

UMNGENI-UTHUKELA WATER REVIEWED INTERIM FINANCIAL RESULTS AS AT 31 DECEMBER 2025



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STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 DECEMBER 2025

	Group			Parent		
	6 months ended 31 December 2025 R '000	12 months ended 30 June 2025 R '000	6 months ended 31 December 2024 R '000	6 months ended 31 December 2025 R '000	12 months ended 30 June 2025 R '000	6 months ended 31 December 2024 R '000
Revenue	4 151 633	7 650 698	3 843 486	4 115 410	7 613 583	3 832 875
Cost of sales	(1 924 474)	(3 797 969)	(1 848 597)	(1 924 474)	(3 797 968)	(1 848 597)
Gross profit	2 227 159	3 852 729	1 994 889	2 190 936	3 815 615	1 984 278
Other income	11 697	160 898	2 701	12 320	161 478	3 286
Other operating and administration expenses	(1 536 252)	(2 798 641)	(1 295 541)	(1 486 304)	(2 726 291)	(1 270 283)
Expected credit losses	(150 742)	(522 115)	(553 643)	(148 794)	(522 115)	(553 643)
Profit from operations	551 862	692 871	148 406	568 158	728 687	163 638
Net finance income	277 183	682 410	440 607	274 921	678 132	438 432
Interest income	278 272	684 329	441 780	275 699	679 518	439 333
Finance costs	(1 089)	(1 919)	(1 173)	(778)	(1 386)	(901)
Share of profit from associate	-	5 036	3 346	-	-	-
Profit before taxation	829 045	1 380 317	592 359	843 079	1 406 819	602 070
Income tax expense	(289)	(465)	(106)	-	-	-
Profit for the Period	828 756	1 379 852	592 253	843 079	1 406 819	602 070

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2025

	Group				Parent	
	6 months ended 31 December 2025 Note(s)	12 months ended 30 June 2025 R '000	6 months ended 31 December 2024 R '000	6 months ended 31 December 2025 R '000	12 months ended 30 June 2025 R '000	6 months ended 31 December 2024 R '000
Profit for the Period	828 756	1 379 852	592 253	843 079	1 406 819	602 070
Other comprehensive income:						
Items that will not be reclassified to profit or loss:						
Remeasurement of retirement benefit obligations	-	36 207	-	-	36 207	-
Total comprehensive income for the year	828 756	1 416 059	592 253	843 079	1 443 026	602 070

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

	Group			Parent		
	31 December 2025 R '000	30 June 2025 R '000	31 December 2024 R '000	31 December 2025 R '000	30 June 2025 R '000	31 December 2024 R '000
ASSETS						
Non-Current Assets						
Property, plant and equipment	16 165 760	14 694 938	13 145 999	16 131 282	14 658 814	13 125 309
Investment property	-	-	-	7 918	8 030	8 140
Intangible assets	337 467	303 537	275 798	226 000	184 862	272 739
Biological assets	4 816	4 949	3 796	-	-	-
Investments in associates and subsidiaries	15 603	15 603	14 026	71 001	71 001	-
Investments - financial assets	62 825	60 338	570 599	62 825	60 338	570 599
Loans to group companies	-	-	-	172 714	128 387	-
Trade and other receivables	16 466	31 686	31 678	16 140	31 360	31 358
Right-of-use assets	11 114	13 449	8 443	4 891	6 483	6 165
	16 614 051	15 124 500	14 050 339	16 692 771	15 149 275	14 014 310
Current Assets						
Investments - financial assets	4 281 755	6 349 401	6 073 011	4 281 755	6 349 401	6 073 011
Inventories	79 242	80 025	75 826	79 242	80 025	75 826
Trade and other receivables	1 872 481	1 758 479	1 789 415	1 851 129	1 752 573	1 830 974
Bank and cash	1 140 804	1 558 950	715 034	1 035 162	1 475 709	648 872
	7 374 282	9 746 855	8 653 286	7 247 288	9 657 708	8 628 683
Non-current assets held for sale and assets of disposal groups	11 862	11 862	2 829	11 862	11 862	2 829
Total Assets	24 000 195	24 883 217	22 706 454	23 951 921	24 818 845	22 645 822
EQUITY AND LIABILITIES						
CAPITAL AND RESERVES						
Equity Attributable to Equity Holders of Parent						
Capital	442 847	442 847	442 847	442 847	442 847	442 847
Other comprehensive income reserves	540 182	540 182	503 975	540 182	540 182	503 975
Accumulated profit	18 864 113	18 035 357	17 247 760	18 817 893	17 974 814	17 170 068
	19 847 142	19 018 386	18 194 582	19 800 922	18 957 843	18 116 890
LIABILITIES						
Non-Current Liabilities						
Debt - financial liabilities	61 613	74 032	1 031 796	61 613	74 032	1 031 796
Contract liabilities	780 742	721 029	668 127	780 742	721 029	668 127
Provisions	139 671	53 359	75 576	139 671	53 359	75 576
Lease liabilities	8 114	6 473	6 951	2 028	2 392	4 056
Post-retirement benefit obligations	383 047	360 528	380 679	383 047	360 528	380 679
Five-year long service benefit	11 571	11 571	15 601	11 571	11 571	15 601
	1 384 758	1 226 992	2 178 730	1 378 672	1 222 911	2 175 835

