

Notice of
annual general
meeting 2022

EOH



Our purpose
is to **solve**
courageously,
exponentially
and **together**

Contents

- 1** Covering letter
- 2** Notice of annual general meeting
- 13** Annexure A – Curriculum vitae of directors nominated for election
- 16** Annexure B – Salient features of the proposed EOH 2022 Share Plan
- 23** Form of proxy
- 25** Notes to the form of proxy
- 27** **Annual summary financial results for the year ended 31 July 2022**
- IBC** **Corporate information**

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Covering letter

Dear shareholder

On behalf of the Board of Directors (“the Board”), you are invited to attend the annual general meeting of EOH Holdings Limited (“EOH” or “the Company”) to be conducted entirely by electronic participation as contemplated in section 63(2)(a) of the Companies Act, 2008 (Act No. 71 of 2008) (“Companies Act”) and by the Company’s memorandum of incorporation (“Mol”) on Tuesday, 13 December 2022 at 09:00.

The notice of AGM contains the audited summary consolidated financial statements of the Company for the year ended 31 July 2022, which were compiled under the supervision of M Pydigadu CA(SA), Chief Financial Officer (“CFO”) of EOH and audited by PricewaterhouseCoopers (“PwC”), the Company’s independent auditors who issued an unmodified audit opinion on the Annual Financial Statements (“AFS”) of the Company for the year ended 31 July 2022.

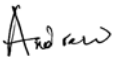
Should you wish to obtain a copy of the complete audited consolidated AFS of the Company for the year ended 31 July 2022 including the Directors’ report, Auditor’s report and Audit Committee report, they can be obtained from:

- EOH’s website: www.eoh.co.za; or
- the Company on request.

If you are unable to attend the AGM in person, you are able to vote by proxy in accordance with the instructions on the AGM notice and form of proxy.

EOH’s integrated report was available on the Company’s website on 26 October 2022.

Yours sincerely



Andrew Mthembu

Chairman

31 October 2022

Notice of annual general meeting

EOH Holdings Limited

Incorporated in the Republic of South Africa

Registration number 1998/014669/06

JSE share code: EOH

ISIN: ZAE000071072

("EOH" or "the Company" or "the Group")

If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, attorney, accountant or other professional adviser.

Notice is hereby given that the 24th annual general meeting ("AGM" or "meeting") of shareholders of EOH will be conducted entirely by electronic participation as contemplated in section 63(2)(a) of the Companies Act, 2008 (Act No. 71 of 2008) ("Companies Act") and by the memorandum of incorporation ("Mol") on Tuesday, 13 December 2022 at 09:00, for the purpose of considering, and, if deemed fit, passing with or without modification, the ordinary and special resolutions set out hereunder.

Purpose and general information

The purpose of the AGM is to transact the business set out in the agenda below, to consider and if deemed fit, pass, with or without modification, the ordinary and special resolutions set out herein, and to discuss other matters raised by shareholders at the meeting, provided that, in the sole discretion of the chairman of the meeting, such matters directly concern the business of the Company and may lawfully be dealt with at an AGM.

Agenda

1 Presentation of audited annual financial statements, Audit Committee report and Social and Ethics Committee report (non-voting agenda point)

The audited annual financial statements of the Company for the year ended 31 July 2022, including the report by the Board of directors ("Board" or "directors"), the independent auditor's report and various subcommittee reports, to be presented at the meeting as required in terms of section 30(3)(d) of the Companies Act be and are hereby presented.

2 Resolutions

Unless otherwise specifically indicated, the minimum percentage of voting rights required to be exercised by shareholders present or represented by proxy at the AGM in respect of each of the ordinary resolutions set out below is more than 50% (fifty percent) in favour of such resolution. Special resolutions to be adopted at this AGM require approval from at least 75% (seventy-five percent) of the voting rights exercised on each special resolution by shareholders present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution concerned.

Notice of annual general meeting *continued*

3 Ordinary resolution number 1.1 – 1.3 Re-election of independent non-executive directors

- 1.1 RESOLVED that Andrew Marshall who retires by rotation in terms of the Company's Mol and who, being eligible, offers himself for re-election, be and is hereby re-elected as an independent non-executive director of the Company. The Remuneration and Nomination Committee has considered Andrew Marshall's past performance and contribution to the Company and recommends that he be re-elected as an independent non-executive director of the Company.
- 1.2 RESOLVED that Jabu Moleketi who retires by rotation in terms of the Company's Mol and who, being eligible, offers himself for re-election, be and is hereby re-elected as a non-executive director of the Company. The Remuneration and Nomination Committee has considered Jabu Moleketi's past performance and contribution to the Company and recommends that he be re-elected as a non-executive director of the Company.
- 1.3 RESOLVED that Bharti Harie who retires by rotation in terms of the Company's Mol and who, being eligible, offers herself for re-election, be and is hereby re-elected as an independent non-executive director of the Company. The Remuneration and Nomination Committee has considered Bharti Harie's past performance and contribution to the Company and recommends that she be re-elected as an independent non-executive director of the Company.

A brief résumé of each of the directors offering themselves for re-election appears in Annexure A of this notice.

4 Ordinary resolution number 2.1 – 2.4 Appointment of Audit Committee members

The Companies Act and JSE Listings Requirements stipulate that a public company must, each year at its AGM, appoint an Audit Committee, comprising at least three non-executive directors who are independent and, as a collective body, are suitably qualified, skilled and experienced.

The Remuneration and Nomination Committee and the Board are satisfied that the below-mentioned proposed members are suitably skilled and experienced independent non-executive directors and that they collectively meet the criteria required to fulfil their duties, and accordingly have recommended that shareholders pass the following ordinary resolutions:

RESOLVED, by way of individual stand-alone resolutions, to appoint the following independent non-executive directors as members of the Company's Audit Committee:

- 2.1 Mike Bosman as a member and chairman of the Audit Committee;
- 2.2 Jesmane Boggendoel as a member of the Audit Committee;
- 2.3 Andrew Marshall as a member of the Audit Committee; and
- 2.4 Nosipho Molohe as a member of the Audit Committee.

A brief résumé of each recommended appointee of the Audit Committee appears in Annexure A of this notice.

Notice of annual general meeting *continued*

5 **Ordinary resolution number 3: Re-appointment of independent external auditors**

The Companies Act, JSE Listings Requirements and the Mol stipulate that the Company must each year at its AGM, appoint or re-appoint an eligible auditor.

RESOLVED to re-appoint PricewaterhouseCoopers Inc. as the independent auditors of the Company, with Dirk Höll as the individual registered auditor. The Audit Committee and the Board have confirmed the independence of PricewaterhouseCoopers Inc. and of Dirk Höll pursuant to section 90 of the Companies Act. The Audit Committee further confirms that it has assessed the auditor's suitability for appointment in accordance with paragraph 3.84(g) (iii) of the JSE Listings Requirements and nominates for appointment PricewaterhouseCoopers Inc. and Dirk Höll as the external auditors of the Company.

6 **Ordinary resolution numbers 4.1 and 4.2: Endorsement of the Company's remuneration policy and remuneration implementation report (non-binding advisory votes)**

In accordance with principle 14 of the King Report on Corporate Governance™ for South Africa 2016* ("King IV") and section 3.84(j) of the JSE Listings Requirements, companies are required to table their remuneration policy and remuneration implementation report to shareholders for a non-binding advisory vote at the AGM to allow shareholders to consider the remuneration policy and remuneration implementation report of the Company every year and to inform themselves how employees and senior executives within EOH are remunerated. The Company's 2022 remuneration policy and remuneration implementation report are set out in the annual integrated report on pages 98 to 108.

Upon recommendation by the Remuneration and Nomination Committee, it is proposed that shareholders pass the following resolutions by way of stand-alone non-binding advisory votes:

- 4.1 RESOLVED that in accordance with King IV and the JSE Listings Requirements, shareholders endorse the remuneration policy of the Company as set out on page 98 of the annual integrated report.
- 4.2 RESOLVED that in accordance with King IV and the JSE Listings Requirements, shareholders endorse the remuneration implementation report of the Company as set out on page 104 of the annual integrated report.

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Notice of annual general meeting *continued*

This vote enables shareholders to express their views on the remuneration policy and the remuneration implementation report of the Company. Ordinary resolution numbers 4.1 and 4.2 are of an advisory nature and failure to pass these resolutions will therefore not have any legal consequences for existing arrangements. However, should either of the resolutions set out in 4.1 or 4.2 above be voted against by 25% or more of the voting rights exercised, the Board undertakes to engage actively with dissenting shareholders in this regard in order to ascertain the reasons therefore and to address all legitimate and reasonable objections and concerns.

7 Ordinary resolution number 5: Adoption of the EOH 2022 Share Plan

EOH has undertaken a review of executive and senior management incentives, both short and long-term and is proposing the adoption of the EOH 2022 Share Plan.

RESOLVED that the EOH 2022 Share Plan, a copy of which has been tabled at this meeting and initialled by the chairman for identification purposes, be and is hereby approved and adopted. The full Share Plan will be available for inspection at the registered office of the Company and on the Company's website, from the date of issue of this notice to the date on which the AGM is held.

Further information regarding the EOH 2022 Share Plan is set out in Annexure B of this notice.

In terms of the JSE Listings Requirements, ordinary resolution 5 must be passed by 75% (seventy-five percent) of the voting rights exercised by shareholders present or represented by proxy at the AGM.

8 Special resolution number 1: Remuneration of the non-executive directors

In terms of section 66(9) of the Companies Act, EOH shareholders are required to pre-approve the payment of remuneration to non-executive directors for their services as directors by means of a special resolution. The proposed fees exclude value-added tax which will be added by the directors in terms of current value-added tax legislation, if applicable.

It is proposed that the non-executive directors' fees approved by shareholders at the AGM on 2 December 2021 be increased by 5% as detailed in the table in 8.1 below.

Notice of annual general meeting *continued*

- 8.1 RESOLVED as a special resolution that the fees payable to the non-executive directors of the Company, be as follows for the period from 1 February 2023 to 31 January 2024 or until such fees are revised by a further resolution of shareholders, whichever is the earliest:

	Fees approved at the AGM on 2 December 2021	Revised fees to be approved at the AGM on 13 December 2022	Scheduled number of meetings per annum
Chairman			
Lead independent non-executive director (Annual fees)	R1 575 000 R1 000 000	R1 653 750 R1 050 000	
Board members:			
Retainer	50 000	R52 500	
Fee per meeting	62 500	R65 625	4
Audit Committee			
Chairperson			
Fee per meeting	R90 000	R94 500	3
Member			
Fee per meeting	R45 000	R47 250	3
Risk and Governance Committee			
Chairperson			
Fee per meeting	R70 000	R73 500	3
Member			
Fee per meeting	R35 000	R36 750	3
Remuneration and Nomination Committee			
Chairperson			
Fee per meeting	R70 000	R73 500	3
Member			
Fee per meeting	R35 000	R36 750	3
Social and Ethics Committee			
Chairperson			
Fee per meeting	R70 000	R73 500	3
Member			
Fee per meeting	R35 000	R36 750	3
Technology and Information Committee			
Chairperson			
Fee per meeting	R70 000	R73 500	3
Member			
Fee per meeting	R35 000	R36 750	3
Asset Disposal and Acquisition Strategy Committee			
Chairperson			
Fee per meeting	R70 000	R73 500	3
Member			
Fee per meeting	R35 000	R36 750	3

Notice of annual general meeting *continued*

- 8.2 For meetings in addition to the scheduled meetings: a fee of R5 250 (2021: R5 000) per hour if the meeting lasts less than three hours, or a full meeting fee if the meeting lasts longer than three hours.

9 **Special resolution number 2: General authority to acquire shares**

The purpose of this special resolution number 2 is to obtain an authority for, and to authorise the Company and the Company's subsidiaries, by way of a general authority, to acquire up to 10% of the Company's issued ordinary shares.

It is the intention of the directors to use such authority should prevailing circumstances, in their opinion, warrant it.

RESOLVED as a special resolution that by way of a general approval, the Company and/or any of its subsidiaries be and are hereby authorised to acquire ordinary shares in the Company in terms of sections 46 and 48 of the Companies Act, the Company's Mol and that of its subsidiaries and the JSE Listings Requirements on the following basis:

- The acquisition of the ordinary shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company (or any subsidiary) and the counterparty;
- This general authority shall only be valid until the earlier of the Company's next AGM or the expiry of a period of 15 (fifteen) months from the date of authorising this special resolution whichever is the earliest;
- The general repurchase by the Company, and by its subsidiaries, of the Company's ordinary shares is authorised by its Mol;
- In determining the price at which the Company's ordinary shares are acquired in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the five business days immediately preceding the date on which the transaction is effected;
- At any point in time, the Company (or any subsidiary) may only appoint one agent to effect any acquisition/s on its behalf;
- The acquisition of ordinary shares in the aggregate in any one financial year may not exceed 10% (ten percent) of the Company's issued ordinary share capital;
- The Company may only effect repurchases on the basis that the solvency and liquidity test (test) set out in section 4 of the Companies Act has been completed and passed, and that since the test was done there have been no material changes to the financial position of the Group;
- The Company or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless a repurchase programme is in place (where the dates and quantities of shares to be repurchased during the prohibited period are fixed) and full details thereof have been submitted to the JSE in writing prior to commencement of the prohibited period;
- An announcement will be published once the Company (or any subsidiary) has cumulatively repurchased 3% (three percent) of the number of the ordinary shares in issue at the time this general authority is granted (initial number), and for each 3% (three percent) in aggregate of the initial number acquired thereafter;

Notice of annual general meeting *continued*

- At the time that the contemplated repurchase is to take place, the directors of the Company will ensure that, after considering the effect of the maximum repurchase, and for a period of 12 months thereafter, that there is adequate working capital. Such will be determined by ensuring that:
 - › The Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
 - › The consolidated assets of the Company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the Company and its subsidiaries;
 - › The issued share capital and reserves of the Company and its subsidiaries will be adequate for the purpose of the ordinary business of the Company and its subsidiaries; and
 - › The working capital available to the Company and its subsidiaries will be sufficient for the Group's requirements.
- Information required in terms of paragraph 11.26 of the JSE Listings Requirements with regard to the general authority for the Company or any of its subsidiaries to repurchase the Company's securities are disclosed in the AFS
 - › Major shareholders of the Company – page 86; and
 - › Share capital of the Company – page 46.

Material changes

Other than the facts and developments reported on in the annual integrated report, there have been no material changes in the affairs or financial position of the Company and its subsidiaries since the date of signature of the annual financial statements and the date of this notice.

Directors' responsibility statement

The directors of the Company whose names appear on pages 88 and 89 of the annual integrated report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to this resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice contains all information required by law and the JSE Listings Requirements.

Litigation statement

The Group is involved in various litigation matters arising in the ordinary course of business. Although at this stage it is not possible to predict what the outcome of the various matters will be, nor what portion of any costs will be attributable to the Group, or whether all or any portion of such costs will be covered by insurance or will be recoverable from other sources, management has no reason to believe that the disposition of these matters will have a materially adverse effect on the consolidated financial position of the Group.

Notice of annual general meeting *continued*

10 Special resolution number 3: Financial assistance in terms of section 44 of the Companies Act

The purpose of this special resolution number 3 is to grant the Board the authority to authorise the Company to provide financial assistance by way of a loan, guarantee, the provision of security, or otherwise to its subsidiaries and inter-related companies (excluding any director or prescribed officer of the Company, or a person related to such director or prescribed officer), for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company as contemplated in section 44 of the Companies Act. The directors undertake that prior to the Company providing the financial assistance as contemplated in section 44 of the Companies Act, the Company will have satisfied the solvency and liquidity test as set out in section 4 of the Companies Act and that the terms under which the financial assistance is proposed are fair and reasonable.

