Notice of Annual General Meeting

for the year ended
31 July 2023

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We exist to improve lives through the technologies we create, leaving the world better than we found it.

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Our purpose is to solve courageously, exponentially and together

Cover letter.

DEAR SHAREHOLDER

On behalf of the Board of Directors ("the Board"), you are invited to attend the annual general meeting ("AGM") 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 ("MoI") on Wednesday, 22 November 2023 at 09:00.

The notice of AGM contains the complete audited annual financial statements of the Company for the year ended 31 July 2023, which were compiled under the supervision of M Pydigadu CA(SA), Chief Financial Officer ("CFO") of EOH and audited by PricewaterhouseCoopers Inc ("PwC"), the Company's independent auditors who issued an unqualified audit opinion on the annual financial statements of the Company for the year ended 31 July 2023.

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 annual integrated report, King IV™* compliance report and ESG Report were made available on the Company's website on 18 October 2023 and can be accessed at: **https://www.eoh.co.za/investor-relations/integrated-annual-reports/**.

Yours sincerely

Andrew Mthembu
Chairman

23 October 2023

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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 advisor.

Notice is hereby given that the 25th 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 Company's Memorandum of Incorporation ("MoI") on Wednesday, 22 November 2023 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 2023, 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.

3 Ordinary resolution number 1: Ratification and appointment of Executive Director

The following director appointment was made by the Board post the last AGM and is required to be ratified and confirmed by the shareholders of the Company, in accordance with the Company's MoI and the Companies Act.

Upon recommendation by the Company's Remuneration and Nomination Committee, it is proposed that shareholders pass the following ordinary resolution:

RESOLVED to confirm the appointment of Marialet Greeff as an Executive Director and interim Chief Financial Officer, with effect from 1 November 2023.

A brief résumé of the director offering herself for election appears in Annexure A of this notice.

4 Ordinary resolutions numbers 2.1 and 2.2: Re-election of retiring independent Non-executive Director

The MoI stipulates that at each AGM one-third of the Non-executive Directors for the time being shall retire from office and retiring directors shall be eligible for re-election.

As published in the Company's SENS announcement on 10 October 2023, Mike Bosman has elected to retire at the conclusion of the AGM and has not made himself available for re-election.

2.1 RESOLVED that Nosipho Molope who retires by rotation in terms of the Company's MoI 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 Nosipho Molope's past performance and contribution to the Company and recommends that she be re-elected as an independent Non-executive Director of the Company.

2.2 RESOLVED that Jesmane Boggenpoel who retires by rotation in terms of the Company's MoI 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 Jesmane Boggenpoel'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.

Notice of Annual General Meeting *continued*

5 Ordinary resolutions numbers 3.1 to 3.3: Appointment of Audit and Risk 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 and Risk Committee:

3.1 Nosipho Molope (Chairman), subject to re-election as an independent Non-executive Director pursuant to ordinary resolution number 2.1;

3.2 Jesmane Boggenpoel, subject to re-election as an independent Non-executive Director pursuant to ordinary resolution number 2.2; and

3.3 Andrew Marshall.

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

6 Ordinary resolution number 4: Re-appointment of independent external auditors

The Companies Act, JSE Listings Requirements and the MoI 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 and Risk 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 and Risk 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.

7 Ordinary resolutions numbers 5.1 and 5.2: 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(k) 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 2023 remuneration policy and remuneration implementation report are set out in the annual integrated report on pages 50 to 64.

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:

5.1 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 52 of the Annual Integrated Report.

5.2 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 58 of the Annual Integrated Report.

This vote enables shareholders to express their views on the remuneration policy and the remuneration implementation report of the Company. Ordinary resolutions numbers 5.1 and 5.2 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 5.1 or 5.2 above be voted against by 25% (twenty-five percent) 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.

Notice of Annual General Meeting *continued*

8 Ordinary resolution number 6: General authority to issue shares for cash by directors

RESOLVED that, the directors of the Company be and are hereby authorised by way of a general authority to issue all or any of the authorised but unissued shares in the capital of the Company for cash, as and when they in their discretion deem fit, subject to the Companies Act, the MoI and the JSE Listings Requirements, when applicable, and the following limitations, namely that:

a the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class of shares already in issue;

b any such issue will only be made to public shareholders (as defined by the JSE Listings Requirements) and not to related parties (as defined by the JSE Listings Requirements), provided that if the Company undertakes an equity raise via a bookbuild process, shares may be allotted and issued to "related parties" on the basis that such "related parties" may only be able to participate in the equity raise at the maximum bid price at which they are prepared to take up shares or at the book close price in accordance with the provisions contained in paragraph 5.52(f) of the JSE Listings Requirements;

c the total aggregate number of shares which may be issued for cash in terms of this authority may not exceed 63 029 625 ordinary shares being 10% (ten percent) of the Company's issued shares of that class as at the date of the notice (ie 638 083 421 ordinary shares less 7 787 169 treasury shares), and any shares issued under this authority prior to this authority lapsing shall be deducted from the 63 029 625 ordinary shares the Company is authorised to issue in terms of this authority, for the purpose of determining the remaining number of shares that may be issued in terms of this authority;

d in the event of a sub-division or consolidation of the equity securities, this authority must be adjusted accordingly to represent the same allocation ratio;

e the maximum discount at which the shares may be issued is 10% (ten percent) of the weighted average traded price of those shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed by between the Company and the party/ies subscribing for the shares. The JSE should be consulted for a ruling if the Company's securities have not traded in such 30 (thirty) business day period;

f this general authority shall be valid until the next AGM or for 15 (fifteen) months from the date that this resolution is passed, whichever is the earliest, provided that such authority may be varied or revoked by any general meeting of the shareholders prior to such authority lapsing; and

g upon any issue of ordinary shares which, together with prior issues of ordinary shares during the same 12-month period, will constitute 5% (five percent) or more of the total number of ordinary shares in issue prior to that issue, the Company shall, publish an announcement in terms of section 11.22 of the JSE Listings Requirements.

In terms of the JSE Listings Requirements, in order for ordinary resolution number 6 to be adopted, the support of at least 75% (seventy-five percent) of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

9 Ordinary resolution number 7: Signature of documents

RESOLVED that, any director of the Company or the Company Secretary 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.

10 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.

Pursuant to a review and recommendation by the Remuneration and Nomination Committee, the Board approved a revision of the committees, namely:

- The Governance and Risk Committee and the Information and Technology Committee were consolidated into the Audit Committee;
- The Audit Committee was subsequently renamed the Audit and Risk Committee;
- The Asset Disposal and Strategic Acquisitions Committee was dissolved.

The Board approved these changes to align with the smaller size of the group and the changing needs of the Company, as well to realise efficiencies while remaining compliant with statutory requirements.

The Board therefore proposes the following changes to the Non-executive Directors' fees:

a. It is proposed that the Non-executive Directors' fees approved by shareholders at the AGM on 13 December 2022 be increased by 6% (six percent) as detailed in the table in paragraph 10.1 on the following page.

b. The payment for unscheduled Board and committee meetings called for by the Secretariat or the Chairman of the Board be increased from R5 250 to R5 565 per hour, as per paragraph 10.2 on the following page.

RESOLVED as a special resolution that:

10.1 The fees payable to the Non-executive Directors of the Company, be as follows for the period from 1 February 2024 to 31 January 2025 or until such fees are revised by a further resolution of shareholders, whichever is the earliest:

	Fees approved at 13 December 2022 AGM	Proposed revised fees (6% increase)	Description and scheduled number of meetings
Chairman (annual fees)	R1 653 750	R1 752 975	Fixed flat annual fee
Board members			
Retainer	R52 500	R55 650	Fixed annual fee
Fee per meeting	R65 625	R69 562	4
Audit and Risk Committee			
Chairman fee per meeting	R94 500	R100 170	4
Member fee per meeting	R47 250	R50 085	4
Remuneration and Nomination Committee			
Chairman fee per meeting	R73 500	R77 910	2
Member fee per meeting	R36 750	R38 955	2
Social and Ethics Committee			
Chairman fee per meeting	R73 500	R77 910	3
Member fee per meeting	R36 750	R38 955	3

10.2 For meetings in addition to the scheduled meetings: A fee of R5 565 (2022: R5 250) per hour if the meeting lasts less than three hours, or a full meeting fee if the meeting lasts longer than three hours.

11 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% (ten percent) 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 MoI 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 MoI;
- 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 Annual Financial Statements.
  - Major shareholders of the Company – page 98; and
  - Share capital of the Company – page 99.

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 44 and 45 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.

12 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 MoI, 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.

13 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 MoI, 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 interrelated 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.

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 the purpose of determining which shareholders of the Company are entitled to receive notice of this AGM is Friday, 13 October 2023, and the record date for purposes of determining which shareholders of the Company are entitled to participate in and vote at the AGM is Friday, 17 November 2023 with the last date to trade in order to be reflected in the Register being Tuesday, 14 November 2023. Accordingly, only shareholders who are registered in the Company's securities register on Friday, 17 November 2023 will be entitled to participate in and vote at the AGM.

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.

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% (twenty-five percent) 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 AGM 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 09:00 CAT on Monday, 20 November 2023. 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 (ie 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 09:00 on Monday, 20 November 2023. Any form of proxy not delivered by this time may be submitted to the transfer secretaries at the AGM or to the Chairman 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

Mpeo Nkuna
Company Secretary

17 October 2023

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;
» 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 Wednesday, 22 November 2023.

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 Chairman of the annual general meeting,
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:

		Number of ordinary shares		
ORDINARY RESOLUTIONS		For	Against	Abstain
1	**Ratification and appointment of Executive Director and interim Chief Financial Officer, Marialet Greeff**			
2	**Re-election of independent Non-executive Directors**			
2.1	Re-election of Nosipho Molope			
2.2	Re-election of Jesmane Boggenpoel			
3	**Appointment of Audit and Risk Committee members**			
3.1	To appoint Nosipho Molope as member and Chairman of the Audit and Risk Committee			
3.2	To appoint Jesmane Boggenpoel as member of the Audit and Risk Committee			
3.3	To appoint Andrew Marshall as member of the Audit and Risk Committee			
4	**Re-appointment of independent external auditors**			
5	**Non-binding endorsement of the Company's remuneration policy and implementation report**			
5.1	To endorse the remuneration policy			
5.2	To endorse the remuneration implementation report			
6	**General authority to issue shares for cash by directors**			
7	**Signature of documents**			

Form of proxy *continued*

		Number of ordinary shares		
SPECIAL RESOLUTIONS		For	Against	Abstain
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**			

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 09:00 on Monday, 20 November 2023. Any form of proxy not delivered by this time may be submitted to the transfer secretaries at the annual general meeting or to the Chairman 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 2023

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 form of proxy, 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 Chairman 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 ("MoI") 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 MoI or the instrument appointing the proxy provides 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.
- 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 Chairman 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.

Notes to the form of proxy *continued*

- The Chairman 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 Chairman of the annual general meeting, if the Chairman 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 09:00 on Monday, 20 November 2023. Any form of proxy not delivered by this time may be handed to the transfer secretaries at the annual general meeting or to the Chairman 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.

Annexure A.

CURRICULA VITAE OF DIRECTORS NOMINATED FOR ELECTION

Marialet Greeff
Executive Director and Interim Chief Financial Officer

BCom (Accountancy), PGDA, CA(SA), H.Dip Tax (International Institute for Tax and Finance)

Appointed 1 November 2023

Marialet is a qualified CA(SA) and an experienced finance executive with 15 years' experience in a big-four consulting firm and the Telecommunications and IT sectors. She has extensive expertise in financial control, financial management, accounting, corporate taxation, and financial reporting. Marialet has been with EOH since February 2019 and has held the following roles during her tenure: Executive: Group Tax, Executive: Regulatory Reporting, and most recently, Executive: Treasury and Regulatory Finance. Prior to joining EOH, Marialet served as a Financial Manager at Sebata Holdings Limited and as a Senior Manager: Tax at Cell C Limited.

Jesmane Boggenpoel
Independent Non-executive Director

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

Appointed 1 July 2018

Member of the Audit and Risk Committee

Jesmane has over 16 years' experience mainly in investments and private equity. Jesmane is Managing Partner of private equity fund AIH Capital Proprietary Limited. She also serves on the boards of The Spur Group Limited, Murray & Roberts Holdings Limited and diversified agricultural conglomerate ETG Group (Mauritius headquartered). 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 and a BMW Foundation Responsible Leader in 2022. She is the author of "My Blood Divides and Unites" on racial reconciliation and inclusion.

Andrew Marshall
Independent Non-executive Director

BCom (Honours)

Appointed 21 May 2020

Member of the Audit and Risk Committee

Andrew started his career in Sales and Marketing with AECI Limited. He moved to their parent company ICI in the UK before returning to South Africa. He was then Managing Director of a number of smaller, privately owned businesses or divisions of a listed group. He was appointed CEO of the listed group Oceana Group Limited in 1999, and remained there until 2009 when he joined Nampak Limited as CEO. He retired from Nampak Limited in 2014. He is currently the Chairman of Ster Kinekor Theatres.

Nosipho Molope
Independent Non-executive Director

Bachelor of Science (Bsc Med); Bachelor of Accounting Science ; BCompt (Hons) (CTA) CA(SA)

Appointed 1 January 2021

Member of the Audit Committee and the Social and Ethics Committee

Nosipho has over 14 years' experience as an independent Non-executive Director serving on company boards in various sectors of the industry. She currently serves on the boards of Alexander Forbes Group Holdings Limited, Engen Limited, Investec Property Fund Limited, MTN Group Limited and is a member of the University of Johannesburg Council. She previously served as a director on South32 Coal Holdings Proprietary Limited, Old Mutual Limited as well as various MTN Group subsidiaries in the rest of Africa where she chaired the audit committees. She is commercially astute and has a deep level of technical accounting knowledge with an objective and broad-minded approach that stems from her multi-sector experience as well as her exposure to diverse cultures.

Annual financial statements

Contents.

Level of assurance

These consolidated and separate financial statements have been audited in compliance with the applicable requirements of the Companies Act, No 71 of 2008 of South Africa.

Registered address

1st Floor, Block E
Pinmill Farm
164 Katherine Street
Sandton
Gauteng,
2148

PO Box 59, Bruma, 2026
Telephone: +27 (0) 11 607 8100

www.eoh.co.za

Directors' responsibility statement.

The directors are responsible for the preparation and fair presentation of the financial statements of EOH Holdings Limited ("EOH" or the "Company") and its subsidiaries (together the "Group"), comprising the consolidated and separate statements of financial position at 31 July 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the consolidated and separate financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, No 71 of 2008 of South Africa ("the Companies Act").

In terms of the Companies Act, the directors are required to prepare financial statements that fairly present the state of affairs and business of the Group and Company at the end of the financial year and of the profit for that year. The consolidated and separate financial statements for the year ended 31 July 2023 are prepared in accordance with IFRS of the International Accounting Standards Board, Interpretations issued by the IFRS Interpretations Committee, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the Companies Act and incorporate transparent and responsible disclosure together with appropriate accounting policies. These consolidated and separate financial statements were compiled under the supervision of Megan Pydigadu CA(SA), the Group Chief Financial Officer ("CFO").

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

These consolidated and separate financial statements have been audited in compliance with the requirements of the Companies Act. The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

The directors assessed the ability of the Group and Company to continue as a going concern and believe that the Group and Company have adequate resources to continue in operation for the foreseeable future. Accordingly, these consolidated and separate financial statements have been prepared on a going concern basis.

The directors of the Company are responsible for the controls over, and the security of the website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to shareholders and to the Companies and Intellectual Property Commission.

Stephen van Coller
Group Chief Executive Officer

16 October 2023

Megan Pydigadu
Group Chief Financial Officer

16 October 2023

Chief Executive Officer and Chief Financial Officer responsibility statement.

Each of the directors, whose names are stated below, hereby confirm that:

(a) the Annual Financial Statements set out on pages 1 to 101, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

(b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, having fulfilled our role and function as Executive Directors with primary responsibility for implementation and execution of controls;

(e) where we are not satisfied, we have disclosed to the Audit Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and

(f) we are not aware of any fraud involving directors.

Stephen van Coller
Group Chief Executive Officer

16 October 2023

Megan Pydigadu
Group Chief Financial Officer

16 October 2023

Report of the Company Secretary.

In terms of section 88(2)(e) of the Companies Act, I certify that to the best of my knowledge and belief that the Company has lodged with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Companies Act, in respect of the financial year ended 31 July 2023 and that all such returns and notices are true, correct and up to date.

Mpeo Nkuna
Company Secretary

16 October 2023

Directors' approval of the consolidated and separate financial statements.

The consolidated and separate financial statements have been compiled under the supervision of Megan Pydigadu CA(SA), the Group Chief Financial Officer.

The consolidated and separate financial statements were approved and authorised by the Board of Directors on 16 October 2023 and signed on its behalf by:

Andrew Mthembu
Chairman

16 October 2023

Stephen van Coller
Group Chief Executive Officer

16 October 2023

Audit Committee's Report.

For the year ended
31 July 2023

Committee composition

No resignations or appointments occurred during the financial year. The EOH Audit Committee ("the committee") comprised the following independent Non-executive Directors:

» Mike Bosman (Chairman of the committee)
» Jesmane Boggenpoel
» Nosipho Molope
» Andrew Marshall

The committee is pleased to submit its report for the year ended 31 July 2023, which has been approved by the Board. This report has been prepared in compliance with section 94(7)(f) of the Companies Act and in accordance with the mandate given by the Board.

The Board is satisfied that the members of the committee have the necessary skills and experience to enable the committee to fulfil its duties.

The re-appointment of committee members will be subject to approval by shareholders at the next annual general meeting ("AGM") to be held on Wednesday, 22 November 2023. The biographies of the directors who have made themselves available for election to the committee can be viewed in the AGM notice.

Committee purpose

The main role of the committee is to provide independent oversight of:

» The integrity of the Annual Financial Statements and other external reports issued by the Company; and
» The effectiveness of the organisation's assurance services and functions, particularly focusing on combined assurance arrangements, the finance function, external assurance service providers and the internal audit function.

Terms of reference

The committee terms of reference, which were approved by the Board in 2022 remained unchanged, and are aligned with King IV Report on Corporate Governance™ for South Africa, 2016 ("King IV"*).

Meetings

Four meetings of the committee were held during the year under review.

The Chairman of the Board, the Group Chief Executive Officer, the Group Chief Financial Officer, the Group Chief Risk Officer, the Company Secretary and other members of senior management as required, attend committee meetings by invitation, but have no voting rights.

Similarly, external and internal auditors attend committee meetings by invitation, but have no voting rights.

The Chairman of the committee reports to the Board at all Board meetings on the activities and recommendations of the committee.

The Chairman of the committee periodically meets separately with the external auditor and the internal audit executive without members of executive management being present.

Independence of the external auditor

The committee has satisfied itself that the external auditor and the designated registered audit partner are accredited on the JSE list of auditors and advisers. The committee further confirms that it has assessed the suitability for appointment of the external auditor and the designated audit partner. The committee has satisfied itself on the qualification and experience of the external auditor and is satisfied with the quality and level of the work performed by them.

Financial reporting

The committee reviewed the interim and Group annual consolidated financial statements, culminating in a recommendation to the Board to approve them. The review of the results included ensuring compliance with International Financial Reporting Standards ("IFRS") and the acceptability of the Group's accounting policies. This includes the appropriate disclosures in the consolidated financial statements in accordance with IFRS as issued by the International Accounting Standards Board, and interpretations as issued by the IFRS Interpretations Committee ("IFRIC"), and comply with the SAICA Financial Reporting guides as issued by the Accounting Practices Committee ("APC"), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council ("FRSC"), the JSE Listings Requirements and the requirements of the Companies Act. The committee confirms that the Group has established appropriate financial reporting procedures and that these procedures are operating effectively.

Expertise and experience of Group Chief Financial Officer and finance function

The committee reviewed the performance and expertise of Megan Pydigadu and confirmed her suitability to hold office as Group Chief Financial Officer in terms of the JSE Listings Requirements. The committee has also considered and has satisfied itself of the appropriateness of the expertise and experience of the finance function and adequacy of resources employed in this function.

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Audit Committee's Report *continued*

Progress on 2023 focus areas

The committee's key focus areas for the 2023 financial year included:

Key focus area	Response
Compliance with regulatory requirements including JSE requirements, technical IFRS and SARS requirements.	The Group has obtained an unqualified audit opinion for the fourth consecutive year highlighting compliance commitment. Group tax exposures were reviewed as detailed on the Group tax risk register and assessments were carried out to ensure the continued appropriateness of the Group tax policies.
Group liquidity and solvency and Group capital structure.	During February 2023, the Group successfully concluded its Rights Issue, repaying debt of R555 million from these proceeds. On 31 March 2023, the Group successfully refinanced its debt package, with a single lender, the Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking division) into the following packages: a R200 million four-year amortising term loan; a R250 million three-year bullet term loan; a R250 million four-year revolving credit facility and R500 million general banking facilities, which include a working capital facility and ancillary banking facilities. Liquidity of the Group is being carefully monitored and is expected to improve through the refinancing of the debt package, thereby reducing the interest burden and through stabilisation of its capital structure through the refinance and rights issue.
Maturation of the internal audit function, adequacy of the internal control environment and embedding the combined assurance model.	Internal audit continued to work closely with management to improve the internal control environment through the implementation of ongoing auditing processes, participation in projects (steering committees and/or providing project assurance) and working as a trusted business partner in giving stakeholders assurance over the state of internal controls and recommendations for improving the internal control environment. This will continue to be monitored for improvement and with the implementation of the new ERP system during March 2023, the internal audit function now has the ability to further focus on the control environment and the efficiencies and improvements the new system has brought.

External audit: Key audit matters

Impairment assessment of goodwill arising from business combinations

The Group had recognised a significant amount of goodwill from historical business combinations which are tested at least annually for impairment. Details of the impairment assessment considerations and impairments recognised can be found in note 5 of the consolidated financial statements. The committee is satisfied that management has assessed goodwill for impairment and recognised any impairments thereto per IAS 36 *Impairment of Assets* requirements and this is supported by the external auditor who noted no material exceptions in this regard.