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

	Group			Parent		
	6 months 2025 R '000	12 months 2025 R '000	6 months 2025 R '000	6 months 2025 R '000	12 months 2025 R '000	6 months 2025 R '000
Current Liabilities						
Debt - financial liabilities	992 885	998 408	58 883	992 885	998 408	58 883
Provisions	59 358	268 353	84 890	57 442	262 588	83 738
Trade and other payables	1 672 698	3 270 060	1 964 662	1 680 663	3 280 099	1 986 191
Contract liabilities	9 304	52 165	182 617	9 304	52 165	182 617
Lease liabilities	3 211	9 589	3 331	2 089	5 722	2 909
Post-retirement benefit obligations	11 700	23 400	24 812	11 700	23 400	24 812
Five-year long service benefit	19 139	15 864	13 947	18 244	15 709	13 947
	2 768 295	4 637 839	2 333 142	2 772 327	4 638 091	2 353 097
Total Equity and Liabilities	24 000 195	24 883 217	22 706 454	23 951 921	24 818 845	22 645 822

STATEMENT OF CHANGES IN EQUITY

	Share capital R '000	OCI Reserves R '000	Retained income R '000	Total equity R '000
Group				
Balance at 30 June 2024 (Audited)	442 847	503 975	16 655 507	17 602 329
Profit for the Period	-	-	592 253	592 253
Total comprehensive income for the Period	-	-	592 253	592 253
Balance at 31 December 2024 (Reviewed)	442 847	503 975	17 247 760	18 194 582
Profit for the Period	-	-	787 697	787 697
Other Comprehensive income	-	36 207	-	36 207
Total Comprehensive income	-	36 207	787 697	823 904
Balance at 30 June 2025 (Audited)	442 847	540 182	18 035 357	19 018 386
Profit for the Period	-	-	828 756	828 756
Total comprehensive income	-	-	828 756	828 756
Balance at 31 December 2025	442 847	540 182	18 864 113	19 847 142
Note(s)	15			

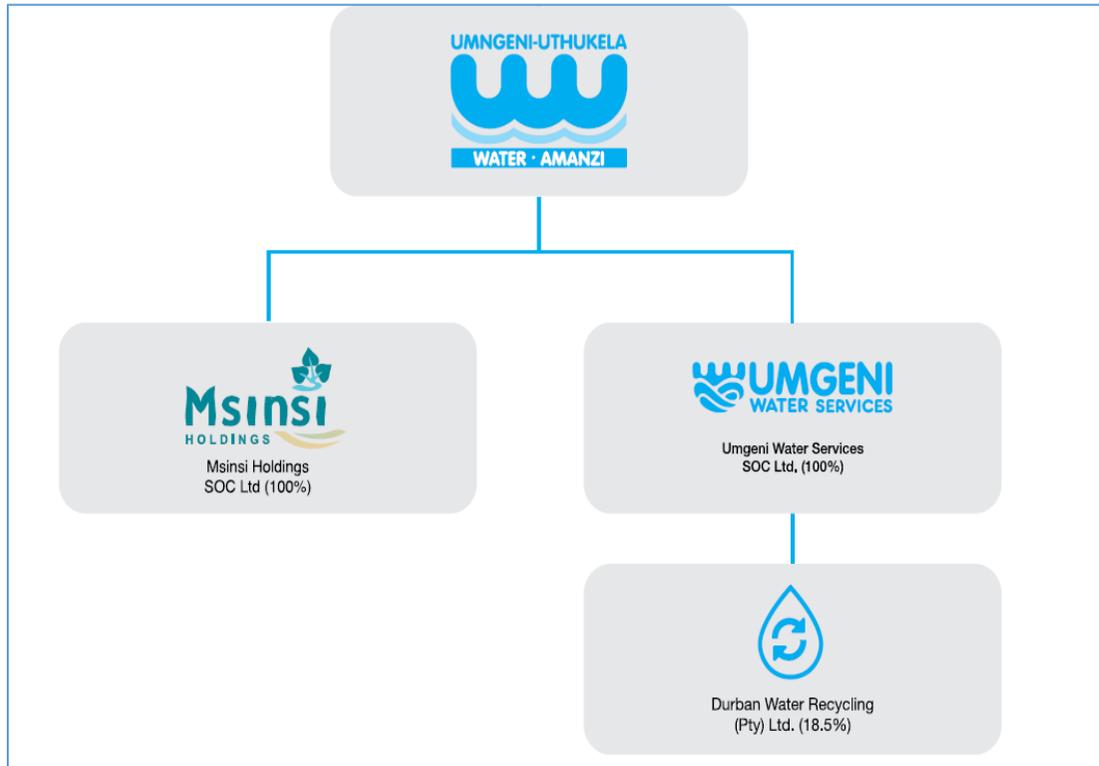
Parent				
Balance at 30 June 2024 (Audited)	442 847	503 975	16 567 998	17 514 820
Profit for the Period	-	-	602 070	602 070
Other comprehensive income	-	-	-	-
Total comprehensive income for the Period	-	-	602 070	602 070
Balance at 31 December 2024 (Reviewed)	442 847	503 975	17 170 068	18 116 890
Profit for the Period	-	-	804 746	804 746
Other Comprehensive income	-	36 207	-	36 207
Total Comprehensive income	-	36 207	804 746	840 953
Balance at 30 June 2025 (Audited)	442 847	540 182	17 974 814	18 957 843
Profit for the Period	-	-	843 079	843 079
Total comprehensive income for the Period	-	-	843 079	843 079
Balance at 31 December 2025	442 847	540 182	18 817 893	19 800 922
Note(s)	15			

