cost	2026	2025
Amount not paid at the beginning of the year	(113 271)	(103 162)
Expensed during the year adjusted for non-cash items	(1 590 940)	(1 602 203)
Amount expensed	(1 647 998)	(1 358 127)
Other finance cost	(149 353)	(273 088)
Non-cash	206 411	29 012
Amount due at the end of the year	94 975	112 620
Total	(1 609 236)	(1 592 745)

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

25. OPERATING LEASE COMMITMENTS

Future minimum lease payments under non-cancellable operating leases

2026	Payable within 1 year	Payable within 2 - 5 years	Total
Buildings	6 619	3 990	10 609
Printers	141	-	141
Total	6 760	3 990	10 750

2025	Payable within 1 year	Payable within 2 - 5 years	Total
Buildings	6 249	10 609	16 858
Printers	424	141	565
Total	6 673	10 750	17 423

Significant terms and conditions

The entity has entered into a five-year operating lease for office accommodation, commencing on 1 November 2022 and ending on 31 October 2027. Lease payments, payable in advance, comprise fixed rentals, operating costs, municipal charges, and parking fees.

Rentals escalate annually by approximately 5.9%, while certain costs vary based on actual consumption or statutory increases. The lease includes an option to extend, subject to six months' prior written notice.

Responsibilities and risks

The entity is responsible for utilities, internal maintenance, and damages arising from its use of the premises. The lessor is responsible for structural maintenance and building infrastructure.

Restrictions imposed by the lease

The lease limits the use of the premises to approved business activities and restricts subletting, cession, or assignment without lessor consent. Alterations require prior approval and may need to be removed, with the premises reinstated at lease expiry.

The entity must comply with the lessor's management rules and may not withhold rental payments due to service interruptions, except as permitted in the lease.

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26. FAIR VALUE ESTIMATION

The table below is a comparison by class of the carrying amounts and the estimated fair value of TCTA's financial liabilities.

2026	Carrying amount	Fair value
Financial liabilities		
Fixed	1 635 787	1 644 655
Floating	18 542 027	19 166 782
CPI	447 177	447 177
Borrowings	20 624 991	21 258 614
Payables from exchange transactions	2 719 281	2 719 281
	23 344 272	23 977 895
2025	Carrying amount	Fair value
Financial liabilities		
Fixed	1 494 927	1 456 237
Floating	11 881 649	11 711 597
CPI	459 448	459 437
Borrowings	13 836 024	13 627 271
Payables from exchange transactions	2 624 105	2 624 105
	16 460 129	16 251 376

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27. PROVISION

Breakdown of provisions:

	2026	2027
ESI adjustment	330 973	380 667
Audit fees	9 147	8 536
Compensation for financial loss	4 470	-
Other	600	-
Closing balance	345 190	389 203
Reconciliation of movements in provisions		
Opening balance	389 203	190 089
Provision raised	345 188	301 862
Utilised during the year	(389 201)	(102 748)
Total	345 190	389 203
Non-current liabilities	3 145	-
Current liabilities	342 045	389 203
	345 190	389 203

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ESI provision

Nature of the obligation and expected timing of outflows

The provision relates to the variable components of royalties payable to the Lesotho Highlands Development Authority (LHDA). The obligation comprises operations and maintenance components and electricity components.

The operations and maintenance component is determined based on the actual volume of water transferred and escalated by the Producer Price Index (PPI), while the electricity component is determined based on actual water volumes delivered and escalated by the Electricity Supply Index (ESI). The resulting amounts are expected to be settled with LHDA in the normal course of operations, based on the applicable royalty arrangements.

Uncertainties regarding amount or timing

The amount of the provision is subject to uncertainty because it depends on actual water volumes transferred/delivered and the applicable PPI and ESI adjustments. Consequently, the final amount payable may differ from the amount initially estimated. The timing of settlement is dependent on the terms of the royalty arrangements with LHDA.

28. UNSPENT RESTRICTIVE GRANTS AND RECEIPTS

Unspent restrictive grants and receipts comprises of:

	2026	2027
BFI grant - National Treasury	563 511	576 255
Movement during the year	576 255	98 867
Balance at the beginning of the year	304 000	600 000
Payments received during the year	(315 235)	(119 088)
Revenue recognised during the year	(1 509)	(3 524)
Net finance cost	563 511	576 255

The BFI grant recognised in the annual financial statements relates to National Treasury approved funding of R12 billion to TCTA through the Budget Facility for infrastructure for the implementation of the uMkhomazi Water Project -raw Water Component (uMWP-1) . TCTA received funding amounting to R1,054 billion to date.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS DISCLOSURE

Categories of financial instruments

2026	At amortised cost	Total
Financial assets		
Other financial assets	513 687	513 687
Receivables from exchange transactions	18 097 277	18 097 277
Cash and cash equivalents	12 987 387	12 987 387
	31 598 351	31 598 351
Financial liabilities		
Other financial liabilities	20 624 991	20 624 991
Payables from exchange transactions	2 719 281	2 719 281
	23 344 272	23 344 272

2025	At amortised cost	Total
Financial assets		
Other financial assets	1 343 147	1 343 147
Receivables from exchange transactions	17 964 485	17 964 485
Cash and cash equivalents	7 061 753	7 061 753
	26 369 385	26 369 385
Financial liabilities		
Other financial liabilities	13 836 024	13 836 024
Payables from exchange transactions	2 624 105	2 624 105
	16 460 129	16 460 129

30 CONTINGENCIES

30.1 Contingent Liabilities

In the ordinary course of business, TCTA is involved in various legal actions and claims, including those related to contract awards, and land or land rights expropriation required to execute its directives. Although the outcome of the legal proceedings cannot be predicted with certainty, TCTA discloses known claims as a result of these events and whose existence may be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of TCTA.

30.1.1 EMPLOYEE RELATED MATTER

TCTA has various cases versus employees in progress as detailed below:

30.1.1.1 TCTA and RSA delegate

TCTA is a second respondent in an arbitration matter regarding an unresolved grievance claim relating to compensation. The claim is for incentive bonuses and annual remuneration adjustments, however, does not specify the estimated claim amount or basis of estimation. The prospect of success is unknown.

30.1.1.2 TCTA and former employees

- TCTA has a pending claim with the former employee who was seconded to Lesotho while employed, relating to severance pay. The arbitration is led by the Labour Commission in Lesotho. The prospect of success is unknown.
- Another former employee is claiming damages estimated at R1,6 million against TCTA for allegedly breach of employment contract. The matter is being assessed, and prospect of success is unknown.

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30.1.1.3 Mokolo–Crocodile Water Augmentation Project – Phase 2A (MCWAP-2A)

TCTA is defending a matter in relation to an amount compensable in respect of rights expropriated by TCTA. The application is not challenging the validity of the expropriation itself, but rather the amount of compensation payable. TCTA’s valuation of the compensation payable is determined at R4,47 million and a provision has been raised. Refer to note 27. The plaintiff’s claim amounts to R34,55 million while TCTA views this amount to be inflated. An assessment of TCTA’s prospects of success was performed and considered to be high.

30.2 Contingent asset

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

30.2.1 LHDA VAT refund

During the year, Revenue Services Lesotho (RSL) confirmed VAT refunds and withholding tax recoveries due to the Lesotho Highlands Development Authority (LHDA). In addition, an amount of approximately R134 million relating to VAT refunds remains under audit by RSL.

In terms of the Treaty between the Republic of

South Africa and the Kingdom of Lesotho, any VAT refunded by Lesotho is utilised to reduce the cost of the Lesotho Highlands Water Project to South Africa.

Based on correspondence received from RSL and the status of the audit process, management has assessed the inflow of economic benefits associated with the amount under audit as probable. Accordingly, the matter is disclosed as a contingent asset. No asset has been recognised as the amount has not yet been finally confirmed by RSL.

Relationships	
Ultimate controlling entity	National Government of South Africa, through the minister of the Department of Water and sanitation (DWS)

31. RELATED PARTIES

Related party transactions- with the controlling entity

1. National Treasury

The National Government of South Africa, through the National Treasury, provides guarantees to TCTA to facilitate project funding.

The following transaction occurred during the reporting period:

	2026	2025
Guarantee fees paid	34 247	27 748

2. Department of Water and Sanitation (DWS)

For detailed transactions and outstanding balances with DWS, refer to note 9 (Receivables from exchange transactions) and note 18 (Revenue) for transactions with DWS.

3. Development Bank of Southern Africa (DBSA)

DBSA is a schedule 2 Major Public Entity in terms of the PFMA and reports to National Government. The following funding transactions have occurred with DBSA:

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2026	Opening balance 1 April 2025	Drawdowns	Repayments	Closing balance 31 March 2026	Interest incurred for the period	Commitment fees
Borrowings per Project						
BWP	60 000	-	(15 000)	45 000	4 989	-
VRS	-	1 250 000	(62 500)	1 187 500	108 560	1 751
VRS	-	3 000 000	-	3 000 000	-	16 221
Total	60 000	4 250 000	(77 500)	4 232 500	113 549	17 972
2025	Opening balance 1 April 2024	Drawdowns	Repayments	Closing balance 31 March 2025	Interest incurred for the period	Commitment fees
Borrowings per Project						
BWP	110 000	-	(50 000)	60 000	7 482	-

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FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

4. Industrial Development Corporation of South Africa (IDC)

IDC is a Schedule 2 Major Public Entity in terms of the PFMA and reports to National Government. The following funding transactions have occurred with IDC:

2026 Borrowings per Project	Opening balance 1 April 2025	Drawdowns	Repayments	Closing balance 31 March 2026	Interest income	Commitment fees
VRS	-	1 250 000	-	1 250 000	77 827	2 620

2025	Opening balance 1 April 2024	Drawdowns	Repayments	Closing balance 31 March 2025	Interest income	Commitment fees
VRS	-	-	-	-	-	6 250

5. Land Bank

Land Bank is a Schedule 2 Major Public Entity in terms of the PFMA and reports to National Government. The following funding transactions have occurred with Land Bank:

2026 Borrowings per Project	Opening balance 1 April 2025	Investment /(Repayment)	Maturities/ECL adjustment	Closing balance 31 March 2026	Interest income	Commitment fees
VRS	24 968	(7 224)	397	18 141	2 426	-

2025	Opening balance 1 April 2024	Investment /(Repayment)	Maturities/ECL adjustment	Closing balance 31 March 2025	Interest income	Commitment fees
VRS	23 662	(18 251)	19 557	24 968	4 151	-

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

6. Other national public sector entities

TCTA has used several national public sector entities as service providers for travelling, electricity, telecommunication and IT services during the year. These transactions were concluded on normal operating terms and accordingly not presented separately.