Accounting treatment of indirect tax exposures for the Group

The Group has recognised a significant amount of indirect tax-related provisions as a result of the inherent nature of indirect tax exposures, rulings, assessments and notices by tax and regulatory authorities. Details and amounts of such provisions can be found in note 20 of the consolidated financial statements. The committee is satisfied that management has applied appropriate judgement in the determination of these provisions and this is supported by the external auditor who noted no material exceptions in this regard.

Expected credit losses relating to loans advanced to Group companies (Company)

Loans to Group companies represent a substantial amount of the total assets of the Company. Details and amounts of the loans to Group companies can be found in notes 2 and 12 of the separate financial statements. Management individually assessed the loans to Group companies on a forward-looking basis for expected credit losses ("ECLs"), using the general approach under IFRS 9 *Financial Instruments*. The committee is satisfied that management has applied appropriate judgement in the determination of these impairment assessments and this is supported by the external auditor who noted no material exceptions in this regard.

Internal audit

The in-house internal audit function has consistently demonstrated its value-add as a strategic partner with management by enhancing the internal control environment of the Group through insightful data-led recommendations. The Chief Audit Executive reports directly to the Audit Committee Chairman, in line with best practice. Summaries of the internal audit reports were reviewed and discussed at committee meetings and, where appropriate, recommendations were made to the Board. The internal audit action plans are monitored on a monthly basis with management, and the Group Executive Committee is informed regarding the progress of implementation.

A notable milestone this year has been transitioning from functioning as a cost centre to now operating as a profit centre. This transformative shift has empowered the department to extend its Advisory and Assurance services to external companies beyond EOH. As they refine our unique value proposition in this expanded marketplace, the department remains unwavering in its dedication to delivering excellence and value, both to the EOH Group and to their external clients.

Audit Committee's Report *continued*

Internal audit continued

Focus areas for 2024 include:

- Refining the audit methodology based on learnings gleaned through the 2023 financial year;
- Expanding the use of data analytics to provide greater assurance with great efficiency;
- Continuing to engage with all stakeholders and further the ambitions towards an ISA 610 reliance on internal controls; and
- Aligning with the Group's long-term strategy and addressing key risks.

Focus areas for 2024

To ensure continuity and stability, the committee will continue its oversight with specific focus on the following areas:

- Internal control environment and external audit reliance;
- Compliance with regulatory requirements including JSE requirements, technical IFRS and SARS requirements;
- Group liquidity and solvency;
- Deregistration of legal entities and simplification of the Group; and
- Continued focus on the combined assurance model.

In addition to the above, the committee will continue to monitor the implementation of the new target operating model, related to the new ERP, ensuring that the envisaged governance and efficiency improvements are realised.

Committee restructure

During the year-end Board and committee meetings in July 2023, the Remuneration and Nomination Committee revised the committee structures and recommended the following changes that affect the Audit Committee:

- Consolidation of the Governance and Risk Committee and the Information and Technology Committee into the Audit Committee; and
- Renaming the Audit Committee to Audit and Risk Committee.

The Board approved these changes, recognising the need to adapt to the evolving requirements of the Company while also achieving greater efficiencies and maintaining compliance with statutory requirements.

Subsequent to reporting date, Mike Bosman advised the Board that he will not be available for re-election at the upcoming annual general meeting ("AGM") of the Company scheduled for 22 November 2023, and accordingly will be retiring as an independent Non-executive Director on 22 November 2023, following the conclusion of the AGM. Consequently, Mike Bosman will retire as chair of the Audit and Risk Committee with effect from 22 November 2023.

The Remuneration and Nomination Committee has proposed that Nosipho Molope be appointed as Chair of the Audit and Risk Committee from 22 November 2023, subject to her re-appointment to the committee at the AGM. Nosipho Molope is a Chartered Accountant, has served on the Audit Committee since 1 January 2021 and has previously chaired the Audit Committees of listed South African companies.

The composition of the Audit and Risk Committee to be proposed to shareholders for approval at the AGM will be Nosipho Molope (Chair), Jesmane Boggenpoel and Andrew Marshall.

JSE requirements for CFO/CEO responsibility over financial controls

The EOH Group CEO and CFO have, in compliance with the JSE requirements, made an undertaking on the adequacy and reliability of internal controls around the preparation of Annual Financial Statements. This includes an undertaking by management that where deficiencies and weaknesses have been identified, these have been reported to the committee. In compliance with this requirement, the committee considered a detailed assessment of the entity level controls ("ELCs") as well as a risk and control matrix ("RACM") on the financial statements close processes ("FSCPs"). The primary objective of this assessment was to conduct a gap analysis review to identify shortcomings in the current process, and to enable the committee to:

- Identify and define the critical internal controls and understand the impact of control failure on the organisation;
- Determine which existing evaluations are performed and who provides the assurance over the adequacy and effectiveness of these controls; and
- Develop a standard consolidated report of the critical controls identified.

This process was conducted with the participation of the first, second and third-line assurance providers.

The committee has satisfied itself that there are adequate and effective entity-level controls relating to the risk assessment, control activities, information and communication and monitoring of the control environment. These pillars of controls are mainly predicated on the oversight and monitoring role played by the Board subcommittees, the combined assurance model, and the control self-review through the management attestation process.

The committee has satisfied itself that no deficiencies have a material effect for the purposes of the preparation and presentation of financial statements for the year under review. The committee is also not aware of incidents of fraudulent activities that would render the financial statements unreliable.

The committee remains cognisant of the target operating model initiative that is being put in place by management. Management has in the past been constrained by an ERP system that was not fit for purpose. This technological environment has resulted in control activities that are largely reactive and not proactive. While the go live date was delayed, benefits of efficiencies and greater reliance on control environment is still expected to be realised in the 2024 financial year. The committee is satisfied that this initiative will remediate the identified material control deficiencies in a sustainable manner.

The committee looks forward to the journey towards control maturity which will be enabled by the new target operating model, and the combined assurance model.

Discharge of responsibilities

The committee is satisfied that it has conducted its affairs, discharged its legal and other responsibilities as outlined in its charter, the Companies Act and King IV. The Board concurred with this assessment.

Conclusion

The committee has had due regard to the principles and recommended practices of King IV in carrying out its duties and is satisfied that it has discharged its responsibilities in accordance with its terms of reference.

Mike Bosman
Chairman, Audit Committee

16 October 2023

Directors' Report.

The directors present their report for the year ended 31 July 2023

Nature of business

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 consolidated financial statements, as at 31 July 2023 and for the year then ended, comprise the Company and its subsidiaries (together referred to as "the Group").

Financial statements and results

The Group's results and financial position are reflected on pages 15 to 21.

Stated capital

Authorised

Ordinary shares: 7 500 000 000 no par value shares (2022: 500 000 000).
EOH A shares: 40 000 000 no par value shares (2022: 40 000 000).

Issued

Ordinary shares: 638 083 421 no par value shares (2022: 176 544 961).
EOH A shares: 40 000 000 no par value shares (2022: 40 000 000).

Directors

The list of directors for the financial year is as follows:

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) (resigned effective 31 October 2023)
Fatima Newman (Group Chief Risk Officer – until 31 July 2023; Group Executive: EasyHQ – effective 1 August 2023)

Directors' interest in shares

The directors' interest in shares is set out in note 33 of the consolidated financial statements.

Directors' emoluments

The emoluments of directors and prescribed officers of the Group are set out in note 34 of the consolidated financial statements.

Related-party contracts

During the course of the year, no director had a material interest in any contract of significance with the Company or any of its subsidiaries that could have given rise to a conflict of interest.

Transactions, defined as related-party transactions in terms of IFRS, between the Company or its subsidiaries, and the directors or their associates are disclosed in note 36 of the consolidated financial statements.

Governance and internal controls

EOH is well into its journey to maturity, with the implementation of the Enterprise Resource Planning ("ERP") system having taken place during the year, resulting in a single system now being utilised across the entire Group. EOH's combined assurance model has made significant progress in relation to EOH's preventative and detective controls in the current year.

Going concern

Based on the going concern assessment detailed in note 1.2 of the consolidated financial statements, the Board is of the view that the Group and the Company have adequate resources to continue in operation for the foreseeable future and accordingly, the consolidated and separate financial statements have been prepared on a going concern basis.

With the completion of the rights issue during February 2023, the Group has concluded financing agreements with The Standard Bank of South Africa ("Standard Bank") (acting through its Corporate and Investment Banking division) on 31 March 2023 to refinance the remaining debt into the following package:

1. A R200 million four-year amortising term loan;
2. A R250 million three-year bullet term loan;
3. A R250 million four-year revolving credit facility; and
4. R500 million general banking facilities which include a working capital facility and ancillary banking facilities.

Directors' Report *continued*

Going concern continued

Proceeds from the sale of the Network Solutions business and Hymax SA Proprietary Limited ("Hymax SA") during the year has reduced the amount owing to lenders by R123 million and with the rights issue and specific issue concluded during the year also reducing the debt by R555 million.

The refinancing of the debt package and repayments which took place during the year, provides the Group with greater certainty with respect to the overall debt outstanding and provides a more stable platform for the optimisation of the capital structure.

The Board is not aware of any new material changes that may adversely impact the Group. Further disclosure is provided in note 1.2 of the consolidated financial statements.

Litigation statement

The Group is involved in various litigious matters, most of which arise from the ordinary course of business. Each of these matters are at various stages in the litigious process, therefore, it is not possible to predict the outcome of any of these matters, 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. Notwithstanding the aforementioned, management has no reason to believe that the disposition of these matters will have a materially adverse effect on the financial position of the Group and the Company. Further information is set out in note 31 of the consolidated financial statements.

Subsidiaries

Details of the Company's investments in subsidiaries are set out in note 1 of the separate financial statements.

Discontinued operations and assets held for sale

The last remaining businesses identified as non-core were sold during the year. There are no disposal groups held for sale at 31 July 2023. The businesses that were already sold during the current and previous reporting periods, that have met the requirements to be presented as discontinued operations have been presented as discontinued operations in the Group's statement of profit or loss and other comprehensive income. Details are reflected in note 12 and note 13 of the consolidated financial statements.

Dividends

The Board has not declared any dividend for the year ended 31 July 2023 (2022: Rnil).

Special resolutions

On 13 December 2022, shareholders approved the following special resolutions at the AGM:

» Provision of financial assistance in terms of sections 44 and 45 of the Companies Act;
» Authority to issue shares in respect of the EOH Share Plans;
» Remuneration of the Non-executive Directors; and
» General authority to acquire shares.

Subsequent events

Details are reflected in note 38 of the consolidated financial statements.

Independent Auditor's Report.

To the Shareholders of EOH Holdings Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of EOH Holdings Limited (the Company) and its subsidiaries (together the Group) as at 31 July 2023, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of South Africa.

What we have audited

EOH Holdings Limited's consolidated and separate financial statements set out on pages 15 to 97 comprise:

- » the consolidated and separate statements of financial position as at 31 July 2023;
- » the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- » the consolidated and separate statements of changes in equity for the year then ended;
- » the consolidated and separate statements of cash flows for the year then ended; and
- » the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Our audit approach

Overview

Overall Group materiality

- » Overall Group materiality: R62.3 million, which represents 1% of consolidated revenue from continuing operations.

Group audit scope

- » Full scope audits were performed on 13 significant components based on their contribution to consolidated revenue, consolidated loss before tax and consolidated assets of the Group, or qualitative risk characteristics of the respective component.
- » We also performed an audit of specific financial statement line items on 4 components due to the risk and financial impact associated with these components to the Group.
- » Analytical review procedures were performed over all remaining components.

Key audit matters

- » Impairment assessment of goodwill arising from business combinations (Group);
- » Accounting treatment of indirect tax exposures (Group); and
- » Expected credit losses relating to loans advanced to group companies (Company).

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Independent Auditor's Report *continued*

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	R62.3 million
How we determined it	1% of consolidated revenue from continuing operations.
Rationale for the materiality benchmark applied	Consolidated revenue from continuing operations was selected as the benchmark because, in our view, it is the benchmark against which the performance of the Group is consistently measured, as it is an indicator of market share. Consolidated revenue is also considered to be the key objective and focus of the Group's business model and a key performance indicator for the management and investors. Consolidated revenue from discontinued operations is excluded as it will not reflect a consistent measurement of the Group's performance into the future. We chose 1% based on our professional judgement and after consideration of the range of quantitative materiality thresholds that we would typically apply when using revenue to compute materiality.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In establishing the overall audit approach to the Group audit, we determined the type of work that needed to be performed at the components by ourselves, as the Group engagement team, and component auditors from other audit firms operating under our instruction. We have identified 13 components on which we performed full scope audits, all of which are continuing operations, and 4 components on which we performed audit of specific financial statement line items or audit of specified procedures for group reporting purposes, all of which are continuing operations, due to their financial significance and contribution to the risk of material misstatement in the consolidated financial statements.

The main indicators used to identify components within continuing and discontinued operations included consolidated revenue, consolidated loss before tax and consolidated assets.

Analytical procedures were performed over all remaining components to assess whether any risks exist that would require additional audit procedures.

Detailed group audit instructions were communicated to the auditors of all components in-scope, and comprehensive audit approach and strategy planning meetings were held with all reporting component teams before commencing their respective audits.

Throughout the audit on a weekly basis, various meetings and discussions were held with the teams of the in-scope components.

Where the work was performed by the component auditors, we determined the level of involvement we needed to have in the audit work at these operations to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the consolidated financial statements as a whole.

We assessed the competence, knowledge and experience of the component auditors and evaluated the procedures performed on the significant audit areas to assess the adequacy thereof in pursuit of our audit opinion on the consolidated financial statements.

Independent Auditor's Report *continued*

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill arising from business combinations (Group) The Group entered into various business combinations in previous years which resulted in a significant amount of goodwill being recognised. As at 31 July 2023 the Group's goodwill balance amounted to R668.9 million. Goodwill is tested by the Group annually for impairment and more frequently when management identifies events or changes in circumstances that indicate impairment might be likely, at the level of individual cash-generating units ("CGUs"). CGUs have been identified to reflect the lowest level at which businesses are managed and monitored by common cluster heads and financial directors and/or managers. The recoverable amount for each CGU was based on the higher of fair value less costs of disposal ("FVLCOD") and value in use, the latter being determined using discounted cash flow models. The recoverable amount for the CGU previously classified as held for sale was based on FVLCOD. The recoverable amounts were compared to the carrying amounts to determine potential impairments. In calculating value in use estimates, management uses assumptions relating to discount rates, perpetuity growth rates, revenue growth rates, adjusted Earnings before Interest, Taxation, Depreciation and Amortisation ("adjusted EBITDA") margins in the cash flow forecasts which they model using forecast periods covering a minimum of three years and takes into consideration the historical impact of the uncertain economic environment, the projected revenue growth rates and adjusted EBITDA margins of each CGU. The fair value was determined primarily with reference to the advanced offer from the potential acquirer less estimated disposal costs. Impairments amounting to R17.7 million were recognised for the year ended 31 July 2023, as a result of the aforementioned assessments performed by management during the year. This includes goodwill impairments recognised of R2 million relating to disposal groups held for sale that were written down to their FVLCOD during the financial year. Goodwill amounting to R29.1 million was disposed of as part of the disposal of the subsidiary that took place in the current year. The impairment assessment of goodwill arising from business combinations is considered to be a matter of most significance to our audit of the consolidated financial statements due to the significant judgements applied by management in determining the recoverable amounts of the respective CGUs, as well as the magnitude of the goodwill balance and impairment recognised in the consolidated financial statements. Refer to the following notes to the consolidated financial statements for details: » Note 1.3: Significant accounting judgements and sources of estimation uncertainty; » Note 1.5: Summary of significant accounting policies, Goodwill and intangible assets; » Note 1.5: Summary of significant accounting policies, Impairment of non-financial assets; and » Note 5: Goodwill.	We tested the mathematical accuracy of the valuation models used by management by casting, cross casting, and recalculating the formulae within management's value in use models. No material exceptions were noted. We assessed the appropriateness of the valuation models applied by management with reference to market practice and the requirements of International Accounting Standard ("IAS") 36 *Impairment of Assets* and IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. We did not identify any matters requiring further considerations. We assessed the reliability of the budgets included in the business plans (which form the basis of the cash flow forecasts), by comparing prior period budgets to actual results and evaluating differences noted against underlying documentation and explanations obtained from management. We also agreed revenue and EBITDA used to calculate cash flow forecasts to approved budgets, differences were noted that resulted in a change in approach within the assessment. We assessed revenue growth rates and forecasted EBITDA margins against the Group's strategic initiatives, taking into account the impact of the uncertain economic environment's impact on growth rates, adjusted EBITDA margins and budgets achieved. We did not identify any matters requiring further considerations. We utilised our valuations expertise to independently source data such as the long-term growth rates, as well as the Group's cost of debt, the Group's cost of leases, risk-free rates in the applicable market, market risk premiums, the industry's debt-to-equity ratios, as well as the betas of comparable companies, in order to recalculate an independent discount rate for each CGU. We applied our independently sourced discount rates, long-term growth rates and calculated inputs to management's forecasts and recalculated a value in use per CGU. We compared management's recoverable amount of each CGU to the results of our calculations. No material differences were noted. We further performed sensitivity analyses to determine the minimum changes in discount rates, long-term growth rates and forecast cash flows that would result in limited or no headroom being available. We noted no matters requiring further consideration. In respect to the FVLCOD model, we performed an assessment of the sensitivity of the advanced offer to downward adjustments, by using a sensitivity of 5%. We compared the results of our sensitivity analyses to management's impairment results in order to identify whether the CGU is considered sensitive to a change in assumptions for disclosure purposes. We noted no matters requiring further consideration.

Independent Auditor's Report *continued*

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
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Accounting treatment of indirect tax exposures (Group)

Due to the inherent nature of exposures, rulings issued, assessments and notices by tax and regulatory authorities, the Group recognised a significant amount of indirect tax related provisions as at 31 July 2023.

Management applies judgement to estimate the following:

» the potential exposure where the interpretation of the applicable tax laws and regulations could be subjective; and

» the likelihood that a pending claim will succeed, or a liability will arise, and the quantification of the potential financial settlement, as applicable.

We considered the accounting treatment of indirect tax exposures of the Group to be a matter of most significance to the current year audit due to the complexity, nature and magnitude of these exposures, together with a significant level of management judgement involved in interpreting specific acts, regulatory provisions or practices in determining the amounts of these liabilities.

Refer to the following notes to the consolidated financial statements for details:

» Note 1.3: Significant accounting judgements and sources of estimation uncertainty; and

» Note 20: Provisions.

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We utilised our indirect tax expertise to evaluate management's assessment of the weighted probability of the exposures relating to PAYE.

We held discussions with the Group's management regarding the significant exposures and inspected available underlying correspondence from the South African Revenue Service and other relevant documentation, in order to evaluate the reasonableness of management's conclusions. We noted no matters requiring further consideration.

We evaluated, utilising our indirect tax expertise, management's legal advice obtained to support their conclusions and noted no matters requiring further consideration.

Where exposures were deemed to be probable, through inspection of the underlying accounting records, we tested whether management had appropriately estimated and recognised these indirect tax exposures. We further assessed the appropriateness of the assumptions applied by management in estimating the likely outcome of the PAYE exposure by assessing these against the advice management obtained from their external tax counsel. We noted no matters requiring further considerations.

We additionally inspected correspondence received by management from the tax authorities and the Group's external tax advisers to evaluate the consistency and adequacy of the exposures accounted for and disclosures made by management, based on the responses received. We did not identify any matters requiring further consideration.

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Expected credit losses relating to loans advanced to group companies (Company)

As at 31 July 2023, loans advanced to group companies, amounting to R2.9 billion, represent a substantial amount of the total assets of the Company.

Management individually assessed the loans to group companies on a forward-looking basis for expected credit losses ("ECLs"), using the general approach under IFRS 9, *Financial Instruments*.

Management evaluates the creditworthiness of these counterparties on an ongoing basis, taking into account their financial position, past experience, subordination agreements (preventing first claim on loans to group companies in favour of all other creditors) including dividends expected to be received and other relevant factors that may indicate whether there is a significant increase in credit risk.

The ECL assessment further takes into account several factors which includes determining the accessibility of cash for debt settlement, forecasted EBITDA, expected dividend and available liquid assets, which are considered in order of debt seniority. The counterparty's available resources for debt repayment was first applied towards their loan outstanding to EOH Treasury Proprietary Limited, then to non-subordinated debt and lastly to subordinated debt.

Management calculated the ECLs, on the remaining loan balances, in line with IFRS 9, after considering the availability of the following resources in decreasing the outstanding loan amount:

» Cash;

» The net present value of forecasted EBITDA projected over a substantial period subject to an estimated cash conversion rate;

» Net receivables subject to subject to a haircut;

» The present value of expected dividends to be received from subsidiaries; and/or

» Various 'solves' that may be in the form of equity injection or dividends in specie.

Based on the assessment performed, management recognised impairment loss reversals amounting to R26 million, and an impairment loss of R35 million, resulting in a net impairment of R9 million in the separate statement of profit or loss and other comprehensive income.

The impairment assessment of loans to group companies is considered to be a matter of most significance to the current year audit of the separate financial statements due to the following:

» the significant judgements and estimation applied by management in their assumptions; and

» the magnitude of the carrying values of loans to group companies and impairment recognised.

Refer to the following note to the consolidated financial statements for detail:

» Note 1.3: Significant accounting judgements and sources of estimation uncertainty.

Refer to the following notes to the separate financial statements for detail:

» Note 2: Loans to/(from) group companies; and

» Note 12: Financial assets and financial liabilities, Credit risk.

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In order to assess the recoverability of the loans and related ECLs recognised against these, we utilised our actuarial expertise to independently estimate the ECL using a "repay overtime" strategy. We did not identify any matters requiring further consideration.

Our actuarial team, using the following inputs, determined an independent ECL:

» Outstanding loans advanced to Group companies balance as at year-end;

» The borrower's forecasted EBITDA amounts;

» Available cash as at year-end; and

» Subordination agreements in place at that date.

An independent probability of default and the loss given default was applied in our actuarial teams' calculation and we did not identify any matters requiring further consideration.

We compared our independently calculated ECL allowance for each group company, to the respective impairment losses determined by management. Material differences were noted which we discussed with management, and which management subsequently adjusted. Based on our procedures performed and management's adjustments made, we noted no matters requiring further consideration.