STATEMENT OF CASH FLOWS

	Group			Parent		
	6 months ended 31 December 2025 R '000	12 months ended 30 June 2025 R '000	6 months ended 31 December 2024 Restated R '000	6 months ended 31 December 2025 R '000	12 months ended 30 June 2025 R '000	6 months ended 31 December 2024 Restated R '000
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash receipts from customers	4 041 999	6 970 086	3 064 098	3 899 161	6 942 352	2 957 156
Cash paid to suppliers and employees	(4 927 931)	(4 357 368)	(2 753 759)	(4 771 860)	(4 240 225)	(2 626 974)
Cash generated from/(used in) operating activities	(885 932)	2 612 718	310 339	(872 698)	2 702 127	330 182
Interest received	28 145	73 951	23 832	26 855	70 861	21 538
Tax paid	-	(465)	-	-	-	-
Net cash from operating activities	(857 787)	2 686 204	334 171	(845 843)	2 772 988	351 720
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions to property, plant and equipment	(1 701 475)	(3 006 187)	(1 028 458)	(1 694 898)	(2 987 542)	(1 027 041)
Proceeds from disposal of assets	-	185	181	-	185	181
Purchases of intangible assets	(81 375)	(129 002)	(50 909)	(81 261)	(13 391)	(50 851)
Dividend received from associate	-	7 400	-	-	-	-
(Increase) / decrease in investment in subsidiaries	-	-	-	(40 028)	(212 966)	-
Purchases of investments	1 966 900	766 100	409 255	1 966 900	766 100	409 255
Receipt of Regional Bulk Infrastructure grants	-	405 624	273 913	-	405 624	273 913
Purchases of redemption assets	-	(248 252)	(124 126)	-	(248 252)	(124 126)
Interest received	344 609	580 293	321 435	343 541	578 551	321 435
Net cash from investing activities	528 659	(1 623 839)	(198 709)	494 254	(1 711 691)	(197 234)
CASH FLOWS FROM FINANCING ACTIVITIES						
Repayments of borrowings	(17 592)	(35 184)	(17 592)	(17 592)	(35 184)	(17 592)
Cash repayments on lease liabilities	(13 068)	(6 801)	(1 401)	(13 068)	(4 072)	(1 234)
Interest paid on lease liabilities	(836)	(1 657)	(853)	(836)	(1 657)	(853)
Finance costs	(57 463)	(117 655)	(58 464)	(57 463)	(117 085)	(58 345)
Net cash from financing activities	(88 959)	(161 297)	(78 310)	(88 959)	(157 998)	(78 024)
Total cash movement for the Period	(418 085)	901 068	57 152	(440 547)	903 299	76 462
Cash and cash equivalents at the beginning of the Period	1 558 889	657 882	657 882	1 475 709	572 410	572 410
Cash and cash equivalents at the end of the Period	1 140 804	1 558 950	715 034	1 035 162	1 475 709	648 872

Nature of Business

uMngeni-uThukela Water is a schedule 3B public entity and referred to as a National Government business enterprise. As such it is regulated by and operates in accordance with the Water Services Act No. 108 of 1997, and the Public Finance Management Act No. 1 of 1999, as amended. Its primary function is to supply bulk water services, both potable and wastewater to its customers. The organisation is also involved in other activities (as defined in section 30 of the Water Services Act) which complement and support its primary activities.



The uMngeni-uThukela Water Group consists of a parent entity with two subsidiaries.

The Executive Committee is the top management structure of uMngeni-uThukela Water Parent, and for the reporting year comprised five members including the Chief Executive, the Chief Operations Officer, the Chief Governance and Compliance Officer, Chief Financial Officer and the Chief Shared Services Officer. The Chief Executive guides the day-to-day activities of the entity with powers delegated to him by the Board.

The non-executive Board is the Accounting Authority and provides strategic leadership to the Executive Committee. The Board is appointed by the Minister of Water and Sanitation.

With respect to the subsidiaries, uMngeni-uThukela Water has

100% shareholding in Msinsi Holdings SOC Ltd and Umgeni Water Services SOC Ltd.