RESOLVED as a special resolution that the Board may to the extent required, in terms of and subject to section 44 of the Companies Act, as the case may be, and the Company's Mol, authorise the Company to provide, by way of special resolution, financial assistance by way of a loan, guarantee, the provision of security or otherwise, to its subsidiaries and inter-related companies (excluding any director or prescribed officer of the Company, or a person related to such director or prescribed officer), for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, subject to the terms and conditions of section 44 of the Companies Act. No such financial assistance may be provided at any time in terms of this authority after the expiry of two years from the date of the adoption of this special resolution.

11 Special resolution number 4: Financial assistance in terms of section 45 of the Companies Act

The purpose of the special resolution number 4 is to grant the Board the authority to authorise the Company to provide direct or indirect financial assistance to a related or inter-related company or corporation, as contemplated in section 45 of the Companies Act. The directors undertake that prior to the Company providing the financial assistance as contemplated in section 45 of the Companies Act, the Company will have satisfied the solvency and liquidity test as set out in section 4 of the Companies Act and that the terms under which the financial assistance is proposed are fair and reasonable.

RESOLVED as a special resolution that the Board may to the extent required, in terms of and subject to section 45 of the Companies Act, as the case may be, and the Company's Mol, authorise the Company to provide, by way of special resolution, any direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation and securing any debt or obligation as contemplated in section 45 of the Companies Act) to a related or inter-related company or corporation (excluding any director or prescribed officer of the Company, or person related to such director or prescribed officer) on such terms as the Board deems fit, subject to the terms and conditions of section 45 of the Companies Act. No such financial assistance may be provided at any time in terms of this authority after the expiry of two years from the date of the adoption of this special resolution.

Notice of annual general meeting *continued*

12 Special resolution number 5: Authority to issue shares in terms of section 41(1) of the Companies Act in respect of the EOH 2022 Share Plan

In order to allow EOH to issue shares in terms of the EOH 2022 Share Plan, shareholder approval is required in accordance with section 41(1) of the Companies Act for the issuance of shares to (i) directors, future directors, prescribed officers or future prescribed officers of EOH, (ii) persons related or inter-related to EOH, or to a director or prescribed officers of EOH or (iii) a nominee of the persons contemplated in (i) and (ii), in respect of the EOH 2022 Share Plan.

RESOLVED that, on the basis that ordinary resolution number 5 is approved by the requisite majority of EOH shareholders, in terms of section 41(1) of the Companies Act, the Board of directors of EOH be and is hereby authorised to allot and issue EOH shares in the authorised but unissued share capital of EOH to (i) directors, future directors, prescribed officers or future prescribed officers of EOH, (ii) persons related or inter-related to EOH, or to a director or prescribed officers of EOH or (iii) a nominee of the persons contemplated in (i) and (ii), in respect of the EOH 2022 Share Plan.

13 Ordinary resolution number 6: Signature of documents

RESOLVED that any director of the Company be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for, or incidental to, the implementation of the resolutions adopted at the AGM.

Important dates to note

The Board has determined, in terms of section 62(3)(a), as read with section 59 of the Companies Act that the record date for receipt of the notice of AGM be Friday, 21 October 2022 and that Friday, 2 December 2022 be the record date for the purposes of determining which shareholders of the Company are entitled to participate in and vote at the AGM. Accordingly, the last day to trade EOH shares in order to be recorded in the register to be entitled to vote at the AGM will be Tuesday, 29 November 2022.

Kindly note that participants (including shareholders and proxies) at the AGM meeting are required to provide satisfactory identification before being entitled to attend or participate in the AGM proceedings. Forms of identification include valid identity documents, driver's licences and passports.

Voting and quorum

A quorum, for the purposes of considering the resolutions to be proposed at the AGM, shall consist of three shareholders of the Company, personally present or represented by proxy (and if the shareholder is a body corporate, the representative of the body corporate), and entitled to vote at the AGM.

Notice of annual general meeting *continued*

In addition the AGM may not begin until sufficient persons are present in person or represented by proxy to exercise, in aggregate, at least 25% of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the AGM; and a matter to be decided at the AGM may not begin to be considered unless sufficient persons are present in person or represented by proxy to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised in respect of that matter at the time the matter is called on the agenda.

Every shareholder present in person or represented by proxy and entitled to exercise voting rights at the AGM shall be entitled to vote on a show of hands, irrespective of the number of voting rights that shareholder would otherwise be entitled to exercise. On a poll, any person who is present at the annual general meeting, whether as a shareholder or as proxy for a shareholder, has the number of votes determined in accordance with the voting rights associated with the shares held by that shareholder.

General instructions

Shareholders who are entitled to attend, speak and vote at the AGM are encouraged to do so.

Electronic participation in the AGM

The Company has retained the services of Computershare Investor Services Proprietary Limited (“Computershare”) to host the AGM on an interactive platform and to facilitate electronic participation and voting by shareholders.

Shareholders who wish to electronically participate in and/or vote at the AGM are required to register online at <https://meetnow.global/ZA> by no later than 12:00 CAT on Friday, 9 December 2022. Shareholders may still register online to participate in and/or vote electronically at the AGM after this date and time, provided, however, that for those shareholders to participate and/or vote electronically at the AGM, they must be verified and registered before the commencement of the AGM.

As part of the registration process you will be requested to upload proof of identification (i.e. SA identity document, SA driver’s licence or passport) and authority to do so (where acting in a representative capacity), as well as to provide details, such as your name, surname, email address and contact number. Following successful registration, the transfer secretary will provide you with a meeting link as well as an invitation code in order to connect electronically to the AGM. While the Company will bear all costs for the hosting by Computershare of the AGM by way of a remote interactive electronic platform, shareholders will be liable for their own network charges in relation to electronic participation in and/or voting at the AGM. Any such charges will not be for the account the Company and/or Computershare. Neither the Company nor Computershare can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such shareholder from participating in and/or voting at the AGM.

Notice of annual general meeting *continued*

Proxies and authority for representatives to act

A shareholder holding certificated shares who cannot attend the AGM or who wishes to be represented thereat is entitled to appoint a proxy or proxies to attend and act in his/her stead. A proxy need not be a member of the Company. For the convenience of EOH shareholders, a form of proxy is attached hereto. Forms of proxy may also be obtained on request from EOH's registered office. The attached form of proxy is only to be completed by those ordinary shareholders who:

- hold ordinary shares in certificated form; or
- are recorded on the sub-register in "own name" dematerialised form.

Ordinary shareholders who have dematerialised their ordinary shares through a CSDP or broker without "own name" registration and who wish to attend the AGM, must instruct their CSDP or broker to provide them with the relevant letter of representation to attend the AGM in person or by proxy and vote. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

For administrative purposes, forms of proxy should be delivered to the transfer secretaries, Computershare, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg 2196 (Private Bag X9000, Saxonwold, 2132) or by email to proxy@computershare.co.za, at least 48 hours (excluding Saturdays, Sundays and public holidays) before the time of the AGM, being 9:00 on Friday, 9 December 2022. Any form of proxy not delivered by this time may be submitted to the transfer secretaries at the AGM or to the chairperson of the AGM at any time prior to the commencement of the AGM or at any time prior to voting on any resolution proposed at the AGM.

By order of the Board



Neill O'Brien
Company Secretary

26 October 2022

Annexure A

Curriculum vitae of directors nominated for election

Andrew Marshall

Independent non-executive director

BCom (Honours)

Appointed 21 May 2020

Chairman of the Asset Disposal and Strategic Acquisition Committee, member of the Audit Committee and the Technology and Information Committee.

Andrew is currently the chairman of Ster Kinekor Theatres Proprietary Limited. Prior to that he was the CEO of Nampak Limited from 2009 to 2014 and the CEO of Oceana Group from 1999 to 2009.

Jabu Moleketi

Non-executive director

B Administration, B Com Economics (Honours)

Appointed 1 September 2020

Member of the Nominations and Remuneration Committee and member of the Social and Ethics Committee.

Mr Moleketi is a non-executive director and shareholder of EOH's black empowerment partner, Lebashe Investment Group. In addition, he is a non-executive director of Remgro, PPC Cement and Harith Fund Managers. Mr Moleketi was the Gauteng Province MEC of Finance and Economic Affairs from 1994 to 2004 and served as Deputy Minister of Finance of the Republic of South Africa from 2004 until 2008.

Annexure A *continued*

Bharti Harie

Independent non-executive director

BA LLB, LLM, Admitted Attorney, Notary and Conveyancer

Appointed 1 January 2021

Chairman of the Social and Ethics Committee Nominations, member of the Nominations and Remuneration Committee and member of the Governance and Risk Committee.

Bharti is a seasoned director with over 10 years of experience gaining valuable insights into shareholder/ stakeholder relations, corporate governance and of late traversing tough economic challenges. She is an independent non-executive director on the boards of Lenmed Investments Limited, Ascendis Health Limited, Stefanutti Stocks Limited, also serving on Bell Equipment Sales Southern Africa Limited and St Davids Marist School, Inanda. She has also previously served on the boards of Bell Equipment Limited, Mineworkers Investment Company and the Lenmed Ethekwini Hospital and Heart Centre.

She also spent 14 years at the IDC having headed the International Finance and Corporate Funding departments.

Mike Bosman

Independent non-executive director

BCom (Honours) (Financial Accounting), LLM, CA(SA), Advanced Management Programme (Harvard)

Appointed 20 June 2018

Chairperson of the Audit Committee, member of the Governance and Risk Committee, the Nomination and Remuneration Committee, and the Asset Disposal and Strategic Acquisition Committee.

Mike began his career in corporate and project finance before moving into the creative world of advertising and became Group CEO of FCB South Africa and the Africa region. He later served as President and Chief Operating Officer of FCB North America. He headed up FCB's operations in the US and Canada and was based in New York. After he returned to South Africa, he was appointed Group CEO of the large communications group, TBWA\South Africa.

He currently serves as the non-executive chairman of Spur Corporation Limited, non-executive chairman of Vinimark Holdings, non-executive director of MTN South Africa and non-executive director of AVI Limited.

Annexure A *continued*

Jesmane A Boggenpoel

Independent non-executive director

B Commerce (Accountancy), B Accountancy (Honours), CA(SA), Masters in Public Administration (Harvard JFK School of Government)

Appointed 1 July 2018

Chairman of Governance and Risk Committee, member of the Audit Committee and member of the Information and Technology Committee.

Jesmane is a Managing Partner of AIH Capital private equity fund. She serves on the boards of Murray & Roberts and Spur. She is the Chairperson of ETG Inputs Holdco (Dubai headquartered and largest African fertiliser distributor). Jesmane was the former Head of Business Engagement Africa, World Economic Forum based in Switzerland.

Jesmane was nominated a Young Global Leader of the World Economic Forum in 2013. She is author of the book "My Blood Divides and Unites" on racial reconciliation and inclusion. She is the creator of the online Udeemy course: Dealing with the Heart of Race and Gender Inequality in the Workplace.

Nosipho Molohe

Independent non-executive director

BSc (Med) B Compt (Honours) CTA CA(SA)

Chairperson of the Information and Technology Committee, member of the Audit Committee and the Social and Ethics Committee.

She currently serves as a director on various other company boards including Engen Limited, MTN Group Limited, Old Mutual Limited, Old Mutual Life Assurance Company (South Africa) Limited and Investec Property Fund Limited.

She previously worked at WipCapital Proprietary Limited as part of the Specialised Funds Management team, after which she joined Viamax Proprietary Limited, a subsidiary of Transnet, as a Group Finance Executive. She then became the Finance Director at ZICO Proprietary Limited and later became the Chief Financial Officer at the Financial Services Board. She also previously served on the Boards of, inter alia, Bidvest Limited, Nampak Limited, Illovo Sugar Limited, Toyota Financial Services South Africa Proprietary Limited and various subsidiaries of MTN Group Limited.

Annexure B

Salient features of the proposed EOH 2022 Share Plan (“the Share Plan”)

1 Purpose

The purpose of the Share Plan is to align the interests of executive directors, management and prescribed officers with shareholder interests, reward excellent performance and promote executive long-term shareholding and ownership in EOH.

2 Introduction and context

EOH believes that its remuneration policy plays a vital role in realising business strategy by ensuring that EOH remains competitive in the markets in which it operates.

During 2019 the Board undertook a review of EOH’s existing retention and incentive schemes resulting in the formulation of a new share incentive share incentive scheme, being the 2020 EOH Share Plan. In total, 26.34% of EOH shareholders voted against the adoption of the 2020 EOH Share Plan at the AGM held on 20 January 2021 and following feedback from shareholders, the Board determined that further consultation with shareholders would be prudent.

EOH’s engagement with shareholders revealed, inter alia, the following shareholder concerns on the EOH 2020 Share Plan:

- insufficient level of disclosure and transparency in respect of performance targets;
- the dilutionary impact on shareholders; and
- insufficient detail in relation to the malus and clawback principles to be applied, which made it difficult to assess the reasonability of variable remuneration outcomes of the EOH 2020 Share Plan.

In the context of the shareholder feedback and the Board’s commitment to review employee retention schemes, Khokhela Remuneration Advisors was appointed to assist with a detailed review of the EOH 2020 Share Plan in conjunction with the Remuneration and Nomination Committee. In addition, Deloitte made recommendations regarding the net settlement methodology to minimise shareholder dilution on settlement of awards made in terms of the plan and provided an opinion on the tax and accounting implications.

As a result, the newly designed Share Plan was reviewed and approved by the Remuneration and Nomination Committee on 20 July 2021 with no further changes being made to the proposed Share Plan since that date.

The high-level features of the proposed Share Plan:

- the Share Plan is a conditional performance share plan with a performance period of three years for each award;
- executive directors, divisional and cluster executives, prescribed officers (“Group Executives”) and any other eligible employee that is deemed critical for the business as determined by the Remuneration and Nomination Committee are elected to participate in the Share Plan;
- annual awards of performance shares may be made with or without the right to dividend equivalents;

Annexure B *continued*

- awards will be settled in equity but may also be settled in cash or combination of both cash and equity, however, the alternative methods of settlement will not be standard practice, as it is the intention of the Company to account for the Share Plan as an equity-settled plan;
- provision has been made for a net settlement of performance shares on vesting (vested performance share value less the tax liability due by participants); and
- the inclusion of malus and clawback provisions that gives the Remuneration and Nomination Committee the ability to adjust or clawback any incentives paid as part of the Share Plan as a result of a breach of a material obligation. The clawback provisions may be enforced for a period of 24 months from the vesting date of performance shares (and related dividend equivalents).

Accordingly, EOH intends to adopt the Share Plan, subject to shareholder approval, comprised the aforementioned components.

3 **The Share Plan** ***Performance Shares (“PS”)***

The primary element for the long-term (share-based) incentivisation for participants will be the awarding of a conditional right to a specified number of PS, each year, with the option of net settlement (after considering the applicable tax liability on the transaction) in equity. The conditional award of PS may include the allocation of dividend equivalents (as further detailed below). The net settlement method will aim to minimise equity dilution when settling awards in terms of the Share Plan as far as possible.

Each award will vest no earlier than three years from their award date to the extent that the participants have met specified performance criteria over the intervening period. The number of PS that vest will be subject to the extent the performance criteria has been met.

The performance criteria to be achieved on vesting of PS is to be determined annually for each award by the Remuneration and Nomination Committee and communicated in award letters to participants.

The performance curve governing vesting can potentially take various forms. However, the following fundamental inflexion points will generally be employed:

- if the performance over the three-year period is at the targeted performance, then 100% of the PS awarded will vest;
- if the performance over the three-year period is at the maximum performance, then 200% of the PS awarded will vest;
- if the performance over the three-year period is at threshold (minimum acceptable level), then 25% of the PS awarded will vest;
- if the performance is below threshold, then all PS awarded will be forfeited; and
- if the performance over the three-year period lies between any of the above points, then a pro-rated number of PS will vest.

The above percentages are based on the desired (market) pay mix of participants at vesting.

The quantum awarded each year is a percentage of annual cost-to-company and is expected to result in the desired pay mix at vesting for on-target performance.