Entities Reporting to the Minister of Water and Sanitation

In addition to the entities disclosed elsewhere in this note, TCTA is related through common control to entities reporting to the Minister of Water and Sanitation, including:

Water Research Commission	Vaal Central Water
Rand Water	Inkomati Catchment Management Agency
Magalies Water	Breede-Gouritz Catchment Management Agency
Umgeni-uThukela Water	Limpopo-Olifants Catchment Management Agency
Lepelle Northern Water	Vaal-Orange Catchment management Agency
Amatola Water	Phongola-Umzimkulu Catchment Management Agency
Mhlathuze Water	Mzimvubu-Tsitsikama Catchment Management Agency
Overberg Water	

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Key management personnel

Total compensation to directors and executive management

2026	Basic salary	Employer contributions (1)	Incentive bonus	Other payments (2)	Total
Executives					
DKP Sechemane - Chief Executive Officer	6 279	792	378	-	7 449
A Zinja - Chief Financial Officer	3 051	346	320	-	3 717
P Mothiba - Chief Strategy Officer	2 860	304	-	-	3 164
J Mavuso - Executive Manager: Project Implementation and Management (4)	579	81	215	407	1 282
N Nkabinde - Executive Manager: Project Finance and Treasury	3 488	481	659	310	4 938
L Radzuma - Chief Risk Officer	3 605	402	640	16	4 663
L Mahamba - Chief Internal Auditor	3 033	406	-	-	3 439
W De Witt - Company Secretary	2 506	368	498	195	3 567
H Botha - Executive Manager: Human Resources and Organisational Development	2 939	418	530	127	4 014
K Sibanda - Executive Manager: Enterprise Wide Support Services	2 731	315	354	-	3 400
W Bopape - Executive Manager: Project management and Implementation (5)	2 169	217	-	-	2 386
Total	33 240	4 130	3 594	1 055	42 019

(1) Employer contributions comprise medical aid benefits, pension contributions, SDL, UIF and group life insurance.

(2) Other payments consist of leave pay/encashments, long-service awards and travel claims.

(4) Mr J Mavuso resigned as the Executive Manager: Project Implementation on 31 May 2025.

(5) Mr W Bopape joined TCTA as the Executive Manager: Project Implementation on 1 September 2025.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2025	Basic salary	Employer contributions (1)	Incentive bonus	Other payments (2)	Total
Executives					
DKP Sechemane - Chief Executive Officer	5 981	765	385	-	7 131
B Shongwe - Chief Financial Officer (3)	2 853	292	239	625	4 009
Prof. O Busari - Chief Strategy Officer (4)	2 992	408	945	710	5 055
L Radzuma - Chief Risk Officer	3 473	449	669	421	5 012
N Nkabinde - Executive Manager: Project Finance and Treasury	3 322	462	680	1	4 465
H Botha - Executive:Human Resources and Organisational Development	2 799	403	564	183	3 949
W De Witt - Corporate Secretary	2 327	347	489	203	3 366
M Masongwa - Chief Internal Auditor (5)	239	48	442	135	864
J Mavuso - Executive Manager: Project Management and Implementation	3 281	433	588	7	4 309
K Sibanda - Executive Manager: Enterprise Wide Support Services (6)	1 901	221	-	-	2 122
L Mahamba - Chief Internal Auditor (7)	727	103	-	-	830
P Mothiba - Chief Strategy Officer (8)	440	48	-	-	488
Total	30 335	3 979	5 001	2 285	41 600

(1) This amount refers to employer contributions (i.e. Medical Aid, Pension, Group Life, SDL and UIF).

(2) Other payments consist of leave pay/encashments, long service awards and travel claims.

(3) Ms B Shongwe's employment contract ended on 31 December 2024.

(4) Prof O Busari's employment contract ended on 30 November 2024.

(5) Ms M Masongwa resigned from her position as Chief Internal Auditor on 10 May 2024.

(6) Ms K Sibanda joined TCTA as the Executive Manager: Enterprise Wide Support Services on 01 July 2024.

(7) Ms L Mahamba joined TCTA as the Chief Internal Auditor on 01 January 2025.

(8) Mr P Mothiba joined TCTA as the Chief Strategy Officer in 01 February 2025.

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Non-executive members	2026	2025
Member fees		
Precious N. Sibiya	1 443	1 379
Gerald T. Dumas	1 224	1 186
Gregory White	681	716
Neo M. Tladinyane	696	649
Vidhulekha N. Vedalankar	651	706
Evelyn M. Mamabolo	684	702
Patrick R. Mnisi	649	685
Zelda N. Tshabalala (1)	-	330
Pule J Mofokeng (2)	-	297
Maemili Ramataboe (3)	752	127
Co-Opted specialist members	287	340
Total member fees	7 067	7 117

(1) Ms Zelda Shabalala resigned as a member of the Board on 20 December 2024.
 (2) Mr Pule J Mofokeng is an employee of the National department, and no board fees were paid to the member during the reporting period.
 (3) Ms Maemili Ramataboe was appointed to Board on 28 January 2025.

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32. GOING CONCERN

The annual financial statements have been prepared on the assumption that TCTA will continue as a going concern for at least the next 12 months. In reaching this conclusion, management has considered the proposed incorporation of TCTA and certain functions of the DWS into the SA National Water Resources Infrastructure Agency ("SANWRIA" or "the Agency").

Interms of the SA National Water Resources Infrastructure Agency Act (the "Act"), the SANWRIA will be successor-in-title to TCTA; the financial obligations of TCTA to its lenders in respect of its projects will be assumed by the SANWRIA, the guarantees and indemnities granted to TCTA's lenders by the Minister of Water and Sanitation ("the Minister"), acting in concurrence with the Minister of Finance, will apply in respect of such lenders to the SANWRIA with regard to the financial obligations assumed by the SANWRIA.

The Act provides that the Minister must determine the date for the transfer of the "commercial enterprise" of TCTA to the SANWRIA within 12 months after the incorporation of the SANWRIA or such extended period as determined by the Minister, but may not do so "...until such time as an arrangement has been made with the TCTA's primary creditors, to the satisfaction and approval of the Minister of Finance..." In other words, the establishment of the SANWRIA is conditional on

the lenders of TCTA agreeing to the transfer of TCTA's liabilities to the SANWRIA.

The President assented to the SANWRIA SOC Amendment Act on 14 May 2026. The announcement of the appointment of the Board of the SANWRIA in the statement on the cabinet meeting of 6 May 2026 paves the way for the incorporation of the Agency, and within 12 months thereafter, the determination of the date for the incorporation of the TCTA to the SANWRIA, subject to the satisfaction of the above stated conditions.

It is however uncertain when these events (the incorporation of the Agency and the determination of the date for the incorporation of TCTA into the Agency and its subsequent disestablishment) will occur as these are outside the control of TCTA.

At some point in the future, TCTA will cease to operate as TCTA and will continue its mandate as part of the SANWRIA. The material uncertainty that exists is the time when TCTA will cease to operate in its current form. TCTA is of the view that it will continue to operate as a going concern for at least the next twelve months and the foreseeable future either as part of the operations to be merged into the SANWRIA, as advised by DWS, or on a standalone basis.

Further, attention is drawn to the fact that the TCTA reported a deficit for the period ending 31 March 2026

amounting to R789 million. This is due to net finance costs for the year and the impact of the modification loss on receivables from exchange transactions in line with GRAP 104. The reported loss has no material impact on the TCTA's ability to continue as a going concern as both the liquidity and solvency of the entity are in a positive position.

33. EVENTS AFTER THE REPORTING PERIOD

Berg River-Voelvlei Augmentation Scheme (BRVAS) TCTA gave Investec Notice of Voluntary Cancellation of the to Term Loan Facility Agreement on 24 June 2026. The decision was taken proactively protect TCTA's interests and to mitigate risks associated with the Investec requiring amendments to the Government Guarantee. The Financial Instrument Risk Management note (Note 6) have been updated by removal of the facility from the list of Approved facilities for BRVAS.

34. BBBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

35. ADOPTION OF STANDARDS OF GRAP

Transitional provisions

TCTA changed its reporting accounting framework from IFRS to standard of Generally Recognised Accounting Practice (GRAP) with effective from 1 April 2025. On first time adoption of GRAP, TCTA has elected not to apply any exemptions or transitional provisions as permitted by Directive 2 and has complied in full with all the recognition, measurement, presentation, and disclosure requirements of the Standard upon its initial adoption. The comparative information that is shown is also prepared on the basis of GRAP retrospectively.

Standards that are not relevant to the entity will not be listed or included in the notes to the financial statements and any associated presentation and disclosure requirements are complied with.

Application of Directive 2 requires the restatement of certain line items which were previously disclosed in the financial statements of the entity.

The nature and amounts of adjustments recognised in the financial statements during the period are set out below:

GRAP 1 – Presentation of Financial Statements

This standard governs the presentation and disclosure of financial statements. Upon transition from IFRS to GRAP 1, the primary impact relates to the format and classification of the statement of financial performance (previously the statement of comprehensive income) and statement of financial position. The change in presentation did not result in any differences in recognition or measurement of items, and therefore had no impact on the reported net surplus, except as disclosed below. Disclosure requirements under GRAP 1 are largely aligned with IFRS; however, GRAP 1 places additional emphasis on the separate disclosure of certain material items to enhance transparency in the public sector. TCTA disclosed those items as follows:

Expenditure categories:

- Employee-related costs
- Finance costs
- Depreciation and amortisation
- Impairment losses
- Other significant categories of operating expenses

Revenue categories:

- Revenue from exchange transactions.
- Finance income.

The following presentation change to be consistent with GRAP wording has been effected on the statement of financial position without changing the balances:

- Tariff receivable, AMD receivable and trade and other receivables were grouped together as receivables from exchange transactions. Tariff receivables decreases with R15 billion, AMD receivables decreased with R1,5 billion, trade and other receivables decreases with R40 million and receivables from exchange transactions increased with a corresponding R16 billion.
- Trade and other payables (R2,7 billion decrease) were renamed payables from exchange transactions (R2,6 billion increase) , this includes the refund liability previously reported (R31,6 million decrease) .
- Contract liabilities (R713 Million decrease) were renamed deferred income (R713 million increase)
- Financial liability (R13,84 billion increase) replaces borrowings (R13,84 billion decrease)
- Financial asset (R1,34 million increase) replaces financial market investments (R1,34 million decrease)
- Value-added tax (VAT) balances of R100,8 billion previously included within trade and other payables have been separately disclosed. This change represents a reclassification in presentation only.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

GRAP 24 – Presentation of Budget Information in Financial Statements

This standard requires entities to present a comparison of budget and actual amounts as part of the financial statements where an approved budget exists.