1. FINANCIAL OVERVIEW

The amalgamation of two water boards over the two years into one entity that covers the rest of the province has subsided and formed a solid foundation as confirmed by the financial performance of the audited financial statements of 30 June 2025. Revenue growth was 8% due to the approved potable water tariff increase for 2025/2026 of 13%. The group profit for the period under review totalled R829m (Dec 2024: R592m), the increase of 40% year on year is mainly due to a decrease in credit losses. The primary activities direct operating costs grew by 6% arising from the main cost drivers. Other operating and administration expenses increased by 19% year on year attributable to the increase in the staff costs due to salary harmonisation. Although there was a decrease of 73% in credit losses there is still non-payment by major customers even though there are customer engagements and payment plans in place. Net finance income decreased by 37% year on year because of lower interest income, mostly resulting from decreases in investments.

The net operating cash flows totalled (R858m) (Dec 2024: R334m). The decrease of R1 192m year on year is primarily due to higher creditors' payments particularly the payment of Capital Unit Charge (CUC) to the Department of Water and Sanitation.

Net cash from investing activities was R529m (Dec 2024: (R199m)) the inflow is due to a R1 967m decrease in investments as well as interest received of R345m (Dec 2024: R321m) negated by expenditure on PPE amounting to R1 701m (Dec 2024: R1 028m) and no grant funding is received as yet during this interim period in comparison to prior year R0 (2024: R274m).

Net cash used in financing activities totalled R89m (Dec 2024: R78m), which mainly consisted of net interest paid of R57m.

Trade and other receivables were R1 889m (Dec 2024: R1 821m) and debtors' days were 47 (Dec 2024: 52 days).

uMngeni-uThukela Water (Parent) capital expenditure payments for the 6-month period totalled R1 776m (Dec 2024: R1 078m) against the target of R2 337m. The total accumulated cost of work in progress for development projects was R2 442m (Dec 2024: R1 527m) while accumulated grant funding was R0m (Dec 2024: R1 336m).

Capital commitments as at 31 December 2025 totalled R11 015m (Dec 2024: R3 504m). Impairment assessments on Property, Plant and Equipment were not performed during this period as there were no indications of impairment, further the assessment is performed annually in June each year in terms of the approved business processes.

The nominal amount of total interest bearing debt as at 31 December 2025 was R1 054m (Dec 2024: R1 057m). The debt to equity ratio was at 0.05 (Dec 2024: 0.06) in line with the target, whilst the interest cover ratio was 9.47 times (Dec 2024: 2.45), which is above the target of 2.5 times. The credit risk is strictly monitored and measures are in place to ensure that this breach is corrected by year end.

uMngeni-uThukela Water is rated by both Standard & Poor's and Fitch Ratings. The national scale ratings are as follows:

Rating Agency	Date of rating re-affirmation or change	Long-term Rating	Short-term rating
Standard & Poor's (National Scale)	23 May 2025	zaAAA	zaA-1+ Stable
Fitch Ratings	05 November 2025	AA+(zaf)	F1+(zaf) Stable

Contingencies and commitments

There were no significant movement in contingent liabilities since the 30 June 2025 financial year end and its subsequent events reported in the audited financial statements.

Allowance for credit losses

Based on customer base of the water board, the credit risk due to non-payment customers exists. The management of credit risk in relation to Trade and Other Receivables of uMngeni-uThukela Water aims to minimise loss caused by default of customers through specific policies and procedures. Monitoring of compliance with these policies is carried out by internal audit, EXCO and oversight by Board committees. All known risks are required to be fully disclosed and accounted for and are provided for in the allowance for credit losses. Credit risk relating to bulk supply water service authorities is managed in terms of the contractual arrangements and legislation applicable to organs of state.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are bulk or commercial customers, their aging profile and existence of previous financial difficulties in line with IFRS 9. The average credit period allowed is 30 days from invoice date. Interest is charged at prime rate on debtors over 30 days from date of invoice. The group trade and other receivables totalled R1 889m (Dec 2024: R1 821m) which comprises both current and non-current components. Trade debtor's days were 47 (December 2024: 52) at the end of the reporting period.

Customer credit risk mitigation

Engagements with all customers with increased credit risk have been ongoing and payment plans have been proposed with other municipalities. Some municipalities continues to pay in line with the payment plan agreement. In addition, the credit risks are reported on a monthly basis under the financial performance section of the report to the Minister of Water and Sanitation and in the Section 41 MFMA report to National Treasury, Provincial Treasury, and COGTA. The Board has also intervened in trying to resolve the contractual issues with the materially owing municipalities.

2. BASIS OF PREPARATION OF THE RESULTS AND ACCOUNTING POLICIES

The results for the six months period ended 31 December 2025 contained in this publication are prepared in accordance with JSE Listing requirements for condensed results. The report is prepared in accordance with:

- The framework concepts and the recognition and measurement requirements of International Financial Reporting Standards (IFRS), including interpretations issue by IFRS Interpretation Committee.
- Financial Reporting pronouncements as issued by the Financial Reporting Council.
- As a minimum, the financial information required by IAS 34: Interim Financial Reporting (IFRS).

The accounting policies and methods of computation followed in the interim financial statements are consistent with the most recent annual financial statements. The results of the associate are for the 6-month period to 30 June 2025 and are unaudited.

The consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and comply with all the new and amended accounting standards effective during the current reporting period.

Accounting Policies

The condensed results incorporate accounting policies that are in terms of IFRS and consistent with those used in the preparing of the Audited Financial Results for the year ended 30 June 2025, as published in the Annual Report of 2024/25 financial year.