Annexure B *continued*

The table below depicts the percentage of annual cost-to-company on vesting of PS at different levels of performance:

Level	Threshold %	O/T %	MAX %
CEO	17.5	70	140
CFO/CRO	15.0	60	120
Other Group Executives	12.5	50	100

PS closely align the interests of shareholders and Group Executives by rewarding superior shareholder and financial performance in the future.

The Remuneration and Nomination Committee, in consultation with the Board, will set appropriate performance conditions and performance periods, as relevant, for each performance award, taking into account the business environment at the time of making the award.

The following performance criteria will apply for FY2023:

Return on Invested Capital (“RoIC”) in relation to the weighted average cost of capital (“WACC”) (25% weighted):

WACC threshold, WACC + 2% for target and WACC + 4% for stretch.

Targeted real growth in Headline Earnings per share (“HEPS”) (25% weighted):

● CPI + 2% threshold, CPI + 3% target and CPI + 4% for stretch.

Earnings before interest, taxes, depreciation and amortisation (“EBITDA”) to operating cash conversion (25% weighted):

● 70% threshold; 80% for target and 90% for stretch.

Skills development (10% weighted):

● 16 points threshold; 18 points target and 20 points stretch.

Transformation (15% weighted):

● 15 points threshold, 16 points target, and 17 points stretch.

As an overarching performance condition aligned to good governance, all compulsory Group risk and compliance training and attestation should be completed.

Each year the “target” performance will be determined on an acceptable, expected, required performance and that “full maximum” vesting will only result from a truly excellent above performance.

Dividend equivalent

PS may be awarded, with or without dividend equivalents. A dividend equivalent is equal to the normal dividends that the Company would have paid in respect of each PS during the period from the award date to the vesting date multiplied by the number of vested PS.

Annexure B *continued*

4 **Share Plan rules**

The salient features of Share Plan rules (“Rules”) are summarised below:

Administration of the Share Plan

The Remuneration and Nomination Committee is responsible for the operation and administration of the Share Plan, subject to applicable laws. The Remuneration and Nomination Committee has the discretion to decide whether and on what basis the Share Plan shall be operated, which may include but not be limited to the delegation of the administration of the Share Plan to a Compliance Officer or any third party, but excluding any executive director of the Company.

Subject to the provisions of the Share Plan, any applicable laws, and to the approval of the Board, the Remuneration and Nomination Committee shall be entitled to make and establish such rules and regulations, and to amend the same from time to time, as they may deem necessary or expedient for the proper implementation and administration of the Share Plan. No amendment affecting those matters as set out in paragraph 14.1 of Schedule 14 to the JSE Listings Requirements shall be competent unless it is approved by the JSE and by EOH shareholders.

Settlement

It is envisaged that the net settlement will be via shares (equity settlement) for all elements, although the Share Plan does allow for either equity or cash settlement at the Remuneration and Nomination Committee’s discretion.

Equity settlement can be via allotment and issue of new shares or treasury shares or the acquisition of shares in the open market on behalf of participants.

The manner of settlement of any dividend equivalents, will be in cash or equal to the rounded number of shares.

Eligibility

Any executive director, senior manager, prescribed officer and/or key employee of EOH or its subsidiaries may be selected by the Remuneration and Nomination Committee to be eligible to become participants in the Share Plan.

Limitation

The maximum number of shares which may be utilised for the purposes of the Share Plan is not to exceed 8 827 248 shares, currently representing approximately 5% of EOH’s issued share capital and settlement to any one participant in terms of the Share Plan shall not exceed 1 765 450 shares, which constitute 1% of the entire share capital of EOH on the date of adoption of the Share Plan.

Termination of Employment

Termination of employment is based on the definition of no fault termination versus that of fault termination. No fault termination is the termination of employment of a participant by EOH or another member of the EOH Group employing such participant (“Employer Company”) by reason of:

- death;
- injury, disability or ill health, in each case as certified by a qualified medical practitioner nominated by the relevant Employer Company;
- dismissed based on operational requirements;

Annexure B *continued*

- the disinvestment of the Employer Company; or
- retirement on or after retirement date.

In addition to the above, EOH may in its sole and absolute discretion determine at the relevant time, a specific reason/s that constitute/s “No Fault Termination”.

Fault termination is defined as the termination of employment of a participant due to the following reasons:

- misconduct;
- poor performance;
- any other dismissible offence; or
- resignation by the participant.

If employment is terminated for no fault reasons, then the PS (with or without dividend equivalents) will be pro-rated for the time period until the termination date and be further adjusted by a performance factor, which the Remuneration and Nomination Committee may in its discretion apply relating to the performance as at the termination date.

If employment is terminated for fault reasons, then the performance shares will be cancelled.

Malus and clawback

Should a trigger event (as determined with reference to the Malus and Clawback Policy) occur and be discovered any time before the vesting of an award to which the Remuneration and Nomination Committee has specified that malus applies, the Remuneration and Nomination Committee may in its discretion, reduce the award in whole or in part (including for the avoidance of doubt, to nil) in accordance with the provisions of the Share Plan (read in conjunction with the Malus and Clawback Policy).

Whenever a reduction of an award is made, the respective award or portion thereof shall be treated as having been forfeited with immediate effect and will be reinstated into the Share Plan.

Should facts falling under clawback principles come to the attention of the Remuneration and Nomination Committee following settlement of PS (and related dividend equivalents), but before the expiry of a period of 24 months from the vesting date, the Remuneration and Nomination Committee shall be entitled to require that the participant pays to the Company, within 10 business days of receiving written notice to do so, a clawback amount, equal to the paid dividend equivalents and the fair market value measured from the vesting date, of the number of the relevant PS which vested in the relevant participant as the Remuneration and Nomination Committee may in its discretion determine.

To the extent that the clawback amount is not paid in full by the participant when due

- the outstanding portion of the clawback amount will bear interest at prime rate from the due date for payment until the date of actual payment thereof;
- to the extent that the clawback amount is not recovered, the Company reserves the right to withhold or irrevocably cancel remuneration due to the participant to recover the clawback amount;

Annexure B *continued*

- the Company may institute legal action to recover overpayment as a result of the clawback principles notwithstanding the date of termination of employment of the participant;
- the potential application of clawback will not delay the participant's obligation to pay tax, if any, upon the vesting of an award; and
- any PS awarded to the participant, but which have not vested, together with the dividend equivalents, the rights of which shall be forfeited for the benefit of the Company.

The Company and the Employer Companies reserve the right to enforce all available rights, and legal remedies at its disposal in any circumstance, which would, in the discretion of the Remuneration and Nomination Committee, warrant the reduction or recoupment of a participant's entitlements in terms of, or PS received as a result of, this Share Plan.

Change of Control

"Change of Control" is defined as all circumstances where a party (or parties acting in concert), directly or indirectly, obtains:

- beneficial ownership of the specified percentage, as contained in the Companies Act regulations, currently 35% or more of EOH's issued shares; or
- control of the specified percentage or more of the voting rights at meetings of EOH; or
- the right to control the management of EOH or the composition of the Board; or
- the right to appoint or remove directors holding a majority of voting rights at Board meetings; or
- the right to control the business or undertaking of EOH through a merger or consolidation with any other business or entity, or upon a sale of the whole or a major part of EOH's assets or undertakings.

If the Company undergoes a Change of Control after an award date, then the rights (whether conditional or otherwise) in and to the PS of participants under this Share Plan will, to the extent necessary, be accommodated on a basis which shall be determined by the Remuneration and Nomination Committee to be fair and reasonable to participants.

Consideration payable by participants

There shall be no consideration payable by participants for any award.

Voting and dividend rights

No shares (or rights associated thereto) shall be transferred or issued to participants pursuant to an award nor shall a participant have any expectation of earning any dividends (or other distributions made) and shall have no right to vote in respect of any offer, unless and until vesting, exercise or settlement occurs. A participant shall upon vesting be entitled to receive all accrued dividend equivalents if the award was made with the right to dividend equivalents on the date of settlement in relation to the PS.

If the Company delists, is placed in business rescue or is placed into liquidation, then the Share Plan shall ipso facto lapse as from the date of the delisting, business rescue or liquidation, and any award which has not yet been settled shall ipso facto lapse from that date.

Basis upon which awards are made

Awards will be governed by EOH's reward philosophy and strategy, taking into consideration, inter alia, a participant's current status, his role and current remuneration and the remuneration policy which policy is referred to shareholders at the AGM on an annual basis for a non-binding advisory vote.

The principles of the Malus and Clawback Policy have been included in the remuneration policy and Share Plan which is designed to give the Remuneration and Nomination Committee the ability to adjust or clawback any PS or dividend equivalents as a result of a breach of material obligation such as a material misstatement of financials for a code of conduct breach giving rise to reputational damage or legal action.

The basis of any specific award will be set out in the award letters signed by an eligible employee at the time of the offer where after the employee will become a participant.

Adjustments

If EOH undertakes a sub-division or consolidation of shares, a capitalisation issue, a special dividend, a rights issue or reduction of capital affecting the rights of its shareholders adjustments shall be made to the maximum number of shares that may be utilised for purposes of the Share Plan and/or the number of unvested PS that held by participants such that a participant shall be entitled to the same proportion of the share capital as he was previously entitled to.

Any adjustments shall be in accordance with the Rules and be confirmed by the auditors to EOH and to the JSE in writing at the time the adjustment is finalised and will be reported on in the Company's annual financial statements in the year during which the adjustment was made.

No adjustments shall be required in the event of the issue of equity securities as consideration for an acquisition, the issue of securities for cash and the issue of equity securities for a vendor consideration placing.

Any shares which are not subsequently issued or transferred to any participant, for example as a result of a forfeiture, shall revert back to the Share Plan.

Form of proxy

EOH Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number 1998/014669/06)

JSE share code: EOH

ISIN: ZAE000071072

("EOH" or "the Company")

This form of proxy is only for use by:

- Certificated shareholders; or
- "Own-name" dematerialised shareholders.

For completion by the aforesaid registered EOH shareholders who are unable to attend the annual general meeting to be held virtually at 09:00 CAT on Tuesday, 13 December 2022.

If you are a dematerialised shareholder, other than with "own-name" registration, do not use this form. Dematerialised shareholders, other than with "own-name" registration, should provide instructions to their appointed CSDP or broker in the form as stipulated in the agreement entered into between the shareholder and the CSDP or broker.

Name of beneficial shareholder _____

Name of registered shareholder _____

Address _____

Telephone _____

work/home _____

Cell phone _____

being the holder custodian of _____

ordinary shares in the Company, hereby appoint (see note):

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the chairperson of the annual general meeting ("AGM"), as my/our proxy to attend and act for me/us on my/our behalf at the annual general meeting of the Company convened for purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each postponed or adjournment thereof and to vote for and/or against such resolutions, and or abstain from voting, in respect of the shares in the issued share capital of the Company registered in my/our name/s in accordance with the following instructions:

	Ordinary resolutions	Number of ordinary shares		
		For	Against	Abstain
1	Re-election of independent non-executive directors			
1.1	Re-election of Andrew Marshall			
1.2	Re-election of Jabu Moleketi			
1.3	Re-election of Bharti Harie			
2	Appointment of Audit Committee members			
2.1	To appoint Mike Bosman as chairman and member of the Audit Committee			
2.2	To appoint Jesmane Boggenpoel as member of the Audit Committee			
2.3	To appoint Andrew Marshall as member of the Audit Committee			

Form of proxy *continued*

		Number of ordinary shares		
		For	Against	Abstain
2.4	To appoint Nosipho Molohe as member of the Audit Committee			
3	Re-appointment of independent external auditors			
4	Non-binding endorsement of the Company's remuneration policy and implementation report			
4.1	To approve the remuneration policy			
4.2	To approve remuneration implementation report			
5	Adoption of EOH 2022 Share Plan			
Special resolutions				
1	Remuneration of non-executive directors			
2	General authority to acquire shares			
3	Financial assistance in terms of section 44 of the Companies Act			
4	Financial assistance in terms of section 45 of the Companies Act			
5	Authority to issue shares in terms of section 41(1) of the Companies Act in respect of the EOH 2022 Share Plan			
Continuation of ordinary resolutions				
6	Signature of documents			

Please indicate with an "X" in the appropriate spaces below how you wish your votes to be cast. Unless this is done the proxy will vote as he/she thinks fit.

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend, vote and speak in his/her stead. A proxy need not be a shareholder of EOH. Each shareholder is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in place of that shareholder at the annual general meeting.

Forms of proxy are requested to be delivered to the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196, (Private Bag X9000, Saxonwold, 2132) or by email to proxy@computershare.co.za, so as to arrive by 9:00 on Friday, 9 December 2022. Any form of proxy not delivered by this time may be submitted to the transfer secretaries at the annual general meeting or to the chairperson of the general meeting at any time prior to the commencement of the annual general meeting or at any time prior to voting on any resolution proposed at the annual general meeting.

Signed at _____ on _____ 2022

Signature _____

Assisted by (if applicable) _____

Please read notes on the reverse side hereof

Notes to the form of proxy

- Only shareholders who are registered in the register of the Company under their own name on the voting record date may complete a form of proxy or attend the annual general meeting. This includes certificated shareholders or “own-name” dematerialised shareholders. A proxy need not be a shareholder of the Company.
- Certificated shareholders wishing to attend the annual general meeting have to ensure beforehand with the transfer secretaries that their shares are registered in their own name.
- Beneficial shareholders whose shares are not registered in their own name, but in the name of another, for example, a nominee, may not complete a proxy form, unless a form of proxy is issued to them by a registered shareholder and they should contact the registered shareholder for assistance in issuing instructions on voting their shares, or obtaining a proxy to attend, speak and vote at the annual general meeting.
- Dematerialised shareholders who have not elected own-name registration in the register of the Company through a CSDP and who wish to attend the annual general meeting, must instruct the CSDP or broker to provide them with the necessary letter of representation to attend.
- Dematerialised shareholders who have not elected own-name registration in the register of the Company through a CSDP and who are unable to attend, but wish to vote at the annual general meeting, must timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and the CSDP or broker.
- A shareholder may insert the name of a proxy or the names of two or more alternative proxies of the shareholder’s choice in the space, with or without deleting “the chairperson of the annual general meeting”. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
- The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed, should such shareholder wish to do so. In addition to the foregoing, a shareholder may revoke the proxy appointment by:
 - › cancelling it in writing, or making a later inconsistent appointment of a proxy; and
 - › delivering a copy of the revocation instrument to the proxy, and to the Company.
- The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the shareholder as of the later of the date:
 - › stated in the revocation instrument, if any; or
 - › upon which the revocation instrument is delivered to the proxy and the Company as required in section 58(4)(c)(ii) of the Companies Act.
- Should the instrument appointing a proxy or proxies have been delivered to the transfer secretaries, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Memorandum of Incorporation (“Mol”) to be delivered by the Company to the shareholder must be delivered to:
 - › the shareholder; or
 - › the proxy or proxies if the shareholder has in writing directed the Company to do so and has paid any reasonable fee charged by the Company for doing so.
- A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the Mol or the instrument appointing the proxy provide otherwise.
- If the Company issues an invitation to shareholders to appoint one or more persons named by the Company as a proxy, or supplies a form of instrument appointing a proxy:
 - › such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
 - › the Company must not require that the proxy appointment be made irrevocable; and
 - › the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.