Upon transition from IFRS to GRAP 24, TCTA included a statement of comparison of budget and actual amounts, which was not previously required under IFRS. This resulted in additional disclosures, including explanations of material differences between the budget and actual amounts. The adoption of GRAP 24 did not impact the recognition or measurement of transactions and therefore had no effect on the reported net surplus or net assets of TCTA.

GRAP 3 – Accounting Policies, Changes in Accounting Estimates and Errors

The requirements of GRAP 3 are largely consistent with IAS 8 under IFRS.

Accordingly, the adoption of GRAP 3 resulted in adjustments to previously reported amounts and the impact on the net surplus or net assets relating to reversal on interest on lease liability of R1,9 million (2024: R3,4 million) cumulatively.

GRAP 9 and Related Interpretations – Revenue from Exchange Transactions

The requirements of GRAP 9, together with IGRAP 1 and IGRAP 20, are largely consistent with those previously applied under IFRS. These standards and interpretations provide guidance on the recognition, measurement and adjustment of revenue from exchange transactions, including the application of the probability criterion and the treatment of items such as rebates and discounts.

In addition, GRAP requires statutory revenue, where applicable, to be recognised together with a corresponding receivable as TCTA has an obligation to collect such revenue. This requirement is not applicable to TCTA as it does not have statutory revenue.

Accordingly, the adoption of these standards did not result in any adjustments to previously reported amounts and had no impact on the net surplus or net assets of TCTA. The changes relates to presentation only whereby finance income is included as revenue in GRAP and in IFRS these were not part of revenue.

GRAP 13 – Leases

The requirements of GRAP 13 differ from IFRS as GRAP 13 retains a classification approach similar to IAS 17 whereby leases are classified as either finance or operating leases, whereas IFRS applies a single

lessee accounting model under IFRS 16 which requires recognition of right-of-use assets and lease liabilities for most lease arrangements.

Upon transition, lease arrangements previously accounted for under IFRS 16 were reassessed and reclassified in accordance with GRAP requirements as an operating lease because substantially all the risks and rewards of ownership do not transfer to TCTA.

Under GRAP 13, operating lease payments are recognised as an expense on a straight-line basis over the lease term unless another basis is more representative of the pattern of benefit. TCTA derecognised right-of-use assets and related lease liabilities previously recognised under IFRS 16. This resulted in adjustments to the statement of financial position and affected comparative balances.

Differences between straight-line expense and cash payments are recognised as an operating-lease accrual (liability) or prepayment. The impact of the adoption resulted in the following adjustments:

- Derecognition of R12 million
- Derecognition of lease liability of R14 million
- Reversal of depreciation on right of use of R4,7 million and a corresponding revenue adjustment
- Recognition of deferred lease payments resulted in an increase in payables of R1 million

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- Reversal of interest on lease liability R1,9 million
- A corresponding increase to tariff receivables of R1 million.

GRAP 21 – Impairment of Non-cash-generating Assets

The requirements of GRAP 21 differ from IFRS as GRAP 21 specifically addresses the impairment of non-cash-generating assets, whereas impairment under IFRS is assessed in accordance with IAS 36, which applies a single model to both cash-generating and non-cash-generating assets.

TCTA assessed its assets for impairment in accordance with GRAP 21. No material adjustments resulted from the application of the standard, and there was no impact on the net surplus or net assets of TCTA.

GRAP 104 – Financial Instruments

The entity has adopted GRAP 104, which is broadly consistent in principle with IFRS 9 previously applied by TCTA.

Upon transition, financial instruments were reassessed in accordance with GRAP 104 requirements. The financial instruments are classified as financial assets and liabilities measured at amortised cost. This is consistent with the prior year classification, presentation and disclosure and was not changed by the adoption

of GRAP. There were no material differences identified and no impact on the net surplus or net assets of TCTA arising from the adoption of GRAP 104.

GRAP 25 – Employee Benefits

The requirements of GRAP 25 prescribe the accounting and disclosure for all forms of employee benefits, including short-term benefits, post-employment benefits, other long-term benefits, and termination benefits. The principles of GRAP 25 are broadly consistent with those previously applied under IAS 19 in terms of recognition and measurement of employee benefit obligations.

Upon adoption of GRAP 25, employee benefit obligations were reassessed in accordance with the standard. There were no material adjustments arising from the application of GRAP 25, and no impact on the net surplus or net assets of TCTA.

GRAP 20 – Related Party

The adoption of GRAP 20 required the entity to reassess and expand the identification of related parties to include relationships and transactions specific to the public sector environment. This included the identification of government-related entities, members of the governing body, key management personnel, and entities under common control. The principles of GRAP 20 are broadly consistent with those previously

applied under IAS 24. Accordingly, TCTA reviewed its related party disclosures to ensure compliance with the disclosure requirements of the Standard and opted to apply the exemptions in paragraph 32. The adoption to GRAP 20 did not result in the recognition or derecognition of assets or liabilities and had no impact on the entity's accumulated surplus/(deficit).

The impact was limited to additional disclosure requirements related to key management personnel. Although TCTA has always disclosed key management personnel per person, the disclosure was enhanced to be consistent with GRAP 25 terminology and categories.

Comparative information has been updated where necessary to align with the requirements of GRAP 20.

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The following table reconciles previously reported amounts to restated amounts as a result of adoption of GRAP standards.

The quantitative impact of the GRAP adoption is as follows: Statement of Financial Position as at 31 March 2024

	Previously Reported	GRAP adjustments	As restated
ASSETS			
Non-Current Assets			
Right-of-use-asset	12 117	(12 117)	-
Tariff receivable	14 793 305	(14 793 305)	-
AMD receivable	1 239 356	(1 239 356)	-
Receivables from exchange transactions	-	16 037 592	16 037 592
Financial market investments	330 545	(330 545)	-
Financial asset	-	330 545	330 545
Total Non-Current Assets	16 375 323	(7 186)	16 368 137
Current Assets			
Tariff receivable	1 553 883	(1 553 883)	-
AMD receivable	332 665	(332 665)	-
Trade and other receivables	40 345	(40 345)	-
Receivables from exchange transactions	-	1 926 893	1 926 893
Financial market investments	1 012 602	(1 012 602)	-
Financial asset	-	1 012 602	1 012 602
Total Current Assets	2 939 495	-	2 939 495
TOTAL ASSETS	19 314 818	(7 186)	19 307 632

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The quantitative impact of the GRAP adoption is as follows: Statement of Financial Position as at 31 March 2025

	Previously Reported	GRAP adjustments	As restated
LIABILITIES			
Non-Current Liabilities			
Lease liability	9 623	(9 623)	-
Borrowings	12 230 723	12 230 723	-
Financial liabilities	-	12 230 723	12 230 723
Total Non-Current Liabilities	12 240 346	(9 623)	10 581 151
Current Liabilities			
Borrowings	1 605 301	(1 605 301)	-
Financial liabilities	-	1 605 301	1 605 301
Refund liability	31 567	(31 567)	-
Trade and other payables	2 691 860	(2 691 860)	-
Payables from exchange transactions	-	2 624 105	2 624 105
Taxes and transfers payable (non-exchange)	-	100 794	100 794
Contract liabilities	713 160	(713 160)	-
Deferred income	-	713 160	713 160
Lease liability	4 780	(4 780)	-
Total Current Liabilities	5 046 668	(3 308)	5 043 360
TOTAL LIABILITIES	17 287 014	(12 931)	17 274 083
TOTAL NET ASSETS	2 027 804	5 745	2 033 549

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Statement of Financial Position as at 31 March 2024

	Previously Reported	GRAP adjustments	As restated
ASSETS			
Non-Current Assets			
Right-of-use-asset	16 807	(16 807)	-
Tariff receivable	10 648 099	(10 648 099)	-
AMD receivable	1 456 724	(1 456 724)	-
Receivables from exchange transactions	-	12 105 684	12 105 684
Financial market investments	24 098	(24 098)	-
Financial asset	-	24 098	24 098
Total Non-Current Assets	12 145 728	(15 946)	12 129 782
Current Assets			
Tariff receivable	608 004	(608 004)	-
AMD receivable	426 231	(426 231)	-
Trade and other receivables	35 004	(35 004)	-
Receivables from exchange transactions	-	1 069 239	1 069 239
Financial market investments	821 021	(821 021)	-
Financial asset	-	821 021	821 021
Total Current Assets	1 890 260	-	1 890 260
TOTAL ASSETS	14 035 988	(15 946)	14 020 042

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The quantitative impact of the GRAP adoption is as follows: Statement of Financial Position as at 31 March 2024

	Previously Reported	GRAP adjustments	As restated
LIABILITIES			
Non-Current Liabilities			
Lease liability	14 403	(14 403)	-
Borrowings	10 581 151	(10 581 151)	-
Financial liabilities	-	10 581 151	10 581 151
Total Non-Current Liabilities	10 595 554	(14 403)	10 581 151
Current Liabilities			
Borrowings	1 276 468	(1 276 468)	-
Financial liabilities	-	1 276 468	1 276 468
Refund liability	26 269	(26 269)	-
Trade and other payables	1 619 192	(1 619 192)	-
Payables from exchange transactions	-	1 510 847	1 510 847
Taxes and transfers payable (non-exchange)	-	134 614	134 614
Contract liabilities	635 235	(635 235)	-
Deferred income	-	98 867	98 867
Unspent restrictive grants and receipts	-	536 368	536 368
Lease liability	3 912	(3 912)	-
Total Current Liabilities	3 561 076	(3 912)	3 557 164
TOTAL LIABILITIES	14 156 630	(18 315)	14 138 315
TOTAL NET ASSETS	(120 642)	2 369	(118 273)

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Statement of Financial Performance as at 31 March 2025