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Independent Auditor's Report *continued*

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "EOH Integrated Report 2023" and "EOH Annual Financial Statements for the year ended 31 July 2023", which includes the Directors' Report, the Audit Committee's Report and the Report of the Company Secretary as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

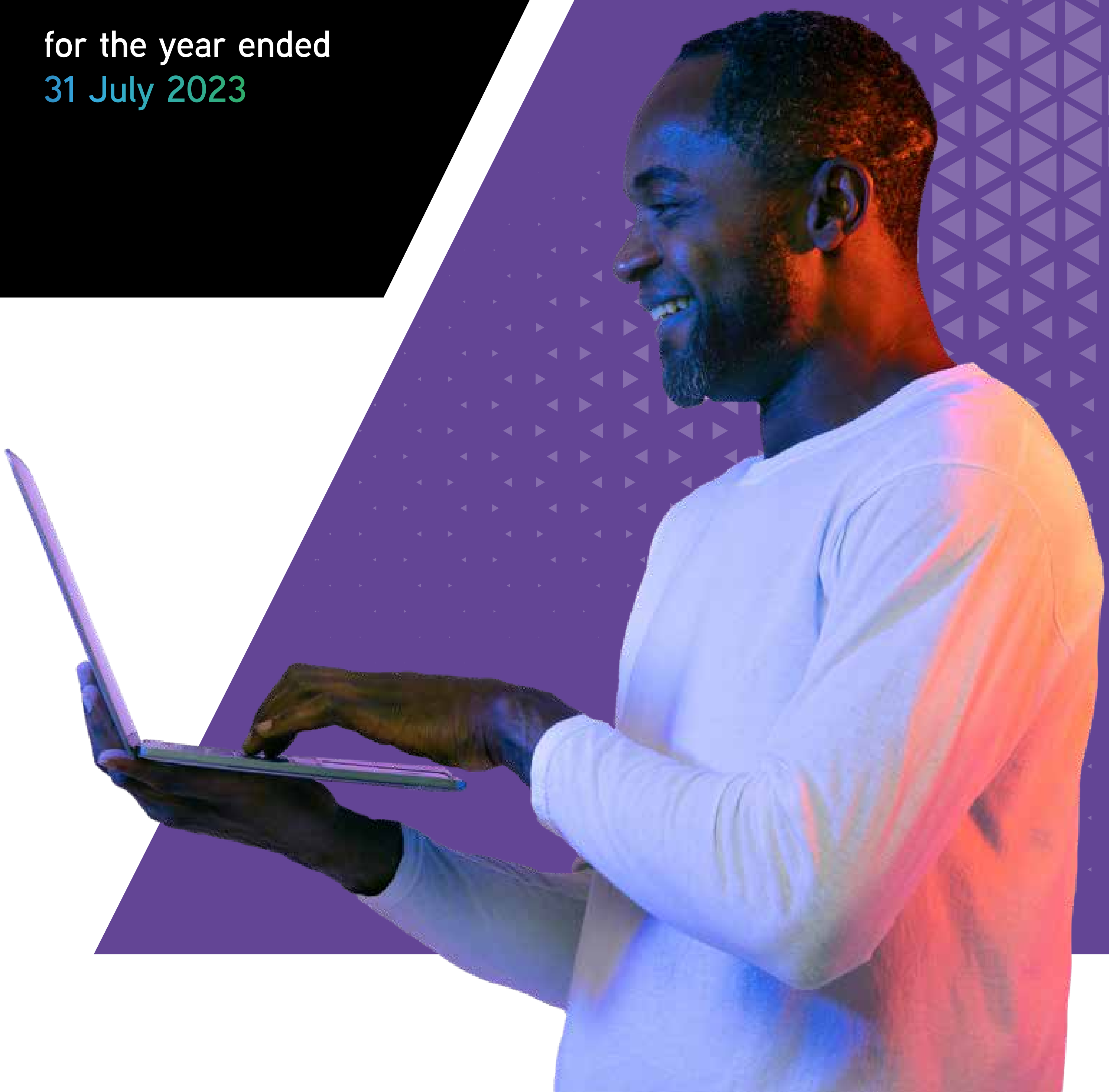
In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of EOH Holdings Limited for 4 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: DH Höll
Registered Auditor
Johannesburg, South Africa
17 October 2023

Consolidated financial statements

for the year ended
31 July 2023



Consolidated statement of financial position.

As at 31 July 2023

Figures in Rand thousand	Notes	2023	2022
Assets			
Non-current assets			
Property, plant, equipment and right-of-use assets	3	**145 360**	184 788
Intangible assets	4	**93 571**	83 515
Goodwill	5	**668 924**	674 574
Other financial assets	6	**15 968**	18 150
Deferred taxation	7	**112 125**	105 705
Finance lease receivables	8	**1 226**	10 723
		1 037 174	1 077 455
Current assets			
Inventories	9	**73 727**	90 122
Other financial assets	6	**59 311**	13 851
Current taxation receivable		**42 381**	35 095
Finance lease receivables	8	**20 804**	70 592
Trade and other receivables	10	**1 959 103**	1 828 655
Cash and cash equivalents	11	**235 948**	410 955
		2 391 274	2 449 270
Assets held for sale	12	**–**	225 532
Total assets		**3 428 448**	3 752 257
Equity and liabilities			
Equity			
Stated capital	15	**4 774 521**	4 217 285
Shares to be issued to vendors		**–**	393
Other reserves	16	**111 578**	494 754
Accumulated loss		**(4 325 319)**	(4 678 738)
Equity attributable to the owners of EOH Holdings Limited		**560 780**	33 694
Non-controlling interests		**26 889**	26 360
Total equity		**587 669**	60 054
Liabilities			
Non-current liabilities			
Other financial liabilities*	17	**2 489**	496 486
Lease liabilities	18	**33 324**	51 438
Deferred taxation	7	**25 095**	28 258
		60 908	576 182
Current liabilities			
Other financial liabilities*	17	**836 006**	937 876
Current taxation payable		**27 006**	36 481
Lease liabilities	18	**34 099**	55 449
Trade and other payables	19	**1 698 995**	1 700 828
Provisions	20	**183 765**	315 751
		2 779 871	3 046 385
Liabilities directly associated with assets held for sale	12	**–**	69 636
Total liabilities		**2 840 779**	3 692 203
Total equity and liabilities		**3 428 448**	3 752 257

* *In terms of a strict interpretation of IAS 1 paragraph 69, the debt is viewed as current liabilities as at 31 July 2023 based on the interest-cover ratio. With effect from 6 October 2023 this debt has been reclassified back to non-current liabilities. Refer to note 17 for more detail.*

Consolidated statement of profit or loss and other comprehensive income.

For the year ended
31 July 2023

Figures in Rand thousand	Notes	2023	2022
Continuing operations			
Revenue	21	**6 229 322**	6 031 100
Cost of sales		**(4 482 844)**	(4 341 284)
Gross profit		**1 746 478**	1 689 816
Net financial asset impairment losses	22	**(79 017)**	(59 719)
Operating expenses		**(1 532 486)**	(1 530 455)
Operating profit	23	**134 975**	99 642
Investment income	24	**10 552**	26 322
Finance costs	25	**(174 327)**	(216 292)
Loss before taxation		**(28 800)**	(90 328)
Taxation	26	**(52 194)**	(69 918)
Loss for the year from continuing operations		**(80 994)**	(160 246)
Profit for the year from discontinued operations	13	**28 968**	141 847
Loss for the year		**(52 026)**	(18 399)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations^		**(25 511)**	(10 028)
Reclassification of foreign currency translation differences on loss of control and joint control^		**–**	(71 716)
Total comprehensive loss for the year		**(77 537)**	(100 143)
(Loss)/profit attributable to:			
Owners of EOH Holdings Limited		**(57 576)**	(24 868)
Non-controlling interests		**5 550**	6 469
		(52 026)	(18 399)
Total comprehensive (loss)/profit attributable to:			
Owners of EOH Holdings Limited		**(78 066)**	(107 628)
Non-controlling interests		**529**	7 485
		(77 537)	(100 143)
From continuing and discontinued operations (cents)*			
Loss per share	27	**(13)**	(9)
Diluted loss per share	27	**(13)**	(9)
From continuing operations (cents)*			
Loss per share	27	**(20)**	(62)
Diluted loss per share	27	**(20)**	(62)

* *Comparative figures previously reported have been amended to reflect the effects of the bonus element of the renounceable rights offer to qualifying shareholders. Further detail regarding this transaction is provided in note 15.*

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

Consolidated statement of changes in equity.

For the year ended
31 July 2023

Figures in Rand thousand	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 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
(Loss)/profit for the year	**–**	**–**	**–**	**(57 576)**	**(57 576)**	**5 550**	**(52 026)**
Other comprehensive loss	**–**	**–**	**(20 490)**	**–**	**(20 490)**	**(5 021)**	**(25 511)**
Share issue – rights to qualifying shareholders*	**500 000**	**–**	**–**	**–**	**500 000**	**–**	**500 000**
Transaction costs related to the issue of shares	**(42 764)**	**–**	**–**	**–**	**(42 764)**	**–**	**(42 764)**
Share issue – specific issue to Lebashe*	**100 000**	**–**	**–**	**–**	**100 000**	**–**	**100 000**
Transfer within equity**	**–**	**(393)**	**(410 602)**	**410 995**	**–**	**–**	**–**
Share-based payments***	**–**	**–**	**50 145**	**–**	**50 145**	**–**	**50 145**
Share-based payments paid out during the year	**–**	**–**	**(2 229)**	**–**	**(2 229)**	**–**	**(2 229)**
Balance at 31 July 2023	**4 774 521**	**–**	**111 578**	**(4 325 319)**	**560 780**	**26 889**	**587 669**
Notes	15		16				

* *During the year, the Group undertook a renounceable rights offer to qualifying shareholders, and a specific issue of ordinary shares to Lebashe in order to raise a total of R600 million, as well as amended the terms of EOH A Shares issued to Lebashe in 2018. Further detail regarding these transactions is provided in note 15.*

** *Transfers within equity are transfers from shares to be issued to vendors for expired shares and transfers from the share-based payments reserve for expired, unexercised options.*

*** *Share-based payments for the year includes a R49 million charge on the specific issue of shares to Lebashe as well as a charge on the amendments of the terms of Lebashe's A Shares. Refer to note 15 for additional detail.*

Consolidated statement of cash flows.

For the year ended
31 July 2023

Figures in Rand thousand	Notes	2023	2022
Cash generated from operations	29	**108 468**	402 875
Investment income received		**10 429**	10 156
Interest paid		**(137 538)**	(213 920)
Taxation paid	30	**(71 243)**	(79 182)
Net cash (outflow)/inflow from operating activities		**(89 884)**	119 929
Cash flows from investing activities			
Additions to property, plant and equipment		**(49 669)**	(47 119)
Proceeds on the sale of property, plant, equipment and intangible assets		**9 425**	21 121
Intangible assets acquired		**(42 751)**	(48 015)
Cash receipt from disposal of businesses, net of cash given up	14	**135 354**	747 843
Cash inflow relating to other financial assets	6	**–**	5 000
Cash outflow relating to other financial assets		**–**	(40 032)
Increase in restricted cash		**(717 155)**	(812 948)
Decrease in restricted cash		**679 748**	823 816
Net cash inflow from investing activities		**14 952**	649 666
Cash flows from financing activities			
Proceeds from the issue of shares	15	**600 000**	–
Transaction costs incurred on the issue of shares	15	**(42 764)**	–
Proceeds from other financial liabilities	17	**14 464**	–
Repayment of other financial liabilities	17	**(678 580)**	(745 003)
Principal elements of lease payments		**(60 476)**	(92 074)
Net cash outflow from financing activities		**(167 356)**	(837 077)
Net decrease in cash and cash equivalents		**(242 288)**	(67 482)
Cash and cash equivalents at the beginning of the year	11	**410 955**	437 237
Assets held for sale at the beginning of the year		**47 412**	88 444
Assets held for sale at the end of the year		**–**	(47 412)
Exchange (losses)/gains on cash and cash equivalents		**(11 999)**	168
Cash and cash equivalents at the end of the year	11	**204 080**	410 955

Consolidated segment results.

For the year ended
31 July 2023

The Group has spent significant time over the last year optimising and aligning its suite of products and services and refining how it approaches the market. With the asset sale process aimed at reducing legacy debt now complete, EOH has a stable portfolio of products and services. The Group approaches the market now through four key product pillars; namely Digital Enablement, IT Infrastructure Services, Operational Technologies and EasyHQ. The International business outside of sub-Saharan Africa focuses mainly on digital enablement and selling of own IP Platforms. The Group Executive Committee, which is the Chief Operating Decision Maker ("CODM"), has also been aligned along these pillars, improving efficiency and accountability in our reporting structures.

Digital Enablement is at the heart of the Fourth Industrial Revolution ("4IR") as well as our clients' digitisation journeys and includes application development, AI and automation, data and analytics, and cloud solutions. It also houses our RocketLab ventures, which is where the Group develops and scales exciting own-IP applications.

IT Infrastructure Services includes our Manage-and-Operate or Infrastructure-as-a-Service offering. This includes data centre and workspace services, network, connectivity and security solutions, enterprise applications, and software reseller businesses.

The Operational Technologies business focuses on operational and industrial technology advisory, implementation and managed services. Many of the clients are involved in heavy industry and large-scale infrastructure projects. The NEXTEC Infrastructure Solutions business, which focuses on smart infrastructure solutions for buildings and municipalities, was the one business which still required significant turnaround interventions this year. The majority of the work has been completed. This business has much in common with our iOCO Operational Technologies business and these are now managed as a single division.

EasyHQ is the pillar focusing on head office solutions for our clients. As EOH developed solutions internally to rectify its own shortcomings over the last few years, it ensured that all these solutions were digitised so that they could be used by its clients in the future. There has been a very positive response in the pilot roll-outs and EOH believes that EasyHQ will become a key contributor to our clients' efficiency gains over the coming years. The NEXTEC People business is included under this pillar. EasyHQ solutions include governance, risk, compliance, recruitment, training and HR management, attestations, and digital signature solutions, among others.

The International business provides digital enablement solutions for new markets, expanding access to talent pools and attracting new clients in Europe and the Middle East.

IP previously comprised high-potential intellectual property companies with scaled technology. The last of the IP businesses were sold in the prior financial year.

The CODM is not presented with secondary information in the form of geographic information, and therefore 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. The CODM reviews revenue, gross profit and adjusted EBITDA as profit measures.

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, interest income, interest expense, corporate overheads and current and deferred tax.

Consolidated segment results *continued*

Revenue, gross profit and adjusted EBITDA

Figures in Rand thousand	Digital Enablement	IT Infrastructure Services	Operational Technologies	EasyHQ	International	IP	Reconciliation^	Total
	2023							
External revenue	1 122 490	2 136 989	1 666 564	844 548	487 587	–	–	6 258 178
Hardware sales	36 863	291 240	293 374	276	–	–	–	621 753
Services	1 082 061	1 422 724	923 525	838 783	437 911	–	–	4 705 004
Software/licence contracts	2 434	417 820	436 941	5 489	49 676	–	–	912 360
Rentals	1 132	5 205	12 724	–	–	–	–	19 061
Intersegment revenue	120 393	162 226	39 360	53 969	5 993	–	(381 941)	–
Hardware sales	686	49 435	3 485	875	–	–	(54 481)	–
Services	100 127	94 351	35 738	53 091	5 993	–	(289 300)	–
Software/licence contracts	19 580	17 697	47	3	–	–	(37 327)	–
Rentals	–	743	90	–	–	–	(833)	–
Gross revenue	1 242 883	2 299 215	1 705 924	898 517	493 580	–	(381 941)	6 258 178
Cost of sales	(877 997)	(1 638 706)	(1 240 986)	(590 423)	(319 226)	–	155 675	(4 511 663)
Gross profit	364 886	660 509	464 938	308 094	174 354	–	(226 266)	1 746 515
Gross profit (%)	29.4%	28.7%	27.3%	34.3%	35.3%	–	–	27.9%

^ *Reconciliation comprises elimination of intersegment transactions.*

The above table comprises both continuing and discontinued operations.

Figures in Rand thousand	Digital Enablement	IT Infrastructure Services	Operational Technologies	EasyHQ	International	IP	Reconciliation^	Total
	Restated* 2022							
External revenue	1 093 818	2 414 635	1 612 637	929 879	398 036	481 543	–	6 930 548
Hardware sales	2 874	277 065	427 784	1 689	–	7 564	–	716 976
Services	1 046 631	1 748 234	1 040 659	928 190	367 142	471 354	–	5 602 210
Software/licence contracts	42 060	357 853	135 006	–	30 894	2 321	–	568 134
Rentals	2 253	31 483	9 188	–	–	304	–	43 228
Intersegment revenue	184 049	231 531	99 121	37 210	1 270	2 178	(555 359)	–
Hardware sales	–	97 884	3 186	–	–	–	(101 070)	–
Services	159 243	109 960	68 568	37 210	1 270	2 178	(378 429)	–
Software/licence contracts	24 806	21 115	26 844	–	–	–	(72 765)	–
Rentals	–	2 572	523	–	–	–	(3 095)	–
Gross revenue	1 277 867	2 646 166	1 711 758	967 089	399 306	483 721	(555 359)	6 930 548
Cost of sales	(920 207)	(1 906 549)	(1 193 214)	(634 038)	(267 902)	(227 770)	233 051	(4 916 629)
Gross profit	357 660	739 617	518 544	333 051	131 404	255 951	(322 308)	2 013 919
Gross profit (%)	28.0%	28.0%	30.3%	34.4%	32.9%	52.9%	–	29.1%

* *Comparative figures previously reported have been restated to reflect the changes to reportable segments as a result of the changes to the Group's internal organisational structure for the year ended 31 July 2023.*
^ *Reconciliation comprises elimination of intersegment transactions.*

The above table comprises both continuing and discontinued operations.

Consolidated segment results *continued*

Revenue, gross profit and adjusted EBITDA continued

	2023							
Figures in Rand thousand	Digital Enablement	IT Infrastructure Services	Operational Technologies	EasyHQ	International	IP	Reconciliation^	Total
Adjusted EBITDA	**136 370**	**137 500**	**51 870**	**121 415**	**55 814**	**–**	**(191 350)**	**311 619**
Adjusted EBITDA (%)	**11.0%**	**6.0%**	**3.0%**	**13.5%**	**11.3%**	**–**	**–**	**5.0%**
Material expenses included in adjusted EBITDA:								
Employee costs	**681 469**	**965 695**	**533 448**	**522 065**	**160 716**	**–**	**314 416**	**3 177 809**

	Restated* 2022							
Figures in Rand thousand	Digital Enablement	IT Infrastructure Services	Operational Technologies	EasyHQ	International	IP	Reconciliation^	Total
Adjusted EBITDA	165 492	184 659	88 393	98 595	39 531	105 572	(178 651)	503 591
Adjusted EBITDA (%)	13.0%	7.0%	5.2%	10.2%	9.9%	21.8%	–	7.3%
Material expenses included in adjusted EBITDA:								
Employee costs	680 013	1 045 060	569 680	497 437	119 249	219 803	344 473	3 475 715

* *Comparative figures previously reported have been restated to reflect the changes to reportable segments as a result of the changes to the Group's internal organisational structure for the year ended 31 July 2023.*

^ *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	Note	2023	2022
Operating profit		**163 915**	282 125
Operating profit from continuing operations		**134 975**	99 642
Operating profit from discontinued operations	13	**28 940**	182 483
Depreciation		**100 672**	153 846
Amortisation		**27 006**	49 534
Impairment losses on non-financial assets		**–**	6 938
IAS 36 impairment of goodwill		**16 008**	13 881
IFRS 5 remeasurement to fair value less costs to sell		**1 684**	59 454
Loss on disposal of intangible assets and property, plant and equipment		**463**	15 903
Share-based payment expense		**54 997**	17 468
Interest allocation		**–**	10
Profit on disposal of subsidiaries and equity-accounted investments		**(53 126)**	(95 568)
Adjusted EBITDA		**311 619**	503 591

Notes to the consolidated financial statements.

For the year ended
31 July 2023

1. Significant accounting policies

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 consolidated financial statements of EOH for the year ended 31 July 2023, comprise the Company and its subsidiaries (together referred to as "the Group").

1.1 Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations as issued by the IFRS Interpretations Committee ("IFRIC"), and comply with the South African Institute of Chartered Accountants ("SAICA") Financial Reporting Guides as issued by the Accounting Practices Committee ("APC"), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council ("FRSC"), the JSE Listings Requirements and the requirements of the South African Companies Act, No 71 of 2008 ("the Companies Act").

1.2 Basis of preparation

The consolidated and separate financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value through profit or loss at the end of each reporting period as explained in the accounting policies below.

The consolidated and separate 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 consolidated and separate financial statements as the directors have a reasonable expectation that the Group and Company will continue as a going concern for the foreseeable future.

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 consolidated and separate statements of the Group and the Company 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.

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 R52 million compared to the prior year, which had a loss of R18 million, net asset value at the end of the period of R588 million (2022: R34 million), and cash outflows from operating activities of R90 million (2022: inflow of R120 million), (including continuing and discontinued operations). Details of the financial performance, condition and cash flows for the Group are explained in the consolidated and separate 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. Further to this, the rights issue and the specific issue was successfully implemented during February 2023, through which R600 million was raised. R555 million of capital outstanding to the lenders was repaid.

Notes to the consolidated financial statements *continued*

1. Significant accounting policies continued

1.2 Basis of preparation continued

Going concern continued

Proceeds from the sale of the Network Solutions business and Hymax (SA) Proprietary Limited ("Hymax SA") during the period have reduced the amount owed to lenders, together with amounts held in escrow related to prior year disposals, by R123 million. The rights issue and specific issue that were concluded during the year, further reduced the amount owed to lenders by R555 million.

With the completion of the rights issue during February 2023, the Group has concluded financing agreements with The Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking division) on 31 March 2023 to refinance the remaining debt into the following package:

- A R200 million four-year amortising term loan;
- A R250 million three-year bullet term loan;
- A R250 million four-year revolving credit facility; and
- A R500 million general banking facilities which will include a working capital facility and ancillary banking facilities.