Notes to the form of proxy *continued*

- Any alteration or correction made to this form of proxy must be initialled by the signatory/ies. A deletion of any printed matter and the completion of any blank space(s) need not be signed or initialled.
- Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form unless previously recorded by the transfer secretaries or waived by the chairperson of the annual general meeting.
- A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
- A company holding shares in the Company that wishes to attend and participate at the annual general meeting should ensure that a resolution authorising a representative to act is passed by its directors. Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the transfer secretaries prior to the annual general meeting.
- Where there are joint holders of shares any one of such persons may vote at any meeting in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders wishes to be present or represented at the annual general meeting, that one of the said persons whose name appears first in the register or his proxy, as the case may be, shall alone be entitled to vote in respect thereof.
- The chairperson of the annual general meeting may reject or accept any proxy which is completed and/or received other than in accordance with the instructions, provided that he shall not accept a proxy unless he is satisfied as to the matter in which a shareholder wishes to vote.
- A proxy may not delegate his/her authority to act on behalf of the shareholder, to another person.
- A shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate space provided. Failure to comply with the above will be deemed to authorise the chairperson of the annual general meeting, if the chairperson is the authorised proxy, to vote in favour of the resolutions at the annual general meeting or other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of the shares concerned. A shareholder or the proxy is not obliged to use all of the votes exercisable by the shareholder or the proxy, but the total of votes cast in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
- Forms of proxy are requested to be delivered to the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg 2196 (Private Bag X9000, Saxonwold, 2132) or by email to proxy@computershare.co.za, so as to arrive by 9:00 on Friday, 9 December 2022. Any form of proxy not delivered by this time may be handed to the transfer secretaries at the annual general meeting or to the chairperson of the annual general meeting at any time prior to the commencement of the annual general meeting or at any time prior to voting on any resolution proposed at the annual general meeting. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, speak and vote in person at the annual general meeting should the shareholder decide to do so.
- This form of proxy may be used at any adjournment or postponement of the annual general meeting, including any postponement due to a lack of quorum, unless withdrawn by the shareholder.
- The foregoing notes include a summary of the relevant provisions of section 58 of the Companies Act, as required in terms of that section.

Summary Financial Results

for the year ended
31 July 2022

EOH



Our purpose
is to **solve**
courageously,
exponentially
and **together**

Contents

- 1 EOH commentary
- 3 Independent auditor's report on the summary consolidated financial statements
- 4 Summary consolidated statement of profit or loss and other comprehensive income
- 5 Summary consolidated statement of financial position
- 6 Summary consolidated statement of changes in equity
- 7 Summary consolidated statement of cash flows
- 8 Consolidated segment results
- 11 Notes to the summary consolidated financial statements
- IBC Corporate information

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www.eoh.co.za

Note: Any forward-looking financial information disclosed in the results announcement has not been reviewed or audited or otherwise reported on by the external auditor.

EOH commentary

EOH's primary focus has been on ensuring we do sustainable business, and as we close out our disposal of assets and capital restructure, we are focused on our continuing business performance as this forms the basis of our forward-looking business. We saw improvements in our gross margins from continuing business up at 28% from 26% in the prior year and over an 80% improvement in our operating profit from continuing operations at R100 million in the current year.

Our interest burden remains the last issue we need to solve as our business is performing from an operational perspective. As a result of the high cost of interest and a capital structure that is not fit for purpose we ultimately posted a loss after tax from continuing operations of R160 million – an improvement from the loss after tax in the prior year of R307 million.

We saw an improvement of 27% against the previously reported continuing headline loss per share from 98 cents to 72 cents and continuing loss per share showed a 45% improvement from 181 cents to 99 cents.

Cash generation from total operations was strong at an 80% adjusted EBITDA cash conversion while our net working capital is stable at R218 million despite a tough economic environment. We refinanced our debt facilities with lenders on 31 March 2022 in to a R500 million senior three-year term facility and a senior bridge facility, with R728 million currently outstanding on the senior bridge facility and ended the year with R459 million of cash and R250 million of undrawn direct overdraft facilities.

We continue to drive digitisation and automation of our business and expect to be live on our cloud-based ERP by the end of the calendar year. This should result in efficiency and simplicity unlock in the business.

Capital structure

The reduction of EOH's debt and the finalisation of an overall sustainable capital structure were key priorities in FY2022. Debt, which has been one of our critical areas of concern, has decreased significantly from R2 billion at the end of January 2022 to R1.3 billion at year end, and subsequently R1.2 billion post year end as a result of the conclusion of our major asset disposals. The conclusion of the common terms agreement ("CTA") with our lenders has brought more stability to our capital structure.

Following negotiations with lenders, we successfully refinanced the existing R1.9 billion debt into a R1.4 billion senior bridge facility repayable on or before 1 April 2023, and subsequently extended by lenders to 31 December 2023, and a R500 million three-year senior term loan, due on 1 April 2025. Proceeds from the sale of Sybrin and the Information Services Group ("InfoSys") reduced the senior bridge facility to R832 million. The proceeds from the sale of Network Solutions and Hymax SA post year end reduced the senior bridge facility by a further R104 million to R728 million. Over time, we believe the business should achieve a sustainable gearing level of c.1.0x to 1.5x net debt/adjusted EBITDA ("LTM") which will position the business for future growth opportunities. The cost of debt and refinancing costs seen in FY2022 unfortunately increased the finance cost line. When combined with the increase in the repo rate we have seen our blended cost of debt increase by 230 basis points over the financial year. With a normalised capital structure we would also expect to see the margin we pay on JIBAR decrease by between 200 and 300 basis points.

Further, right-sizing the capital structure will allow EOH to pursue a growth strategy, immediately improve earnings and ultimately lead to a value unlock for shareholders. The final resolution of the capital structure therefore remains a business imperative, particularly in the context of the current rising interest rate environment.

Improved earnings quality

From a revenue perspective we have seen our revenue stabilising and from an iOCO perspective, revenue is expected to grow again once the impact of legacy and low margin contracts are removed from the base.

Our focus on quality of earnings is paying off, with a steady increase in gross profit, EBITDA and operating margins and HEPS over the past three years. iOCO's closing out of legacy contracts in the prior year, and the beginnings of the turnaround in NEXTEC's results in the current year, have all contributed to the improvement in margins.

Continued focus on cost containment

The drive to remain agile at an operating-expense level was also key in ensuring we delivered an operating profit from continuing operations.

In an external environment marked by continuing volatility and uncertainty, it is crucial that we maintain a cost structure that allows us to weather headwinds and respond quickly to opportunities. We have worked to reduce our fixed-cost base, including the exit of property leases and expect further cost savings as a result. Property rationalisation started in 2019 and we have exited 151 buildings, saving an estimated R256 million in annual costs. We anticipate saving a further R45 million in 2023 based on 25 lease exits in the 2022 financial year as we close this chapter. We have had similar success in reducing legal entities from 272 to 112 by financial year end. This has significant administrative, tax, audit and finance-efficiency implications alongside the reduction in business risk. We also expect to see further savings coming through in 2023.

Liquidity

We had a good year from a liquidity perspective, with adjusted EBITDA-to-cash conversion at 80%. EOH continued to closely manage its working capital and liquidity, with gross cash balances of

R459 million as of 31 July 2022, including foreign and restricted cash, but excluding its R250 million direct overdraft facility which remained undrawn at year end.

Settlement of legacy issues

Legacy issues involving ongoing provisions include: A PAYE provision related to a dispute with SARS. We have now taken this matter to the High Court to try and find a solution after trying unsuccessfully on six separate occasions to settle with SARS.

A provision has been raised related to the settlement of overbilling of licences with the Department of Water and Sanitation ("DWS"). We are close to settling this matter and have in principle come to agreement with the Special Investigations Unit ("SIU"). We expect to conclude a settlement agreement with the SIU during November 2022. This provision is at R112 million, to be payable in instalments.

FY2023 focus

We expect to finalise our capital structure by early 2023 which will set the business up to accelerate our growth-led strategy. Our focus will remain on driving revenue growth at good margins primarily through our iOCO Digital business, our International expansion and our Infrastructure Services business.

From an efficiency perspective we expect to go live towards the calendar year end of 2022 with the implementation of the fit-for-purpose ERP system and expect to see significant benefits flowing from the automation and consistency of processes the system will bring. We will continue to focus on our legal structure and reduce the number of legal entities within the Group to less than 100.



Stephen van Coller
Group Chief Executive Officer

Independent auditor's report on the summary consolidated financial statements

To the shareholders of EOH Holdings Limited

Opinion

The summary consolidated financial statements of EOH Holdings Limited set out on pages 32 to 68 of the EOH Notice of annual general meeting 2022, which comprise the summary consolidated statement of financial position as at 31 July 2022, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of EOH Holdings Limited for the year ended 31 July 2022.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the JSE Limited's (JSE) requirements for summary financial statements, as set out in note 2 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 26 October 2022. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Director's responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the JSE's requirements for summary financial statements, set out in note 2 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements*.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.



PricewaterhouseCoopers Inc.

Director: D.H. Höll

Registered Auditor

Johannesburg, South Africa

26 October 2022

* *The examination of controls over the maintenance and integrity of the Group's website is beyond the scope of the audit of the summary financial statements. Accordingly, we accept no responsibility for any changes that may have occurred to the summary financial statements since they were initially presented on the website.*

Summary consolidated statement of profit or loss and other comprehensive income

For the year ended 31 July 2022

<i>Figures in Rand thousand</i>	Notes	2022	Restated* 2021
Continuing operations			
Revenue	6	6 031 100	6 472 428
Cost of sales		(4 341 284)	(4 791 271)
Gross profit		1 689 816	1 681 157
Net financial asset impairment losses	8	(59 719)	(80 974)
Operating expenses		(1 530 455)	(1 544 974)
Operating profit		99 642	55 209
Investment income		26 322	9 180
Share of equity-accounted profits		—	2 972
Finance costs		(216 292)	(277 267)
Loss before taxation		(90 328)	(209 906)
Taxation		(69 918)	(97 249)
Loss for the year from continuing operations		(160 246)	(307 155)
Profit for the year from discontinued operations	9	141 847	27 353
Loss for the year		(18 399)	(279 802)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations [^]		(10 028)	(21 588)
Reclassification of foreign currency translation differences on loss of control and joint control [^]		(71 716)	13 498
Total comprehensive loss for the year		(100 143)	(287 892)
(Loss)/profit attributable to:			
Owners of EOH Holdings Limited		(24 868)	(279 655)
Non-controlling interests		6 469	(147)
		(18 399)	(279 802)
Total comprehensive (loss)/income attributable to:			
Owners of EOH Holdings Limited		(107 628)	(289 459)
Non-controlling interests		7 485	1 567
		(100 143)	(287 892)
From continuing and discontinued operations (cents)			
Loss per share		(15)	(166)
Diluted loss per share		(15)	(166)
From continuing operations (cents)			
Loss per share		(99)	(181)
Diluted loss per share		(99)	(181)

* Comparative figures previously reported have been amended to reflect continuing operations prevailing for the year ended 31 July 2022.

[^] These components of other comprehensive income do not attract any tax.

Summary consolidated statement of financial position

As at 31 July 2022

<i>Figures in Rand thousand</i>	Notes	2022	2021
Assets			
Non-current assets			
Property, plant, equipment and right-of-use assets		184 788	341 464
Intangible assets		83 515	64 493
Goodwill	11	674 574	745 844
Equity-accounted investments		—	8 260
Other financial assets		18 150	—
Deferred taxation		105 705	116 853
Finance lease receivables		10 723	8 030
		1 077 455	1 284 944
Current assets			
Inventories	12	90 122	112 548
Other financial assets		13 851	11 058
Current taxation receivable		35 095	38 563
Finance lease receivables		70 592	101 299
Trade and other receivables		1 828 655	1 928 570
Cash and cash equivalents		410 955	824 902
		2 449 270	3 016 940
Assets held for sale	13	225 532	1 118 510
Total assets		3 752 257	5 420 394
Equity and liabilities			
Equity			
Stated capital	15	4 217 285	4 217 285
Shares to be issued to vendors		393	393
Other reserves		494 754	598 500
Accumulated loss		(4 678 738)	(4 658 537)
Equity attributable to the owners of EOH Holdings Limited		33 694	157 641
Non-controlling interests		26 360	20 153
Total equity		60 054	177 794
Liabilities			
Non-current liabilities			
Other financial liabilities	16	496 486	—
Lease liabilities		51 438	80 669
Deferred taxation		28 258	59 482
		576 182	140 151
Current liabilities			
Other financial liabilities	16	937 876	2 567 523
Current taxation payable		36 481	45 591
Lease liabilities		55 449	82 641
Trade and other payables		1 700 828	1 796 284
Provisions		315 751	324 299
		3 046 385	4 816 338
Liabilities directly associated with assets held for sale	13	69 636	286 111
Total liabilities		3 692 203	5 242 600
Total equity and liabilities		3 752 257	5 420 394

Summary consolidated statement of changes in equity

For the year ended 31 July 2022

<i>Figures in Rand thousand</i>	Stated capital	Shares to be issued to vendors	Other reserves	Accumulated loss	Equity attributable to the owners of EOH Holdings Limited	Non-controlling interests	Total equity
Balance at 1 August 2020	4 217 285	15 300	633 967	(4 422 991)	443 561	29 624	473 185
Loss for the year	—	—	—	(279 655)	(279 655)	(147)	(279 802)
Other comprehensive (loss)/income	—	—	(9 804)	—	(9 804)	1 714	(8 090)
Non-controlling interest disposed	—	—	—	—	—	(9 816)	(9 816)
Movement in treasury shares	—	—	—	(1 145)	(1 145)	—	(1 145)
Transfer within equity*	—	(14 907)	(30 347)	45 254	—	—	—
Share-based payments	—	—	4 684	—	4 684	—	4 684
Dividends declared	—	—	—	—	—	(1 222)	(1 222)
Balance at 31 July 2021	4 217 285	393	598 500	(4 658 537)	157 641	20 153	177 794
(Loss)/profit for the year	—	—	—	(24 868)	(24 868)	6 469	(18 399)
Other comprehensive (loss)/income	—	—	(82 760)	—	(82 760)	1 016	(81 744)
Non-controlling interest disposed	—	—	—	—	—	(1 278)	(1 278)
Transfer within equity*	—	—	(4 667)	4 667	—	—	—
Share-based payments	—	—	17 468	—	17 468	—	17 468
Share-based payments paid out during the year	—	—	(33 787)	—	(33 787)	—	(33 787)
Balance at 31 July 2022	4 217 285	393	494 754	(4 678 738)	33 694	26 360	60 054

Notes

15

* Transfers within equity are transfers from shares to be issued to vendors for expired shares and share-based payments reserve on disposed companies.

Summary consolidated statement of cash flows

For the year ended 31 July 2022

<i>Figures in Rand thousand</i>	Notes	2022	2021
Cash generated from operations	18	402 875	404 942
Investment income received		10 156	13 280
Dividends received from equity-accounted investments		—	1 200
Interest paid		(213 920)	(229 207)
Taxation paid		(79 182)	(109 918)
Net cash inflow from operating activities		119 929	80 297
Cash flows from investing activities			
Additions to property, plant and equipment		(47 119)	(50 524)
Proceeds on the sale of property, plant, equipment and intangible assets		21 121	55 943
Intangible assets acquired		(48 015)	(79 314)
Cash receipt from disposal of businesses, net of cash given up	14	747 843	212 936
Cash inflow relating to other financial assets		5 000	—
Cash outflow relating to other financial assets		(40 032)	—
Increase in restricted cash		(812 948)	(547 516)
Decrease in restricted cash		823 816	623 019
Net cash inflow from investing activities		649 666	214 544
Cash flows from financing activities			
Dividends paid to non-controlling interests		—	(1 222)
Proceeds from other financial liabilities	16	—	52 387
Repayment of other financial liabilities	16	(745 003)	(527 358)
Principal elements of lease payments		(92 074)	(137 205)
Net cash outflow from financing activities		(837 077)	(613 398)
Net decrease in cash and cash equivalents		(67 482)	(318 557)
Cash and cash equivalents at the beginning of the year		437 237	530 584
Assets held for sale at the beginning of the year	13	88 444	328 743
Assets held for sale at the end of the year	13	(47 412)	(88 444)
Exchange gains/(losses) on cash and cash equivalents		168	(15 089)
Cash and cash equivalents at the end of the year		410 955	437 237

Consolidated segment results

For the year ended 31 July 2022

The reportable segments of the Group have been identified based on the nature of the business activities. The business is managed in three major segments and this remains consistent with the prior period. This basis is representative of the internal structure of the Group for management purposes. The Chief Operating Decision Maker ("CODM") is the Group Executive Committee. At the beginning of the current period, the People Outsourcing business was transferred from the iOCO segment to the NEXTEC segment and EMID Financial Solutions was transferred from the IP segment to the iOCO segment. These businesses that were transferred were allocated to different people to manage. Results as at 31 July 2021 were restated to reflect these transfers.

iOCO is an ICT business focused on traditional and cutting-edge technology system integration with a range of solutions, products and services across the ICT value chain.