	Notes	Previously reported	GRAP adjustment	Total
Revenue				
Revenue from exchange transactions				
Contract revenue		1 180 081	(1 376)	1 181 457
Total revenue from exchange transactions		1 180 081	(1 376)	1 181 457
Expenditure				
Depreciation and amortisation	a,b	(14 141)	4 690	(9 451)
Finance cost	-	(1 622 068)	1 943	(1 620 125)
Other operating expenses		(865 674)	(6 066)	(871 740)
Total expenditure		(2 501 883)	567	(2 501 316)
(Deficit) / Surplus for the year		(1 321 802)	1 943	(1 319 859)

36. PRIOR PERIOD ERRORS

The 2024 and 2025 statements of financial position as well as the 2025 statement of financial performance have been retrospectively restated as a result of the following prior period errors:

- a. Prior-year figures were restated following the identification of errors relating to the incorrect useful lives and/or depreciation and amortisation rates applied to certain asset classes. Furthermore,

management identified that certain software license and activation costs were incorrectly capitalised as intangible assets in prior financial years. As a result, accumulated depreciation and accumulated amortisation was misstated. The impact of the error was an increase in depreciation expense of R3002 thousand and an increase in amortisation expense of R939 thousand with a corresponding increase in revenue. The impact on net assets is nil as the revenue recognised equals the expenditure however this resulted in an overall decrease in Tariff

receivable of R427 thousand with a corresponding increase in property, plant and equipment of R621 thousand and decrease in intangible assets of R194 thousand

- b. Prepayments relating to periods extending beyond twelve months after the reporting date were incorrectly classified as current assets instead of being allocated between current and non-current assets. Management assessed the impact of the prior period error and concluded that it did not affect the recognition or measurement of prepayments.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

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- The amount moved from current to non-current is R8 million (2024: R8 million).
- c. Payable from exchange transactions and provisions were restated due to incorrect classification of of audit fees as an accrual amounting to R9 million.
 - d. Tariff receivable, other operating expenses and provisions was restated due to the following:
 - The variable electricity adjustments on royalties were historically accounted for on an arrear basis when ESKOM publishes the prior year tariff increases in October each year. However, management have made an estimate of this additional expense due to the significant increase in the ESI in recent years, the error was corrected restrospectively and resulted in a cumulative increase in provisions of R408 million (2024:R152 million) with a corresponding increase in tariff receivables.
 - These changes resulted in a modification gain of R102 million (2024:R85 million) and increase in finance income adjustment of R11 million.
 - Other operating expenses were restated due to non-accrual of the guarantee fee relating to the 2025 financial year. An amount of R27 million was due to the National Treasury at year end, a corresponding adjustment to contract revenue was made.
 - e. Employee benefit expense was restated due to correction of incentive provision raised amounting to R3 million.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Statement of Financial Position as at 31 March 2025

	Previously Reported	Error correction	As restated
ASSETS			
Non-Current Assets			
Property, plant and equipment	11 756	621	12 377
Intangible assets	1 268	(194)	1 074
Tariff receivable	14 388 316	409 989	14 793 305
Prepayments	-	8 000	8 000
Total Non-Current Assets	14 401 340	413 416	14 814 756
Current Assets			
Prepayments	689 883	(8 000)	38 410
Tariff receivable	46 410	(8 000)	38 410
Total Current Assets	736 293	856 000	16 407 049
TOTAL ASSETS	15 137 633	1 269 416	16 407 049

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Statement of Financial Position as at 31 March 2025 continued

	Previously Reported	Error correction	As restated
Non-current liabilities	-		
Contract liabilities	-	657 790	657 790
Total Non-current liabilities	-	657 790	657 790
Current liabilities		-	-
Trade and other payables	2 672 648	19 212	2 691 860
Employee benefit obligation	47 516	(2 999)	44 517
Provisions	-	389 203	389 203
Contract liabilities	1 083 205	(370 045)	713 160
Unspent restrictive grants and receipts	-	576 255	576 255
Total current liabilities	3 803 369	611 626	4 414 995
TOTAL LIABILITIES	3 803 369	1 269 416	5 072 785
TOTAL NET ASSETS	11 334 264		11 334 264

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Statement of Financial Position as at 31 March 2024

	Previously Reported	Error correction	As restated
ASSETS			
Non-Current Assets			
Property, plant and equipment	14 673	3 626	18 299
Intangible assets	-	2 148	2 148
Tariff receivable	10 410 055	238 044	10 648 099
Prepayments	-	8 000	8 000
Total Non-Current Assets	10 424 728	251 818	10 676 546
Current Assets			
Prepayments	43 965	(8 000)	35 965
Total Current Assets	43 965	(8 000)	35 965
TOTAL ASSETS	10 468 693	243 818	10 712 511
Current Liabilities			
Financial liabilities	1 466 911	152 281	1 619 192
Unspent restrictive grants and receipts		98 867	98 867
Contract liabilities	635 235	(98 867)	536 368
Total Current Liabilities	2 102 146	152 281	2 254 427
TOTAL LIABILITIES	2 102 146	152 281	2 254 427
TOTAL NET ASSETS	8 366 547	91 537	8 458 084

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Statement of Financial Performance as at 31 March 2025

	Previously reported	GRAP adjustment	Total
Revenue			
Revenue from exchange transactions			
Contract revenue	1 149 987	30 094	1 180 081
Finance income	1 417 969	11 486	1 429 455
Total revenue from exchange transactions	2 567 956	41 580	2 609 536
Expenditure			
Depreciation and amortisation	(10 199)	(3 942)	(14 141)
Employee cost	(322 822)	2 999	(319 823)
Other expenses	(836 523)	(29 151)	(865 674)
Modification gain/loss on financial assets	1 538 802	(102 281)	1 436 521
Total expenditure	369 258	(132 375)	236 883
(Deficit) / Surplus for the year	2 937 214	(90 795)	2 846 419

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

37. IRREGULAR EXPENDITURE

Irregular and fruitless and wasteful expenditure confirmed in the current year, is disclosed below. The reported irregular expenditure is being treated in terms of the Compliance Reporting Framework, Instruction Note 4 of 2022/23.

Irregular expenditure	2026	2025
Irregular expenditure for the current year	277	505

Amounts of material losses through criminal conduct	2026	2025
Transaction where the proper process was not followed	14	13

Criminal or disciplinary steps taken as a result of losses, irregular and fruitless and wasteful expenditure	2026	2025
One case opened, the amount fully recovered and the responsible individual is no longer in the employment of TCTA.	14	13
Disciplinary steps have been taken against responsible individuals	263	492
	277	505

38. EXPLANATIONS OF VARIANCES BETWEEN FINAL BUDGET AND ACTUAL AMOUNTS

Explanations for significant variances between final budget and actual amounts incurred are:

a. Contract revenue

Revenue raised is reciprocal to costs incurred below - reasons for the fluctuation in expenses is similar to what influences the fluctuation in revenue.

b. Other operating expenses

UMWP, BRVAS and MCWAP-2 projects delays contributed to the lower than anticipated spending. The delays were influenced by the protracted process in appointing contractors. Therefore, the allocated budget could not be fully utilised by the end of the financial year. These projects will therefore continue in 2026-27. Additionally, there were efficiencies realised in the AMD operations and maintenance project costs resulting in budget savings. Lastly, all the tunnel outage work, relating

to the LHWP project, was successfully completed without tapping into the allocated budget.

c. Finance income

Finance income includes interest earned on investments and interest income on Tariff receivable. Actual interest investment rate is higher than the original budget resulting in higher interest income. The interest earned on investment increased significantly in MCWAP-2 and UMWP project as a result of tariffs received. The finance income on tariff receivable increased slightly in VRS project due to a higher closing balance compared to the budget.

d. Finance costs

The lower costs were due to lower funding requirements overall and impact of timing differences in drawdowns. Capital repayment on the current loans results in lower interest cost.

TCTA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

e. Modification gain or loss on financial assets

The amount recognised during the year reflects accounting adjustments performed in accordance with accounting standards and are therefore not operationally budgeted as the budget is done on accrual basis and does not take into accounting adjustments.

f. Receivables from exchange transactions

Tariff billing is driven by the estimated volumes and tariff rates. Tariff billing for 2025-26 increases in line with demand planning. The expected volumes was much higher in the VRS project compared to budget and tariff increased. Budget is based on estimated DWS volumes as presented at the Water Users Forum and the estimated tariff per the project tariff model. Additionally, the VRESAP actual was marginally higher than budget due to higher-than-budgeted volumes for ESKOM and SASOL together with higher than budgeted ESKOM tariff.

g. Cash and cash equivalents

Cash and cash equivalents exceeded budget due to timing differences between funding received and project expenditure incurred. Delays in project implementation and lower spending resulted in higher year-end cash balances.

h. Borrowings

An additional amount of R3.5 billion was budgeted for drawdowns on the MCWAP-2 project due to anticipated engineering costs, however, the actual engineering expenditure amounted came below budget due to project delays.

i. Payables from exchange transactions

Payables from exchange transactions were lower than budget mainly due to reduced operational and project-related expenditure during the year, as well as timing differences in the receipt of supplier invoices and payments processed at year-end.

Irregular and fruitless and wasteful expenditure confirmed in the current year, is disclosed below. The reported irregular expenditure is being treated in terms of the Compliance Reporting Framework, Instruction Note 4 of 2022/23.