As at period end the Group had R274 million of cash available, including foreign and restricted cash but excluding the undrawn portion of the direct overdraft facility of R218 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 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. Net asset value as at 31 July 2023 is R588 million, due to the rights issue and specific issue;
3. Even though the Group's current liabilities exceed its current assets by R389 million, the Group is satisfied that the debt is non-current from 6 October 2023. Refer to note 17;
4. There is an approved budget for the following 36 months;
5. There are monthly cash flow forecasts for the following 12 months to 31 July 2024 and annual forecasts for the 24 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
6. The Group has sufficient access to facilities and liquidity events to fund operations for the following 12 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 consolidated and separate financial statements for the year ended 31 July 2023, 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 consolidated and separate financial statements.

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

The Board, after considering the renegotiated funding 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 consolidated and separate financial statements.

Notes to the consolidated financial statements *continued*

1. Significant accounting policies continued

1.2 Basis of preparation continued

Accounting policies

The accounting policies applied in the consolidated and separate financial statements are consistent with those applied in the previous years. Where applicable, the principal accounting policies applied in the separate financial statements are consistent with those applied in the consolidated financial statements.

A number of new standards and/or interpretations are effective for the annual reporting period commencing 1 August 2022, with no material effect on the consolidated and separate financial statements.

Refer to note 2.1 for more information regarding the new standards, amendments to standards and interpretations adopted by the Group.

The significant accounting policies are set out in the following pages.

1.3 Significant accounting judgements and sources of estimation uncertainty

In preparing the consolidated and separate financial statements, management is required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts presented in the consolidated and separate financial statements and related disclosures. Use of available information, historical experience and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated and separate financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

Where relevant, the Group has provided sensitivity analyses demonstrating the impact of changes in key estimates and assumptions on reported results.

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated and separate financial statements:

Judgement relates to:		Notes
Deferred taxation assets	Judgement around future financial performance	1.5, 7 and 26
Revenue	Judgement in principal versus agent considerations	1.5
Revenue	Judgement in recognition of revenue at a point in time or over time	1.5 and 21
Going concern	Judgement on the Group's ability to continue as a going concern	1.2, 37 and 38

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Estimates relate to:		Notes
Impairment of intangible assets and goodwill	Estimates in determining the recoverable amount of the asset or cash-generating unit	4 and 5
Impairment of investment in subsidiaries	Estimates in determining the recoverable amount of the investment in subsidiaries (separate financial statements)	1
Provisions	Estimates in determining the amount and timing of the provisions	20
Revenue	Estimation of measuring progress towards satisfaction of performance obligations based on cost incurred, inputs versus milestones	21
Tax liability	Estimation in determining taxation liability	26
Impairment of trade receivables and contract assets	Estimates in calculating the expected credit loss provision on trade receivables and contract assets	37
Impairment of loans to Group companies and financial guarantee liabilities	Estimates in calculating the impairment of loans to Group companies and financial guarantee liabilities (separate financial statements)	12

Notes to the consolidated financial statements *continued*

1. Significant accounting policies continued

1.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal. Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

The Group considers that it controls an entity if the Group has:
» Power or existing rights over the entity or investee that give it the ability to direct relevant activities;
» Exposure or rights to variable returns from its involvement with the investee; and
» The ability to use its power over the investee to affect its returns.

Intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein and are recognised in equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest, even if this results in a debit balance being recognised for the non-controlling interest.

1.5 Summary of significant accounting policies

Translation of foreign currencies

The consolidated and separate financial statements are presented in South African Rand, which is the Group's presentation currency.

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

(b) Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in the entity's functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:
» Foreign currency monetary items are translated using the closing rate; and
» Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated and separate financial statements are recognised in profit or loss in the period in which they arise.

Notes to the consolidated financial statements *continued*

1. Significant accounting policies continued

1.5 Summary of significant accounting policies continued

Translation of foreign currencies continued

(c) Foreign operations

The results and financial position of a foreign operation that has a functional currency different from the Group's presentation currency is translated into the presentation currency using the following procedures:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each item of profit or loss and other comprehensive income are translated at the average exchange rates for the period of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in equity, within other reserves.

Any goodwill recognised on foreign operations and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation and translated at the spot rate at the statement of financial position date.

Non-current assets (or disposal groups) held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell; except for assets such as deferred tax assets, assets arising from employee benefits, financial assets that are carried at fair value and inventory which are specifically exempt from this requirement. An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held-for-sale classification are regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management, being a subcommittee of the Board to deal with asset disposals, strategic acquisitions and the restructuring of the Group must be committed to the plan to sell the asset and the sale must be expected to be completed within one year from the date of the classification. This committee is the Investment subcommittee and takes its instructions from the Group Executive Committee.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Associates and joint ventures are no longer equity-accounted once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

If an asset (or disposal group) previously classified as held for sale no longer meets the required criteria, the Group ceases to classify the asset (or disposal group) as held for sale. The Group subsequently measures the asset (or disposal group) at the lower of its carrying amount before classification as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale and its recoverable amount at the time the change in the plan to sell is made.

A disposal group qualifies as a discontinued operation if it is a component of the Group that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations; or
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss from discontinued operations in the statement of profit or loss. The prior period is also re-presented for all operations that have been discontinued by the end of the reporting period.

Additional disclosures are provided in notes 12 and 13. All other notes to the consolidated and separate financial statements include amounts for continuing operations, unless indicated otherwise.

Notes to the consolidated financial statements *continued*

1. Significant accounting policies continued

1.5 Summary of significant accounting policies continued

Property, plant, equipment and right-of-use assets

Property, plant and equipment are initially measured at cost and subsequently at cost less accumulated depreciation and any impairment. Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value from the date that these assets are ready for use.

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

Item	Average useful life
Buildings	50 years
Right-of-use buildings	3 to 15 years
Furniture and fixtures	10 years
Motor vehicles	5 years
Office equipment	3 to 6 years
IT equipment	2 to 5 years
Leasehold improvements	3 to 15 years
Other equipment	3 to 10 years

Land is not depreciated.

The Group has presented right-of-use assets within property, plant and equipment. Right-of-use assets are initially measured at cost. The cost consists of the initial lease liability value, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received. The right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease term, which is generally over a period of three to fifteen years, on a straight-line basis.

An item of property, plant and equipment is derecognised upon disposal (ie at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual value and useful life of each asset is reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss.

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

Notes to the consolidated financial statements *continued*

1. Significant accounting policies continued

1.5 Summary of significant accounting policies continued

Goodwill and intangible assets

(a) Goodwill

Goodwill is measured as described in note 5. Goodwill is not amortised but tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which businesses are managed and monitored by common cluster heads and financial directors/managers.

(b) Intellectual property, customer relationships, and contracts purchased

Separately acquired intellectual property is measured at historical cost. Intellectual property, customer relationships, and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(c) Internally generated software

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as an intangible asset when the following criteria are met:

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

Capitalised development costs are recorded as intangible assets and are amortised from the point at which the asset is ready for use.

Research expenditure and development expenditure that do not meet the above criteria are recognised as an expense as incurred.

(d) Acquired computer software and other intangible assets

Acquired computer software and other intangible assets are measured at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(e) Amortisation methods and periods

The amortisation period for intangible assets is reviewed on an annual basis and adjustments, where applicable, are accounted for as a change in accounting estimate. Amortisation, charged to profit or loss, is provided to write-down the intangible asset, on a straight-line basis, over the finite useful life of the asset, as follows:

Item	Average useful life
Contracts purchased	2 to 5 years
Customer relationships	2 to 15 years
Intellectual property	2 to 10 years
Internally generated software	3 to 15 years
Other intangible assets	2 to 13 years
Computer software	2 to 3 years

(f) Derecognition

An intangible asset is derecognised upon disposal (ie at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Notes to the consolidated financial statements *continued*

1. Significant accounting policies continued

1.5 Summary of significant accounting policies continued

Impairment of non-financial assets

Goodwill and intangible assets not subject to amortisation are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

Financial instruments

(1) Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement category:

Those to be measured at amortised cost: ie trade receivables, other loans and receivables, loans to Group companies, restricted cash, and cash and cash equivalents.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. For a financial asset to be classified and measured at amortised cost the Group's business model for it needs to be managing the financial asset to collect contractual cash flows.

(b) Measurement

At initial recognition, which is on trade date, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method, less expected credit losses ("ECLs"). ECLs are presented as a separate line item in the statement of profit or loss as net financial asset impairment losses. Investment income determined using the effective interest rate method is recognised in the statement of profit or loss.

(c) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(d) Impairment

The Group assesses, on a forward-looking basis, the ECLs associated with its debt instruments carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Notes to the consolidated financial statements *continued*

1. Significant accounting policies continued

1.5 Summary of significant accounting policies continued

Financial instruments continued

(1) Financial assets continued

(d) Impairment continued

The Group recognises a loss allowance for ECLs on loans, finance lease receivables, cash and cash equivalents, and other financial assets using the general approach. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition. The Group considers there to have been a significant increase in credit risk when contractual payments are more than 30 days past due. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contracts assets, the Group applies the simplified approach permitted by IFRS 9 *Financial Instruments* ("IFRS 9"), which requires expected lifetime credit losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Refer to the note 37 for further details on the methodology applied by the Group.

(2) Financial liabilities

(a) Measurement

At initial recognition, the Group measures a financial liability at its fair value plus, in the case of a financial liability not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

The Group's financial liabilities include trade and other payables, and loans and borrowings including bank overdrafts.

These are subsequently measured at amortised cost, using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(b) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. This difference between the carrying value of the derecognised liability and the fair value of the new liability at initial recognition is recognised in the statement of profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are subsequently measured at amortised cost. Bank overdrafts are shown within other financial liabilities in the statement of financial position.

For the purpose of the consolidated and separate statement of cash flows, cash and cash equivalents are net of outstanding bank overdrafts as they are repayable on demand, considered an integral part of the Group's cash management and have fluctuating balances.

Restricted cash

Restricted cash comprises bank balances that are ring-fenced and are not highly liquid. These balances are not included in cash and cash equivalents and are accounted for at amortised cost.

Notes to the consolidated financial statements *continued*

1. Significant accounting policies continued

1.5 Summary of significant accounting policies continued

Taxation

(a) Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

» a transaction or event which is recognised, in the same or a different period, to other comprehensive income or equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively; or

» a business combination.

(b) Tax assets and liabilities

Tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

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

(c) Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences unless the deferred tax liability arises from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction which:

» Is not a business combination; and

» At the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax liabilities are not recognised in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are adjusted if recovery is no longer probable.

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

Leases

(a) Group as lessor

The Group, as lessor, leases assets to customers. The accounting treatment depends on whether the leases are classified as operating or finance leases. Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases.

Finance leases: The Group recognises a finance lease receivable in the statement of financial position at an amount equal to the net investment in the lease. Finance lease income is recognised based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease.

Operating leases: Operating lease income is recognised as rental income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. The respective leased assets are included in the statement of financial position based on their nature.

Notes to the consolidated financial statements *continued*

1. Significant accounting policies continued

1.5 Summary of significant accounting policies continued

Leases continued

(b) Group as lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lease contracts contain both lease and non-lease components. The Group has not elected the practical expedient to account for non-lease components as part of its lease liabilities and right-of-use assets. Accordingly, non-lease components are recognised as an expense in operating expenses as they are incurred.

The Group recognises right-of-use assets and lease liabilities at the lease commencement date for most leases. However, the Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and for short-term leases. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases have a lease term of 12 months or less. Low-value assets comprise leases such as IT equipment (tablets and personal computers), office furniture or telephones.

Extension and termination options are included in a number of leases across the Group. In determining the lease term, all facts and circumstances are considered when assessing whether such options will be exercised. Extension options and periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

Assets and liabilities arising from leases are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments).

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes adjustments, where necessary, to reflect changes in financing conditions and those specific to the lease, eg term and security.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Interest costs are charged to the statement of profit or loss and other comprehensive income over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to extend the lease term.

The right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received. The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease terms on a straight-line basis.

The Group presents right-of-use assets together with property, plant and equipment in the statement of financial position. Lease liabilities are shown separately in the statement of financial position.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out formula or weighted average cost method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to its present location and condition.

Stated capital

Shares in the Company held by its subsidiaries or re-acquired by the Group, are classified in the Group's shareholders' interest as treasury shares. The consideration paid, including any directly attributable incremental costs (net of income taxes) on those treasury shares, is deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any distributions received on the treasury shares are eliminated on consolidation. Consideration paid or received is recognised directly in equity.

Notes to the consolidated financial statements *continued*

1. Significant accounting policies continued

1.5 Summary of significant accounting policies continued

Share-based payments

Employee share plans

The Group has three equity-settled share schemes: The EOH Share Trust, The Mthombo Trust and The EOH Share Ownership Plan under which share-based compensation benefits are provided to employees through issue of share options or shares. Information relating to these schemes is set out in note 35.

The fair value of the share options granted is measured at the grant date using the binomial model and recognised as an employee benefit expense with a corresponding increase in equity over the vesting period. The total amount to be expensed is determined by reference to the fair value of the options granted on the grant date using the binomial model. The share options/shares are only conditional on employees remaining in service and have no other performance conditions attached. The impact of any service conditions is excluded in determining the fair value of the options.

At the end of each period, the Group revises its estimates of the number of share options/shares that are expected to vest based on the service conditions. The Group recognises the impact of the revision to original estimates in profit or loss with a corresponding adjustment to equity.

Amounts are transferred to retained earnings in so far as they relate to expired shares under these employee share plans.

The Group also has a cash-settled share scheme for which a liability is recognised in respect of the fair value thereof. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised as an expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using certain assumptions, further details of which are given in note 35. The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

Employee benefits

(a) *Short-term obligations*

Liabilities for wages and salaries, compensated absences as well as profit sharing and bonus payments are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service and are recognised as current liabilities in the statement of financial position. The liabilities are recognised in the period in which the service is rendered and are measured at the amounts expected to be paid when the liabilities are settled (ie they are not discounted).

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

(b) *Post-employment obligations*

The Group pays contributions to a privately administered retirement benefit plan on behalf of employees. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense as they fall due.

Revenue

Revenue is recognised based on the completion of performance obligations and an assessment of when control is transferred to the customer. The following indicators are used by the Group in determining when control has passed to the customer:

- The Group has a right to payment for the product or service;
- The customer has legal title to the product;
- The Group has transferred physical possession of the product to the customer;
- The customer has the significant risk and rewards of ownership of the product; and
- The customer has accepted the product or service.

The Group has generally concluded that it is acting as the principal in its revenue arrangements, except for certain services, sales of software licences and hardware where it is acting as an agent.

Contracts are assessed individually to determine whether the products and services are distinct, ie the product or service is separately identifiable from other items in the contract with the customer and whether the customer can benefit from the goods or services either on its own or together with other resources that are readily available. The consideration is allocated between the goods and services in a contract based on management's best estimate of the standalone selling prices of the goods and services.

Notes to the consolidated financial statements *continued*

1. Significant accounting policies continued

1.5 Summary of significant accounting policies continued

Revenue continued

The Group evaluates the following control indicators, among others, when determining whether it is acting as a principal or agent in the transactions with customers and recording revenue on a gross, or net, basis:

- The Group is primarily responsible for fulfilling the promise to provide the specified goods or service;
- The Group has inventory risk before the specified goods or services have been transferred to a customer or after the transfer of control to the customer; and
- The Group has discretion in establishing the price for the specified goods or services.

The Group primarily generates revenue from providing the following goods and services: software/licence contracts, hardware sales and services. The transaction price recognised is based on the contracted amounts, less amounts collected on behalf of third parties. If the transaction price includes a variable amount, the Group estimates the amount to which it will be entitled in terms of the contract. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Software/ licence contracts	Agent These are contracts that are billed on behalf of software vendors for the right to use the software. The Group is an agent in these arrangements and recognises the net amount as revenue at a point in time when the software licences are delivered to the customer. Principal There are also cases under software/licence contracts where the Group acts as the principal as the Group obtains control of the goods before they are transferred to the customer. Revenue is recognised over time as the customer benefits as and when the Group performs.
Hardware	Agent These are contracts that are billed by the Group for hardware sales concluded on behalf of hardware vendors. The Group is an agent in these arrangements and recognises the net amount as revenue at a point in time when the hardware is delivered to the customer. Principal The Group recognises revenue when control is transferred to the customer, being when the customer accepts delivery of the goods, at a point in time.
Services	The Group provides a range of maintenance, support and other services to customers. Maintenance and support services consist of contracts with/promises to customers where the Group mainly provides hardware maintenance, software maintenance and support, and unspecified upgrades and patches for software at an agreed fee based on defined service level agreements. Agent The Group introduces customers to third-party service providers and performs billing and other administrative activities on behalf of such third parties but does not control the delivery of such professional services or the setting of prices for them. The Group recognises such third-party professional services on an agent basis at a point in time when the services have been rendered. Principal There are also cases under service contracts where the Group acts as the principal as the Group obtains control of the service before it is rendered. Revenue is recognised over time as the customer benefits as the service is rendered. Estimates of revenues, and costs to the extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.
Rentals	The Group supplies rentals of IT safety and security access equipment to customers. Revenue earned on rental contracts is recognised over time, being the period over which the customer and the Group are a party to the rental agreement.

Notes to the consolidated financial statements *continued*

1. Significant accounting policies continued

1.5 Summary of significant accounting policies continued

Revenue continued

(a) Significant financing component

Generally, the Group receives short-term advances from its customers and in certain cases there are delayed payment terms of generally 30 days. Using the practical expedient in IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15"), the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods or services to the customer and when the customer pays for that goods or services will be one year or less.

(b) Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional other than through the passage of time.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (ie only the passage of time is required before payment of the consideration is due). Refer to accounting policies on financial assets for further detail.

(c) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group performs under the contract.

Finance costs

Finance costs comprise interest payable on borrowings and the interest expense component of lease liability charges, calculated using the effective interest rate.

2. New standards and interpretations

2.1 Adoption of new standards, amendments to standards and interpretations

Certain amendments to accounting standards became effective from 1 August 2022. These did not have a material impact on the Group.

2.2 Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not effective for 31 July 2023 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 2023:
  - Disclosure of Accounting Policy (Amendments to IAS 1 and IFRS Practice Statement 2);
  - Definition of Accounting Estimate (Amendments to IAS 8); and
  - Amendments regarding deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12).
- Effective from 1 August 2024:
  - Lease Liability in a Sale and Leaseback (Amendments to IFRS 16); and
  - Classification of liabilities as current or non-current and Non-current Liabilities with Covenants (Amendments to IAS 1).

2.3 Standards and interpretations early adopted

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

Notes to the consolidated financial statements *continued*

3. Property, plant, equipment and right-of-use assets

Figures in Rand thousand	2023 Cost	2023 Accumulated depreciation and impairments	2023 Carrying value	2022 Cost	2022 Accumulated depreciation and impairments	2022 Carrying value
Land and buildings	**664**	**(62)**	**602**	664	–	664
Right-of-use assets (buildings)	**316 566**	**(264 960)**	**51 606**	298 622	(214 757)	83 865
Furniture and fixtures	**60 088**	**(47 943)**	**12 145**	70 024	(50 178)	19 846
Motor vehicles	**34 478**	**(30 817)**	**3 661**	33 738	(30 979)	2 759
Right-of-use assets (motor vehicles)	**597**	**(313)**	**284**	547	(158)	389
Office equipment	**27 280**	**(25 232)**	**2 048**	28 745	(25 278)	3 467
IT equipment	**261 041**	**(192 981)**	**68 060**	454 742	(348 931)	105 811
Right-of-use assets (IT equipment)	**–**	**–**	**–**	3 119	(3 119)	–
Leasehold improvements	**45 324**	**(42 047)**	**3 277**	35 899	(26 198)	9 701
Other equipment	**21 428**	**(17 751)**	**3 677**	15 908	(11 068)	4 840
Closing balance before assets held for sale	**767 466**	**(622 106)**	**145 360**	942 008	(710 666)	231 342
Assets held for sale	**–**	**–**	**–**	(236 920)	190 366	(46 554)
Closing balance	**767 466**	**(622 106)**	**145 360**	705 088	(520 300)	184 788

Reconciliation of property, plant, equipment and right-of-use assets

Figures in Rand thousand	Opening balance	Additions	Disposals	Transfers	Foreign currency translation	Depreciation	(Impairments)/ Reversals	Disposals of business (note 14)	Total including assets held for sale	Assets held for sale	Total
2023											
Land and buildings	664	–	–	–	–	(62)	–	–	602	–	602
Right-of-use assets (buildings)	83 865	17 944	–	–	–	(50 203)	–	–	51 606	–	51 606
Furniture and fixtures	19 846	2 544	(5 376)	–	377	(4 554)	–	(692)	12 145	–	12 145
Motor vehicles	2 759	2 315	(254)	–	146	(1 269)	–	(36)	3 661	–	3 661
Right-of-use assets (motor vehicles)	389	50	–	–	–	(155)	–	–	284	–	284
Office equipment	3 467	774	(205)	(14)	11	(1 438)	–	(547)	2 048	–	2 048
IT equipment	105 811	41 671	(569)	–	1 376	(33 992)	–	(46 237)	68 060	–	68 060
Leasehold improvements	9 701	1 591	(420)	–	–	(7 595)	–	–	3 277	–	3 277
Other equipment	4 840	774	(547)	14	–	(1 404)	–	–	3 677	–	3 677
	231 342	67 663	(7 371)	–	1 910	(100 672)	–	(47 512)	145 360	–	145 360

Notes to the consolidated financial statements *continued*

3. Property, plant, equipment and right-of-use assets continued

Reconciliation of property, plant, equipment and right-of-use assets continued

Figures in Rand thousand	Opening balance	Additions	Disposals	Transfers	Foreign currency translation	Depreciation	(Impairments)/ Reversals	Disposals of business (note 14)	Total including assets held for sale	Assets held for sale	Total
2022											
Land and buildings	39 211	–	(3 948)	(34 599)	–	–	–	–	664	–	664
Right-of-use assets (buildings)	127 830	33 945	(718)	34 599	(1 543)	(77 013)	(4 502)	(28 733)	83 865	–	83 865
Furniture and fixtures	31 576	669	(3 498)	(1 093)	3 570	(4 620)	(1 436)	(5 322)	19 846	(696)	19 150
Motor vehicles	4 983	1 480	(1 067)	(139)	586	(1 452)	(1 423)	(209)	2 759	(36)	2 723
Right-of-use assets (motor vehicles)	543	–	(6)	–	–	(148)	–	–	389	–	389
Office equipment	9 630	1 014	(756)	76	348	(4 674)	(409)	(1 762)	3 467	(419)	3 048
IT equipment	129 755	43 379	(7 545)	(1 105)	1 045	(45 177)	2 421	(16 962)	105 811	(45 403)	60 408
Right-of-use assets (IT equipment)	3 785	–	(666)	–	–	(3 119)	–	–	–	–	–
Leasehold improvements	26 594	–	(695)	–	57	(11 266)	–	(4 989)	9 701	–	9 701
Other equipment	24 545	577	(16 520)	2 261	787	(6 377)	(368)	(65)	4 840	–	4 840
	398 452	81 064	(35 419)	–	4 850	(153 846)	(5 717)	(58 042)	231 342	(46 554)	184 788

Refer to note 17 for details of the security provided on the loans secured through Security SPV.