Accounting standards

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 July 2025 or later periods.

The following amendments applicable from 1 January 2026:

IFRS Accounting Standard	Summary description	Effective date
Amendments to IFRS 7 Financial Instruments: Disclosures	Annual Improvements to IFRS Accounting Standards - Volume 11 - Gain or loss on derecognition - Amendment to delete an obsolete reference that remained in IFRS 7 after the publication of IFRS 13 Fair Value Measurement, as well as to improve consistency of wording of the requirements of IFRS 7 with IFRS 13 concepts regarding disclosure of a gain or loss on derecognition.	01 January 2026.
Amendments to IFRS 9 Financial Instruments	Annual Improvements to IFRS Accounting Standards - Volume 11 - Derecognition of lease liabilities. The amendment clarifies that if a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to recognise any resulting gain or loss in profit or loss.	01 January 2026.
Amendments to IFRS 9 Financial Instruments	Annual Improvements to IFRS Accounting Standards - Volume 11 - Transaction price. The amendment clarifies that trade receivables must be measured initially, in accordance with IFRS 9, at the amount determined by applying IFRS 15 Revenue from Contracts with Customers.	01 January 2026.
Amendments to IFRS 10 Consolidated Financial Statements	Annual Improvements to IFRS Accounting Standards - Volume 11 - Determination of a 'de facto agent'. The amendment is to clarify whether a party acts as a de facto agent in assessing control of an investee.	01 January 2026.
Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments.	The amendments clarify the classification of financial assets with environmental, social and corporate governance (ESG) and similar features, as such features could affect whether the assets are measured at amortised cost or fair value. The amendment also clarifies the date on which a financial asset or financial liability is derecognised in cases where liabilities are settled through electronic payment systems.	01 January 2026.

None of the new or amended IFRS standards which became effective for the six months period ended 31 December 2025 had a significant impact on the group's reported earnings, financial position, reserves or accounting policies.

The group expects to adopt the amendment for the first time in the 2026 consolidated & separate annual financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated & separate annual financial statements.

3. GOING CONCERN

The Directors have reviewed the group's forecast financial performance for the year to 30 June 2026 as well as the longer term business plans and, in light of this review and the current financial position, they are satisfied that the group has access to adequate resources to continue as a going concern for the foreseeable future. Any increase in credit risk has been adequately taken into account in the allowance for credit losses. There are adequate resources to continue operating for the foreseeable future and it is therefore appropriate to adopt the going concern basis in preparing the interim condensed financial statements.

4. TARIFF POLICY

uMngeni-uThukela Water's tariff policy is to set the lowest possible constant tariff in real terms. The underlying principles of this policy are:

- The promotion of the efficient and sustainable use of water;
- The equitable access to water supply services, whereby the basic water services should be affordable; and
- The solvency and sound financial management of uMngeni-uThukela Water.
- The approved tariffs are as follows:

2025	<u>2024</u>	<u>2025</u>	<u>2026</u>
Weighted average bulk tariff (R/kl)	8.95	9.80	10.70
Total Tariff increase (%)*	6.6%	9.5%	9.2%

**The total tariff increase is a weighted increase of price and volumes, of which 13% comprises the approved bulk water tariff increase for 2026.*

5. OPERATING SEGMENTS AND SEGMENT REPORTING

uMngeni-uThukela Water has two reportable segments:

- i. The primary activities as defined by section 29 of the Water Services Act No. 108 of 1997 which is made up of bulk water and wastewater treatment; and
- ii. Other activities as defined by Section 30 of the Water Services Act No. 108 of 1997. This business segment consists of non-regulated activities which are mainly defined as services that complement bulk water service provision such as laboratory services, water quality monitoring, environmental management and where uMngeni-uThukela Water acts as an implementing agent for any sphere of government for projects related to water service delivery. Included in this segment are the subsidiaries which meet the definition of other activities in terms of Section 30 of the Water Services Act.

Segment results that are reported include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. In the current year the segment report has been summarised to include reportable segments in line with the primary and secondary activities.

For the period ended 31 December 2025

	Primary	Group Other activities	Total
	R '000	R '000	R '000
Revenue	3 659 798	491 834	4 151 633
Cost of sales	(1 665 190)	(259 286)	(1 924 476)
Chemicals	(123 460)	(3 264)	(126 724)
Depreciation	(259 476)	(13 125)	(272 601)
Energy	(381 671)	(19 981)	(401 652)
Maintenance	(324 996)	(54 959)	(379 955)
Raw water	(220 739)	(17 748)	(238 487)
Section 30 activities	-	(140 267)	(140 267)
Staff costs	(283 767)	(9 712)	(293 479)
Other direct operating expenses	(71 081)	(228)	(71 309)
Gross profit	1 994 609	232 550	2 227 159
Other income	12 320	(623)	11 697
Other operating and administration expenses	(1 364 307)	(171 945)	(1 536 252)
Amortisation	(40 104)	(20)	(40 125)
Depreciation	(61 827)	(13 395)	(75 222)
Asset written off	(15)	(151)	(166)
Staff costs	(574 062)	-	(574 062)
Other expenses and recoveries	(688 298)	(158 379)	(846 677)
Expected credit losses	(83 177)	(67 565)	(150 742)
Profit from operations	559 445	(7 583)	551 862