ANNEXURE A

SEGMENTAL STATEMENT OF CASH FLOW

FOR THE PERIOD ENDED 31 MARCH 2026

	TCTA-C Mar 2026 R'000	VRS Mar 2026 R'000	BWP Mar 2026 R'000	VRESAP Mar 2026 R'000	MCWAP Mar 2026 R'000	MMTS-2 Mar 2026 R'000	ORWRDP Mar 2026 R'000	KWSAP Mar 2026 R'000	MCWAP 2 Mar 2026 R'000	MRWP Mar 2026 R'000	BRVAS Mar 2026 R'000	UMWP Mar 2026 R'000	NAMITWA Mar 2026 R'000	JERICHO Mar 2026 R'000	TOTAL Mar 2026 R'000
CASH FLOW FROM OPERATING ACTIVITIES															
Receipts															
Cash received from customers	-	8 567 204	43 709	766 907	115 130	-	-	285 565	-	-	-	2 299 365	-	-	12 077 880
Receipts from fiscal allocations	-	1 901 667	-	-	-	-	-	-	-	-	-	304 000	50 000	-	2 255 667
Finance Income	1 695	345 428	4 324	48 635	51 039	3 409	91	42 961	75 268	2 059	3 697	111 688	2 028	-	587 666
	1 695	10 709 643	48 033	815 542	166 169	3 409	91	328 526	75 268	2 059	3 697	2 715 053	52 028	-	14 921 213
Payments															
Cash paid to suppliers	11 461	(11 987 280)	(16 888)	(110 363)	(16 053)	(3)	(2)	(37 273)	(2 105 186)	(1 777)	(1 160)	(523 457)	(1)	-	(14 787 982)
Finance cost	-	(1 164 502)	(5 114)	(153 519)	(76 794)	-	-	(85 597)	(108 129)	-	(15 581)	-	-	-	(1 609 236)
	11 461	(13 151 782)	(22 002)	(263 882)	(92 847)	(3)	(2)	(122 870)	(2 213 315)	(1 777)	(16 741)	(523 457)	(1)	-	(16 397 218)
Net cashflows from operating activities	13 156	(2 442 139)	26 031	551 660	73 322	3 406	89	205 656	(2 138 047)	282	(13 044)	2 191 596	52 027	-	(1 476 005)
CASH FLOW FROM INVESTING ACTIVITIES															
Payments to acquire financial assets	-	(170 000)	-	-	-	-	-	-	-	-	-	-	-	-	(170 000)
Proceeds from financial assets	-	984 224	-	-	-	-	-	-	-	-	-	-	-	-	984 224
Purchase of property, plant and equipment	-	(6 826)	-	-	-	-	-	-	-	-	-	-	-	-	(6 826)
Proceeds on the sale of Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions to intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cashflows from operating activities	-	807 398	-	-	-	-	-	-	-	-	-	-	-	-	807 398

ANNEXURE A

SEGMENTAL STATEMENT OF CASH FLOW

FOR THE PERIOD ENDED 31 MARCH 2026

	TCTA-C Mar 2026 R'000	VRS Mar 2026 R'000	BWP Mar 2026 R'000	VRESAP Mar 2026 R'000	MCWAP Mar 2026 R'000	MMTS-2 Mar 2026 R'000	ORWRDP Mar 2026 R'000	KWSAP Mar 2026 R'000	MCWAP 2 Mar 2026 R'000	MRWP Mar 2026 R'000	BRVAS Mar 2026 R'000	UMWP Mar 2026 R'000	NAMITWA Mar 2026 R'000	JERICHO Mar 2026 R'000	TOTAL Mar 2026 R'000
CASH FLOW FROM FINANCING ACTIVITIES															
Proceeds from long-term borrowings	-	5 500 000	-	-	-	-	-	-	3 000 000	-	120 000	-	-	-	8 620 000
Repayments on long-term borrowings	-	(1 271 213)	(15 000)	(623 455)	(54 242)	-	-	(61 849)	-	-	-	-	-	-	(2 025 759)
Payment of principal portion of lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash from financing activities	-	4 228 787	(15 000)	(623 455)	(54 242)	-	-	(61 849)	3 000 000	-	120 000	-	-	-	6 594 241
Total cash and cash equivalents movement for the period	13 156	2 594 046	11 031	(71 795)	19 080	3 406	89	143 807	861 953	282	106 956	2 191 596	52 027	-	5 925 634
Cash and cash equivalents at the beginning of the period	1 846	3 978 986	50 206	607 834	722 435	47 237	1 298	538 213	452 044	29 753	20 205	611 696	-	-	7 061 753
Total cash and cash equivalents at end of the period	15 002	6 573 032	61 237	536 039	741 515	50 643	1 387	682 020	1 313 997	30 035	127 161	2 803 292	52 027	-	12 987 387

ANNEXURE A

SEGMENTAL STATEMENT OF CASH FLOW

FOR THE PERIOD ENDED 31 MARCH 2026

	TCTA-C Mar 2026 R'000	VRS Mar 2026 R'000	BWP Mar 2026 R'000	VRESAP Mar 2026 R'000	MCWAP Mar 2026 R'000	MMTS-2 Mar 2026 R'000	ORWRDP Mar 2026 R'000	KWSAP Mar 2026 R'000	MCWAP 2 Mar 2026 R'000	MRWP Mar 2026 R'000	BRVAS Mar 2026 R'000	UMWP Mar 2026 R'000	NAMITWA Mar 2026 R'000	JERICHO Mar 2026 R'000	TOTAL Mar 2026 R'000
CASH GENERATED FROM PROJECT ACTIVITIES															
Net (deficit)/ surplus for the year	1 695	(664 108)	3 767	(58 295)	19 647	-	91	12 976	(208 700)	2 058	(11 917)	111 688	2 028	-	(789 087)
Adjustments for non cash flow items and amounts separately disclosed:															
Depreciation and amortisation	-	5 789	-	-	-	-	-	-	-	-	-	-	-	-	5 789
Loss on disposal of property, plant and equipment	(1 695)	10	-	-	-	-	-	-	-	-	-	-	-	-	10
Net finance income/ (expense)	-	668 387	790	118 325	24 595	(3 409)	(91)	42 762	208 700	(2 059)	11 917	(111 688)	(2 028)	-	954 506
Imputed interest on tariff receivable	-	(641 363)	(912)	(135 106)	(33 422)	-	-	(41 624)	-	-	-	-	-	-	(852 427)
Re-estimation gain / (loss)	-	636 927	(3 828)	74 640	(11 744)	-	-	(14 369)	-	-	-	-	-	-	681 634
Contract revenue	(1)	(749 055)	(21 106)	(14 289)	(14 021)	(2)	(2)	(9 822)	(462 559)	(23 926)	(16 707)	(315 283)	-	-	(1 626 773)
Credit loss	-	(397)	-	-	-	-	-	-	-	-	-	-	-	-	(397)
Changes in working capital:															
(Increase) / decrease receivables from exchange transactions	4 181	(100 090)	(137)	11 900	(14 427)	-	1	-	(86 773)	(30 467)	(12 830)	3 416	(1)	-	(237 008)

ANNEXURE A

SEGMENTAL STATEMENT OF CASH FLOW

FOR THE PERIOD ENDED 31 MARCH 2026

	TCTA-C Mar 2026 R'000	VRS Mar 2026 R'000	BWP Mar 2026 R'000	VRESAP Mar 2026 R'000	MCWAP Mar 2026 R'000	MMTS-2 Mar 2026 R'000	ORWRDP Mar 2026 R'000	KWSAP Mar 2026 R'000	MCWAP 2 Mar 2026 R'000	MRWP Mar 2026 R'000	BRVAS Mar 2026 R'000	UMWP Mar 2026 R'000	NAMITWA Mar 2026 R'000	JERICHO Mar 2026 R'000	TOTAL Mar 2026 R'000
CASH GENERATED FROM PROJECT ACTIVITIES															
(Increase) / decrease in prepayments	-	1 941	-	-	-	570	-	-	(1 722 686)	(30 467)	(12 830)	3 416	-	-	(1 720 175)
(Decrease)/ increase in provisions and payables from exchange transactions	7 279	71 691	482	(8 788)	(2 594)	2 836	(267)	3 047	30 673	28 691	16 748	35 754	-	-	185 552
Vat on tariff receivable debtor	-	(87 972)	-	-	-	-	-	1 042	-	-	-	-	-	-	(86 930)
(Decrease)/Increase in deferred income	-	-	-	-	-	-	264	-	(379 042)	-	(5 077)	1 999 449	50 000	-	1 665 594
(Decrease)/Increase in restrictive grant and receipts	-	-	-	-	-	-	-	-	-	-	-	0	-	-	0
Cost related payments	-	(9 845 333)	-	-	-	-	-	-	-	-	-	-	-	-	(9 845 333)
Capitalised to the tariff receivable	-	9 351 608	38 008	666 876	100 113	-	-	248 318	-	-	-	-	-	-	10 404 923
Non cash flow item in receivable from exchange transactions	1	-	-	-	-	2	2	-	462 559	23 926	16 707	315 283	-	-	818 480
Cash (utilised)/ generated from operating activities	11 460	(1 351 965)	17 055	643 482	68 147	(3)	(2)	242 330	(2 157 828)	(1 777)	(1 159)	2 025 826	49 999	-	(454 435)

ANNEXURE A

SEGMENTAL STATEMENT OF CASH FLOW

FOR THE PERIOD ENDED 31 MARCH 2026

	TCTA-C Mar 2026 R'000	VRS Mar 2026 R'000	BWP Mar 2026 R'000	VRESAP Mar 2026 R'000	MCWAP Mar 2026 R'000	MMTS-2 Mar 2026 R'000	ORWRDP Mar 2026 R'000	KWSAP Mar 2026 R'000	MCWAP 2 Mar 2026 R'000	MRWP Mar 2026 R'000	BRVAS Mar 2026 R'000	UMWP Mar 2026 R'000	NAMITWA Mar 2026 R'000	JERICHO Mar 2026 R'000	TOTAL Mar 2026 R'000
FINANCE INCOME RECEIVED															
Amount due at beginning of the period	-	41 178	-	-	-	-	-	-	-	-	-	-	-	-	41 178
Income during the period adjusted for non-cash items	1 695	225 140	4 324	48 635	51 039	3 409	91	42 961	75 268	2 059	3 697	111 688	2 028	-	572 034
Interest on financial instruments accrued	1 695	484 278	4 324	48 635	51 039	3 409	91	42 961	75 982	8 619	4 780	113 197	2 028	-	841 021
Non cash	-	(259 138)	-	-	-	-	-	-	(714)	(6 560)	(1 083)	(1 509)	-	-	(269 004)
Amount due at the end of the period	-	(25 546)	-	-	-	-	-	-	-	-	-	-	-	-	(25 546)
Finance income received	1 695	240 772	4 324	48 635	51 039	3 409	91	42 961	75 268	2 059	3 697	111 688	2 028	-	587 666