NEXTEC consists of various businesses focused on business process outsourcing and intelligent infrastructure at various stages of incubation for growth and scaling.

IP comprises a group of high-potential intellectual property companies with scaled technology ready to take to market with partners. The IP businesses are all classified as discontinued operations.

The CODM is not presented with secondary information in the form of geographic information, and, as a result, geographic information is not disclosed in the segment results. Liabilities and assets are also not regularly provided to the CODM and are not disclosed in the segment results.

Adjusted EBITDA is defined as profit/loss before depreciation, amortisation, share-based payments, gain/loss on disposal of subsidiaries and associates, impairments of non-financial assets, loss on disposal of assets, changes in fair value of vendors for acquisition liability, interest income, interest expense, corporate overheads and current and deferred tax.

Consolidated segment results *continued*

For the year ended 31 July 2022

Revenue, gross profit and adjusted EBITDA

Figures in Rand thousand	2022					Restated* 2021				
	iOCO	NEXTEC	IP	Reconciliation^	Total	iOCO	NEXTEC	IP	Reconciliation^	Total
External	4 667 704	1 781 301	481 543	—	6 930 548	4 920 733	2 142 540	819 150	—	7 882 423
Hardware sales	289 814	419 598	7 564	—	716 976	259 522	471 627	15 666	—	746 815
Services	3 798 401	1 332 455	471 354	—	5 602 210	4 279 124	1 587 284	786 071	—	6 652 479
Software/licence contracts	545 753	20 060	2 321	—	568 134	340 469	25 919	17 169	—	383 557
Rentals	33 736	9 188	304	—	43 228	41 618	57 710	244	—	99 572
Intersegment	207 803	44 450	2 178	(254 431)	—	275 833	49 088	2 239	(327 160)	—
Hardware sales	49 092	3 087	—	(52 179)	—	53 336	2 055	—	(55 391)	—
Services	139 887	41 363	2 178	(183 428)	—	213 688	47 033	2 239	(262 960)	—
Software/licence contracts	16 311	—	—	(16 311)	—	5 037	—	—	(5 037)	—
Rentals	2 513	—	—	(2 513)	—	3 772	—	—	(3 772)	—
Gross revenue	4 875 507	1 825 751	483 721	(254 431)	6 930 548	5 196 566	2 191 628	821 389	(327 160)	7 882 423
Gross profit	1 500 676	468 510	255 951	(211 218)	2 013 919	1 383 927	509 084	454 647	(147 205)	2 200 453
Gross profit (%)	30.8%	25.7%	52.9%	—	29.1%	26.6%	23.2%	55.4%	—	27.9%

* Comparative figures previously reported have been restated to reflect the transfers between segments for the year ended 31 July 2022.

^ Reconciliation comprises elimination of intersegment transactions.

The above table comprises both continuing and discontinued operations.

Consolidated segment results *continued*

For the year ended 31 July 2022

Revenue, gross profit and adjusted EBITDA *continued*

Figures in Rand thousand	2022					Restated* 2021				
	iOCO	NEXTEC	IP	Recon-ciliation^	Total	iOCO	NEXTEC	IP	Recon-ciliation^	Total
Adjusted EBITDA	529 897	30 971	105 572	(162 849)	503 591	538 912	(33 132)	249 962	(88 537)	667 205
Adjusted EBITDA (%)	10.9%	1.7%	21.8%	—	7.3%	10.4%	(1.5)%	30.4%	—	8.5%
Material expenses included in adjusted EBITDA:										
Employee costs	2 321 733	734 161	219 803	200 018	3 475 715	2 754 272	912 075	356 006	178 237	4 200 590

* Comparative figures previously reported have been restated to reflect the transfers between segments for the year ended 31 July 2022.

^ Reconciliation comprises elimination of intersegment transactions and includes head office expenses.

The above table comprises both continuing and discontinued operations.

Adjusted EBITDA reconciliation

Figures in Rand thousand	Notes	2022	Restated* 2021
Operating profit		282 125	146 955
Operating profit from continuing operations		99 642	55 209
Operating profit from discontinued operations	9	182 483	91 746
Depreciation		153 846	227 516
Amortisation		49 534	47 151
Impairment losses on non-financial assets**		6 938	375
IAS 36 Impairment of goodwill**		13 881	136 359
IFRS 5 Remeasurement to fair value less costs to sell**		59 454	46 207
Loss on disposal of intangible assets and property, plant and equipment		15 903	6 824
Share-based payment expense		17 468	4 705
Changes in fair value of vendors for acquisition		—	10 864
Interest allocation		10	549
(Profit)/loss on disposal of subsidiaries and equity-accounted investments		(95 568)	39 700
Adjusted EBITDA		503 591	667 205

* Comparative figures previously reported have been restated to reflect the transfers between segments for the year ended 31 July 2022.

** Comparative amounts of impairment losses on non-financial assets have been disaggregated further to disclose such impairments related to IAS 36 Impairments of goodwill and IFRS 5 remeasurements to fair value less costs to sell to more accurately reflect the nature of impairment losses on non-financial assets.

As a result of the stabilisation of the Group, the difference between adjusted EBITDA and core normalised EBITDA, as has been previously disclosed, is negligible. As a result, the Group has used adjusted EBITDA as its performance measure and will continue to do so going forward. Comparative disclosures have been amended to include only adjusted EBITDA.

Notes to the summary consolidated financial statements

For the year ended 31 July 2022

1. Reporting entity

EOH Holdings Limited (“EOH” or “the Company”) is a holding company domiciled in South Africa that is listed on the JSE Limited under the category Technology: Software and Computer Services. EOH is one of the largest information and communications technology (“ICT”) services providers in South Africa and is committed to providing the technology, knowledge, skills and organisational ability critical to the development and growth of the markets it serves. The summary consolidated financial statements of EOH for the year ended 31 July 2022, comprise the Company and its subsidiaries and the Group’s investments in associates and joint ventures (together referred to as “the Group”).

2. Basis of preparation

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited (“JSE”) for summary financial statements, and the requirements of the Companies Act applicable to summary financial statements. The JSE requires summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (“IFRS”) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated financial statements.

The summary consolidated financial statements are presented in South African Rand, which is the Group’s presentation currency, rounded to the nearest thousand except for when otherwise indicated. The going concern basis has been used in preparing the summary consolidated financial statements as the directors have a reasonable expectation that the Group will continue as a going concern for the foreseeable future.

3. Going concern

The IFRS Conceptual Framework states that the going concern concept is an underlying assumption in the preparation of IFRS financial statements. Therefore, the financial statements presume that an entity will continue in operation in the foreseeable future or, if that presumption is not valid, disclosure and a different basis of reporting are required. The board of directors (“Board”) believes that, as of the date of this report, the going concern presumption is still appropriate and accordingly the summary consolidated financial statements of the Group have been prepared on the going concern basis of accounting.

IAS 1 *Preparation of Financial Statements* (“IAS 1”) requires management to perform an assessment of the Group’s ability to continue as a going concern. If management is aware of material uncertainties related to events or conditions that may cast significant doubt upon the Group’s ability to continue as a going concern, IAS 1 requires these uncertainties to be disclosed.

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

3. **Going concern** continued

In conducting this assessment, the Board has taken into consideration the following factors:

The financial performance, condition and cash flows for the Group reflect a loss for the year of R18 million, an improvement from the prior year loss of R280 million, net asset value attributable to the owners of EOH Holdings Limited at the end of the year of R34 million (2021: R158 million), and cash inflows from operating activities of R120 million (2021: R80 million), (including continuing and discontinued operations). Details of the financial performance, condition and cash flows for the Group are explained in the consolidated financial statements. A detailed action plan for deleveraging the Group to a sustainable level and resolving the “fit-for-purpose” cost structure was developed by the Group and its lenders and committed to. Since its announcement in October 2019, and subsequent revisions, the plan has been largely executed. Non-core businesses identified to be sold, have been successfully disposed of and proceeds received from these disposals have been repaid to lenders as part of the Group’s deleveraging strategy and commitment.

Following negotiation with lenders, on 1 April 2022 post the conclusion of all conditions precedent, the Group successfully refinanced the remaining R1.9 billion debt and existing facilities available (refer to note 16 for additional information) into:

1. a R1.4 billion senior bridge facility originally repayable on or before 1 April 2023 and subsequently extended by lenders on 12 October 2022 to 31 December 2023 (note 21);
2. a R500 million three-year senior term loan, due on 1 April 2025; and
3. a R250 million direct overdraft facility, of which no amounts were drawn down at the reporting date, and R250 million in indirect facilities (including guarantee facilities, credit card, fleet management, vehicle and asset finance and trading facilities).

Proceeds from the sale of Sybrin and InfoSys during the year have reduced the senior bridge facility to R832 million. Subsequent to year end, the sales of the Network Solutions business and Hymax (SA) Proprietary Limited (“Hymax SA”) were concluded, further reducing the bridge facility to R728 million.

As at year end the Group had R459 million of cash available (continuing and discontinued operations) including foreign and restricted cash but excluding the undrawn direct overdraft facility of R250 million, which was available at reporting date and remains at EOH’s disposal. The Group expects to be in a positive free cash flow position in the forthcoming financial year. The reduction of EOH’s debt and finalisation of an overall sustainable capital structure remains a key priority for EOH’s management team and Board.

With the deleveraging strategy approaching completion, the Group has been actively assessing its strategic options with regard to achieving an optimal long-term capital structure that will allow the Group to pursue its growth strategy, immediately improve earnings and ultimately lead to value creation for shareholders. The Board and management continue to assess the Group’s capital restructuring options.

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

3. **Going concern** continued

The directors' assessment of whether the Group is a going concern was considered and the directors concluded that:

1. The Group is solvent and is expected to remain solvent after considering the approved budget and expected performance;
2. The Group's current liabilities exceeded its current assets by R597 million, with the subsequent events of extending the repayment of the senior bridge facility to 31 December 2023, this will result in current assets exceeding current liabilities, refer to note 21;
3. There is an approved budget for the following 36 months;
4. There are monthly cash flow forecasts for the following 17 months to 31 December 2023 and annual forecasts for the 36 months to 31 July 2025, which were interrogated and adjusted for anomalies for each of the periods under review together with a detailed review of one-off cash payments; and
5. The Group has sufficient access to facilities and liquidity events to fund operations for the following 17 months based on the following assumptions:
 - improved operational performance;
 - the Group's assets are appropriately insured; and
 - there is currently no outstanding litigation that the directors believe has not been adequately provided for, that could pressurise the Group's ability to meet its obligations.

At the time of approval of these summary consolidated financial statements for the year ended 31 July 2022, the Board has a reasonable expectation that the Group has sufficient resources to continue in operation for the foreseeable future, which is not less than 12 months from the date of approval of these summary consolidated financial statements.

The Board remains focused on and committed to the turnaround strategy and improving the capital structure.

The Board, after considering the renegotiated terms and mitigating actions described above, has concluded that the Group should be able to discharge its liabilities as they fall due in the normal course of business and is therefore of the opinion that the going concern assumption is appropriate in the preparation of the summary consolidated financial statements.

4. **Audit opinion**

These summary consolidated financial statements for the year ended 31 July 2022 have been audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the consolidated financial statements from which these summary consolidated financial statements were derived.

The audited consolidated financial statements and the auditor's report thereon are available for inspection at the Company's registered office and on the Company's website at www.eoh.co.za.

5. **New standards and interpretations**

5.1 **Adoption of new standards, amendments to standards and interpretations**

Certain amendments to accounting standards became effective from 1 August 2021. These did not have a material impact on the Group.

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

5. New standards and interpretations *continued*

5.2 Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not effective for 31 July 2022 reporting periods. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

The following new or revised IFRS and interpretations have effective dates applicable to future financial years and have not been early adopted:

- Effective from 1 August 2022:
 - › Onerous Contracts – Cost of Fulfilling a Contract (Amendment to IAS 37);
 - › Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
 - › Reference to the Conceptual Framework (Amendments to IFRS 3); and
 - › Annual Improvements to IFRS Standards 2018 – 2020, pertaining to IFRS 1, IFRS 9, IFRS 16 and IAS 41.
- Effective from 1 August 2023:
 - › Disclosure of Accounting Policy (Amendments to IAS 1 and IFRS Practice Statement 2);
 - › Definition of Accounting Estimate (Amendments to IAS 8);
 - › Amendments regarding deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12); and
 - › Classification of liabilities as current or non-current (Amendments to IAS 1).

5.3 Standards and interpretations early adopted

The Group has chosen not to early adopt any new standards or interpretations.

6. Revenue

Disaggregated revenue

<i>Figures in Rand thousand</i>	2022	Restated* 2021
Revenue by sector		
Public sector	16%	22%
Private sector	84%	78%
Total	100%	100%
Major revenue types		
Hardware sales	716 976	746 815
Services	5 602 210	6 652 479
Software/licence contracts	568 134	383 557
Rentals**	43 228	99 572
Total	6 930 548	7 882 423
Continuing operations	6 031 100	6 472 428
Discontinued operations	899 448	1 409 995
Total	6 930 548	7 882 423

* Comparative figures previously reported have been amended to reflect continuing operations prevailing for the year ended 31 July 2022.

** Rentals recognised are excluded from revenue from contracts with customers and accounted for under IFRS 16 Leases.

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

7. **Headline loss per share**

	2022	Restated* 2021
Headline loss per share and diluted headline loss per share		
Headline loss from continuing operations (R'000)	(121 700)	(165 160)
Weighted average number of shares in issue ('000)**	168 755	168 737
Headline loss per share from continuing operations (cents)	(72)	(98)
Diluted headline loss per share from continuing operations (cents)	(72)	(98)
Headline loss from continuing and discontinued operations (R'000)	(29 925)	(37 135)
Weighted average number of shares in issue ('000)**	168 755	168 737
Headline loss per share from continuing and discontinued operations (cents)	(18)	(22)
Diluted headline loss per share from continuing and discontinued operations (cents)	(18)	(22)

* Comparative figures previously reported have been amended to reflect continuing operations prevailing for the year ended 31 July 2022.

** The impact of shares to be issued to vendors, share options and EOH A shares has been excluded from the weighted average diluted number of shares as they would be anti-dilutive.

<i>Figures in Rand thousand</i>	2022		Restated* 2021	
Reconciliation between earnings, headline earnings and diluted headline earnings from continuing and discontinued operations	Gross	Net	Gross	Net
Loss attributable to owners of EOH Holdings Limited	(24 868)	(24 868)	(279 655)	(279 655)
Adjusted for:				
Loss on disposal of intangible assets and property, plant and equipment	15 903	12 341	6 824	5 295
(Profit)/loss on disposal of subsidiaries and equity-accounted investments	(95 568)	(95 568)	39 700	39 700
IAS 36 impairment of goodwill	13 881	13 881	136 359	136 359
IAS 36 impairment of intangible assets and property, plant and equipment	6 938	4 995	20 778	14 960
IFRS 5 remeasurement to fair value less costs to sell	59 454	59 454	46 207	46 207
Total non-controlling interest effects on adjustments	(160)	(160)	(1)	(1)
Headline loss from continuing and discontinued operations	(24 420)	(29 925)	(29 788)	(37 135)

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

7. **Headline loss per share** continued

<i>Figures in Rand thousand</i>	2022		Restated* 2021	
Reconciliation between earnings, headline earnings and diluted headline earnings from continuing operations	Gross	Net	Gross	Net
Loss attributable to owners of EOH Holdings Limited	(24 868)	(24 868)	(279 655)	(279 655)
Adjusted for discontinued operations (note 9)	(142 356)	(142 356)	(26 008)	(26 008)
Continuing loss attributable to ordinary shareholders	(167 224)	(167 224)	(305 663)	(305 663)
Continuing operations adjustments:				
Loss on disposal of intangible assets and property, plant and equipment	15 920	12 354	6 141	4 766
Profit on disposal of subsidiaries and equity-accounted investments	(3 112)	(3 112)	(16 889)	(16 889)
IAS 36 impairment of goodwill	13 881	13 881	136 359	136 359
IAS 36 impairment of intangible assets and property, plant and equipment	7 023	5 056	8 938	6 435
IFRS 5 remeasurement to fair value less costs to sell	17 506	17 506	9 833	9 833
Total non-controlling interest effect on adjustments	(161)	(161)	(1)	(1)
Headline loss from continuing operations	(116 167)	(121 700)	(161 282)	(165 160)

* Comparative figures previously reported have been amended to reflect continuing operations prevailing for the year ended 31 July 2022.