5. OPERATING SEGMENTS AND SEGMENT REPORTING (continued)

Interest income	275 221	3 051	278 272
Finance costs	(19 003)	17 914	(1 089)
Profit before tax	815 663	13 382	829 045
Taxation	-	(289)	(289)
Profit for the year	815 663	13 093	828 756
Capital expenditure	1 776 159	6 691	1 782 850
Segment assets	17 647 654	744 520	18 392 174
Bank and Investments	5 476 080	9 304	5 485 384
Unallocated	-	-	122 637
Consolidated total assets			24 000 195
Segment liabilities	1 835 240	9 304	1 844 544
Unallocated	-	-	2 308 509
Consolidated total liabilities			4 153 053

For the year ended 30 June 2025

	Primary	Group Other activities	Total
	R '000	R '000	R'000
Revenue	6 698 369	952 329	7 650 698
Cost of sales	(3 235 458)	(562 515)	(3 797 973)
Chemicals	(232 979)	(14 111)	(247 090)
Depreciation	(497 008)	(29 418)	(526 426)
Energy	(632 005)	(75 782)	(707 787)
Maintenance	(778 083)	(56 594)	(834 677)
Raw water	(424 137)	(46 394)	(470 531)
Section 30 activities	-	(321 957)	(321 957)
Staff costs	(547 690)	(16 711)	(564 401)
Other direct operating expenses	(123 556)	(1 544)	(125 100)
Gross profit	3 462 911	389 818	3 852 725
Other income	161 478	(578)	160 900
Other operating and administration expenses	(2 539 942)	(258 698)	(2 798 640)
Impairments of property, plant and equipment	218 966	-	218 966
Amortisation	(87 095)	(5 445)	(92 540)
Depreciation	(122 798)	(12 654)	(135 452)
Asset written off	(126 656)	(162)	(126 818)
Staff costs	(983 397)	(98 538)	(1 081 935)
Other expenses and recoveries	(1 438 962)	(141 899)	(1 580 861)
Expected credit losses	(510 085)	(12 030)	(522 115)
Profit from operations	574 362	118 507	692 869
Interest income	678 332	5 997	684 329
Finance costs	(53 455)	51 536	(1 919)
Share of profit from associate	-	5 036	5 036
Profit before tax	1 199 239	181 076	1 380 315
Taxation	-	(465)	(465)
Profit for the year	1 199 239	180 611	1 379 850

5. OPERATING SEGMENTS AND SEGMENT REPORTING (continued)

Capital expenditure	2 893 313	5 363	2 898 676
Segment assets	16 261 487	531 557	16 793 044
Bank and Investments	7 916 523	52 165	7 968 688
Unallocated	-	-	121 486
Consolidated total assets			24 883 218
Segment liabilities	1 793 469	52 165	1 845 634
Unallocated	-	-	4 019 198
Consolidated total liabilities			5 864 832

Unallocated items comprise mainly corporate assets, head office and liabilities.>

For the year ended 31 December 2024

	Primary R '000	Group Other activities R '000	Total R '000
Revenue	3 372 813	470 673	3 843 486
Cost of sales	(1 572 712)	(275 885)	(1 848 597)
Chemicals	(109 594)	(5 662)	(115 256)
Depreciation	(241 253)	(14 437)	(255 690)
Energy	(302 710)	(40 291)	(343 001)
Maintenance	(389 798)	(21 139)	(410 937)
Raw water	(261 112)	(24 675)	(285 787)
Section 30 activities	-	(162 211)	(162 211)
Staff costs	(224 077)	(6 278)	(230 355)
Other direct operating expenses	(44 168)	(1 192)	(45 359)
Gross profit	1 800 101	194 788	1 994 889
Other income	3 286	(585)	2 701
Other operating and administration expenses	(1 177 923)	(117 618)	(1 295 541)
Amortisation	(36 701)	(789)	(37 490)
Depreciation	(56 370)	(732)	(57 102)
Staff costs	(448 211)	-	(448 211)
Other expenses and recoveries	(636 642)	(116 096)	(752 738)
Expected credit losses	(545 379)	(8 263)	(553 642)
Profit from operations	80 084	68 324	148 408
Interest income	437 906	3 874	441 780
Finance costs	(27 831)	26 658	(1 173)
Share of profit from associate	-	3 346	3 346
Profit before tax	490 159	102 202	592 359
Taxation	-	(106)	(106)
Profit for the year	490 159	102 096	592 253
Capital expenditure	1 308 656	6 153	1 314 809
Segment assets	14 376 073	866 898	15 242 971
Interest in associate	-	14 026	14 026
Bank and Investments	6 460 993	182 617	6 643 610
Unallocated	-	-	805 847
Consolidated total assets			22 706 454

5. OPERATING SEGMENTS AND SEGMENT REPORTING (continued)

Segment liabilities	1 758 807	182 617	1 941 424
Unallocated	-	-	2 570 448
Consolidated total liabilities			4 511 872

Unallocated items comprise mainly corporate assets, head office expenses, assets and liabilities.