(1) Interest accrued excludes imputed interest on the tariff receivable

ANNEXURE A

SEGMENTAL STATEMENT OF CASH FLOW

FOR THE PERIOD ENDED 31 MARCH 2026

	TCTA-C Mar 2026 R'000	VRS Mar 2026 R'000	BWP Mar 2026 R'000	VRESAP Mar 2026 R'000	MCWAP Mar 2026 R'000	MMTS-2 Mar 2026 R'000	ORWRDP Mar 2026 R'000	KWSAP Mar 2026 R'000	MCWAP 2 Mar 2026 R'000	MRWP Mar 2026 R'000	BRVAS Mar 2026 R'000	UMWP Mar 2026 R'000	NAMITWA Mar 2026 R'000	JERICO Mar 2026 R'000	TOTAL Mar 2026 R'000
FINANCE COST PAID															
Amount not paid at beginning of the period	-	(86 736)	-	(16 156)	(9 657)	-	-	(722)	-	-	-	-	-	-	(113 271)
Expensed during the period adjusted for non-cash items	-	(1 152 665)	(5 114)	(148 061)	(75 634)	-	-	(85 723)	(108 129)	-	(15 614)	-	-	-	(1 590 940)
Amount expensed	-	(1 127 780)	(5 181)	(164 537)	(75 758)	-	-	(84 954)	(176 552)	(6 560)	(5 167)	(1 509)	-	-	(1 647 998)
Other finance cost	-	(24 885)	(125)	(2 859)	(800)	-	-	(1 024)	(108 130)	-	(11 530)	-	-	-	(149 353)
Non-Cash	-	-	192	19 335	924	-	-	255	176 553	6 560	1 083	1 509	-	-	206 411
Amount not paid at the end of the period	-	74 899	-	10 698	8 497	-	-	848	-	-	33	-	-	-	94 975
Finance cost paid	-	(1 164 502)	(5 114)	(153 519)	(76 794)	-	-	(85 597)	(108 129)	-	(15 581)	-	-	-	(1 609 236)

ANNEXURE A

SEGMENTAL STATEMENT OF CASH FLOW

FOR THE PERIOD ENDED 31 MARCH 2025

	TCTA-C Mar 2026 R'000	VRS Mar 2026 R'000	BWP Mar 2026 R'000	VRESAP Mar 2026 R'000	MCWAP Mar 2026 R'000	MMTS-2 Mar 2026 R'000	ORWRDP Mar 2026 R'000	KWSAP Mar 2026 R'000	MCWAP 2 Mar 2026 R'000	MRWP Mar 2026 R'000	BRVAS Mar 2026 R'000	UMWP Mar 2026 R'000	NAMITWA Mar 2026 R'000	JERICHO Mar 2026 R'000	TOTAL Mar 2026 R'000
CASH FLOW FROM OPERATING ACTIVITIES															
Receipts															
Cash received from customers	-	8 567 204	43 709	766 907	115 130	-	-	285 565	-	-	-	2 299 365	-	-	12 077 880
Receipts from fiscal allocations	-	1 901 667	-	-	-	-	-	-	-	-	-	304 000	50 000	-	2 255 667
Finance Income	1 695	240 772	4 324	48 635	51 039	3 409	91	42 961	75 268	2 059	3 697	111 688	2 028	-	587 666
	1 695	10 709 643	48 033	815 542	166 169	3 409	91	328 526	75 268	2 059	3 697	2 715 053	52 028	-	14 921 213
Payments															
Cash paid to suppliers	11 461	(11 987 280)	(16 888)	(110 363)	(16 053)	(3)	(2)	(37 273)	(2 105 186)	(1 777)	(1 160)	(523 457)	(1)	-	(14 787 982)
Finance cost	-	(1 164 502)	(5 114)	(153 519)	(76 794)	-	-	(85 597)	(108 129)	-	(15 581)	-	-	-	(1 609 236)
	11 461	(13 151 782)	(22 002)	(263 882)	(92 847)	(3)	(2)	(122 870)	(2 213 315)	(1 777)	(16 741)	(523 457)	(1)	-	(16 397 218)
Net cashflows from operating activities	13 156	(2 442 139)	26 031	551 660	73 322	3 406	89	205 656	(2 138 047)	282	(13 044)	2 191 596	52 027	-	(1 476 005)

ANNEXURE A

SEGMENTAL STATEMENT OF CASH FLOW

FOR THE PERIOD ENDED 31 MARCH 2025

	TCTA-C Mar 2026 R'000	VRS Mar 2026 R'000	BWP Mar 2026 R'000	VRESAP Mar 2026 R'000	MCWAP Mar 2026 R'000	MMTS-2 Mar 2026 R'000	ORWRDP Mar 2026 R'000	KWSAP Mar 2026 R'000	MCWAP 2 Mar 2026 R'000	MRWP Mar 2026 R'000	BRVAS Mar 2026 R'000	UMWP Mar 2026 R'000	NAMITWA Mar 2026 R'000	JERICHO Mar 2026 R'000	TOTAL Mar 2026 R'000
CASH FLOW FROM INVESTING ACTIVITIES															
Payments to acquire financial assets	-	(170 000)	-	-	-	-	-	-	-	-	-	-	-	-	(170 000)
Proceeds from the sale of financial assets	-	984 224	-	-	-	-	-	-	-	-	-	-	-	-	984 224
Purchase of property, plant and equipment	-	(6 826)	-	-	-	-	-	-	-	-	-	-	-	-	(6 826)
Proceeds on the sale of Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions to intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash inflow from investing activities	-	807 398	-	-	-	-	-	-	-	-	-	-	-	-	807 398

ANNEXURE A

SEGMENTAL STATEMENT OF CASH FLOW

FOR THE PERIOD ENDED 31 MARCH 2025

	TCTA-C Mar 2026 R'000	VRS Mar 2026 R'000	BWP Mar 2026 R'000	VRESAP Mar 2026 R'000	MCWAP Mar 2026 R'000	MMTS-2 Mar 2026 R'000	ORWRDP Mar 2026 R'000	KWSAP Mar 2026 R'000	MCWAP 2 Mar 2026 R'000	MRWP Mar 2026 R'000	BRVAS Mar 2026 R'000	UMWP Mar 2026 R'000	NAMITWA Mar 2026 R'000	JERICHO Mar 2026 R'000	TOTAL Mar 2026 R'000
CASH FLOW FROM FINANCING ACTIVITIES															
Proceeds from long-term borrowings	-	5 500 000	-	-	-	-	-	-	3 000 000	-	120 000	-	-	-	8 620 000
Repayments on long-term borrowings	-	(1 271 213)	(15 000)	(623 455)	(54 242)	-	-	(61 849)	-	-	-	-	-	-	(2 025 759)
Payment of principal portion of lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash outflow from financing activities	-	4 228 787	(15 000)	(623 455)	(54 242)	-	-	(61 849)	3 000 000	-	120 000	-	-	-	6 594 241
Total cash and cash equivalents movement for the period	13 156	2 594 046	11 031	(71 795)	19 080	3 406	89	143 807	861 953	282	106 956	2 191 596	52 027	-	5 925 634
Cash and cash equivalents at the beginning of the period	1 846	3 978 986	50 206	607 834	722 435	47 237	1 298	538 213	452 044	29 753	20 205	611 696	-	-	7 061 753
Total cash and cash equivalents at end of the period	15 002	6 573 032	61 237	536 039	741 515	50 643	1 387	682 020	1 313 997	30 035	127 161	2 803 292	52 027	-	12 987 387

ANNEXURE A

SEGMENTAL STATEMENT OF CASH FLOW

FOR THE PERIOD ENDED 31 MARCH 2025

	TCTA-C Mar 2026 R'000	VRS Mar 2026 R'000	BWP Mar 2026 R'000	VRESAP Mar 2026 R'000	MCWAP Mar 2026 R'000	MMTS-2 Mar 2026 R'000	ORWRDP Mar 2026 R'000	KWSAP Mar 2026 R'000	MCWAP 2 Mar 2026 R'000	MRWP Mar 2026 R'000	BRVAS Mar 2026 R'000	UMWP Mar 2026 R'000	NAMITWA Mar 2026 R'000	JERICO Mar 2026 R'000	TOTAL Mar 2026 R'000
CASH GENERATED FROM PROJECT ACTIVITIES															
Net (deficit)/ surplus for the year	1 695	(664 108)	3 756	(58 295)	19 647	-	91	12 970	(208 700)	2 058	(11 917)	111 688	2 028	-	(789 087)
Adjustments for non cash flow items and amounts separately disclosed:															
Depreciation and amortisation	-	5 789	-	-	-	-	-	-	-	-	-	-	-	-	5 789
Loss on disposal of property, plant and equipment	-	10	-	-	-	-	-	-	-	-	-	-	-	-	10
Net finance income/ (expense)	(1 695)	668 387	790	118 325	24 595	(3 409)	(91)	42 762	208 700	(2 059)	11 917	(111 688)	(2 028)	-	954 506
Imputed interest on tariff receivable	-	(641 363)	(912)	(135 106)	(33 422)	-	-	(41 624)	-	-	-	-	-	-	(852 427)
Re-estimation gain / (loss)	-	636 927	(3 826)	74 640	(11 744)	-	-	(14 363)	-	-	-	-	-	-	681 634
Contract revenue	(1)	(749 055)	(21 106)	(14 289)	(14 021)	(2)	(2)	(9 822)	(462 559)	(23 926)	(16 707)	(315 283)	-	-	(1 626 773)
Credit loss	-	(397)	-	-	-	-	-	-	-	-	-	-	-	-	(397)
Changes in working capital:															
(Increase) / decrease receivables from exchange transactions	4 181	(100 090)	(137)	119,00	(14 427)	-	1	-	(86 773)	(30 467)	(12 830)	3 416	(1)	-	(237 008)

ANNEXURE A

SEGMENTAL STATEMENT OF CASH FLOW

FOR THE PERIOD ENDED 31 MARCH 2025

	TCTA-C Mar 2026 R'000	VRS Mar 2026 R'000	BWP Mar 2026 R'000	VRESAP Mar 2026 R'000	MCWAP Mar 2026 R'000	MMTS-2 Mar 2026 R'000	ORWRDP Mar 2026 R'000	KWSAP Mar 2026 R'000	MCWAP 2 Mar 2026 R'000	MRWP Mar 2026 R'000	BRVAS Mar 2026 R'000	UMWP Mar 2026 R'000	NAMITWA Mar 2026 R'000	JERICO Mar 2026 R'000	TOTAL Mar 2026 R'000
CASH GENERATED FROM PROJECT ACTIVITIES															
(Increase) / decrease in prepayments	-	1 941	-	-	-	570	-	-	(1 722 686)	-	-	-	-	-	(1 720 175)
(Decrease)/ increase in provisions and payables from exchange transactions	7 279	71 691	482	(8 788)	(2 594)	2 836	(267)	3 047	30 673	28 691	16 748	35 754	-	-	185 552
Vat on tariff receivable debtor	-	(87 972)	-	-	-	-	-	1 042	-	-	-	-	-	-	(86 930)
(Decrease)/Increase in deferred income	-	-	-	-	-	-	264	-	(379 042)	-	(5 077)	1 999 449	50 000	-	1 665 594
(Decrease)/Increase in restrictive grant and receipts	-	-	-	-	-	-	-	-	-	-	-	0	-	-	0
Cost related payments	-	(9 845 333)	-	-	-	-	-	-	-	-	-	-	-	-	(9 845 333)
Capitalised to the tariff receivable	-	9 351 608	38 008	666 876	100 113	-	-	248 318	-	-	-	-	-	-	10 404 923
Non cash flow item in receivable from exchange transactions	1	-	-	-	-	2	2	-	462 559	23 926	16 707	315 283	-	-	818 480
Cash (utilised)/ generated from operating activities	11 460	(1 351 965)	17 055	643 482	68 147	(3)	(2)	242 330	(2 157 828)	(1 777)	(1 159)	2 025 826	49 999	-	(454 435)