The loss on disposal of items of property, plant and equipment is included in operating expenses as per note 23.

The impairments to property, plant and equipment in the prior year largely relate to:

» Right-of-use assets (buildings) were impaired for R4.5 million in an underperforming CGU in which goodwill and other impairments have been recognised. This same CGU also resulted in impairments being recognised for IT equipment, motor vehicles and office equipment.

Refer to note 5 which further discusses the impairments, including key assumptions and estimates.

Notes to the consolidated financial statements *continued*

4. Intangible assets

Figures in Rand thousand	2023 Cost	2023 Accumulated amortisation and impairments	2023 Carrying value	2022 Cost	2022 Accumulated amortisation and impairments	2022 Carrying value
Contracts purchased	–	–	–	90 858	(90 858)	–
Customer relationships	**23 854**	**(16 880)**	**6 974**	131 499	(121 138)	10 361
Intellectual property	**25 311**	**(11 957)**	**13 354**	38 286	(23 066)	15 220
Internally generated software	**146 834**	**(96 337)**	**50 497**	120 197	(89 792)	30 405
Computer software	**64 109**	**(58 919)**	**5 190**	82 510	(68 686)	13 824
Other intangible assets	**92 600**	**(75 044)**	**17 556**	145 328	(113 924)	31 404
Closing balance before assets held for sale	**352 708**	**(259 137)**	**93 571**	608 678	(507 464)	101 214
Assets held for sale	–	–	–	(33 890)	16 191	(17 699)
Closing balance	**352 708**	**(259 137)**	**93 571**	574 788	(491 273)	83 515

Reconciliation of intangible assets

Figures in Rand thousand	Opening balance	Additions	Disposals	Transfers	Foreign currency translation	Amortisation	Impairments	Disposals of business (note 14)	Total including assets held for sale	Assets held for sale	Total
2023											
Customer relationships	**10 361**	**–**	**(925)**	**–**	**–**	**(2 462)**	**–**	**–**	**6 974**	**–**	**6 974**
Intellectual property	**15 220**	**48**	**–**	**(19)**	**–**	**(1 895)**	**–**	**–**	**13 354**	**–**	**13 354**
Internally generated software	**30 405**	**22 947**	**(513)**	**3 907**	**254**	**(6 495)**	**–**	**(8)**	**50 497**	**–**	**50 497**
Computer software	**13 824**	**7 338**	**–**	**(2 458)**	**97**	**(6 454)**	**–**	**(7 157)**	**5 190**	**–**	**5 190**
Other intangible assets	**31 404**	**12 418**	**(1 079)**	**(1 430)**	**(4 725)**	**(9 700)**	**–**	**(9 332)**	**17 556**	**–**	**17 556**
	101 214	**42 751**	**(2 517)**	**–**	**(4 374)**	**(27 006)**	**–**	**(16 497)**	**93 571**	**–**	**93 571**
2022											
Contracts purchased	246	–	–	–	–	(246)	–	–	–	–	–
Customer relationships	31 616	–	–	2 685	(1 924)	(3 633)	(228)	(18 155)	10 361	–	10 361
Intellectual property	35 624	–	–	416	141	(1 888)	–	(19 073)	15 220	–	15 220
Internally generated software	175 116	37 194	(497)	4 532	(10 492)	(5 386)	–	(170 062)	30 405	(8)	30 397
Computer software	49 334	9 195	–	(18 668)	10 968	(26 026)	(1 401)	(9 578)	13 824	(7 138)	6 686
Other intangible assets	91 140	19 570	(1 108)	11 035	(2 167)	(12 355)	(403)	(74 308)	31 404	(10 553)	20 851
	383 076	65 959	(1 605)	–	(3 474)	(49 534)	(2 032)	(291 176)	101 214	(17 699)	83 515

Impairments to intangible assets in the prior year largely relate to:

» Customer relationships and other intangible that were impaired for an amount of R0.6 million in a number of underperforming CGUs in which goodwill impairments have also been recognised.

Impairment testing

The Group performed a review of intangible assets for impairment, which highlighted impairments of Rnil (2022: R2 million). For the purpose of impairment testing, intangibles were allocated, together with goodwill, to the Group's CGUs. The recoverable amount of these CGUs was determined based on the value-in-use calculations, discounting future cash flows expected to be generated. Impairment tests on assets held for sale were based on fair value less cost to sell.

Note 5 further discusses the impairments, including key assumptions, estimates and sensitivities, in relation to the testing performed.

Notes to the consolidated financial statements *continued*

5. Goodwill

Figures in Rand thousand	2023	2022
Cost	**2 581 371**	3 101 392
Accumulated impairments	**(1 865 654)**	(1 885 984)
Opening balance	**715 717**	1 215 408
Foreign currency translation	**–**	(388)
Disposals	**(29 101)**	(432 758)
Impairments: discontinued operations	**–**	(41 948)
Impairments: continuing operations	**(17 692)**	(24 597)
Closing balance before assets held for sale	**668 924**	715 717
Cost	**2 549 611**	2 581 371
Accumulated impairments	**(1 880 687)**	(1 865 654)
Assets held for sale	**–**	(41 143)
Closing balance	**668 924**	674 574

As part of the continued effort to re-organise and simplify our operating structures, the Group has revised its reportable segments to better reflect how management evaluates performance in line with its product and service offering and executive responsibilities. CGUs as at 31 July 2023 and for the comparative period have been reported under the new reporting segment structure.

Goodwill is tested annually for impairment or more frequently where impairment indicators are identified. The Group's annual review of goodwill highlighted a total impairment of R18 million (R10 million in the EasyHQ segment and R8 million in the Operational Technologies segment).

EasyHQ

Goodwill balance of R8 million attributable to the Impact Human Resources CGU was fully impaired. The impairment was predominantly driven by the non-renewal of certain key contracts resulting in the significant decrease in revenue. The recoverable amount for Impact Human Resources CGU, discounted at 20.3%, amounted to R24 million.

During the year ended 31 July 2023, an impairment of R2 million attributable to the Employee Benefits CGU was recognised as a result of its write-down to fair value less cost of disposal in line with IFRS 5. The fair value was determined with reference to the purchase consideration agreed with the potential acquirer at the time. The recoverable amount for Employee Benefits CGU amounted to R21 million. The Employee Benefits CGU was previously classified as held for sale and was scheduled to be disposed in the second half of the current financial year however, due to unforeseen circumstances, the transaction was terminated and the Employee Benefits disposal group was subsequently no longer classified as held for sale. Refer to note 12 for further details.

Operational Technologies

The goodwill balance in the BT Cape CGU of R8 million was fully impaired. The impairment was driven by the limited upside outlook expected for the business. The business has been materially impacted by impairment of legacy debtors, declining revenue and retention of key skills. Management is implementing a full restructure to assist in realising revenue opportunities. The recoverable amount for BT Cape CGU as it stands, discounted at 19.7%, was considered negligible.

Notes to the consolidated financial statements *continued*

5. Goodwill continued

Prior year impairments

Prior year goodwill impairment amounted to R67 million (R14 million in the EasyHQ segment, R11 million in the Operational Technologies segment and R42 million in the IP segment). The impairment in EasyHQ related to the R11 million write-down of Employee Benefits CGU to fair value less cost of disposal and the R3 million impairment of the Legal Transcription CGU which was triggered by the loss of their key contract that contributed over 60% of its revenue. Operational Technologies segment recognised a R7 million impairment in Energy Insight CGU due to its declining gross profit margins, R3 million impairment in CES CGU due to the reduction in revenue and increased operational costs and a R1 million impairment in Compu Power CGU due to working capital constraints. The R42 million impairment in the IP segment was due to the write-down to fair value less cost of disposal of the Sybrin CGU.

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 post-tax 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 Board, 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. Risk premiums have been taken into account in the forecast cash flows rather than in the discount rates;
- 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% (2022: 4.0%) has been used for the Group.

Notes to the consolidated financial statements *continued*

5. Goodwill continued

Key assumptions used in discounted cash flow projection calculations continued

Figures in Rand thousand	2023			
	Goodwill closing balance	Pre-tax discount rates %	Average revenue growth rates %	Average adjusted EBITDA margins %
Digital Enablement				
Digital	35 707	23.9	6.6	12.3
Coastal	32 014	24.2	8.6	20.8
Freethinking	14 081	21.4	9.4	17.8
Impressions**	12 240	23.6	31.1	32.6
Integrated Services	12 016	23.6	5.4	14.6
EasyHQ				
Learning and Development	93 488	19.7	10.0	12.7
Symplexity	50 123	25.7	5.2	19.6
Legal Consulting	26 154	24.3	4.7	16.4
XTND	13 333	24.1	7.9	11.1
Employee Benefits^	10 358	n/a	n/a	n/a
Operational Technologies				
JOAT	59 463	23.4	7.7	6.2
SCAN RF	28 155	23.3	1.9	15.1
Operational Technology	14 814	25.5	6.7	38.1
ILS	10 429	20.1	7.8	19.5
Energy Insight	5 646	21.9	5.0	2.9
GLS Consulting	3 804	25.3	8.5	8.1
CES	1 242	24.7	5.9	9.0
IT Infrastructure Services				
Compute	103 662	23.4	2.9	3.9
Managed Services	80 793	20.3	4.4	6.9
Softworks	39 345	21.7	5.8	14.4
Oracle	11 670	20.3	5.4	2.6
CA	10 387	26.1	4.6	17.1
Total	668 924			

*** 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 Employee Benefit disposal group ceased to be classified as held for sale at the end of July 2023. Refer to note 12 for further details. As at July 2023, the CGU was measured at the lower of its carrying amount and fair value at the point in time change in plan to sell was made.

Notes to the consolidated financial statements *continued*

5. Goodwill continued

Key assumptions used in discounted cash flow projection calculations continued

	2022			
Figures in Rand thousand	Goodwill closing balance	Pre-tax discount rates %	Average revenue growth rates %	Average adjusted EBITDA margins %
Digital Enablement				
Digital	35 707	20.0	8.1	9.4
Coastal*	32 014	23.5	25.4	13.0
Freethinking*	14 081	23.1	14.5	19.7
Impressions**	12 240	23.1	35.3	31.4
Integrated Services*	12 016	23.5	10.2	20.8
EasyHQ				
Learning and Development	93 488	20.5	9.4	17.4
Symplexity	50 123	22.0	9.0	20.0
Legal Consulting#	26 154	21.9	(1.9)	18.5
XTND	13 333	24.0	9.2	10.6
Impact Human Resources	7 904	24.0	7.4	4.9
Operational Technologies				
JOAT	59 463	22.6	11.4	9.7
SCAN RF	28 155	23.4	7.0	10.1
Operational Technology	14 814	23.2	7.9	26.6
ILS	10 429	25.0	4.6	24.7
BT Cape*	8 104	25.1	22.4	4.5
Energy Insight	5 646	17.9	1.6	2.2
GLS Consulting***	3 804	26.4	8.0	11.9
CES#	1 242	23.7	(1.5)	4.7
IT Infrastructure Services				
Compute	103 662	20.6	1.4	3.3
Managed Services*	80 793	18.8	13.1	5.3
Softworks	39 345	25.2	7.0	13.2
Oracle***	11 670	22.8	8.3	9.1
CA***	10 387	22.1	4.6	17.0
Total	674 574			

* *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.*

*** *CGUs aggregated and disclosed as "other" in the 2022 consolidated financial statements have been disclosed separately for enhanced disclosure.*

\# *The negative average revenue growth rate was caused mainly by a decrease in revenue forecast in year one, after which a moderate annual growth rate is forecast thereafter.*

Notes to the consolidated financial statements *continued*

5. Goodwill continued

Sensitivity analysis on value in use

In performing the impairment test for goodwill, the Group considered the sensitivity of the CGUs to changes in assumptions around key value drivers. The key value drivers for the EOH CGUs are revenue, adjusted EBITDA margins, and discount rates assumptions. Management has assessed the potential impact of reasonable possible changes to these key assumptions on the recoverable amount of the CGUs. Based on the sensitivity inherent in the valuation models, management considered a percentage change in revenue and discount rate and a 2.5 percentage change in adjusted EBITDA margin to be a reasonable possible change to the key assumptions. The percentage change noted below would result in the recoverable amount of the CGUs listed to approximate their carrying amount. Prior year amounts have been represented to align to the current year disclosure.

	2023				2022			
Figures in Rand thousand	Headroom	% decrease in revenue	% decrease in adjusted EBITDA margin	% increase in discount rate	Headroom	% decrease in revenue	% decrease in adjusted EBITDA margin	% increase in discount rate
EasyHQ								
Learning and Development	**30 273**	**n/a**	**1.5**	**n/a**	265 315	n/a	n/a	n/a
Impact Human Resources*	**–**	**–**	**–**	**–**	22 783	n/a	1.9	n/a
IT Infrastructure Services								
Managed Services	**65 276**	**n/a**	**1.6**	**n/a**	6 848	0.1	0.1	0.5
Compute	**10 714**	**0.4**	**0.5**	**n/a**	9 140	0.2	0.3	n/a
Operational Technologies								
Energy Insight**	**2 323**	**n/a**	**1.7**	**n/a**	–	–	–	–

* *Impact Human Resources goodwill was impaired in the current financial year.*
** *Energy Insight goodwill was partially impaired in 2022.*
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 based on the fair value less costs of disposal which was compared to the carrying values of the CGUs for potential impairment. Fair values for disposal groups held for sale was determined primarily with reference to advanced offers from potential acquirers less estimated disposal costs. These fair values are considered to be level 3 in the fair value hierarchy. Refer to note 37 of the consolidated financial statements.

Figures in Rand thousand	Goodwill closing balance 31 July 2023	Goodwill closing balance 31 July 2022
IT Infrastructure Services		
Network Solutions	**–**	29 101
EasyHQ		
Employee Benefits	**–**	12 042
Total	**–**	41 143

Notes to the consolidated financial statements *continued*

6. Other financial assets

Figures in Rand thousand	2023	2022
Debt instruments at amortised cost	**75 279**	32 001
Equity-accounted investment receivables (note 36)	**–**	51 564
Enterprise development loan receivables	**9 590**	9 590
Restricted cash	**38 056**	649
Gross loans and receivables	**64 044**	141 749
Receivables from disposal of subsidiaries and equity-accounted investments	**23 160**	17 791
Allowance for expected credit losses	**(59 571)**	(189 342)
Total other financial assets	**75 279**	32 001
Non-current other financial assets	**15 968**	18 150
Current other financial assets	**59 311**	13 851
	75 279	32 001

Restricted cash balances are those that are not available for use by the Group and are ring-fenced for repayment to the lenders. Refer to note 17 for additional information.

Expected credit losses

A total allowance for expected credit losses of R60 million (2022: R189 million) has been raised against debt instruments carried at amortised cost. Significant expected credit losses raised in prior years were written off in the current year, as there was no realistic expectation of recovering these amounts. Both the gross carrying amounts and related expected credit loss allowances were written off in these instances.

The impairment allowance is related to the gross loans and receivables. The allowances raised are based on the general approach, considering the probability of default and collateral (if any).

Refer to note 37 for the disclosure on the expected credit losses.

Reconciliation of movements of debt instruments measured at amortised cost

Figures in Rand thousand	2023	2022
Opening balance	**32 701**	11 118
Cash paid	**–**	(5 000)
Net increase/(decrease) in restricted cash	**37 407**	(10 868)
Receivables from disposal of subsidiaries and equity-accounted investments (note 14)	**5 369**	131
Net impairment reversal on other financial assets (note 22)	**–**	1 345
Reclassification of balances on disposal of subsidiaries	**–**	18 565
Disposal of subsidiaries (note 14)	**–**	(18 565)
Interest charged	**1 580**	–
Interest received	**(1 429)**	–
Loans and receivables granted	**–**	21 467
Reversal of previous write-off	**–**	16 934
Other movements	**(349)**	(2 426)
	75 279	32 701
Assets held for sale	**–**	(700)
Closing balance	**75 279**	32 001

Notes to the consolidated financial statements *continued*

7. Deferred taxation

Figures in Rand thousand	2023	2022
The balance comprises		
Aggregate of deferred taxation assets	**112 125**	108 353
Aggregate of deferred taxation liabilities	**(25 095)**	(28 258)
	87 030	80 095
Aggregate of deferred taxation assets	**112 125**	108 353
Assets held for sale	**–**	(2 648)
Deferred taxation assets	**112 125**	105 705
Aggregate of deferred taxation liabilities	**(25 095)**	(28 258)
Liabilities directly associated with the assets held for sale	**–**	–
Deferred taxation liabilities	**(25 095)**	(28 258)
Analysis of deferred taxation balances		
Prepaid expenses	**(5 680)**	(7 505)
Right-of-use assets and lease liabilities	**(4 867)**	(77)
Intangible assets	**(6 954)**	(9 302)
Property, plant and equipment	**(6 314)**	(7 074)
Net financial asset impairment losses	**68 724**	91 473
Payroll accruals	**80 481**	90 123
Assessed losses	**705 940**	767 299
Outside basis of tax on disposal groups held for sale	**–**	49 972
Deferred income	**52 549**	66 601
Fair value adjustments	**11 887**	7 497
	895 766	1 049 007
Deferred taxation assets not recognised in respect of deductible temporary differences	**(122 828)**	(151 641)
Deferred taxation assets not recognised in respect of assessed losses	**(685 908)**	(767 299)
Deferred taxation assets not recognised in respect of the outside basis of tax on disposal groups held for sale	**–**	(49 972)
	87 030	80 095
Deferred taxation movement		
Balance at the beginning of the year	**80 095**	36 100
Disposals of subsidiaries (note 14)	**2 362**	73 772
Movement through profit or loss (note 26)	**4 526**	(31 091)
Foreign currency translation	**47**	1 314
Balance at the end of the year	**87 030**	80 095

Notes to the consolidated financial statements *continued*

8. Finance lease receivables

Figures in Rand thousand	2023	2022
Gross investment in the leases due		
– within one year	**157 296**	126 801
– within one to two years	**916**	12 427
– within two to three years	**368**	865
– within three to five years	**123**	477
	158 703	140 570
Less: Unearned finance income	**(1 080)**	(4 168)
	157 623	136 402
Impairment allowance (note 37)	**(135 593)**	(55 087)
	22 030	81 315
Present value of minimum lease payments due		
– within one year	**156 371**	123 713
– within two to five years	**1 252**	12 689
	157 623	136 402
Impairment allowance	**(135 593)**	(55 087)
– current finance lease receivables	**(135 567)**	(53 121)
– non-current finance lease receivables	**(26)**	(1 966)
	22 030	81 315
Finance lease receivables		
Current	**20 804**	70 592
Non-current	**1 226**	10 723
	22 030	81 315

The Group entered into finance lease agreements where it is the lessor for certain IT safety and security access equipment.

The lease terms are generally three to five years and the interest rate implicit in the lease is prime plus 1% to 6.5% above prime lending rates (2022: prime plus 1% to 6.5% above prime lending rates).

Income received from finance leases is fixed.

Notes to the consolidated financial statements *continued*

9. Inventories

Figures in Rand thousand	2023	2022
Finished goods	119 136	77 830
Consumables	92	9 927
Work-in-progress	1 730	25 438
	120 958	113 195
Provision for write-down of inventories to its net realisable value	(47 231)	(23 073)
	73 727	90 122
Cost of goods sold during the year from continuing operations amounted to	981 548	796 208

Write-down of inventories of R17 million (2022: R14 million) to net realisable value were recognised as an expense during the year and included in costs of sales in the statement of profit or loss and other comprehensive income.

10. Trade and other receivables

Figures in Rand thousand	2023	2022
Financial instruments	1 414 691	1 259 207
Trade receivables	1 385 112	1 246 989
Gross trade receivables	1 508 184	1 423 364
Impairment allowance (refer to note 37)	(123 072)	(176 375)
Other receivables	29 579	12 218
Non-financial instruments	544 412	569 448
Contract assets	220 018	238 411
Gross contracts assets	226 700	249 670
Provision for contract assets (refer to note 37)	(6 682)	(11 259)
Prepayments	288 308	258 052
Value added tax (“VAT”) receivable	25 089	42 872
Other receivables	10 997	30 113
	1 959 103	1 828 655

Included in prepayments are contracts costs amounting to R177 million (2022: R189 million).

Refer to note 17 for details on the security provided on the loans secured through Security SPV.

11. Cash and cash equivalents

Figures in Rand thousand	2023	2022
Cash and cash equivalents consist of:		
Cash on hand	685	523
Bank balances and short-term deposits	235 263	410 432
	235 948	410 955
Bank overdrafts (note 17)	(31 868)	–
Net cash and cash equivalents per the statement of cash flows	204 080	410 955
Total amount of undrawn facilities available for future operating activities and commitments	218 132	250 000

Refer to note 17 for details on the security provided on the loans secured through Security SPV.

Refer to note 37 for disclosure on expected credit losses.

Notes to the consolidated financial statements *continued*

12. Assets held for sale

Over the past four years, EOH had 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 the Group has, over the past years, identified and sold a group of assets in line with this strategy.

EOH's restructuring and deleveraging strategy was effectively completed with the capital raise closing in February 2023. As at 31 July 2023, there are no disposal groups classified as held for sale. Network Solutions that was classified as held for sale and a discontinued operation in the 2022 financial year, has successfully been sold in the current financial year. Refer to note 14 for further details on disposals of subsidiaries.