6. REVENUE

The group recognises revenue for both goods and services at a point in time and over time in accordance with the accounting policies. Revenue is derived from the sale of goods and services within the KwaZulu-Natal Province from the major product/service lines as per the disaggregation of revenue table below:

The group applies the practical expedient in IFRS 15 with regards to the transaction price allocated to performance obligations unsatisfied or partially satisfied. Revenue has been recognised at the amount to which the group has a right to invoice, which corresponds directly to the value to the customer of the group's performance completed to date.

For the year ended 31 December 2025

	Primary activities R '000	Other Activities R '000	Total Parent R '000	Total Group R '000
Revenue from major products/service lines as a result of				
performance obligations satisfied				
Bulk water sales	3 268 000	160 437	3 428 437	3 428 437
Waste water sales	378 420	139 401	517 821	517 821
Clarified water	13 379	-	13 379	13 379
Operating and maintenance	-	5 567	5 567	5 567
Training and capacity building	-	9 089	9 089	38 541
Other	-	141 117	141 117	147 887
	3 659 799	455 611	4 115 410	4 151 632
Timing of revenue recognition				
At a point in time	3 659 798	305 404	3 965 202	3 965 202
Over time	-	150 206	150 206	186 430
	3 659 798	455 610	4 115 408	4 151 632

6. REVENUE (continued)

For the year ended 30 June 2025

	Primary activities R '000	Other Activities R '000	Total Parent R '000	Total Group R '000
Revenue from major products/service lines as a result of performance obligations satisfied				
Bulk water sales	6 061 031	303 035	6 364 066	6 364 066
Waste water sales	611 567	254 927	866 494	866 494
Clarified water	25 771	-	25 771	25 771
Scientific and environmental services	-	1 932	1 932	1 932
Operating and maintenance	-	16 226	16 226	16 226
Training and capacity building	-	25 144	25 144	32 061
Other	-	313 950	313 950	344 148
	6 698 369	915 214	7 613 583	7 650 698
Timing of revenue recognition				
At a point in time	6 698 369	576 120	7 274 489	7 313 262
Over time	-	339 094	339 094	337 436
	6 698 369	915 214	7 613 583	7 650 698

For the year ended 31 December 2024

	Primary activities R '000	Other Activities R '000	Total Parent R '000	Total Group R '000
Revenue from major products/service lines as a result of performance obligations satisfied				
Bulk water sales	3 077 450	156 686	3 234 136	3 234 136
Waste water sales	282 201	128 246	410 447	410 447
Clarified water	13 162	-	13 162	13 162
Scientific and environmental services	-	476	476	476
Operating and maintenance	-	7 162	7 162	7 162

5. REVENUE (continued)

Training and capacity building	-	15 182	15 182	17 882
Other	-	152 310	152 310	160 221
	3 372 813	460 062	3 832 875	3 843 486

Timing of revenue recognition

At a point in time	3 372 812	292 569	3 665 381	3 673 724
Over time	-	167 492	167 492	169 762
	3 372 812	460 061	3 832 873	3 843 486

Revenue from contract liabilities	Dec 25 'R000	Jun 25 'R000	Dec 24 'R000	Dec 25 'R000	Jun 25 'R000	Dec 24 R000
Revenue recognised that was included in the contract liability balance at the beginning of the period, due to performance obligations satisfied.						
Contract liabilities	141 358	74 410	166 175	141 358	74 410	166 175

6. RELATED PARTIES

The group is wholly owned by its shareholder, the Department of Water and Sanitation. uMngeni-uThukela Water is a schedule 3B public entity in terms of the Public Finance Management Act.

Government related parties include national departments (including the shareholder), constitutional institutions (schedule 1 of the Public Finance Management Act), public entities (schedule 2 and 3 of the Public Finance management Act) and local government (including municipalities). The list of public entities in the national sphere of government is provided by National Treasury on its website www.treasury.gov.za. It also provides the names of subsidiaries of the public entities.

Related parties of uMngeni-uThukela Water comprise of:

- The two 100% owned subsidiaries (Msinsi Holdings SOC Ltd and Umgeni Water Services SOC Ltd);
- the associate Durban Water Recycling Pty Ltd of the group;
- post-retirement benefit plans for the benefit of the employees, refer to note 31 in the published annual financial statements.

Key management personnel of uMngeni-uThukela Water or its shareholder and close family members of the related parties. Key management personnel for uMngeni-uThukela include the group's Board of directors and the executive management (EXCO) and their remuneration is disclosed in note 39 of the published annual financial statements.

IAS 24 Related Party disclosures provide government related entities an exemption which eliminates the requirements to disclose information that is costly to gather and of less value to users. The group applies the exemption in respect of its relationship with government related entities at national and local levels of government.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. Amounts receivable from related parties are included in the simplified approach for trade and other receivables. All related party transactions are carried within normal trade conditions. The following transactions were carried out with related parties.