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

8. Net financial asset impairment losses

Impairment losses on financial assets recognised in profit or loss from continuing operations were as follows:

<i>Figures in Rand thousand</i>	2022	Restated* 2021
Impairment loss on trade and other receivables	30 040	32 507
Impairment (reversal)/loss on other financial assets	(1 345)	45 554
Impairment loss/(reversal) on contract assets	3 049	(2 826)
Impairment loss on finance lease receivables	27 975	5 739
	59 719	80 974

* Comparative figures previously reported have been amended to reflect continuing operations prevailing for the year ended 31 July 2022.

9. Discontinued operations

Identification and classification of discontinued operations

There were a number of businesses that were approved for sale at 31 July 2022, and for which the sale is expected to be completed within 12 months from the reporting date, as well as businesses that were already sold during the current and previous reporting periods that have met the requirements to be presented as discontinued operations and have accordingly been presented as such.

Judgement was applied in determining whether a component is a discontinued operation by assessing whether it represents a separate major line of business or geographical area of operations or is part of a single plan to dispose of a separate major line of business or geographical area of operations.

The Group's intention to dispose of these non-core assets triggered an initial impairment assessment on the underlying assets and these continued to be measured at fair value less costs to sell in the current financial year. The resulting impairment has been allocated to the identified disposal groups (note 13).

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

9. Discontinued operations *continued*

<i>Figures in Rand thousand</i>	2022	Restated* 2021
Revenue	899 448	1 409 995
Cost of sales	(575 345)	(890 699)
Gross profit	324 103	519 296
Net financial asset impairment losses	(3 267)	(9 519)
Remeasurement to fair value less costs to sell	(41 948)	(36 374)
Gain/(loss) on disposal	92 456	(56 589)
Other operating expenses	(188 861)	(325 068)
Operating profit	182 483	91 746
Investment income	468	4 100
Finance costs	(2 937)	(8 758)
Profit before taxation	180 014	87 088
Taxation	(38 167)	(59 735)
Profit for the year from discontinued operations	141 847	27 353
Attributable to:		
Owners of EOH Holdings Limited	142 356	26 008
Non-controlling interests	(509)	1 345
Earnings per share (cents)		
Earnings per share from discontinued operations	84	15
Diluted earnings per share from discontinued operations	84	15
Net cash flows in relation to discontinued operations:		
Net decrease in cash and cash equivalents	(97 948)	(281 831)
Operating activities	(11 704)	21 884
Investing activities	(78 871)	(290 782)
Financing activities	(7 373)	(12 933)

* Comparative figures previously reported have been amended to reflect continuing operations prevailing for the year ended 31 July 2022.

Profit before taxation before including the gain/(loss) on disposal and remeasurement to fair value less costs to sell was R129.5 million (2021: R180.1 million).

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

10. Property, plant, equipment, right-of-use assets and intangible assets

The Group acquired property, plant, equipment and right-of-use assets at a value of R81 million (2021: R67 million) and intangible assets at a value of R66 million (2021: R79 million). The Group disposed of property, plant and equipment with a carrying value of R35 million (2021: R56 million) and intangible assets with a carrying value of R2 million (2021: R18 million).

An impairment charge of R6 million and R2 million (2021: R21 million and Rnil) against property, plant, equipment and right-of-use assets, and intangible assets respectively has been recognised at year end.

11. Goodwill

Figures in Rand thousand

	2022	2021
Cost	3 101 392	3 225 516
Accumulated impairments	(1 885 984)	(1 704 698)
Opening balance	1 215 408	1 520 818
Foreign currency translation	(388)	(6 688)
Disposals	(432 758)	(117 436)
Impairments: discontinued operations	(41 948)	(36 374)
Impairments: continuing operations	(24 597)	(144 912)
Closing balance before assets held for sale	715 717	1 215 408
Cost	2 581 371	3 101 392
Accumulated impairments	(1 865 654)	(1 885 984)
Assets held for sale (note 13)	(41 143)	(469 564)
Closing balance	674 574	745 844

Goodwill is tested annually for impairment or more frequently where impairment indicators are identified. A number of economic and operational events during the year ended 31 July 2022 had a negative impact on EOH's market capitalisation and certain underlying businesses. The Group's annual review of goodwill highlighted impairments of R67 million (R3 million in the iOCO segment, R22 million in the NEXTEC segment and R42 million in the IP segment).

iOCO

With the continued effort to re-organise and simplify the corporate structure, several businesses have been shifted within the organisations and between segments, which resulted in the movement of goodwill attributable to certain CGUs and the aggregation of assets identified within the CGU. In the current financial year, the Employee Benefits CGU was moved from iOCO to the NEXTEC segment, the Legal CGU was subdivided into the Legal Transcription CGU and Legal Consulting CGU and two business units that will no longer be managed and reported as part of the Freethinking cluster have been removed from the composition of assets identified in the Freethinking CGU.

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

11. Goodwill continued

iOCO continued

Goodwill amounting to R3 million attributable to the Legal Transcription CGU was fully impaired. The impairment was predominantly driven by the loss of the key contract in the transcription services division which contributed over 60% of its revenue. Management is exploring the discontinuation of this division and therefore the recoverable amount for the Legal Transcription CGU was considered to be negligible.

NEXTEC

An impairment of R11 million attributable to the Employee Benefits CGU was recognised as a result of its write-down to fair value less cost of disposal. Employee Benefits CGU is classified as held for sale. Its recoverable amount based on fair value less cost of disposal amounted to R24 million.

As part of the Group's re-organisation and corporate structure simplification, Exigo Sustainability CGU has been merged with the Coastal and Environmental Services ("CES") CGU. The performance of these businesses is now collectively managed, measured and reported on by a single executive team, sharing the same markets and offering its services collectively to prospective customers.

During the current year, CES CGU (including Exigo Sustainability) was impaired by R3 million due to the reduction in revenue and increased operational costs, particularly outsourcing costs, resulting from the loss of key employees. The recoverable amount for CES CGU amounted to R8 million.

The goodwill in the Energy Insight CGU was impaired by R7 million due to lower investment in projects from traditional customers including Eskom and increased competition with pricing pressures reducing gross profit margins. The recoverable amount for Energy Insight CGU amounted to R6 million.

The goodwill balance in Compu Power CGU of R1 million was fully impaired. The impairment was driven by working capital constraints resulting from upfront payment to foreign suppliers and delayed delivery of stock as well as loss of significant tenders. The recoverable amount for Compu Power CGU amounted to R8 million.

IP

Goodwill impairment amounting to R42 million was attributable to the Sybrin CGU as a result of its write-down to fair value less costs of disposal. The main driver for the Sybrin impairment was an estimation of a downward price adjustment due to Sybrin's performance falling short of the EBITDA targets as outlined in the Sybrin contingent pricing mechanism, as well as Sybrin's build-up of net asset value since the 2021 financial year end. Sybrin group was disposed in the current financial year. Its recoverable amount based on fair value less cost to sell prior to its disposal amounted to R249 million. Refer to note 14 of the summary consolidated financial statements.

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

11. Goodwill *continued*

Prior year impairments

Prior year goodwill impairments amounted to R181 million (R130 million in the iOCO segment, R15 million in the NEXTEC segment and R36 million in the IP segment). The impairments in iOCO were largely driven by lost or non-renewed contracts and delayed projects with customers due to ongoing challenging market conditions and the impact of Covid-19. The largest contributor to the iOCO impairments was the Compute CGU, which incurred an impairment of R108 million. The largest contributor to the impairment in the NEXTEC segment was the ESA CGU, which incurred an impairment of R9 million due to the increased risk of non-renewal of key customer contracts. The impairment in the IP segment was due to the write-down to fair value less cost of disposal of Sybrin CGU and Afiswitch CGU. Sybrin CGU incurred an impairment of R30 million and the Afiswitch CGU incurred an impairment of R6 million.

Impairment testing

For the purpose of impairment testing, goodwill is allocated to the Group's CGUs. The recoverable amount of these CGUs was determined based on value-in-use calculations, discounting the future cash flows expected to be generated from the continuing operations of each CGU. Impairment tests on assets held for sale were based on fair value less costs of disposal.

A post-tax discount rate was used in discounting the projected cash flows depending on the nature of business and operating markets. Cash flow projections used in the value-in-use calculations cover a minimum of three years based on financial budgets and forecasts, as approved by the Group Executive Committee, which are based on assumptions of the business, industry and economic growth. Cash flows beyond the approved forecast period are extrapolated using the perpetual growth rates in line with industry norms. A perpetuity growth rate is calculated using long-term growth rates. This is further applied based on conservative historical market trends and operating markets.

Key assumptions used in discounted cash flow projection calculations

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on past experience and both external and internal data.

Changes in key assumptions, as well as the actual cash flows achieved against forecasts, may result in further impairments to the CGUs impaired during the year. The forecast cash flows of these CGUs are reliant on a certain level of anticipated improvement within the forecast period.

The assumptions below have been applied to calculate the recoverable amount of CGUs based on value-in-use calculations. The discount rates used in the discounted cash flow models are calculated using the principles of the Capital Asset Pricing Model, taking into account current market conditions.

The following key assumptions were used for the value-in-use calculations:

- Revenue growth rates: the Group used growth rates for the forecast period based on the different industries the CGUs operate in, as well as management's views on the growth prospects of the businesses;
- Discount rates: the discount rates reflect the time value of money and CGU-specific risk factors which have not been adjusted in the forecast cash flows. In the current year, risk premiums have been taken into account in the forecast cash flows rather than in the discount rates;

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

11. Goodwill continued

Key assumptions used in discounted cash flow projection calculations continued

- Adjusted EBITDA margins: the Group uses adjusted EBITDA margins as a reliable indicator of operational performance; and
- Perpetuity growth rates: a perpetuity growth rate of 4.0% (2021: 4.0%) has been used for the Group.

	2022			
	Goodwill closing balance	Pre-tax discount rates %	Revenue growth rates %	Adjusted EBITDA margins %
<i>Figures in Rand thousand</i>				
iOCO				
Compute	103 662	20.6	1.4	3.3
Managed Services*	80 793	18.8	13.1	5.3
Symplexity	50 123	22.0	9.0	20.0
Softworks	39 345	25.2	7.0	13.2
Digital	35 707	20.0	8.1	9.4
Coastal*	32 014	23.5	25.4	13.0
Legal Consulting#	26 154	21.9	(1.9)	18.5
Operational Technology	14 814	23.2	7.9	26.6
Freethinking*	14 081	23.1	14.5	19.7
XTND	13 333	24.0	9.2	10.6
Impressions**	12 240	23.1	35.3	31.4
Integrated Services*	12 016	23.5	10.2	20.8
Other	22 057	n/a	n/a	n/a
NEXTEC				
Learning and Development	93 488	20.5	9.4	17.4
JOAT	59 463	22.6	11.4	9.7
SCAN RF	28 155	23.4	7.0	10.1
ILS	10 429	25.0	4.6	24.7
BT Cape*	8 104	25.1	22.4	4.5
Impact Human Resources	7 904	24.0	7.4	4.9
Energy Insight	5 646	17.9	1.6	2.2
Other	5 046	n/a	n/a	n/a

* Higher average growth rates are due to CGUs having a particularly high growth rate in 2023 due to the low 2022 revenue bases which were impacted by Covid-19 and CGUs demonstrating significant secured work or probable pipeline to support the growth.

** The Impressions CGU is forecast to grow significantly due to its early stage in its lifecycle and expectations to leverage off its investments in its IP and route to market.

The negative average revenue growth rate for the Legal Consulting CGU was caused mainly by a decrease in revenue forecast in year one, after which a moderate annual growth rate is forecast thereafter.
n/a – not applicable.

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

11. Goodwill continued

Key assumptions used in discounted cash flow projection calculations continued

	2021			
<i>Figures in Rand thousand</i>	Goodwill closing balance	Pre-tax discount rates %	Revenue growth rates %	Adjusted EBITDA margins %
iOCO				
Compute	103 662	24.4	3.5	1.6%
Managed Services	80 793	24.2	1.5	10.0%
Symplexity	50 123	25.8	5.5	16.3%
Softworks	39 345	23	5.4	14.3%
Digital	35 707	23.5	5	14.4%
Employee Benefits [#]	22 758	26.9	(6.8)	11.6%
Coastal* (including in the Cloud)	32 014	25.1	12.9	15.4%
Legal	29 177	26.7	3.5	6.3%
Network Solutions	29 101	27.2	2.6	7.3%
Operational Technology*	14 814	32.1	16.4	43.3%
Freethinking*	14 081	25.5	14.7	14.0%
XTND	13 333	23.1	7.7	9.2%
Impressions**	12 240	25.4	50.5	6.0%
Integrated Services	12 016	26.2	6.2	28.9%
Other	22 057	n/a	n/a	n/a
NEXTEC				
Learning and Development*	93 488	24.5	17.1	25.5%
JOAT*	59 463	27.9	17.2	10.0%
Scan RF	28 155	26.3	2.5	15.7%
Energy Insight*	12 261	28.1	12.5	11.6%
ILS*	10 429	24.4	10.1	23.3%
BT Cape*	8 104	25.6	16.7	11.0%
Impact Human Resources [#]	7 904	27.7	(1.4)	5.1%
Other	9 289	n/a	n/a	n/a

* The higher growth rates were applied to CGUs that had shown growth despite the Covid-19 impacted economic conditions, CGUs with low budgeted 2022 revenue bases due to the expected negative impacts of Covid-19, which are anticipated to grow over the forecast periods to historically achieved or improved levels or CGUs demonstrating significant secured work or probable pipeline to support the growth.

** The Impressions CGU is forecast to grow significantly due to its early stage in its lifecycle and expectations to leverage off its investments in its IP and route to market.

[#] The negative average revenue growth rates forecast for the Employee Benefits and Impact Human Resources CGUs were caused mainly by a decrease in revenue forecast in year one, after which a moderate annual growth rate is forecast thereafter.

n/a - not applicable.

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

11. Goodwill continued

Sensitivity analysis on value in use

In performing the impairment test for goodwill, EOH considered the sensitivity of the EOH CGUs to changes in assumptions around key value drivers. The key value drivers for the EOH CGUs are adjusted EBITDA margins, discount rates and revenue assumptions. Revenue and discount rate assumptions were adjusted upwards and downwards by a percentage point and the adjusted EBITDA margins were adjusted by 2.5 percentage points. The aforementioned sensitivities are considered reasonable based on the sensitivity of the models to the key drivers. A reasonable possible change to the key assumptions as noted above would have resulted in the following impairments for the CGUs listed:

	2022			2021
	1% decrease in revenue	2.5% decrease in adjusted EBITDA margin	1% increase in discount rate	2.5% decrease in adjusted EBITDA margin
<i>Figures in Rand thousand</i>				
iOCO				
Legal	n/a	n/a	n/a	12 752
Symplexity	n/a	n/a	n/a	10 685
Compute	30 807	56 425	n/a	n/a
Managed Services	90 324	138 817	5 312	n/a
Impressions	n/a	n/a	n/a	8 490
Network Solutions	n/a	n/a	n/a	6 028
NEXTEC				
Impact Human Resources	n/a	13 831	n/a	n/a

n/a - not applicable.