In the 2022 financial year, Employee Benefits disposal group was classified as held for sale with the intention to sell the Group in the current financial year. Unfortunately, in the days leading up to the scheduled closing date of sale, the prospective buyer's financiers withdrew their funding commitments. Consequently, the buyer was unable to fulfil their payment obligation and the transaction was formally cancelled. The remaining immaterial disposal groups also ceased to be classified as held for sale due to failure to meet the one-year time frame criteria as prescribed by IFRS 5. The necessary adjustments have been made in continuing operations to recognise the depreciation and amortisation that would have been recognised had these disposal groups not been classified as held for sale. In the prior financial year, the Group had R226 million assets held for sale and R70 million of liabilities associated with assets held for sale.

13. Discontinued operations

Identification and classification of discontinued operations

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.

Network Solutions business and Hymax SA Proprietary Limited, which represented a significant component of the mobile network and voice solutions within the Group, was previously classified as held for sale and successfully disposed in the current financial year (refer to note 14). Their results as reported below were classified as discontinued operations.

Figures in Rand thousand	2023	2022
Revenue	**28 856**	899 448
Cost of sales	**(28 819)**	(575 345)
Gross profit	**37**	324 103
Net financial asset impairment losses	**(228)**	(3 267)
Remeasurement to fair value less costs to sell	**–**	(41 948)
Gain on disposal	**39 297**	92 456
Other operating expenses	**(10 166)**	(188 861)
Operating profit	**28 940**	182 483
Investment income	**28**	468
Finance costs	**–**	(2 937)
Profit before taxation	**28 968**	180 014
Taxation (note 26)	**–**	(38 167)
Profit for the year from discontinued operations	**28 968**	141 847
Attributable to:		
Owners of EOH Holdings Limited	**28 968**	142 356
Non-controlling interests	**–**	(509)
Earnings per share (cents)*		
Earnings per share from discontinued operations	**7**	53
Diluted earnings per share from discontinued operations	**7**	53
Net cash flows in relation to discontinued operations		
Net decrease in cash and cash equivalents	**(14 564)**	(97 948)
Operating activities	**(1 823)**	(11 704)
Investing activities	**(12 309)**	(78 871)
Financing activities	**(432)**	(7 373)

* *Comparative figures previously reported have been amended to reflect the effects of the bonus element of the renounceable rights offer to qualifying shareholders.*

Loss before taxation before including the gain on disposal and remeasurement to fair value less costs to sell was R10.3 million (2022: profit of R129.5 million).

Notes to the consolidated financial statements *continued*

14. Disposal of subsidiaries

On 11 December 2018, the Group announced that opportunities would be explored for the sale of certain non-core assets to assist with its plan to deleverage and remove unnecessary complexity within the Group. In line with this strategy, the Group has disposed of certain investments in subsidiaries during the period.

Figures in Rand thousand	Treatment before disposal	Continuing/ Discontinued operations	Percentage holding disposed	Date of disposal	Consideration received or receivable*	Gain on disposal
Entity disposed						
IT Infrastructure Services						
Network Solutions and Hymax SA Proprietary Limited	Subsidiary	Discontinued	100%	1 September 2022	129 273	39 297
EasyHQ						
NuvoteQ Proprietary Limited	Subsidiary	Continuing	100%	1 March 2023	35 000	13 829
Net gain on disposal of subsidiaries					164 273	53 126

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

Figures in Rand thousand	2023	2022
Opening balance	**17 791**	17 660
Cash consideration received or receivable	**164 273**	818 633
Write-off of consideration receivable	**–**	(12 131)
Less: Amount outstanding at year end	**(23 160)**	(17 791)
Cash received from disposal of businesses	**158 904**	806 371
Less: Cash balances disposed of	**(23 550)**	(58 528)
Cash receipt from disposal of businesses, net of cash given up	**135 354**	747 843

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

Figures in Rand thousand	Notes	2023	2022
Assets			
Property, plant, equipment and right-of-use assets	3	**47 512**	58 042
Goodwill and intangible assets	4, 5	**45 598**	723 934
Equity-accounted investments		**–**	8 461
Other financial assets	6	**–**	18 565
Finance lease receivables		**–**	6
Inventories		**3 719**	2 299
Current taxation receivable		**–**	58 720
Trade and other receivables		**56 443**	237 013
Cash and cash equivalents		**23 550**	58 528
Liabilities			
Other financial liabilities	17	**(5 191)**	(3 294)
Lease liabilities	18	**–**	(10 994)
Deferred taxation	7	**(2 362)**	(73 772)
Current taxation payable		**(693)**	(70 521)
Provisions		**–**	(64 247)
Trade and other payables		**(57 460)**	(184 946)

Notes to the consolidated financial statements *continued*

15. Stated capital

Figures in Rand thousand	2023	2022
Stated capital		
Opening balance	**4 217 285**	4 217 285
Share issue – Rights to qualifying shareholders	**500 000**	–
Transaction costs related to the issue of shares	**(42 764)**	–
Share issue – Specific issue of shares to Lebashe	**100 000**	–
	4 774 521	4 217 285

Authorised

7 500 000 000 (2022: 500 000 000) ordinary shares of no-par value.

40 000 000 (2022: 40 000 000) EOH A shares of no-par value.

Unissued

6 861 916 579 (2022: 323 455 039) unissued ordinary shares.

Issued

Figures in thousand	2023	2022
Reconciliation of the number of shares in issue		
Opening balance	**176 545**	176 545
Share issue – Rights to qualifying shareholders	**384 615**	–
Share issue – Specific issue of shares to Lebashe	**76 923**	–
Shares in issue at the end of the year (fully paid)	**638 083**	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 Group	**(5 446)**	(5 449)
	630 296	168 755
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 and until 13 February 2023 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.*

As at 13 February 2023 and in keeping with the spirit of the 2018 empowerment transaction, the Company and Lebashe have amended the EOH A share terms by:

(i) amending the strike price of the EOH A shares from R90 per ordinary share to a price per ordinary share equal to the closing ordinary share price on the day following the publication of the results of the rights offer increased by a 25% CAGR which amounted to R11.81 per share; and

(ii) extending the maturity of the EOH A shares by a further five years until 30 September 2028, as well as amending the Amended and Restated Relationship Agreement (being one of the key agreements of the 2018 empowerment transaction) to further enable Lebashe to add value as a strategic partner of EOH. The effect of the EOH A share Amendments has been to provide Lebashe with a reasonable prospect of it being issued with EOH ordinary shares upon maturity of the EOH A shares while also extending the life of the Company's empowerment transaction (and the resultant benefits thereof to the Company) by a further five years.

The EOH 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 EOH 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 Share-based Payments *("IFRS 2").*

The Group undertook a renounceable rights offer to raise up to R500 million, to qualifying shareholders. The rights offer comprised 384 615 384 rights offer shares in the ratio of 227 rights offer shares for every 100 EOH ordinary shares held at the close of trade on Friday, 27 January 2023 and at a price of R1.30 per rights offer share. The total number of rights offer shares subscribed for and excess allocations applied for was 522 229 452 ordinary shares. On completion of the rights offer, the total number of ordinary shares in issue (including treasury shares but excluding the specific issue of ordinary shares to Lebashe referred to below) was 561 160 345 ordinary shares. An aggregate amount of R500 million was raised, excluding transaction costs of R43 million.

As the rights issue price per share was below the market value of the shares on the effective date, a bonus element is inherent in the rights offer. This is determined as the fair value per share before the exercise of rights as a proportion of the theoretical ex-rights value per share. The bonus element is 102 619 561 shares and has been taken into account as an adjustment when restating earnings/loss per share and headline earnings/loss per share for the current and prior period. Further detail can be found in notes 27 and 28.

The Group undertook a specific issue of ordinary shares at the above-mentioned rights offer share price of R1.30 per share for cash to Lebashe. An amount of R100 million was raised from this specific issue.

Notes to the consolidated financial statements *continued*

16. Other reserves

Figures in Rand thousand	Foreign currency translation reserve	Share-based payments reserve	Total
Opening balance at 1 August 2021	103 514	494 986	598 500
Other comprehensive loss	(82 760)	–	(82 760)
Transfer within equity*	–	(4 667)	(4 667)
Share-based payments	–	17 468	17 468
Share-based payments paid out during the year	–	(33 787)	(33 787)
Balance at 31 July 2022	**20 754**	**474 000**	**494 754**
Other comprehensive loss	**(20 490)**	**–**	**(20 490)**
Transfer within equity*	**–**	**(410 602)**	**(410 602)**
Share-based payments**	**–**	**50 145**	**50 145**
Share-based payments paid out during the year	**–**	**(2 229)**	**(2 229)**
Balance at 31 July 2023	**264**	**111 314**	**111 578**

* *Transfers within equity are transfers from shares to be issued to vendors for expired shares and transfers from the share-based payments reserve for expired, unexercised options.*

** *Share-based payments for the year includes a R49 million charge on the specific issue of shares to Lebashe as well as a charge on the amendments of the terms of Lebashe's A Shares. Refer to note 15 for additional detail.*

17. Other financial liabilities

Figures in Rand thousand	2023	2022
Interest-bearing liabilities	**833 643**	1 434 480
Interest-bearing bank loans secured through Security SPV	**683 176**	1 310 502
Bank overdrafts	**31 868**	–
Project finance loan*	**113 456**	118 244
Unsecured interest-bearing bank loans	**5 143**	5 734
Non-interest-bearing liabilities	**4 852**	188
Cash-based long-term incentive (note 35)**	**4 852**	–
Vendors for acquisition	**–**	188
Liabilities directly associated with assets held for sale	**–**	(306)
	838 495	1 434 362
Non-current financial liabilities	**2 489**	496 486
Current financial liabilities	**836 006**	937 876
	838 495	1 434 362
Reconciliation of other financial liabilities		
Balance at the beginning of the year	**1 434 668**	2 572 972
Draw-down/(repayment) of bank overdrafts	**31 868**	(387 665)
Proceeds from other financial liabilities	**14 464**	–
Repayment of other financial liabilities	**(678 580)**	(741 053)
Repayment of vendors for acquisition	**–**	(3 950)
Disposal of subsidiaries (note 14)	**(5 191)**	(3 294)
Write-off of vendors for acquisition	**(188)**	–
Interest accrued on other financial liabilities	**131 465**	180 213
Interest repaid on other financial liabilities	**(117 518)**	(195 669)
Amortisation of debt restructuring fee (note 25)	**22 843**	9 031
Recognition of cash-based long-term incentive (note 35)**	**4 852**	–
Other non-cash items	**(188)**	4 083
Closing balance before liabilities directly associated with assets held for sale	**838 495**	1 434 668
Liabilities directly associated with assets held for sale	**–**	(306)
	838 495	1 434 362

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

** *The cash-based long-term incentive is measured in accordance with IFRS 2* Share-based Payments.

Notes to the consolidated financial statements *continued*

17. Other financial liabilities continued

Figures in Rand thousand	2023	2022
Financial instruments		
Measured at amortised cost	**833 643**	1 434 174
Financial liabilities carried at fair value through profit or loss	**–**	188
Non-financial instruments		
Cash-based long-term incentive (note 35)**	**4 852**	–
	838 495	1 434 362
Vendors for acquisition		
Current financial liabilities	**–**	188
	–	188

** *The cash-based long-term incentive is measured in accordance with IFRS 2* Share-based Payments.

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.

The following interest-bearing bank loans were in place until 31 March 2023 and secured through Security SPV:

- A senior amortising term facility of three-month JIBAR + 545 basis points repayable on 1 April 2025; and
- A senior amortising bridge facility of one-month JIBAR + 842 basis points repayable on 31 December 2023.

With the completion of the rights issue during February 2023 the Group has concluded financing agreements with The Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking division) to refinance the remaining debt from 31 March 2023. This resulted in a substantial modification to the previous loans, which was assessed and determined to be accounted for as an extinguishment of the above-mentioned loans and a recognition of the new, restructured loans. This was performed as a non-cash transaction. Transaction costs of R6 million were levied on the restructuring, which were capitalised to the loans payable through the application of judgement by the Group. The remaining debt has been restructured into the following package from 31 March 2023:

- A R200 million four-year amortising term loan of three-month JIBAR + 3.7% repayable in March 2027;
- A R250 million three-year bullet term loan of three-month JIBAR + 3.8% repayable in March 2026;
- A R250 million four-year revolving credit facility of three-month JIBAR + 4% repayable in March 2027; and
- R500 million general banking facilities which will include a working capital facility and ancillary banking facilities of prime + 1%.

The Group has the following debt covenant limits in respect of the above-mentioned loans:

- Debt to EBITDA ratio of 3.25x or lower, whereas the actual ratio was 2.26;
- Debt service coverage ratio to free cash flow of 1x or higher, whereas the actual ratio was 1.73; and
- Interest cover ratio of 2.00x or higher, whereas the actual ratio was 2.32.

An error was noted in the definition of Finance Costs as included in the Second Amendment to the Common Terms Agreement entered into on 31 March 2023. This had a significant impact on the calculation of the interest cover ratio as required in the debt covenants on the above-mentioned loans, as interest on the old Senior Bridge Loan prior to the refinance had been included in error, resulting in the interest cover ratio being 2.32 at 31 July 2023, which was less than the minimum of 3.75 based on the agreement effective at reporting date. The debt has thus been classified as current. This error was rectified through an amendment on 6 October 2023 to the covenant ratio from 3.75 to 2.00 and agreed by both The Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking division) and the group. The Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking division) further agreed that there was never a Default or an Event of Default that had occurred for the measurement date ending 31 July 2023.

Notes to the consolidated financial statements *continued*

18. Lease liabilities

Figures in Rand thousand	2023	2022
Amounts recognised in the statement of financial position		
Lease liabilities relate to:		
Buildings	**63 988**	106 495
Vehicles	**3 435**	392
	67 423	106 887
Additions to the lease liabilities amounted to R8 million (2022: R34 million).		
Amounts recognised in the statement of profit or loss and other comprehensive income		
Interest expense (note 25)	**8 033**	13 152
Expense relating to short-term leases and low-value leases (note 23)	**10 307**	23 998
	18 340	37 150

The total cash outflow for leases amounted to R79 million (2022: R131 million).

Potential future cash flows of R80 million undiscounted have not been included in the lease liability as it is not reasonably certain that the leases will be extended in considering their available extension options.

Lease commitments for short-term leases and leases of low-value items were considered and deemed immaterial.

Figures in Rand thousand	2023	2022
Lease liabilities reconciliation		
Opening balance	**106 887**	180 318
Additions	**8 529**	33 945
Lease payments	**(68 509)**	(107 104)
Interest accrued	**8 033**	15 030
Terminations	**–**	(5 696)
Disposal of businesses	**–**	(10 994)
Remeasurements	**9 465**	–
Other movements	**3 018**	1 388
Closing balance	**67 423**	106 887

Figures in Rand thousand	2023	2022
Current	**34 099**	55 449
Non-current	**33 324**	51 438
	67 423	106 887

Notes to the consolidated financial statements *continued*

19. Trade and other payables

Figures in Rand thousand	2023	2022
Financial instruments	**681 440**	500 613
Trade payables	**586 197**	500 613
Other payables	**95 243**	–
Non-financial instruments	**1 017 555**	1 200 215
VAT payable	**60 758**	111 910
Other accrued expenses	**223 761**	299 516
Payroll accruals	**364 891**	412 043
Contract liabilities (note 21)	**368 145**	376 746
	1 698 995	1 700 828

Included in payroll accruals are amounts relating to leave pay, bonuses, profit sharing and PAYE.

20. Provisions

Figures in Rand thousand	Provision for litigation	PAYE provision	Onerous contracts	Total
Opening balance at 1 August 2021	88 875	216 234	19 190	324 299
Raised during the year	65 448	8 782	5 436	79 666
Paid	–	(46 189)	–	(46 189)
Transferred to trade and other payables	(42 025)	–	–	(42 025)
Balance at 31 July 2022	**112 298**	**178 827**	**24 626**	**315 751**
Raised/(released) during the year	**45 000**	**(63 996)**	**9 746**	**(9 250)**
Utilised	**–**	**–**	**(10 438)**	**(10 438)**
Transferred to trade and other payables	**(112 298)**	**–**	**–**	**(112 298)**
Balance at 31 July 2023	**45 000**	**114 831**	**23 934**	**183 765**

At the initial stage of the ENSafrica investigation, three contracts were identified as having apparent irregularities including collusion to bypass the State Information Technology ("SITA") process to enable over-invoicing. The provision for the over-invoicing was raised in 2019. Following EOH's conclusion of a settlement agreement with the Special Investigating Unit ("SIU"), in 2022, relating to the legacy Department of Water and Sanitation ("DWS") contract, the SIU referred the matter to the Competition Commission ("Commission") for consideration. The Commission subsequently advised EOH that it is investigating the SIU's complaint against EOH Mthombo Proprietary Limited. EOH is in the process of making representations to the Commission, as it has self-reported the matter to National Treasury and the SIU, it has been engaging with and supporting the authorities, it is currently making reimbursements to the DWS and it has taken the necessary remedial actions.

During the current year, the Group, the SIU and the DWS concluded a settlement agreement, with a total settlement amount of R177 million, consisting of an upfront settlement amount of R65 million (recovered from a third party) and the remaining R112 million to be paid from January 2023 onwards.

The remaining balance was accordingly transferred out of provisions to other payables as there is no longer uncertainty over the timing or the amount payable.

The provision for litigation raised during the year relates to the matter arising in the course of liquidating Mehleketo Resources Proprietary Limited ("Mehleketo"), which 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) 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 disputed the allegations of the liquidators' and accordingly entered an appearance to defend the claim, which litigation is ongoing. EOH is confident that this dispute will be resolved in due course and have provided for a potential exposure of R45 million in the current financial year, based on expert legal advice.

The PAYE provision relates to a PAYE dispute which the Group is contesting, this relates to EOH Abantu Proprietary Limited ("EOH Abantu"), a wholly owned subsidiary, which has an ongoing tax dispute dating back to 2012 related to a PAYE dispute in two of its staff outsourcing businesses. At 31 July 2023, the Group had provided for R115 million on the PAYE liability assessed and is in ongoing discussions with SARS, regarding the potential settlement of this matter, in line with the requirements of the Tax Administration Act. In October 2022, EOH Abantu launched a review application against SARS relating to the above-mentioned tax dispute. Since the launch of the review application, EOH Abantu and SARS have been engaging to resolve the dispute in an amicable and efficient manner through a Compromise process, which is ongoing. The Group remains confident that the dispute will be resolved amicably and is supported by both expert technical and legal advice. A total of R98 million for the period 2020 to 2022 has been repaid up to 31 July 2023, and an amount of R63 million of the provision previously raised has been released in the current year.

Provisions also include onerous contract provisions, where there is uncertainty on the final amount, which is the lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil the contracts, with the timing of outflow expected to be in the next financial year.

Notes to the consolidated financial statements *continued*

21. Revenue

Disaggregated revenue

Figures in Rand thousand	2023	2022
Revenue by sector		
Public sector	**14%**	16%
Private sector	**86%**	84%
Total	**100%**	100%
Major revenue types		
Hardware sales	**621 753**	716 976
Services	**4 705 004**	5 602 210
Software/licence contracts	**912 360**	568 134
Rentals*	**19 061**	43 228
Total	**6 258 178**	6 930 548
Timing of revenue recognition		
Goods or services transferred to customers:		
– at a point in time	**1 838 927**	1 705 571
– over time	**4 419 251**	5 224 977
Total	**6 258 178**	6 930 548
Continuing operations	**6 229 322**	6 031 100
Discontinued operations	**28 856**	899 448
Total	**6 258 178**	6 930 548

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

Figures in Rand thousand	2023	2022
Contract balances		
Contract assets (note 10)	**220 018**	238 411
Contract liabilities (note 19)	**(368 145)**	(376 746)
Total	**(148 127)**	(138 335)

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date, mostly for services contracts.

Contract assets are transferred to receivables when the rights become unconditional, which usually occurs when the Group issues an invoice to the customer.

Contract liabilities primarily relate to the advance consideration received from customers for services and maintenance contracts. Revenue is recognised from the contract liability amounts as and when services are delivered and related performance obligations satisfied.

Notes to the consolidated financial statements *continued*

21. Revenue continued

Significant changes in the contract assets and the contract liabilities balances during the year are as follows:

Figures in Rand thousand	2023	2022
Contract assets		
Contract assets at the beginning of the year	**238 411**	373 103
Transfers from contract assets recognised at the beginning of the period and during the current period to receivables	**(409 671)**	(518 818)
Increases as a result of revenue recognised	**390 668**	387 175
Foreign exchange translation	**3 841**	–
Impairment allowance raised (note 37)	**(3 231)**	(3 049)
Contract assets at the end of the year	**220 018**	238 411
Contract liabilities		
Contract liabilities at the beginning of the year	**376 746**	324 058
Revenue recognised during the year and which was included in the contract liability balance at the beginning of the year	**(397 379)**	(247 231)
Increases due to advance cash received or amounts billed, excluding amounts recognised as revenue during the year	**396 660**	308 317
Foreign exchange translation	**(1 225)**	–
Disposals	**(6 657)**	–
Liabilities directly associated with assets held for sale	**–**	(8 398)
Contract liabilities at the end of the year	**368 145**	376 746
Net contract assets		
Unbilled revenue (note 10)	**226 700**	249 670
Allowance for impairment (note 10)	**(6 682)**	(11 259)
Net contract assets	**220 018**	238 411

Performance obligations

Nature of goods and services

The following table provides an explanation of the Group's performance obligations:

Revenue type	Recognition drive	Transfer of control	Measurement of transaction price	Duration of contract
Hardware sales	Upon delivery	At a point in time	Contracted amounts	< 1 year
Services	Monthly/costs incurred	Over time	Contracted amounts	> 1 year
Software/licence contracts	Agent – upon delivery Principal – monthly	Agent – at a point in time Principal – over time	Contracted amounts	> 1 year
Rentals	Monthly rentals	Over time	Contracted amounts	> 1 year

The Group recognised revenue as principal of R6 014 million and as agent of R244 million.

The Group has applied the practical expedient allowed for contracts expected to be less than one year. The Group is not separating the significant financing component out of the transaction price.

Remaining performance obligations

The following table includes revenue to be recognised in future related to performance obligations that are unsatisfied (or partially satisfied):

Figures in Rand thousand	2023	2022
Within one year	**533 306**	272 941
More than one year	**10 603**	412 887
Total	**543 909**	685 828

The performance obligations expected to be recognised in more than one year relate to maintenance, software, managed and services contracts which are to be satisfied within two years. All the other remaining performance obligations are expected to be recognised within one year.