ANNEXURE A

SEGMENTAL STATEMENT OF CASH FLOW

FOR THE PERIOD ENDED 31 MARCH 2025

	TCTA-C Mar 2026 R'000	VRS Mar 2026 R'000	BWP Mar 2026 R'000	VRESAP Mar 2026 R'000	MCWAP Mar 2026 R'000	MMTS-2 Mar 2026 R'000	ORWRDP Mar 2026 R'000	KWSAP Mar 2026 R'000	MCWAP 2 Mar 2026 R'000	MRWP Mar 2026 R'000	BRVAS Mar 2026 R'000	UMWP Mar 2026 R'000	NAMITWA Mar 2026 R'000	JERICHO Mar 2026 R'000	TOTAL Mar 2026 R'000
FINANCE INCOME RECEIVED															
Amount due at beginning of the period	-	41 178	-	-	-	-	-	-	-	-	-	-	-	-	41 178
Income during the period adjusted for non-cash items	1 695	225 140	4 324	48 635	51 039	3 409	91	42 961	75 268	2 059	3 697	111 688	2 028	-	572 034
Interest on financial instruments accrued	1 695	484 278	4 324	48 635	51 039	3 409	91	42 961	75 982	8 619	4 780	113 197	2 028	-	841 038
Non cash	-	(259 138)	-	-	-	-	-	-	(714)	(6 560)	(1 083)	(1 509)	-	-	(269 004)
Amount due at the end of the period	-	(25 546)	-	-	-	-	-	-	-	-	-	-	-	-	(25 546)
Finance income received	1 695	240 772	4 324	48 635	51 039	3 409	91	42 961	75 268	2 059	3 697	111 688	2 028	-	587 666

(1) Interest accrued excludes imputed interest on the tariff receivable

ANNEXURE A

SEGMENTAL STATEMENT OF CASH FLOW

FOR THE PERIOD ENDED 31 MARCH 2025

	TCTA-C Mar 2026 R'000	VRS Mar 2026 R'000	BWP Mar 2026 R'000	VRESAP Mar 2026 R'000	MCWAP Mar 2026 R'000	MMTS-2 Mar 2026 R'000	ORWRDP Mar 2026 R'000	KWSAP Mar 2026 R'000	MCWAP 2 Mar 2026 R'000	MRWP Mar 2026 R'000	BRVAS Mar 2026 R'000	UMWP Mar 2026 R'000	NAMITWA Mar 2026 R'000	JERICHO Mar 2026 R'000	TOTAL Mar 2026 R'000
FINANCE COST PAID															
Amount not paid at beginning of the period	-	(86 736)	-	(16 156)	(9 657)	-	-	(722)	-	-	-	-	-	-	(113 271)
Expensed during the period adjusted for non-cash items	-	(1 152 665)	(5 114)	(148 061)	(75 634)	-	-	(85 723)	(108 129)	-	(15 614)	-	-	-	(1 590 940)
Amount expensed	-	(1 127 780)	(5 181)	(164 537)	(75 758)	-	-	(84 954)	(176 552)	(6 560)	(5 167)	(1 509)	-	-	(1 647 998)
Other finance cost	-	(24 885)	(125)	(2 859)	(800)	-	-	(1 024)	(108 130)	-	(11 530)	-	-	-	(149 353)
Non-Cash	-	-	192	19 335	924	-	-	255	176 553	6 560	1 083	1 509	-	-	206 411
Amount not paid at the end of the period	-	74 899	-	10 698	8 497	-	-	848	-	-	33	-	-	-	94 975
Finance cost paid	-	(1 164 502)	(5 114)	(153 519)	(76 794)	-	-	(85 597)	(108 129)	-	(15 581)	-	-	-	(1 609 236)

GLOBAL REPORTING INITIATIVE CONTENT INDEX

References

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List of Abbreviations/Acronyms

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REFERENCES

Ref No.	Description	Compliant	Comment
1. Strategy and analysis			
1.1	Statement from the most senior decision-makers of the organisation	Fully	Refer to pages 9 and 10 .
1.2	Description of key impacts, risks and opportunities	Fully	Refer to pages 122 to 125 .
2. Organisational profile			
2.1	Name of the organisation	Fully	Trans-Caledon Tunnel Authority.
2.2	Primary brands, products and/or services	Fully	Refer to page 22 .
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures	Fully	Refer to page 25 .
2.4	Location of organisation's headquarters	Fully	TCTA operates from its offices in Centurion, Gauteng, South Africa.
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Fully	TCTA is only active in South Africa. On Phase 2 of the Lesotho Highlands Water Project, it raises the money in South Africa for the water transfer component and pays it over to the Lesotho Highlands Development Authority for the implementation.
2.6	Nature of ownership and legal form	Fully	Refer to page 19 .
2.7	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	Fully	Not applicable.
2.8	Scale of the reporting organisation	Fully	Refer to pages 12 and 13 .
2.9	Significant changes during the reporting period regarding size, structure or ownership	Fully	No changes.
2.10	Awards received for outstanding work in the reporting period	Fully	None received.
3. Report parameters			
3.1	Reporting period (e.g. fiscal or calendar year) for information provided	Fully	This report relates to the financial year from 1 April 2025 to 31 March 2026.
3.2	Date of most recent previous report (if any)	Fully	September 2025.
3.3	Reporting cycle (annual, biennial, etc.)	Fully	Annual.
3.4	Contact point for questions regarding the report or its contents	Fully	Feedback on the report is welcome. The Chief Executive Officer may be contacted in this regard.

Ref No.	Description	Compliant	Comment
3.5	Process for defining report content	Fully	Refer to page 13 : About the Integrated Annual Report.
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope)	Fully	There were no specific limitations on the scope or boundary of the report.
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations	Fully	TCTA has no subsidiaries or joint ventures.
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the Global Reporting Initiative Indicator Protocols	Fully	Refer to the Annual Performance Report pages 29 to 35 .
3.10	Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatement (e.g. mergers and acquisitions, change of base years or periods, nature of business, measurement methods)	Fully	No restatements in this regard.
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	Fully	No significant changes were identified from the previous reporting period.
3.12	Table identifying the location of the Standard Disclosures in the report	Fully	Refer to pages 332 to 340 'Global Reporting Initiative content index'.
3.13	Policy and current practice with regard to seeking external assurance for the report	Fully	The predetermined objectives and the Annual Financial Statements are assured in line with the requirements of the Auditor-General of South Africa.
4. Governance, commitments and engagement			
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight	Fully	Refer to Part E: Governance .
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Fully	The Chairperson of the TCTA Board is an independent non-executive director.
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members	Fully	Refer to pages 101 to 105 .
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	None	In line with the Treasury Regulations, shareholder input is provided through the Shareholder's Compact.

Ref No.	Description	Compliant	Comment
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance)	Fully	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Fully	Refer to Part E: Governance .
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity	Fully	Process of determining composition is the prerogative of the Minister and occurs when the Board is appointed.
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	Fully	Refer to Part C: Sustainability .
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social and labour performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles	Fully	Refer to Part C: Sustainability .
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance	Fully	Refer to page 96 .
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	None	
4.12	Externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or endorses	Fully	In the implementation of its projects TCTA subscribes to the principles contained in the Construction Sector Charter.
4.13	Memberships in associations	Fully	Institute of Internal Auditors, South African National Committee on Large Dams, World economic forum, Water Institute of Southern Africa, Association of Corporate Treasurers of Southern Africa and Corporate Executive Board.
4.14	List of stakeholder groups engaged by the organisation	Fully	Refer to page 43 .
4.15	Basis for identification and selection of stakeholders with whom to engage	Fully	TCTA implements projects on behalf of the Department of Water and Sanitation. Engagement with off-takers is through the Department's structures.
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Fully	Refer to pages 44 to 47 .
4.17	Key topics and concerns that have been raised through stakeholder engagement	Fully	Nothing has been raised.

LIST OF ABBREVIATIONS

Ref No.	Description	Compliant	Comment
DMA EC	Disclosure on management approach: Economic		
Aspects	Economic performance	None	
	Market presence	Fully	Refer to pages 20 and 21 .
	Indirect economic impacts	Fully	Refer to page 23 . TCTA delivers in support of the Government Outcomes.
DMA LA	Disclosure on management approach: Labour		
Aspects	Employment	Fully	Refer to page 86 .
	Labour/management relations	Fully	Refer to pages 77 and 78 .
	Occupational health and safety	Fully	Refer to pages 66 and 67 .
	Training and education	Not Disclosed	
	Diversity and equal opportunity	Fully	Refer to pages 86 to 88 .
	Equal remuneration for women and men	Not Disclosed	
DMA HR	Disclosure on management approach: Human Resources		
Aspects	Investment and procurement practices	Fully	Refer to Part G: PFMA Compliance .
	Non-discrimination	Fully	Refer to employment equity as reflected on page 88 .
	Freedom of association and collective bargaining	Not Disclosed	
	Child labour	Fully	All project sites comply with South African legislation
	Prevention of forced and compulsory labour	Fully	All project sites comply with South African legislation.
	Security practices	Fully	All project sites comply with South African legislation.
	Indigenous rights	Fully	TCTA complies with South African legislation in terms of employment equity.
	Assessment	Fully	Not required.
	Remediation	Fully	Not required.
DMA SO	Disclosure on management approach: Social		
Aspects	Local communities	Fully	TCTA has projects under implementation and construction, with affected local communities engaged through stakeholder engagement, employment and social investment initiatives. Refer to the Stakeholder Relationships and Social Sustainability Aspects sections.