6. RELATED PARTIES (continued)

	Group			Parent		
	6 months ended 31 December 2025 R '000	12 months ended 30 June 2025 R '000	6 months ended 31 December 2024 R '000	6 months ended 31 December 2025 R '000	12 months ended 30 June 2025 R '000	6 months ended 31 December 2024 R '000
RELATED PARTIES						
Relationships						
Related party balances						
Loan accounts - Owning (to) by related parties						
Loan to UWS	-	-	-	172 714	128 386	-
Related party transactions						
Revenue: Section 30						
National Department	141 358	326 303	166 685	141 358	326 303	166 685
Purchases from (Sales to) related parties						
National Departments	239 057	470 015	230 190	239 057	470 015	230 190
Sundry Income						
Subsidiary	-	-	-	623	1 209	605
Administration fees paid to (received from) related parties						
Subsidiary	-	-	-	52 592	96 973	48 165

6. RELATED PARTIES (continued)

	Group			Parent		
	6 months ended 31 December 2025 R '000	12 months ended 30 June 2025 R '000	6 months ended 31 December 2024 R '000 Restated	6 months ended 31 December 2025 R '000	12 months ended 30 June 2025 R '000	6 months ended 31 December 2024 R '000 Restated
RELATED PARTIES (continued)						
Expected credit losses						
National Departments	28 405	28 580	23 012	28 405	28 580	23 012
Work in progress: Grant funding for rural development						
National Department	-	405 624	273 913	-	405 624	273 913
Investment in subsidiaries and associates						
Associates: DWR	15 603	15 603	14 026	-	-	-
Subsidiary: UWS	-	-	-	63 401	63 401	-
Subsidiary :Msinsi Holding	-	-	-	7 600	7 600	-
Trade and other receivables						
National Departments	69 386	54 411	183 066	69 386	54 411	183 066
Subsidiaries	-	-	-	-	4 317	43 357
Other Payables						
Subsidiaries and associates	-	-	-	17 244	23 748	29 976
National Departments - Raw water purchases accrual	(162 803)	(154 024)	(111 272)	(162 803)	(154 024)	(111 272)
Capital Unit Charge Recovery	(53 633)	(38 201)	(20 204)	(53 633)	(38 201)	(20 204)
Capital Unit Charge Accrual	(217 301)	(1 184 775)	(581 720)	(217 301)	(1 184 775)	(581 720)
Contract Liability						
National Departments	9 304	52 165	-	9 304	52 165	-

7. FAIR VALUE DISCLOSURES

The carrying amounts of financial assets and liabilities are a reasonable approximation of the fair values with the exception of loans and borrowings where the fair value is estimated to be R1 056m (Dec 2024: R1 057m). The fair value of the loans and borrowings were based on discounted cash flows, using prices from observable current market transactions for similar instruments. These are classified as Level 2 fair values in line with IFRS 13.

8. PRIOR PERIOD ERROR

8.1 Related Parties

8.1.1 Cost of Sales

The Related Party transactions - cost of sales, has been restated for the comparative period Dec 2024 in line with the prior period error disclosure on the Annual Financial statements refer to note 35.

8.1.2 Errors in other line of related parties disclosure items

The following related parties' disclosure items have been restarted in line with the Audited Annual Financial Statements.

	Group			Parent		
	Previously Reported	Restated	Prior period error	Previously Reported	Restated	Prior period error
	R'000	R'000	R'000	R'000	R'001	R'000
Revenue: Section 30						
National Department	15,658	166,685	151,027	15,658	166,685	151,027
Expected credit losses						
National Department	-	23,012	23,012	-	23,012	23,012
Trade and other receivable						
National Department	-	183,066	183,066	-	183,066	183 066

8.2 Statement of cash flow: Additions to PPE – 31 December 2024

The statement of cash flow - cash generated from operations (Increase in accounts payables) incorrectly included movement in capital expenditure which also impacted additions to PPE under the cash used in investing activities. Please refer to the published Annual Financial Statements for further details. The group net cash inflow from operating activities changed from R575m to R334m. The group net cash outflow from investing activities changed R440m to R199m. The parent net cash inflow from operating activities changed from R593m to R352m. The parent net cash outflow from investing activities changed from R439m to R197m.

9. REVIEW OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements are to be reviewed by the Auditor General of South Africa.

10. EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting date.

11. OUTLOOK

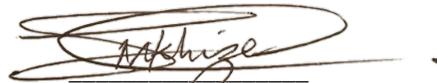
The sustainability of financial resources available to fund the strategic objectives is crucial and is dependent on robust financial systems and controls being implemented to prevent deviations from planned expenditure that could impact the financial viability of the organisation, as well as close monitoring and management of the operating cash flows in the current operating environment where the organisation is exposed to increased credit risk with its customers.

In this regard there will be a continued focus on preserving the financial resources to maintain financial sustainability whilst delivering on the strategic objectives of:

- Key bulk water resource infrastructure in the next five years,
- Provision of efficient and cost-effective water and sanitation;
- Enhanced security of water supply to support economic growth; and
- Enabled and innovative growth to quicken the pace of infrastructure implementation and finding sustainable and innovative solutions for current and future markets in the water service provision value chain.



Adv. Vusi Khuzwayo SC
Chairperson of the Board



Mr Sandile Mkhize
Chief Executive