Where revenue is recognised over time on the costs incurred method, estimates are made to the total budgeted cost.

Significant judgement was applied in assessing whether the Group is an agent or principal in the software/licence contracts and hardware sales (refer to note 1.3 for additional information).

Notes to the consolidated financial statements *continued*

22. Net financial asset impairment losses

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

Figures in Rand thousand	2023	2022
Impairment (reversal)/loss on trade and other receivables	**(4 720)**	30 040
Impairment reversal on other financial assets	**–**	(1 345)
Impairment loss on contract assets	**3 231**	3 049
Impairment loss on finance lease receivables	**80 506**	27 975
	79 017	59 719

23. Operating profit

Figures in Rand thousand	2023	2022
Operating profit from continuing operations is stated after taking into account the following other items:		
Amortisation	**27 006**	49 534
Amortisation included in cost of sales	**8 357**	22 088
Amortisation not included in cost of sales	**18 649**	27 446
Auditor's remuneration^	**48 905**	49 838
Other auditors	**6 813**	9 694
Audit fee	**5 367**	7 542
Fees for other services	**1 446**	2 152
PricewaterhouseCoopers Inc.	**42 092**	40 144
Audit fee	**38 249**	40 144
Audit fee – prior year	**3 199**	–
Fees for other services	**644**	–
Depreciation	**100 672**	146 423
Depreciation included in cost of sales	**26 366**	33 604
Depreciation not included in cost of sales	**74 306**	112 819
Employee costs	**3 162 974**	3 121 577
Employee costs included in cost of sales	**2 057 956**	2 010 561
Employee costs not included in cost of sales	**1 105 018**	1 111 016
Materials, services and travel included in cost of sales	**2 390 165**	2 275 031
Materials	**2 389 185**	2 273 824
Travel and accommodation	**980**	1 207
Inventory write-off	**16 620**	14 447
Advisory services	**65 284**	25 130
IT and network support services	**11 868**	10 032
Legal fees	**30 784**	36 342
IT expenses: software licence fees	**65 795**	29 066
Reversal of historic VAT accruals	**(26 918)**	(10 795)
Profit on disposal of subsidiaries and equity-accounted investments	**(13 829)**	(3 112)
IFRS 5 remeasurement to fair value less costs to sell	**1 684**	17 506
Share-based payment expense	**55 236**	16 607
Foreign exchange gain	**(6 592)**	(3 111)
Loss on disposal of intangible assets and property, plant and equipment	**463**	15 920
Short-term and low-value lease charges	**10 307**	23 998
Short-term and low-value lease charges on immovable property	**8 261**	20 421
Short-term and low-value lease charges on movable property	**2 046**	3 577
Provisions (released)/raised	**(9 250)**	79 666
IAS 36 impairment of goodwill	**16 008**	13 881
IAS 36 impairment of intangible assets and property, plant and equipment	**–**	7 023

^ *Auditor's remuneration for the prior year has been restated to include amounts levied by other audit firms in addition to PricewaterhouseCoopers Inc. This has not had an impact on equity nor on the statement of financial position of the Group.*

Notes to the consolidated financial statements *continued*

24. Investment income

From continuing operations

Figures in Rand thousand	2023	2022
Interest income		
Bank	**7 684**	8 705
Other interest received	**2 868**	17 617
	10 552	26 322

25. Finance costs

From continuing operations

Figures in Rand thousand	2023	2022
Other financial liabilities	**131 465**	180 213
Debt restructuring fee	**22 843**	9 031
Lease liabilities	**8 033**	15 030
Bank	**6 538**	4 753
Other interest	**5 448**	7 265
	174 327	216 292

Notes to the consolidated financial statements *continued*

26. Taxation

Figures in Rand thousand	2023	2022
Current taxation		
Local income taxation – current year	**58 065**	67 784
Local income taxation – prior years	**(2 425)**	9 193
Foreign income taxation – current year	**1 080**	17
	56 720	76 994
Discontinued operations	**–**	15 348
Continuing operations	**56 720**	61 646
	56 720	76 994
Deferred taxation		
Originating and reversing temporary differences	**(6 754)**	22 649
Prior year adjustments	**2 228**	8 442
	(4 526)	31 091
Discontinued operations	**–**	22 819
Continuing operations	**(4 526)**	8 272
	(4 526)	31 091
Total taxation	**52 194**	108 085
Discontinued operations	**–**	38 167
Continuing operations	**52 194**	69 918
Total taxation	**52 194**	108 085
Reconciliation of rate of taxation**	**%**	%
For both continuing and discontinued operations		
South African normal rate of taxation	**27.0**	28.0
Reduction in rate for the year, due to:		
Exempt income^	**(3 731.0)**	(8.2)
Foreign taxation rate differences	**(5 176.2)**	(4.0)
Disallowed gain on disposal	**(8 598.6)**	(28.0)
Prior year adjustments to under provision of deferred taxation/current taxation	**(1 447.8)**	–
Effect of unutilised temporary differences	**(17 105.5)**	(71.3)
Effect of utilised/not utilised estimated tax losses	**(22 001.9)**	–
Change in corporate tax rate	**–**	(2.7)
Increase in rate for the year, due to:		
Effect of utilised/not utilised estimated tax losses	**–**	53.7
Prior year adjustments to over provision of deferred taxation/current taxation	**–**	10.3
Non-deductible expenditure*	**61 445.4**	137.0
Capital gains taxation	**27 754.9**	5.9
	31 166.3	120.7
Unrecognised deferred taxation assets		
Deferred taxation assets not recognised in respect of deductible temporary differences	**454 920**	563 689
Deferred taxation assets not recognised in respect of taxation losses	**2 540 399**	2 841 846
Deferred taxation assets not recognised in respect of the outside basis of tax on disposal groups held for sale	**–**	49 972
	2 995 319	3 455 507

* *The non-deductible expenditure relates mainly to interest expenses recognised (-68 303%) and intercompany loan write-off (29 761%) (2022: -190%) which will result in capital losses that can be utilised against future capital gains in terms of section 19 and paragraph 12A of the Income Tax Act of South Africa.*

^ *Exempt income (-3 731%) relates mainly to government grants received. Exempt income in the prior year (-8.2%) related mainly to special allowances in terms of S12H, learnership and S11D and approved research and development.*

** *The relationship between the Group's profit before taxation and taxation expense has widened during the current year. This is a result of the Group's profit before taxation decreasing by 100% while the Group's taxation expense only decreased by 52%. This is due to a mix of profit-making and loss-making entities in the Group.*

The deductible temporary differences do not expire under the current taxation legislation.

Deferred tax assets have been recognised to the extent that the realisation of the related tax through future taxable profits is probable. An assessment of future taxable profits has been performed at a relevant subsidiary level based on budgets.

In 2023, R276 million (2022: R212 million) of previously unrecognised taxation losses was utilised.

Notes to the consolidated financial statements *continued*

27. Earnings per share

	2023	Restated* 2022
Basic loss per share and diluted loss per share		
Loss attributable to owners of EOH Holdings Limited from continuing and discontinued operations (R'000)	**(57 576)**	(24 868)
Weighted average number of shares in issue ('000)**	**436 578**	271 374
Basic loss per share from continuing and discontinued operations (cents)	**(13)**	(9)
Diluted loss per share from continuing and discontinued operations (cents)	**(13)**	(9)
Basic loss per share from continuing operations (cents)	**(20)**	(62)
Diluted loss per share from continuing operations (cents)	**(20)**	(62)

* *Comparative figures previously reported have been amended to reflect the effects of the renounceable rights offer to qualifying shareholders. Further detail regarding this transaction is provided in note 15.*

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

Basic earnings and diluted earnings are equal for the years ended 31 July 2022 and 31 July 2023.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

28. Headline loss per share

	2023	Restated* 2022
Headline loss per share and diluted headline loss per share		
Headline loss from continuing operations (R'000)	**(82 318)**	(121 700)
Weighted average number of shares in issue ('000)**	**436 578**	271 374
Headline loss per share from continuing operations (cents)	**(19)**	(45)
Diluted headline loss per share from continuing operations (cents)	**(19)**	(45)
Headline loss from continuing and discontinued operations (R'000)	**(92 647)**	(29 925)
Weighted average number of shares in issue ('000)**	**436 578**	271 374
Headline loss per share from continuing and discontinued operations (cents)	**(21)**	(11)
Diluted headline loss per share from continuing and discontinued operations (cents)	**(21)**	(11)

* *Comparative figures previously reported have been amended to reflect the effects of the renounceable rights offer to qualifying shareholders. Further detail regarding this transaction is provided in note 15.*

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

Notes to the consolidated financial statements *continued*

28. Headline loss per share continued

Figures in Rand thousand	2023		2022	
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	**(57 576)**	**(57 576)**	(24 868)	(24 868)
Adjusted for:				
Loss on disposal of intangible assets and property, plant and equipment	**463**	**363**	15 903	12 341
Profit on disposal of subsidiaries and equity-accounted investments	**(53 126)**	**(53 126)**	(95 568)	(95 568)
IAS 36 impairment of goodwill	**16 008**	**16 008**	13 881	13 881
IAS 36 impairment of intangible assets and property, plant and equipment	**–**	**–**	6 938	4 995
IFRS 5 remeasurement to fair value less costs to sell	**1 684**	**1 684**	59 454	59 454
Total non-controlling interest effects on adjustments	**–**	**–**	(160)	(160)
Headline loss from continuing and discontinued operations	**(92 547)**	**(92 647)**	(24 420)	(29 925)

Figures in Rand thousand	2023		2022	
Reconciliation between earnings, headline earnings and diluted headline earnings from continuing operations	**Gross**	**Net**	**Gross**	**Net**
Loss attributable to owners of EOH Holdings Limited	**(57 576)**	**(57 576)**	(24 868)	(24 868)
Adjusted for profit from discontinued operations (note 13)	**(28 968)**	**(28 968)**	(142 356)	(142 356)
Continuing loss attributable to ordinary shareholders	**(86 544)**	**(86 544)**	(167 224)	(167 224)
Continuing operations adjustments:				
Loss on disposal of intangible assets and property, plant and equipment	**463**	**363**	15 920	12 354
Profit on disposal of subsidiaries and equity-accounted investments	**(13 829)**	**(13 829)**	(3 112)	(3 112)
IAS 36 impairment of goodwill	**16 008**	**16 008**	13 881	13 881
IAS 36 impairment of intangible assets and property, plant and equipment	**–**	**–**	7 023	5 056
IFRS 5 remeasurement to fair value less costs to sell	**1 684**	**1 684**	17 506	17 506
Total non-controlling interest effect on adjustments	**–**	**–**	(161)	(161)
Headline loss from continuing operations	**(82 218)**	**(82 318)**	(116 167)	(121 700)

Notes to the consolidated financial statements *continued*

29. Cash generated from operations

Figures in Rand thousand	2023	2022
Profit/(loss) before taxation from:	168	89 686
Continuing operations	(28 800)	(90 328)
Discontinued operations (note 13)	28 968	180 014
Adjustments for:		
Depreciation and amortisation	127 678	203 380
Impairment losses on non-financial assets	–	6 938
IAS 36 impairment of goodwill	16 008	13 881
IFRS 5 remeasurement to fair value less costs to sell	1 684	59 454
Loss on disposal of intangible assets and property, plant and equipment	463	15 903
Profit on disposal of subsidiaries and equity-accounted investments	(53 126)	(95 568)
Share-based payment expense	54 997	17 468
Net finance costs	163 747	192 439
Net financial asset impairment losses	79 245	62 986
Inventory write-off	16 620	14 447
Movement in provisions	(9 250)	79 666
Foreign exchange gains	(6 592)	(168)
Other non-cash items	654	5 061
Cash generated before changes in working capital	392 296	665 573
Working capital changes net of effects of disposal of subsidiaries	(281 599)	(228 911)
Decrease in inventories	16 903	5 141
Increase in trade and other receivables	(158 232)	(76 169)
Decrease in trade and other payables	(140 270)	(157 883)
Historical share-based payment plans paid out during the year	(2 229)	(33 787)
Cash generated from operations	108 468	402 875

30. Taxation paid

Figures in Rand thousand	2023	2022
Amounts owing at the beginning of the year	(1 386)	(7 028)
Assets held for sale at the beginning of the year	384	(2 877)
Current taxation for the year (note 26)	(56 720)	(76 994)
Disposals (note 14)	693	11 801
Interest and other	1 161	(5 086)
Assets held for sale at the end of the year	–	(384)
Amounts (receivable)/owing at the end of the year	(15 375)	1 386
Taxation paid	(71 243)	(79 182)

Notes to the consolidated financial statements *continued*

31. 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 were provided 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. The continued provision of these guarantees is being discussed with the relevant clients. While PiA had undergone some operational challenges as a result of several factors, 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 will continue to proactively manage these projects to ensure that the risks presented by the PCGs are mitigated.

Litigation

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

Shema Power Lake Kivu ("SPLK")/Digital Industries Proprietary Limited ("DI") – dispute

EOH, via DI, concluded an agreement with SPLK for certain services, goods and equipment to be delivered to SPLK's site in Rwanda. SPLK's allegation is that the services and equipment provided by DI were deficient in that it failed to provide proper advice and to properly instruct the installation of the equipment, resulting in the equipment being damaged and rendered unfit for purpose. SPLK instituted a summons against DI and its claim equates to approximately R57 million. EOH has defended the action and has instituted certain counterclaims in relation to the matter. The litigation proceedings are ongoing.

Msunduzi Local Municipality – dispute

Msunduzi Municipality is looking to enter into an arbitration in respect of EOH's alleged repudiation of the service level agreement concluded between them on or about April 2016. EOH contends that delays in the contract were attributable to both parties and that in 2019, the municipality was placed under administration and did not pay any further invoices to EOH. EOH's suspension of services was ultimately as a result of the municipality not paying EOH.

Commitments

Figures in Rand thousand	2023	2022
Expected, but not yet contracted capital expenditure	**65 244**	38 000
Contractual obligation for future lease payments	**25 157**	–
	90 401	38 000

Notes to the consolidated financial statements *continued*

32. Retirement benefits

The Group is a member of a corporate defined contribution plan which is governed by the Pensions Fund Act to which employees elect to make retirement contributions on an income sacrifice basis. The Group makes no additional contribution and is under no obligation to cover any other benefits. Employees are also eligible and obliged to become members of the Group risk benefit scheme, providing certain minimum death and disability benefits. Such Group risk benefit scheme is external to the Group, to which employees make contributions, and the benefits paid out are paid by the third party.

At 31 July 2023, the membership of the funds were 2 869 (2022: 3 200) employees.

At 31 July 2023, the Group's contribution to the fund was R108 million (2022: R119 million).

33. Directors' and prescribed officers' interest in ordinary shares of the Company

	2023		2022	
Number of shares	Beneficial direct interest	Total	Beneficial direct interest	Total
Executive Directors				
Stephen van Coller	**1 311 023**	**1 311 023**	264 000	264 000
Megan Pydigadu	**89 603**	**89 603**	17 705	17 705
Fatima Newman	**70 800**	**70 800**	–	–
	1 471 426	**1 471 426**	281 705	281 705

There have been no other changes in the directors' interest in shares of the Company between year end and the date of approval of the consolidated and separate financial statements. Non-executive Directors do not hold any direct or indirect interest in shares of the Company. The Executive Directors and Prescribed Officers do not hold indirect interests in shares of the Company. No shares held by the Directors have been pledged as security or subject to a guarantee, collated or other encumbrance. Jabu Moleketi, who was appointed as a Non-executive Director in a prior year, is a shareholder and director of Lebashe Investment Group, which holds 127 998 548 (2022: 23 062 458) ordinary shares of the Company.

Notes to the consolidated financial statements *continued*

34. Directors' and prescribed officers' remuneration

Figures in Rand thousand	Short-term benefits				
	Remuneration including other benefits*	Bonuses	For services as directors	Total	Share-based payments charge
2023					
Executive Directors					
Stephen van Coller	10 500	4 256	–	14 756	5 248
Megan Pydigadu	7 088	1 959	–	9 047	592
Fatima Newman	6 458	1 815	–	8 273	1 109
Non-executive Directors					
Andrew Mthembu	–	–	1 621	1 621	–
Andrew Marshall	–	–	946	946	–
Bharti Harie	–	–	938	938	–
Jabu Moleketi	–	–	759	759	–
Jesmane Boggenpoel	–	–	974	974	–
Mike Bosman	–	–	1 122	1 122	–
Nosipho Molope	–	–	939	939	–
Sipho Ngidi	–	–	923	923	–
	24 046	8 030	8 222	40 298	6 949
Less: Paid/payable by subsidiaries	24 046	8 030	8 222	40 298	–
	–	–	–	–	6 949

Figures in Rand thousand	Short-term benefits				
	Remuneration including other benefits*	Bonuses	For services as directors	Total	Share-based payments charge
2022					
Executive Directors					
Stephen van Coller	10 000	4 180	–	14 180	3 408
Megan Pydigadu	6 750	1 859	–	8 609	151
Fatima Newman	6 150	1 710	–	7 860	–
Non-executive Directors					
Andrew Mthembu	–	–	1 388	1 388	–
Andrew Marshall	–	–	938	938	–
Bharti Harie	–	–	763	763	–
Jabu Moleketi	–	–	658	658	–
Jesmane Boggenpoel	–	–	853	853	–
Mike Bosman	–	–	1 148	1 148	–
Nosipho Molope	–	–	773	773	–
Sipho Ngidi	–	–	798	798	–
	22 900	7 749	7 319	37 968	3 559
Less: Paid/payable by subsidiaries	22 900	7 749	7 319	37 968	–
	–	–	–	–	3 559

* *Other benefits include medical aid and retirement fund contributions. Stephen Van Coller received medical aid and retirement fund contributions of R0.3 million and R0.8 million respectively. Megan Pydigadu received medical aid and retirement fund contributions of R0.2 million and R0.3 million respectively, and Fatima Newman received retirement fund contributions of R0.3 million.*

Notes to the consolidated financial statements *continued*

35. Share-based payments

The Group has three equity-settled share incentive schemes, The EOH Share Trust, The Mthombo Trust and The Share Ownership Plan. Inclusion in the schemes allows directors, executive management and employees to benefit from the EOH share price performance. For the share trusts and share ownership scheme, the participant needs to be in the employ of the Group in order to exercise vested options and shares. The Mthombo Trust restricts participation to qualifying previously disadvantaged directors, executive management and employees.

The EOH Share Trust

The scheme is governed by a trust deed approved by shareholders and the JSE Limited. The option strike price is equal to the share price at the date of the offer less 40% discount. The participant may exercise the option in respect of the shares granted in tranches from time to time as set out below. The share options will lapse 10 years after the grant date.

» 25% after two years;
» 25% after three years;
» 25% after four years; and
» 25% after five years.

A reconciliation of the movement of all share options in The EOH Share Trust is detailed below:

	The EOH Share Trust			
	Number of options		Weighted average strike price (Rand)	
	2023	**2022**	**2023**	**2022**
Opening balance	**1 955 639**	2 372 401	**42.91**	46.61
Forfeited during the year	**(310 765)**	(410 512)	**61.93**	64.69
Expired during the year	**–**	(6 250)	**–**	17.70
Options granted but not issued up to the end of the year	**1 644 874**	1 955 639	**39.31**	42.91
Vesting of share options				
Number of options exercisable at year end	**1 394 874**	1 447 139	**42.58**	50.53
Exercise date within one year	**250 000**	258 500		
Exercise date between two and five years	**–**	250 000		
	1 644 874	1 955 639		

There were no new share options granted during 2023 for The EOH Share Trust.

The Mthombo Trust

The scheme is governed by a trust deed approved by shareholders and the JSE Limited. The option strike price is equal to the share price at date of the offer less 40% discount. The participant may exercise the option in respect of the shares granted in tranches from time to time as set out below. The share options will lapse eight years after the grant date.

» 33.33% after three years;
» 33.33% after four years; and
» 33.33% after five years.

Notes to the consolidated financial statements *continued*

35. Share-based payments continued

The Mthombo Trust continued

A reconciliation of the movement of all share options in The Mthombo Trust is detailed below:

	The Mthombo Trust			
	Number of options		Weighted average strike price (Rand)	
	2023	2022	2023	2022
Opening balance	118 020	198 918	66.70	62.27
Forfeited during the year	(82 332)	(79 232)	68.75	55.92
Expired during the year	(30 001)	(1 666)	56.82	51.00
Options granted but not issued up to the end of the year	5 687	118 020	89.12	66.70
Vesting of share options				
Number of options exercisable at year end	5 687	118 020	89.12	66.70
Exercise date within one year	–	–		
Exercise date between two and five years	–	–		
	5 687	118 020		

There were no new share options granted during the 2023 financial year for The EOH Mthombo Trust.

The Share Ownership Plan

The Share Ownership Plan was adopted in 2018. The scheme awards participants with shares and is determined to be equity settled. Shares granted vest in tranches from time to time as set out below.

- 25% after two years;
- 25% after three years;
- 25% after four years; and
- 25% after five years.

An additional award was made to qualifying employees in June 2020 who had taken salary cuts as a result of Covid-19. Shares granted vest 100% after two years.

Shares have been exercised under this scheme in the current and prior years. These have been settled in cash as elected by the Group.

A reconciliation of the movement of all shares in The Share Ownership Plan is detailed below:

	The Share Ownership Plan			
	Number of shares		Weighted average share price (Rand)	
	2023	2022	2023	2022
Opening balance	2 614 956	10 507 010	19.91	11.74
Granted during the year	–	–	–	–
to management and employees	–	–	–	–
Forfeited during the year	(573 833)	(1 136 553)	10.07	11.85
Vested and exercised during the year	(674 918)	(6 755 501)	34.74	8.67
Shares granted but not issued up to the end of the year	1 366 205	2 614 956	16.73	19.91
Vesting of shares				
Number of shares vested at year end	447 229	89 959	9.97	27.78
Vesting date within one year	805 769	1 209 032		
Vesting date between two and five years	113 207	1 315 965		
	1 366 205	2 614 956		

The volatility of the share price at the grant date was determined using the share trading history of EOH Holdings Limited prior to the grant date.