Ref No.	Description	Compliant	Comment
	Corruption	Partially	Refer to Part G: PFMA Compliance .
	Public policy	None	TCTA as a State Owned entity is bound by Government Regulation.
	Anti-competitive behaviour	Fully	Not applicable.
	Compliance	Fully	TCTA seeks to create sustainable value for the Shareholder and establish itself as a leader in water infrastructure development. TCTA is committed to responsible business conduct and best practice. An ethical governance framework and a commitment to legal compliance guide all its organisational activities. TCTA upholds the principles expressed in the King IVTM Code that good governance combines both regulatory requirements and voluntary standards of excellence.
DMA PR	Disclosure on management approach: Product Responsibility		
Aspects	Customer health and safety	Fully	Not applicable.
	Product and service labelling	Fully	Not applicable.
	Marketing communications	Fully	Not applicable.
	Customer privacy	Fully	Not applicable.
	Compliance	Fully	Not applicable.
Performance Indicators			
Economics			
EC1	Direct economic value generated and distributed	Fully	Not applicable. TCTA is a non-profit organisation and does not create a surplus or loss.
EC3	Coverage of the organisation's defined benefit plan obligations	Fully	Not applicable.
Market Presence			
EC6	Policy, practices and proportion of spending on locally based suppliers at significant locations of operation	Partially	TCTA subscribes to the Construction Sector Charter, which stipulates employment, preferential procurement and enterprise development targets for local development on each project site.
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	Fully	TCTA is based in South Africa only and all staff are hired locally.
Indirect Economic Impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	Fully	Refer to Part C .
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	Fully	Refer to Part C .

Ref No.	Description	Compliant	Comment
Environmental			
Materials			
EN1	Materials used by weight or volume	None	None. In line with other major organisations, TCTA does not report on the materials consumed in capital projects.
EN3	Percentage of materials used that are recycled input materials	None	None. In line with other major organisations, TCTA does not report on recycled materials consumed in capital projects.
Energy			
EN3	Direct energy consumption by primary energy source	None	None. In line with other major organisations, TCTA does not report on direct energy consumption by primary energy source in capital projects.
EN4	Indirect energy consumption by primary source	None	None. In line with other major organisations, TCTA does not report on indirect energy consumption by primary energy source in capital projects.
EN5	energy saved due to conservation and efficiency improvements	None	
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives	None	On once-off capital projects, each of which is unique in nature and of limited lifespan, it is difficult to institute programmes which record reduction in consumption of energy.
EN7	Initiatives to reduce indirect energy consumption and reductions achieved (internal)	Fully	Head Office is reported under Section C: Sustainability .
Water			
EN8	Total water withdrawal by source	None	Each project withdraws from the adjacent source and the head office draws water from the Vaal River System through Rand Water and Tshwane Metropolitan Municipality.
Biodiversity			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Fully	Refer to Environmental Sustainability Aspects. Page 61 .
EN13	Habitats protected or restored	Fully	Refer to Environmental Sustainability Aspects. Page 61 .
EN14	Strategies, current actions and future plans for managing impacts on biodiversity	Fully	Refer to Environmental Sustainability Aspects. Page 61 .
Emissions, effluents and waste			
EN16	Total direct and indirect greenhouse gas emissions by weight	None	Not applicable.

Ref No.	Description	Compliant	Comment
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	None	Not applicable.
EN22	Total weight of waste by type and disposal method	Not Disclosed	
EN23	Total number and volume of significant spills	Partially	None.
Products and services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Fully	Not applicable.
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Fully	Not applicable.
Compliance			
EN28	monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Fully	No significant non-compliance with environmental laws and regulations was identified.
Transport			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce	Fully	None. In line with other major organisations, TCTA does not report on significant environmental impacts of transporting products and other goods and materials used for the organisation's capital projects.
Social: Labour practices and decent work			
Employment			
LA1	Total workforce by employment type, employment contract and region, broken down by gender	Fully	Pages 85 to 89 .
LA2	Total number and rate of new employee hires and employee turnover by age group, gender and region	Partially	Pages 85 to 89 .
Labour/management relations			
LA4	Percentage of employees covered by collective bargaining agreements	Fully	Refer to page 89 .
Occupational health and safety			
LA6	Percentage of total workforce represented in formal joint management – worker health and safety committees that help monitor and advise on occupational health and safety programmes	Not Disclosed	
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region and by gender	Not Disclosed	

Ref No.	Description	Compliant	Comment
Training and education			
LA10	Average hours of training per year per employee by gender and by employee category	Not Disclosed	
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Not Disclosed	
LA12	Percentage of employees receiving regular performance and career development reviews, by gender	Fully	All TCTA employees receive regular performance reviews and are required to submit a Personal Development Plan each year.
Diversity and equal opportunity			
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	Fully	Pages 85 to 89 and page 95 .
Equal remuneration for women and men			
LA14	Ratio of basic salary and remuneration of women to men (internal)	Not Disclosed	
Social: human rights			
Non-discrimination			
HR4	Total number of incidents of discrimination and actions taken	Fully	No incidents of discrimination were reported during the period under review.
Freedom of association and collective bargaining			
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	Fully	No violations were identified.
Child labour			
HR6	Measures taken to contribute to the effective abolition of child labour	Fully	No violations were identified.
Forced and compulsory labour			
HR7	Measures to contribute to the elimination of all forms of forced or compulsory labour	Fully	No violations were identified.
Indigenous rights			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	Fully	No violations were identified.

Ref No.	Description	Compliant	Comment
Assessment			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/ or impact assessments	Fully	None.
Remediation			
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	Fully	None.
Social: Product responsibility			
Customer health and safety			
PR1	Life-cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Fully	Not applicable.
Product and service labelling			
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements	Fully	Not applicable.
Marketing communications			
PR6	Programmes for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship	Fully	Not applicable.
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes	Fully	Not applicable.
Customer privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Fully	Not applicable.
Compliance			
PR9	monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Fully	Not applicable.

ABBREVIATIONS/ ACRONYMS

LIST OF ABBREVIATIONS / ACRONYMS

AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
AMD	Acid Mine Drainage
ARC	Audit and Risk Committee
ASB	Accounting Standards Board
BA	Basic Assessment
BCM	Business Continuity Management
BPS	Basis Points
BRVAS	Berg River – Voelvlei Augmentation Scheme
BSC	Bid Specification Committee
BWP	Berg Water Project
CAF	Combined Assurance Forum
CBD	Central Business District
CEO	Chief Executive Officer
CHS	Construction Health and Safety
COIDA	Compensation for Occupational Injuries and Diseases Act
CODM	Chief Operating Decision Maker
COSO	Committee of Sponsoring Organizations of the Treadway Commission
COVID	Coronavirus Disease
CPD	Corporation for Public Deposits
CPI	Consumer Price Index
CSA	Control Self-Assessment
CSI	Corporate Social Investment
CUC	Capital Unit Charge

DBSA	Development Bank of Southern Africa
DFFE	Department of Forestry, Fisheries and the Environment
DTN	Delivery Tunnel North
DWS	Department of Water and Sanitation
EA	Environmental Authorisation
EA	Executive Authority
EAP	Economically Active Population
ECL	Expected Credit Loss
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EKZNW	Ezemvelo KwaZulu-Natal Wildlife
EMPr	Environmental Management Programme
ER	Employee Relations
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
ESMS	Environmental and Social Management System
EXCO	Executive Committee
FGD	Flue Gas Desulphurisation
GFA	Guarantee Framework Agreement
GOL	Government of Lesotho
GRAP	Generally Recognised Accounting Practice
HC	Human Capital
HCSEC	Human Capital, Social and Ethics Committee
HR	Human Resource

HRIS	Human Resource Information Systems
IAR	Integrated Annual Report
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICT	Information and Communication Technology
ICTGC	Information, Communication and Technology Governance Committee
IDC	Industrial Development Corporation
IFRS	International Financial Reporting Standards
IIA	Institute of Internal Auditors
ISA	International Standards on Auditing
ISO	International Organization for Standardisation
IT	Information Technology
JSE	Johannesburg Stock Exchange
KOL	Kingdom of Lesotho
KWSAP	Komati Water Scheme Augmentation Project
KZN	KwaZulu-Natal
LGD	Loss given Default
LHDA	Lesotho Highlands Development Authority
LHWC	Lesotho Highlands Water Commission
LHWP	Lesotho Highlands Water Project
LHWP-2	Phase 2 of the Lesotho Highlands Water Project
MCWAP	Mokolo – Crocodile (West) Augmentation Project
MCWAP-1	Phase 1 of the Mokolo – Crocodile (West) Augmentation Project
MCWAP-2A	Phase 2A of the Mokolo – Crocodile (West) Augmentation Project
MMF	Money Market Fund
MFMA	Municipal Finance Management Act

MMTS-2	Phase 2 of the Mooi – Mgeni Transfer Scheme
MOU	Memorandum of Understanding
MRWP	uMzimvubu River Water Project
NDB	New Development Bank
NED	Non-Executive Director
NEMA	National Environmental Management Act
NGC	Nomination and Governance Committee
NGO	Non-government Organisation
NOE	Notice of Establishment
NPO	Non-profit Organisation
NT	National Treasury
SANWRIA	South African National Water Resources Infrastructure Agency
OHS	Occupational Health and Safety
ORWRDP	Olifants River Water Resource Development Project
ORWRDP-2C	Phase 2C of the Olifants River Water Resource Development Project
PAA	Public Audit Act
PD	Probability of Default
PFMA	Public Finance Management Act
PSP	Professional Service Provider
PWV	Pretoria-Witwatersrand-Vaal
RAP	Relocation Action Plan
RDP	Reconstruction and Development Programme
RMB	Rand Merchant Bank
RMS	River Management System
RSA	Republic of South Africa
SA	South Africa

SARS	South African Revenue Service
SDL	Skills Development Levy
SC	Shareholder's Compact
SCM	Supply Chain Management
SIP	Strategic Infrastructure Project
SOE	State-Owned Enterprise
SPV	Special Purpose Vehicle
SWSA	Strategic Water Source Area
TCTA	Trans-Caledon Tunnel Authority
TCTA-C	Trans-Caledon Tunnel Authority - Corporate
TGP	Total Guaranteed Package
TM	Talent Management
UMWP	uMkhomazi Water Project
UIF	Unemployment Insurance Fund
VAT	Value Added Tax
VRESAP	Vaal River Eastern Sub-System Augmentation Project
VRS	Vaal River System
WSP	Water Services Provider
WULA	Water Use Licence Application
ZAR	South African Rand



A new word for water

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