The CGUs not included and those referenced not applicable in the table above have sufficient headroom and no reasonable possible change to the key assumptions would result in the carrying amount of the CGU exceeding its recoverable amount.

Assets held for sale

The Group tested its assets held for sale for impairment in line with IFRS 5. The recoverable amount was determined as the fair value less costs of disposal which was compared to the carrying values of the CGUs for potential impairment. The fair value was determined primarily with reference to advanced offers from potential acquirers less estimated disposal costs. The below balances formed part of disposal groups held for sale. These fair values are considered to be level 3 in the fair value hierarchy. Refer to note 17 of the summary consolidated financial statements.

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

11. Goodwill continued Assets held for sale continued

<i>Figures in Rand thousand</i>	Goodwill closing balance 31 July 2022	Goodwill closing balance 31 July 2021
IP		
InfoSys	—	208 101
Sybrin	—	204 135
Afiswitch	—	34 108
iOCO		
Network Solutions	29 101	—
NEXTEC		
ESA	—	23 220
Employee Benefits*	12 042	—
Total	41 143	469 564

* During the current financial year, Employee Benefits moved from iOCO to NEXTEC.

In assessing sensitivity for Network Solutions, the advanced offer was adjusted down by 5% and sufficient headroom remained.

12. Inventories

<i>Figures in Rand thousand</i>	2022	2021
Finished goods	77 830	95 853
Consumables	9 927	5 289
Work-in-progress	25 438	34 432
	113 195	135 574
Provision for write-down of inventories to its net realisable value	(23 073)	(23 026)
	90 122	112 548
Cost of goods sold during the year from continuing operations amounted to*:	796 208	795 557

* Comparative amount has been restated to disclose only cost of goods sold during the period from continuing operations representing inventories of the Group. This has not had an impact on equity nor on the statement of financial position of the Group.

Write-down of inventories of R14 million (2021: R7 million) to net realisable value were recognised as an expense during the year and included in costs of sales in the summary statement of profit or loss and other comprehensive income.

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

13. Assets held for sale

Over the past three years, EOH has embarked on a strategic journey to refine its operational structure, deleverage and create a sustainable capital structure. A key part of the Group's deleveraging strategy has been the disposal of non-core businesses and has, over the past years, identified and sold a group of assets in line with this strategy.

The Group continues to explore opportunities for the sale of non-core assets. In the current financial year, a number of businesses were approved for sale and for which the sale is expected to be completed within 12 months from the reporting date. These businesses are classified as disposal groups held for sale and the assets and liabilities of these disposal groups have been presented separately as held for sale in the statement of financial position.

The Sybrin and InfoSys companies that were classified as held for sale and discontinued operations in the 2021 financial year, have successfully been disposed of in the current financial year bringing to completion the plan for strategic disposal of IP businesses. Refer to note 14 for further detail on disposals.

As at July 2022, five disposal groups have been classified as held for sale, including the material disposal group, Network Solutions, in the iOCO segment, which is also discontinued operations in the current financial year. Network Solutions was classified as held for sale during the current financial year and is expected to be sold within the next financial year. The major classes of assets and liabilities of the disposal groups, per reportable segment, classified as held for sale are as follows:

<i>Figures in Rand thousand</i>	iOCO	NEXTEC	IP	2022
Assets				
Property, plant, equipment and right-of-use assets	46 202	352	—	46 554
Goodwill and intangible assets	45 800	13 042	—	58 842
Other financial assets	700	—	—	700
Deferred taxation	848	1 800	—	2 648
Inventories	3 736	—	—	3 736
Current taxation receivable	1 293	195	—	1 488
Trade and other receivables	64 152	—	—	64 152
Cash and cash equivalents	27 701	19 711	—	47 412
Assets held for sale	190 432	35 100	—	225 532

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

13. Assets held for sale *continued*

Figures in Rand thousand

	iOCO	NEXTEC	IP	2022
Liabilities				
Other financial liabilities	—	(306)	—	(306)
Current taxation payable	—	(1 104)	—	(1 104)
Trade and other payables	(58 141)	(10 085)	—	(68 226)
Liabilities directly associated with assets held for sale	(58 141)	(11 495)	—	(69 636)
Net assets directly associated with the disposal groups	132 291	23 605	—	155 896
Cumulative amounts recognised in other comprehensive income				
Foreign currency translation reserve	3 686	—	—	3 686
Impairment loss for write-down to fair value less costs to sell				
Continuing operations – operating expenses	(6 790)	(10 716)	—	(17 506)
Discontinued operations (note 9)	—	—	(41 948)	(41 948)
	(6 790)	(10 716)	(41 948)	(59 454)

Figures in Rand thousand

	iOCO	NEXTEC	IP	2021
Assets				
Property, plant, equipment and right-of-use assets	—	2 744	54 244	56 988
Goodwill and intangible assets	—	31 968	756 179	788 147
Equity-accounted investments	5 979	—	—	5 979
Other financial assets	—	—	60	60
Deferred taxation	—	2 202	8 968	11 170
Inventories	—	—	3 197	3 197
Current taxation receivable	—	—	2 822	2 822
Trade and other receivables	—	—	161 703	161 703
Cash and cash equivalents	—	27 872	60 572	88 444
Assets held for sale	5 979	64 786	1 047 745	1 118 510

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

13. Assets held for sale *continued*

<i>Figures in Rand thousand</i>	iOCO	NEXTEC	IP	2021
Liabilities				
Other financial liabilities	—	(328)	(5 121)	(5 449)
Lease liabilities	—	—	(17 008)	(17 008)
Deferred taxation	—	—	(32 441)	(32 441)
Current taxation payable	—	(857)	(4 842)	(5 699)
Trade and other payables	—	(27 313)	(119 893)	(147 206)
Provisions	—	—	(78 308)	(78 308)
Liabilities directly associated with assets held for sale	—	(28 498)	(257 613)	(286 111)
Net assets directly associated with the disposal groups	5 979	36 288	790 132	832 399
Cumulative amounts recognised in other comprehensive income				
Foreign currency translation reserve	(8 290)	—	(65 884)	(74 174)
Impairment loss for write-down to fair value less costs to sell				
Continuing operations – operating expenses	(1 280)	(8 553)	—	(9 833)
Discontinued operations (note 9)	—	—	(36 374)	(36 374)
	(1 280)	(8 553)	(36 374)	(46 207)

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

14. Disposal of subsidiaries and equity-accounted investments

On 11 December 2018, the Group announced that opportunities would be explored for the sale of certain non-core assets. In line with this strategy, the Group has disposed of its investments in a number of subsidiaries and an associate during the year.

<i>Figures in Rand thousand</i>	Treatment before disposal	Continuing/discontinued operations [#]	Percentage holding disposed	Date of disposal	Consideration received or receivable*	(Loss)/gain on disposal
Entity disposed						
NEXTEC						
Change Logic CS Proprietary Limited	Associate	Continuing	40%	1 August 2021	7 527	(935)
Energy Solutions & Analytics ("ESA")**	Business	Continuing	100%	1 August 2021	29 155	3 634
Triclinium Clinical Development Proprietary Limited ("TCD")***	Subsidiary	Discontinued	100%	1 February 2022	44 646	48 380
iOCO						
Hymax Talking Solutions Proprietary Limited	Subsidiary	Continuing	100%	1 March 2022	700	418
IP						
Afiswitch Proprietary Limited	Subsidiary	Discontinued	100%	1 October 2021	43 530	(5 905)
Sybrin	Subsidiary	Discontinued	100%	31 March 2022	270 837	54 410
InfoSys	Subsidiary	Discontinued	100%	1 June 2022	422 238	(3 841)
Transaction costs						(593)
Net gain on disposal of subsidiaries and equity-accounted investment					818 633	95 568

[#] Net gain on disposal of continuing operations is included in operating expenses.

* Consideration reflected does not include extinguishment of debt on sale.

** The sale of ESA was the sale of business as a going concern.

*** The sale of TCD was a sale of business as a going concern. Ownership of the legal entity is retained within EOH.

Effective 1 October 2021, the Group concluded the sale of 100% of the issued ordinary shares of Afiswitch Proprietary Limited ("Afiswitch") for a consideration of R54 million. As part of the sale, R10 million of the consideration is contingent on either the buyer securing a renewal of Afiswitch's existing SAPS contract for a minimum period of 24 months or receiving the award of the SAPS tender within the next 24 months from the effective date of sale. The performance of this obligation is outside the influence of EOH and is not considered to be probable, thereby having a fair value of Rnil. This contingent consideration has therefore not been included in the determination of the loss on disposal of Afiswitch above.

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

14. Disposal of subsidiaries and equity-accounted investments *continued*

<i>Figures in Rand thousand</i>	2022	2021
Opening balance	17 660	82 052
Cash consideration received or receivable	818 633	363 336
Write-off of consideration receivable	(12 131)	—
Less: amount outstanding at year end	(17 791)	(17 660)
Cash received from disposal of businesses	806 371	427 728
Less: cash balances disposed of	(58 528)	(214 792)
Cash receipt from disposal of businesses, net of cash given up	747 843	212 936

The carrying amounts of major classes of assets and liabilities, associated with subsidiaries and an equity-accounted investment disposed of during the current period, are as follows:

<i>Figures in Rand thousand</i>	Notes	2022	2021
Assets			
Property, plant, equipment and right-of-use assets		58 042	181 670
Goodwill and intangible assets		723 934	174 290
Equity-accounted investments		8 461	4 000
Other financial assets		18 565	19 352
Deferred taxation		—	17 637
Finance lease receivables		6	—
Inventories		2 299	26 737
Current taxation receivable		58 720	—
Trade and other receivables		237 013	365 910
Cash and cash equivalents		58 528	214 792
Liabilities			
Other financial liabilities	16	(3 294)	(64 962)
Lease liabilities		(10 994)	(52 028)
Deferred taxation		(73 772)	—
Current taxation payable		(70 521)	(22 171)
Provisions		(64 247)	—
Trade and other payables		(184 946)	(481 076)

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

15. Stated capital

Figures in Rand thousand

	2022	2021
Stated capital		
Opening balance	4 217 285	4 217 285
	4 217 285	4 217 285

Authorised

500 000 000 ordinary shares of no par value.

40 000 000 EOH A shares of no par value.

Issued

Figures in thousand

	2022	2021
Reconciliation of the number of shares in issue		
Opening balance	176 545	176 545
Shares in issue at the end of the year	176 545	176 545
Less:		
Treasury shares held in the Group share incentive schemes	(2 341)	(2 341)
Treasury shares held by wholly owned subsidiaries of the Company	(5 449)	(5 446)
	168 755	168 758
EOH A shares of no par value:		
Reconciliation of the number of shares in issue		
Opening balance*	40 000	40 000
Closing balance	40 000	40 000

* The Lebashe transaction was approved by shareholders on 18 September 2018 and effectively implemented on 1 October 2018. Since the date of approval Lebashe has:

- invested R750 million in three tranches in EOH ordinary shares based on a 30-day VWAP at a 10% discount for an average share price of R33.59; and
- received 40 million unlisted EOH A shares which will be redeemed in five years on 1 October 2023 through an ordinary share issue. The A shares rank equal to an EOH ordinary share in respect of voting rights and each EOH A share will receive cash dividends in an amount equal to the value of 15% of dividends paid by EOH to ordinary shareholders. The remaining 85% of the dividend value will be accrued and redeemed through the redemption of the A shares. Despite the variability in the number of EOH ordinary shares that will be issued, the obligation to Lebashe is treated as an equity transaction as the settlement will be undertaken in ordinary shares and the transaction is therefore within the scope of IFRS 2.

Unissued

323 455 039 (2021: 323 455 039) unissued ordinary shares.

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

16. Other financial liabilities

Figures in Rand thousand

	2022	2021
Interest-bearing liabilities	1 434 480	2 568 834
Interest-bearing bank loans secured through Security SPV	1 310 502	2 061 321
Bank overdrafts	—	387 665
Project finance loan*	118 244	114 902
Unsecured interest-bearing bank loans	5 734	3 185
Interest-bearing bank loans secured by fixed property	—	1 761
Non-interest-bearing liabilities	188	4 138
Vendors for acquisition	188	4 138
Liabilities directly associated with assets held for sale (note 13)	(306)	(5 449)
	1 434 362	2 567 523
Non-current financial liabilities	496 486	—
Current financial liabilities	937 876	2 567 523
	1 434 362	2 567 523
Reconciliation of other financial liabilities		
Balance at the beginning of the year	2 572 972	2 783 218
(Repayment)/draw-down of bank overdrafts	(387 665)	272 412
Proceeds from other financial liabilities	—	52 387
Repayment of other financial liabilities	(741 053)	(512 864)
Repayment of vendors for acquisitions	(3 950)	(14 494)
Disposal of subsidiaries (note 14)	(3 294)	(64 962)
Net changes in fair value of vendors for acquisition	—	10 864
Interest accrued on other financial liabilities	180 213	179 540
Interest repaid on other financial liabilities	(195 669)	(191 533)
Movement in capitalisation of debt restructuring fee	9 031	51 028
Other non-cash items	4 083	7 376
Closing balance before liabilities directly associated with assets held for sale	1 434 668	2 572 972
Liabilities directly associated with assets held for sale (note 13)	(306)	(5 449)
	1 434 362	2 567 523

* Ring-fenced debt due to the Industrial Development Corporation.

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

16. Other financial liabilities *continued*

Figures in Rand thousand

	2022	2021
Financial instruments		
Measured at amortised cost	1 434 174	2 563 385
Financial liabilities carried at fair value through profit or loss	188	4 138
	1 434 362	2 567 523
Vendors for acquisition		
Current financial liabilities	188	4 138
	188	4 138

Interest-bearing bank loans are secured through a Security SPV which requires that all the South African wholly owned subsidiaries of the Group provide a pledge and cession of:

- all shares in, and claims on loan account against, any member of the Group incorporated in South Africa;
- cash;
- cash equivalents;
- bank accounts;
- investments;
- claims;
- disposal proceeds;
- any other amounts, of any nature whatsoever, now or from time to time in the future owing to that Obligor by any third person arising out of any cause of action whatsoever, including, without limitation, all amounts owing or becoming payable to that Obligor by any of its debtors; and
- related rights.

South African wholly owned subsidiaries contributing more than 80% of the Group's adjusted EBITDA are pledged as required above and the process of providing the security is ongoing.

As at the beginning of the financial year the following interest-bearing bank loans were in place and secured through Security SPV:

- an amortising facility at an interest rate of three-month Johannesburg Interbank Average Rate (JIBAR) + 425 basis points;
- revolving credit facility at an interest rate of three-month JIBAR + 435 basis points;
- a bullet facility at an interest rate of three-month JIBAR + 455 basis points; and
- a dematerialised note at an interest rate of three-month JIBAR + 240 basis points.

As at 1 April 2022 the Group restructured the above-mentioned interest-bearing loans. This resulted in a substantial modification to the previous loans, which was assessed and determined to be accounted for as an extinguishment of the abovementioned loans and a recognition of the new, restructured loans. This was performed as a non-cash transaction and resulted in the borrower changing from EOH Mthombo Proprietary Limited to EOH Treasury Proprietary Limited, both subsidiaries in the Group. Transaction costs of R31 million were levied on the restructuring, which were capitalised to the loans payable through the application of judgement by the Group.

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

16. Other financial liabilities *continued*

The restructured loans now comprises:

- a senior amortising term facility of three-month JIBAR + 545 basis points repayable in three years; and
- a senior amortising bridge facility of one-month JIBAR + 842 basis points repayable on 31 December 2023.

Refer to note 21 for additional information.

The Group has the following continuing debt covenant limits in respect of the above-mentioned loans and corresponding ratios as at 31 July 2022 indicating that covenants have been met:

- debt to EBITDA ratio of 2.75x or lower, whereas the actual ratio was 2.21x;
- debt to free cash flow ratio of 10x or lower, whereas the actual ratio was 5.90x; and
- interest cover ratio of 3x or higher, whereas the actual ratio was 7.34x.

17. Financial assets and financial liabilities

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy at 31 July 2022:

	Carrying amount				Fair value				
	Mandatorily at FVTPL	Amortised cost	Total	Held for sale	Balance	Level 1	Level 2	Level 3	Total
<i>Figures in Rand thousand</i>									
Financial assets									
Cash and cash equivalents	–	458 367	458 367	(47 412)	410 955	–	–	–	–
Trade and other receivables	–	1 310 426	1 310 426	(51 219)	1 259 207	–	–	–	–
Finance lease receivables	–	81 315	81 315	–	81 315	–	–	–	–
Other financial assets	–	32 701	32 701	(700)	32 001	–	–	–	–
Financial liabilities									
Trade and other payables	–	540 386	540 386	(39 773)	500 613	–	–	–	–
Lease liabilities	–	106 887	106 887	–	106 887	–	–	–	–
Other financial liabilities	188	1 434 480	1 434 668	(306)	1 434 362	–	–	188	188

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

17. Financial assets and financial liabilities *continued*

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy at 31 July 2021:

<i>Figures in Rand thousand</i>	Carrying amount				Fair value				
	Mandatorily at FVTPL	Amortised cost	Total	Held for sale	Balance	Level 1	Level 2	Level 3	Total
Financial assets									
Cash and cash equivalents	—	913 346	913 346	(88 444)	824 902	—	—	—	—
Trade and other receivables	—	1 382 196	1 382 196	(130 416)	1 251 780	—	—	—	—
Finance lease receivables	—	109 329	109 329	—	109 329	—	—	—	—
Other financial assets	—	11 118	11 118	(60)	11 058	—	—	—	—
Financial liabilities									
Trade and other payables	—	412 169	412 169	(33 456)	378 713	—	—	—	—
Lease liabilities	—	180 318	180 318	(17 008)	163 310	—	—	—	—
Other financial liabilities	4 138	2 568 834	2 572 972	(5 449)	2 567 523	—	—	4 138	4 138

The Group does not have any financial instruments that are subject to offsetting.

All cash and cash equivalents, short-term receivables and short-term payables' carrying amounts approximate their fair values due to their short-term nature.

Other financial liabilities and assets, and lease receivables and payables carrying amounts approximate their fair values due to the nature and contractual terms of the instruments.

There have been no transfers between levels of the fair value hierarchy.

Financial liabilities at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss, in terms of the hierarchy, are classified as level 3 as the valuation techniques used are based on unobservable inputs for the liability.

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

17. Financial assets and financial liabilities *continued*

Vendors for acquisition

The balance in respect of vendors for acquisition relates to the contingent consideration where business combinations are subject to profit warranties. The profit warranties allow for a defined adjusted value to the consideration payable in the event that the warranted profit after tax is not achieved, or in the event that it is exceeded, an agreed sharing in the surplus. The fair value of the contingent arrangement is initially estimated by applying the income approach, assuming that the relevant profit warrant will be achieved. Subsequent measurement uses the income approach to calculate the present value of the expected settlement payment using the latest approved budgeted results and reasonable growth rates for the remainder of the relevant warranty periods taking into account any specific circumstances.

Profit warrant periods normally extend over a 24-month period.

Upwardly revised performance expectations would result in an increase in the related liability, limited to the terms of the applicable purchase agreement.

Fair values have been determined using discounted cash flows. Unobservable inputs include budgeted results based on margins, discount rates and revenue growth rates historically achieved by the various segments. The applicable discount rate is 7% (2021: 7%), discounting cash flows over a two-year period. Changing such inputs to reflect reasonably possible alternative assumptions does not significantly change the fair value of the vendors for acquisition liability.

The EOH Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that reports directly to the Group Chief Financial Officer who oversees all significant fair value measurements.

Vendors for acquisition reconciliation of movement

Figures in Rand thousand

	2022	2021
Balance at the beginning of the year	4 138	44 043
Disposals	—	(36 275)
Paid to vendors	(3 950)	(14 494)
Net changes in fair value	—	10 864
Balance at the end of the year	188	4 138

Non-recurring fair value measurements

Disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The fair values are determined based on sales agreements and offers that are in place for each of the disposal groups that are held for sale. The total of such fair values is R195 million (2021: R834 million). These fair values are categorised as level 3, based on inputs used.

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

18. Cash generated from operations

<i>Figures in Rand thousand</i>	2022	Restated* 2021
Profit/(loss) before taxation from:	89 686	(122 818)
Continuing operations	(90 328)	(209 906)
Discontinued operations (note 9)	180 014	87 088
Adjustments for:		
Depreciation and amortisation	203 380	274 667
Impairment losses on non-financial assets**	6 938	375
IAS 36 impairment of goodwill**	13 881	136 359
IFRS 5 remeasurement to fair value less costs to sell**	59 454	46 207
Loss on disposal of intangible assets and property, plant and equipment	15 903	6 824
(Profit)/loss on disposal of subsidiaries and equity-accounted investments	(95 568)	39 700
Change in fair value for vendors for acquisition	—	10 864
Share of equity-accounted profits	—	(2 973)
Share-based payment expense	17 468	4 684
Net finance costs	192 439	272 745
Net financial asset impairment losses	62 986	90 492
Inventory write-off	14 447	7 352
Movement in provisions	79 666	(90 880)
Foreign exchange (gains)/losses	(168)	15 089
Other non-cash items	5 061	(5 402)
Cash generated before changes in working capital	665 573	683 285
Working capital changes net of effects of disposal of subsidiaries	(228 911)	(278 343)
Decrease/(increase) in inventories	5 141	(12 803)
(Increase)/decrease in trade and other receivables	(76 169)	154 746
Decrease in trade and other payables	(157 883)	(420 286)
Historical share-based payment plans paid out during the year	(33 787)	—
Cash generated from operations	402 875	404 942

* Comparative figures previously reported have been amended to reflect continuing operations prevailing for the year ended 31 July 2022.

** Comparative amounts of impairment losses on non-financial assets have been disaggregated to disclose such impairments related to IAS 36 impairments of goodwill and IFRS 5 remeasurements to fair value less costs to sell to more accurately reflect the nature of impairment losses on non-financial assets.

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

19. Related-party transactions

The Group entered into various transactions with related parties.

Figures in Rand thousand

	2022	2021
Transactions with associates		
Sales of products and services	—	29
Purchases of products and services	—	2 792
Balances arising from sales/purchases of goods and services with associates		
Trade receivable balances with related parties	—	46
Trade payable balances with related parties	—	471
Loans receivable from joint ventures		
Gross loans receivable from joint ventures	51 564	51 564
Allowances for expected credit losses on loans to joint ventures	(51 564)	(51 564)
Transactions between Group companies (subsidiaries)		
Sale of products and services	889 447	1 610 641
Purchases of products and services	642 132	1 099 800
Operating expenses	247 315	566 151
Outstanding loan balances		
Loans from EOH Holdings Limited to subsidiaries	2 859 887	2 511 277
Loans to EOH Holdings Limited from subsidiaries	227 396	370 619

20. Contingencies and commitments

Parent company guarantees

EOH issued parent company guarantees (“PCGs”) during May 2019, as required by a client for a wholly owned subsidiary, PiA Solar SA Proprietary Limited (“PiA”). The guarantees provided are for a number of years during both construction and after handover, including an operation warranty guarantee, which by nature could (in the event of underperformance by PiA) compel EOH to either ensure physical performance or settle such underperformance in cash terms. While PiA had undergone some operational challenges as a result of several factors, including Covid-19, EOH has intervened in order to minimise the potential impact of these PCGs. All the projects subject to these PCGs are now substantially complete and have been handed over to the client. EOH thus believes that the risk presented by the PCGs, albeit still in existence, is and will be mitigated pursuant to the handover.

Litigation

EOH and its subsidiaries are involved in various litigation matters, which are at varying stages in the litigious process, and most of which arise from the ordinary course of business. None of these matters are considered material on an individual or in aggregate basis. Management has no reason to believe that the disposition of these matters will have a materially adverse effect in the consolidated financial position, financial results or cash flows of EOH.

Uncertain indirect tax exposure

The Group has an ongoing tax dispute dating back to 2012 related to a PAYE dispute in two of its staff outsourcing businesses. At 31 July 2022, the Group had provided for R179 million on the PAYE liability assessed and potential future assessments and is in ongoing discussions with SARS, regarding the potential settlement of this matter, in line with the requirements of the Tax Administration Act. To date, the settlement discussions with SARS have not been successful, as the EOH Group has made six different settlement offers, that have all been declined by SARS and the Group has subsequently filed

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

20. Contingencies and commitments *continued*

Uncertain indirect tax exposure *continued*

an application in the High Court to have the SARS decisions set aside, on the basis of irrationality. The Group remains confident that it has a strong legal case to contest the remaining exposure, based on internal and external legal and technical advice obtained. A total of R98 million for the period 2020 to 2022 of the initial provision of R277 million was repaid up to 31 July 2022.

Department of Water and Sanitation SIU investigation

In 2021, the Special Investigations Unit (“SIU”), commenced an investigation into certain contracts concluded between the Department of Water and Sanitation and EOH in 2016. These historic contracts are currently under investigation as to whether there was any improper conduct in the award of the contract to EOH, and/or whether EOH had actually delivered on their contractual obligations. EOH is engaging with the SIU on its investigation and has made a settlement proposal to the SIU to conclude a settlement agreement for an amount of approximately R112.3 million, of which R65 million provision was raised in the current year, payable in monthly instalments to be agreed by EOH and the SIU. The aforementioned proposal is still under consideration by the SIU.

Department of Home Affairs – ABIS (Biometric) arbitration

In November 2017, EOH and the Department of Home Affairs (“DHA”) concluded a contract for the migration of certain biometric data for the DHA. EOH experienced significant difficulties attempting to achieve the contracted deliverables. On 31 March 2021, the aforementioned contract was assigned to a third party and the fulfilment of such contractual deliverables is no longer an EOH obligation. An arbitration process between EOH and the DHA, relating to the delay of the project and an EOH counter-claim for damages sustained in attempting to comply with the contract, is currently underway and yet to be finalised. The amount claimed by the DHA is approximately R44 million and the amount claimed by EOH is approximately R47 million. In May 2021, XON Systems Proprietary Limited (“XON”) brought an application to set aside the award of the contract to EOH and the assignment to the third party. XON has since abandoned the application. It has been assessed, based on the DHA’s claim that a contingent liability exists. Based on legal advice, the Group does not consider an outflow to be probable.

Mehleketo Resources Proprietary Limited – in liquidation

Mehleketo Resources Proprietary Limited (“Mehleketo”) was a wholly owned subsidiary which was placed into liquidation in 2019, due to its inability to pay its financial obligations as they became due. The liquidators of Mehleketo held certain section 417 and 418 (in terms of the Companies Act, No 71 of 2008) inquiries. In 2022, the liquidators issued a summons against various companies within the EOH Group, for a total amount of approximately R136 million on the basis of voidable/collusive preferences. EOH disagrees with the assertions made by the liquidators and has defended the court action instituted by the liquidators.

Alteram Municipal Services Proprietary Limited – litigation

In 2017, EOH and Alteram Municipal Services Proprietary Limited (“Alteram”) concluded an agreement in terms of which EOH subcontracted certain services to Alteram in relation to EOH’s Department of Water and Sanitation contract. It was subsequently established that the ultimate beneficial owner of Alteram was the same individual who helped facilitate the historic fraud and corruption within EOH. EOH, upon seeking external expert legal advice on the matter, terminated the aforementioned contract with effect from February 2020. Alteram has since issued a summons against EOH for approximately R35 million claiming unlawful termination. EOH defended Alteram’s action and that matter is set down for hearing within the next financial year. It has been assessed in light of the Alteram’s claim that a contingent liability exists. Based on legal advice, the Group does not consider an outflow to be probable.

Notes to the summary consolidated financial statements *continued*

For the year ended 31 July 2022

20. Contingencies and commitments *continued*

Cornastone Enterprise Systems Proprietary Limited (“Cornastone”)/Cell C Limited (“Cell C”) – alleged tender fraud

Cornastone is a wholly owned subsidiary of EOH which was acquired in 2016. In February 2020, EOH was made aware of irregular activities relating to Cornastone’s supply of goods and services to Cell C. The leadership of EOH immediately conducted an internal investigation and uncovered collusive activities between certain senior executives at both Cornastone and Cell C (“Perpetrators”) dating as far back as 2012. EOH contacted Cell C and shared its findings with it and subsequently lodged criminal cases against the Perpetrators. Warrants of arrest were issued against the Perpetrators. In May 2022, Cornastone received a section 345 (in terms of the Companies Act) letter from attorneys purporting to represent Cell C. Cell C was claiming an amount of approximately R62 million from Cornastone alleging that it was defrauded of these amounts pursuant to the collusive conduct of the Perpetrators, one of which was a Cell C executive. EOH appointed external legal experts to respond to Cell C’s attorneys advising them that Cornastone disputes Cell C’s alleged claim. It has been assessed that the possibility of an outflow is considered to be remote.

Commitments

<i>Figures in Rand thousand</i>	2022	2021
Expected, but not yet contracted capital expenditure	38 000	85 635
	38 000	85 635

21. Events after reporting date

Disposal of NuvoteQ

The Group entered into a share purchase agreement (“SPA”) on 1 September 2022 to dispose of 100% of the issued ordinary shares of NuvoteQ Proprietary Limited (“NuvoteQ”). The purchase consideration payable on closing date amounts to R21 million. The transaction is subject to the fulfilment or waiver, as the case may be, of the suspensive conditions as detailed in the sale agreement.

Disposal of Network Solutions and Hymax SA

Effective 1 September 2022, the Group concluded the sale of its Network Solutions business and of the entire issued share capital of Hymax SA for a purchase consideration of R136.9 million. The purchase consideration was settled with an upfront payment of R104.5 million received on 1 September 2022 used towards repaying amounts owed to lenders, with the remaining balance being held in an interest-bearing escrow account for a period of 12 months. The consideration received is still subject to the finalisation of the completion accounts adjustments, which include adjustments for net debt and net working capital. This is expected to be finalised within 60 days of closing.

The above transactions are in line with EOH’s stated strategic intent of selling non-core assets as it seeks to right-size the Group and deleverage its balance sheet. The cash consideration received by EOH will primarily be utilised to reduce debt with the remainder being utilised for the working capital requirements of the Group.

Deleveraging

Effective from 12 October 2022 the lenders have granted the Group consent in respect of the senior bridge facility originally payable on or before 1 April 2023. In terms of the consent granted, the repayment of this facility has been extended to 31 December 2023.

Corporate information

Shareholder information

Shareholders are advised that EOH's integrated report and audited financial statements for the year ended 31 July 2022 are available on the Group's website at www.eoh.co.za.

EOH notice of annual general meeting ("AGM") together with the summary audited financial statements for the year ended 31 July 2022 will be dispatched to shareholders on Monday, 31 October 2022 and will be available on the Group's website.

The AGM will be held on Tuesday, 13 December 2022 at 09:00 by way of electronic participation. Full details for purposes of electronic participation are set out in the notice of AGM.

Results were released on 26 October 2022.

EOH Holdings Limited

Incorporated in the Republic of South Africa
Registration number: 1998/014669/06
JSE share code: EOH
ISIN: ZAE000071072
(EOH or the Company or the Group)

Directorate

Non-executive

Andrew Mthembu (Chairman)
Andrew Marshall
Bharti Harie
Jabu Moleketi*
Jesmane Boggenpoel
Mike Bosman
Nosipho Molope
Sipho Ngidi

* *Non-independent, non-executive director*

Executive

Stephen van Coller (Group Chief Executive Officer)
Megan Pydigadu (Group Chief Financial Officer)
Fatima Newman (Group Chief Risk Officer)

Company secretary

Thiroshnee Naidoo (resigned 31 July 2022)
Neill O'Brien (interim appointment 1 October 2022)

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Auditor

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Sponsor

Java Capital Trustees and Sponsors Proprietary Limited
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Transfer secretaries

Computershare Investor Services Proprietary Limited
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EOH