The Share Ownership Plan does not grant employees options; therefore a binomial option pricing model is not used.

Notes to the consolidated financial statements *continued*

35. Share-based payments continued

Cash-based long-term incentive

Members of the Group's executives, divisional executives and management are granted cash-based long-term incentives ("CBLTIs") settled in cash. These awards are not subject to an exercise price, and vest subject to the achievement of designated performance criteria (non-market performance conditions) and subject to an employment condition. The employment condition is deemed to have been satisfied if the grantee remains in the employ of the Group on vesting of the units. The performance conditions relate to growth of the Group's return on invested capital (weighted 25%), headline earnings per share (weighted 25%), and EBITDA cash conversion ratio (weighted 25%), as well as to the achievement of certain skills development (weighted 10%) and transformation (weighted 15%) targets. The awards vest in a three-year period subject to the meeting of the performance and employment conditions. The Board initially approved the award of CBLTIs during the current period.

The liability for the CBLTIs is measured, initially, and at the end of each reporting period, until settled, at the fair value of the CBLTIs, applying an appropriate valuation model taking into account the terms and conditions under which the CBLTIs were granted, the expected achievement of non-market performance conditions, and the extent to which services have been rendered by the grantees to date.

The expense recognised during the period arising from the CBLTIs cash-settled share-based payment transactions amounted to R4.9 million (2022: Rnil). Refer to note 17.

There have been no cancellations or modifications to the awards during the reporting period.

A reconciliation of the movement of the CBLTIs is detailed below:

Cash-based long-term incentives

Number of awards	2023	2022
Opening balance	–	–
Granted during the year	8 583 041	–
Forfeited during the year	(1 078 049)	–
Vested during the year	(2 647 059)	–
Closing balance	**4 857 933**	–
Vesting of CBLTIs		
Number exercisable at year end	2 647 059	–
Exercise date within one year	–	–
Exercise date between two and five years	4 857 933	–
	7 504 992	–

Fair values

The following table lists the inputs to the model used to value the CBLTIs for the year ended 31 July 2023:

	2023	2022
Expected volatility (%)	–	–
Risk-free interest rate (%)	8.20	–
Spot share price	1.52	–
Dividend yield	–	–
Fair value	1.52	–

Notes to the consolidated financial statements *continued*

35. Share-based payments continued

The analysis of equity-settled share options/shares granted to directors is detailed below:

	Outstanding at 31 July 2022	Exercised during the period	Shares granted during the year	Weighted average share price* (Rand)	Outstanding at 31 July 2023
Executive Directors					
Stephen van Coller					
The EOH Share Trust (options)	1 000 000	–	–	19.00	1 000 000
Vested at year end	500 000	–	–	19.00	750 000
Exercisable within one year	250 000	–	–	19.00	250 000
Exercisable between two and five years	250 000	–	–	19.00	–
The Share Ownership Plan (shares)	339 623	–	–	13.25	339 623
Exercisable within one year	113 207	–	–	13.25	226 416
Exercisable between two and five years	226 416	–	–	13.25	113 207
Megan Pydigadu					
The Share Ownership Plan (shares)	31 011	(15 505)	–	32.25	15 506
Exercisable within one year	15 505	(15 505)	–	32.25	15 506
Exercisable between two and five years	15 506	–	–	32.25	–

* *Relates to the grant date fair value in terms of The Share Ownership Plan.*

In terms of the CBLTI, the directors have been granted the following cash-settled awards:

» Stephen van Coller has 1 386 555 awards exercisable at year end, and 2 371 708 awards exercisable between two and five years.
» Megan Pydigadu has 630 252 awards exercisable at year end.
» Fatima Newman has 630 252 awards exercisable at year end, and 1 078 049 awards exercisable between two and five years.

The above are the actual awards before applying the dilution factor of 3.78 disclosed in note 38.

36. Related-party transactions

The Group entered into various transactions with related parties.

Figures in Rand thousand	2023	2022
Loans receivable from joint ventures	–	–
Gross loans receivable from joint ventures	–	51 564
Allowances for expected credit losses on loans to joint ventures	–	(51 564)
Transactions between Group companies (subsidiaries)		
Sale of products and services	822 714	889 447
Purchases of products and services	592 116	642 132
Operating expenses	230 598	247 315
Outstanding loan balances		
Loans from EOH Holdings Limited to subsidiaries	2 851 241	2 859 887
Loans to EOH Holdings Limited from subsidiaries	237 176	227 396

Directors' remuneration

The remuneration for directors of the Company paid during the year by subsidiaries within the Group has been disclosed in note 34. Directors' and prescribed officers' interest in ordinary shares of the Company is disclosed in note 33. Directors are defined as key management.

Notes to the consolidated financial statements *continued*

37. Financial assets and financial liabilities

Financial risk management and fair value disclosures

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. Risk management is carried out centrally and management identifies, evaluates and analyses financial risks where necessary in close cooperation with the Group's operating business units. The Governance and Risk Committee oversees how management monitors compliance with the Group risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group's normal operations expose it to the following financial risks from its use of financial instruments:
» Capital risk;
» Liquidity risk;
» Interest risk;
» Credit risk; and
» Currency risk.

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 2023:

	Carrying amount					Fair value			
Figures in Rand thousand	Mandatorily at FVTPL	Amortised cost	Total	Held for sale	Balance	Level 1	Level 2	Level 3	Total
Financial assets									
Cash and cash equivalents	**–**	**235 948**	**235 948**	**–**	**235 948**	**–**	**–**	**–**	**–**
Trade and other receivables	**–**	**1 414 691**	**1 414 691**	**–**	**1 414 691**	**–**	**–**	**–**	**–**
Finance lease receivables	**–**	**22 030**	**22 030**	**–**	**22 030**	**–**	**–**	**–**	**–**
Other financial assets	**–**	**75 279**	**75 279**	**–**	**75 279**	**–**	**–**	**–**	**–**
Financial liabilities									
Trade and other payables	**–**	**681 440**	**681 440**	**–**	**681 440**	**–**	**–**	**–**	**–**
Lease liabilities	**–**	**67 423**	**67 423**	**–**	**67 423**	**–**	**–**	**–**	**–**
Other financial liabilities	**–**	**833 643**	**833 643**	**–**	**833 643**	**–**	**–**	**–**	**–**

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			
Figures in Rand thousand	Mandatorily at FVTPL	Amortised cost	Total	Held for sale	Balance	Level 1	Level 2	Level 3	Total
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

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.

Notes to the consolidated financial statements *continued*

37. Financial assets and financial liabilities continued

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.

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 Rnil (2022: R195 million). These fair values are categorised as level 3, based on inputs used.

Capital risk management

The Group recognises, as part of its strategic intent, that an appropriate capital structure is required to ensure both sustainability of the business and to leverage growth opportunities.

The Group has a historically large debt burden which is not fit for purpose in terms of its capital structure. The stated objective of the Group has been to deleverage the Group to an appropriate capital structure. The deleveraging process has primarily been done by disposing of non-core assets (as disclosed in note 14). The Group is targeting a 70% equity to 30% debt ratio. Significant progress has been made in this regard over the past year.

While the Group is focused on creating a fit-for-purpose capital structure, the full focus has been on deleveraging. Appropriate funding for the business has also been a key focus.

In terms of allocating capital within the business, the Group looks at return on invested capital ("ROIC") metrics to allocate capital. This is measured against the Group's discount rate of 15.5%, to ensure there is value creation whereby ROIC needs to exceed the discount rate.

The debt-to-equity ratios were as follows:

Figures in Rand thousand	2023	2022
Debt* (R'000)	**833 643**	1 434 362
Equity at market value (R'000)	**969 887**	882 725
Debt-to-equity ratio	**46:54**	62:38

* *Debt reflects amounts owed to funders.*

Refer to note 1.2, which provides further discussion surrounding the Group debt reduction strategy.

Notes to the consolidated financial statements *continued*

37. Financial assets and financial liabilities continued

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by reviewing future commitments and credit facilities to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Figures in Rand thousand	Less than 1 year	Between 1 and 5 years
At 31 July 2023		
Other financial liabilities	**833 643**	**–**
Lease liabilities	**38 589**	**35 623**
Trade and other payables	**681 440**	**–**
At 31 July 2022		
Other financial liabilities	939 428	579 305
Lease liabilities	63 312	63 011
Trade and other payables	540 386	–

The expected maturity of financial liabilities is not expected to differ from the contractual maturities as disclosed above.

With effect from 6 October 2023 the other financial liabilities has been reclassified back to non-current liabilities. Refer to note 17 for more detail. Therefore, within the 'Less than 1 year' maturity bucket for other financial liabilities, is R43 million (2022: R82 million) of interest and a R32 million bank overdraft repayable within 6 months after year end, R42 million (2022: R42.5 million) of interest and R31 million of capital due within 7 and 12 months after year end.

Furthermore, within the 'Between 1 and 5 years' maturity bucket is R79 million (2022: R50 million) of interest and R62 million of capital, which is due between 1 and 2 years. In addition, R61 million (2022: R33 million) of the balance in the 1 and 5 years maturity bucket is due between 2 and 3 years relating to interest payable while R298 million (2022: R496 million) is due between 2 and 3 years relating to capital repayable. R320 million is due between 3 and 4 years of which R24 million relates to interest payable with the balance being capital repayments. Refer to note 1.2 for additional information.

Interest rate risk

The cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate owing to changes in the market interest rate. The fair value interest rate risk is the risk that the value of the financial instrument will fluctuate because of changes in the market interest rates. The Group assumes exposure to the effects of the fluctuations in the prevailing levels, if the market interest rates on both the fair value and cash flow risks fluctuate.

Interest rate risk arises from other financial liabilities, being borrowings (refer to note 17). Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group policy is to maintain most of its borrowings in variable rate instruments. The variable rates are influenced by movements in the JIBAR rates. During the reporting period, the Group's borrowings at variable rates were denominated in Rand.

The Group analyses its interest rate exposure on an ongoing basis. The Group does not hedge against fluctuations in interest rates.

At 31 July 2023, if the interest rate on Rand-denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax loss for the year would have been R8 million (2022: R15 million) lower/higher, mainly as a result of higher interest expense on floating rate borrowings.

Notes to the consolidated financial statements *continued*

37. Financial assets and financial liabilities continued

Credit risk and expected credit losses

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's other financial assets, finance lease receivables, trade and other receivables, contract assets, and cash and cash equivalents.

Trade receivables, contract assets and finance lease receivables comprise a widespread customer base, spread across diverse industries and geographical areas. The Group has a general policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Management evaluates credit risk relating to customers on an ongoing basis, taking into account its financial position, past experience and other relevant factors. If customers are independently rated, these ratings are also considered.

The gross carrying amounts of financial assets represent the maximum credit exposure. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets. Financial assets exposed to credit risk at year end were as follows:

Figures in Rand thousand	2023	2022
Other financial assets	**134 850**	222 043
Finance lease receivables	**157 623**	136 402
Trade and other receivables*	**1 537 763**	1 495 063
Cash and cash equivalents	**235 948**	458 367
Contract assets*	**226 700**	250 462
	2 292 884	2 562 337

* *Comparative amounts include R0.8 million of contract assets and R59.5 million of trade and other receivables which were classified as held for sale in the prior year.*

At the reporting date, the Group did not consider there to be any significant concentration of credit risk which has not been adequately provided for.

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry in which customers operate.

Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. The Group's exposure and the credit scores of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread among approved counterparties. Credit exposure is controlled by counterparty credit limits that are reviewed and approved by the Risk Management Committee/Credit Control department annually.

The average credit period on sales of goods and services ranges from 30 days to 120 days. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Customers are grouped according to their credit characteristics. The customers grouped in a particular segment, which are industry segments, share similar credit risk characteristics. Trade receivables are assessed for impairment on a collective basis as well as on a specific basis considering the individual customers' credit quality and payment history in addition to their industry segment. The contract assets relate to unbilled work-in-progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group does not have trade receivables and contract assets for which no loss allowance is recognised because of collateral held.

Notes to the consolidated financial statements *continued*

37. Financial assets and financial liabilities continued

Credit risk and expected credit losses continued

Trade receivables and contract assets continued

Expected credit loss assessment for trade receivables and contract assets

The allowance for impairment of trade receivables and contract assets is created to the extent and as and when required, based upon the expected collectability of accounts receivable. The Group uses a provision matrix to measure the ECLs of trade receivables and contract assets. In addition to this, a specific assessment of customers for ECLs is performed.

Loss rates as per the provision matrix are calculated using a "roll rate"/"flow rate" method based on the probability of a receivable progressing through successive stages of delinquency to write-off. "Roll rates"/"flow rates" are calculated separately for exposures in different industry segments based on the common credit risk characteristics. The expected credit loss calculation incorporates both industry risk and country risk depending on where the respective customers are based. The exposure to credit risk table presents the gross carrying amount of trade debtors and contract assets by industry together with the associated ECL.

The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Two scenarios have been modelled per customer incorporating both their historical payment profiles as well as expectations about their abilities to pay amounts due.

A default event is considered to have occurred when aged 90 days or beyond. Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the entity, and a failure to make contractual payments for a period of greater than 90 days past due.

The following table provides information about the exposure to credit risk and ECLs for contract assets as at 31 July 2023:

Figures in Rand thousand	Gross amount	Weighted average loss rate %	Expected credit loss
Industry			
Automotive	262	6	15
Business and professional services	3 725	39	1 439
Construction, real estate, facilities and property management	7 599	5	353
Education	8 713	6	509
Electricity, gas, water, energy and utilities	48 201	3	1 687
Financial services	3 332	3	91
Health and pharmaceuticals	2 423	5	130
Human capital and resourcing	8	6	*
Information technology	63 298	–	90
Manufacturing and FMCG	2 767	4	109
Metro and municipalities	2 897	1	25
Mining and quarrying	338	100	338
National government	12 550	–	*
Other	15 484	7	1 032
Provincial government	984	–	*
Public institutions and agencies	9 191	–	*
Retail and wholesale trade	2 089	5	100
Security services	1 850	12	223
State-owned entities	27 820	–	14
Telecommunications	3 491	3	97
Tourism, hospitality, food and beverage	8 472	5	430
Transport, supply chain, logistics and storage	1 206	–	*
	226 700		6 682

* *Less than R1 000.*

Notes to the consolidated financial statements *continued*

37. Financial assets and financial liabilities continued

Credit risk and expected credit losses continued

Trade receivables and contract assets continued

Expected credit loss assessment for trade receivables and contract assets continued

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at as at 31 July 2023:

Figures in Rand thousand	Gross amount	Weighted average loss rate %	Expected credit loss
Industry			
Agriculture, environment, forestry and fisheries	12 137	3	398
Automotive	35 042	6	2 238
Business and professional services	62 068	14	8 591
Constitutional and regulatory body	3 634	4	133
Construction, real estate, facilities and property management	57 595	19	11 083
Education	21 468	3	604
Electricity, gas, water, energy and utilities	72 327	7	5 205
Financial services	167 398	6	9 941
Health and pharmaceuticals	23 260	7	1 605
Human capital and resourcing	2 826	9	242
Industrial services	12 124	3	310
Information technology	200 832	6	12 078
Manufacturing and FMCG	73 595	20	14 707
Marketing and advertising	16 050	4	692
Metro and municipalities	57 560	13	7 350
Mining and quarrying	84 593	7	6 100
National government	101 198	8	8 035
Other	23 920	11	2 671
Provincial government	190 328	5	10 067
Public benefit and membership organisations	4 773	4	187
Public institutions and agencies	14 570	5	762
Retail and wholesale trade	32 214	4	1 318
Security services	3 006	48	1 438
State-owned entities	74 218	11	8 233
Telecommunications	102 047	5	5 308
Tourism, hospitality, food and beverage	71 843	4	2 891
Transport, supply chain, logistics and storage	17 137	5	885
	1 537 763		123 072

Notes to the consolidated financial statements *continued*

37. Financial assets and financial liabilities continued

Credit risk and expected credit losses continued

Trade receivables and contract assets continued

Expected credit loss assessment for trade receivables and contract assets continued

The following table provides information about the exposure to credit risk and ECLs for contract assets as at 31 July 2022:

Figures in Rand thousand	Gross amount	Weighted average loss rate %	Expected credit loss
Industry			
Agriculture, environment, forestry and fisheries	761	2	16
Automotive	3 239	2	65
Construction, real estate, facilities and property management	3 226	5	158
Education	8 386	5	386
Electricity, gas, water, energy and utilities	33 505	5	1 523
Financial services	15 423	3	392
Health and pharmaceuticals	2 035	5	102
Human capital and resourcing	2 836	2	57
Industrial services	15	1	*
Information technology**	50 370	2	1 032
Manufacturing and FMCG	3 427	5	160
Metro and municipalities	14 167	6	854
Mining and quarrying	2 499	3	78
National government	25 290	1	372
Other	31 495	8	2 601
Provincial government	5 286	1	28
Public benefit and membership organisations**	12 122	22	2 719
Public institutions and agencies	14 379	1	180
Retail and wholesale trade	4 349	1	41
State-owned entities	3 304	–	–
Telecommunications	9 980	2	224
Tourism, hospitality, food and beverage	4 309	6	268
Transport, supply chain, logistics and storage	59	5	3
	250 462		11 259

* *Less than R1 000.*

** *Comparative amount has been restated to correctly disclose the gross carrying amount and corresponding expected credit losses related to customers in the industries of information technology and public benefit and membership organisations. This has not had an impact on equity nor on the statement of financial position of the Group.*

Notes to the consolidated financial statements *continued*

37. Financial assets and financial liabilities continued

Credit risk and expected credit losses continued

Trade receivables and contract assets continued

Expected credit loss assessment for trade receivables and contract assets continued

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 July 2022:

Figures in Rand thousand	Gross amount	Weighted average loss rate %	Expected credit loss
Industry			
Agriculture, environment, forestry and fisheries	8 467	4	317
Automotive	21 264	11	2 296
Business and professional services	80 689	15	11 847
Constitutional and regulatory body	6 447	54	3 455
Construction, real estate, facilities and property management	44 250	30	13 428
Education	11 058	39	4 267
Electricity, gas, water, energy and utilities	48 652	14	6 967
Financial services	149 128	7	10 668
Health and pharmaceuticals	46 825	3	1 371
Human capital and resourcing	3 044	6	197
Industrial services	11 206	7	750
Information technology**	177 034	24	42 327
Manufacturing and FMCG	76 429	20	15 062
Marketing and advertising	14 442	7	1 075
Metro and municipalities	78 275	23	17 922
Mining and quarrying	95 024	6	6 129
National government	88 863	38	34 062
Other	156 590	3	4 692
Provincial government	126 678	9	10 885
Public benefit and membership organisations	19 791	14	2 748
Public institutions and agencies	10 284	7	763
Retail and wholesale trade	19 240	7	1 391
Security services	2 868	4	115
State-owned entities	29 658	6	1 825
Telecommunications	104 939	14	15 121
Tourism, hospitality, food and beverage	56 452	11	6 248
Transport, supply chain, logistics and storage	7 466	5	389
	1 495 063		216 317

*** Comparative amount has been restated to correctly disclose the gross carrying amount and corresponding expected credit losses related to customers in the industry of information technology. This has not had an impact on equity nor on the statement of financial position of the Group.*

The expected loss rate by industry is based on payment profiles of sales over a 12-month period and the corresponding historical credit losses experienced within this period, which is considered to be representative of the collection cycle. These loss rates are adjusted to reflect a deterioration in the risk of the customer and macro-economic overlay affecting the ability of the customer to settle the receivables. The macro-economic overlay is based on the difference in default rates during the 2016 to 2022 period including the Covid-19 pandemic versus the 2023 to 2027 forward-looking future period and applied to the portion of each industry that is expected to be affected by the anticipated economic circumstances (this industry expectation is taken from the International Monetary Fund, World Economic Outlook). South African customers had an overlay of 2.9% (2022: 4.1%) applied.

Notes to the consolidated financial statements *continued*

37. Financial assets and financial liabilities continued

Credit risk and expected credit losses continued

Trade receivables and contract assets continued

Expected credit loss assessment for trade receivables and contract assets continued

Movements in the allowance for impairment in respect of trade receivables and contract assets are as follows:

Figures in Rand thousand	2023 Trade receivables	2023 Contract assets	2022 Trade receivables	2022 Contract assets
Opening balance*	**216 317**	**11 259**	252 941	17 902
Impairment losses (reversed)/recognised on receivables and contract assets	**(4 720)**	**3 231**	8 235	–
Amounts written off during the year as uncollectible	**(83 289)**	**(7 808)**	(27 684)	(3 049)
Disposals	**(5 045)**	**–**	(10 125)	(90)
Transfer to assets held for sale	**–**	**–**	(8 421)	(11 259)
Foreign exchange translation (gains)/losses	**(191)**	**–**	1 371	7 755
Closing balance	**123 072**	**6 682**	216 317	11 259

* *Opening balances of the allowance for impairment of trade receivables and contract assets have been restated in line with the corrected expected credit loss amounts related to customers in the information technology and public benefit and membership organisations industries as seen in the tables above.*

Trade receivables with a contractual amount of R83 million (2022: R28 million) were written off during the year.

Cash and cash equivalents

The Group maintains its cash and cash equivalents with banks and financial institutions that have good reputations, good past track records and high-quality credit ratings and also reviews their credit worthiness on an ongoing basis.

Due to the short-term nature of these assets and historical experience, cash and cash equivalents are regarded as having a low probability of default and therefore the related expected credit loss is deemed to be insignificant.

The risk rating grades (Moody's) of cash and cash equivalents for the current year are set out below. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

Figures in Rand thousand	Cash and cash equivalents 2023	Cash and cash equivalents 2022
Credit rating of financial institution		
Aaa – A3	**84 079**	98 625
Baa1 – B2	**148 788**	346 342
Other	**3 081**	13 910
	235 948	458 877

Finance lease receivables

The policy choice is to measure the loss allowance at an amount equal to lifetime ECLs.

Finance lease receivables have been assessed using a provision matrix as well as individually to determine ECLs. Allowances have been raised considering the probability of default of the counterparty to the lease taking into account creditworthiness and other relevant factors affecting their ability to make lease payments over the lifetime of the exposure. Loss rates per the provision matrix have been assessed using the same inputs and assumptions as mentioned above in respect of those applied to trade receivables and contract assets. There has been a significant increase in the allowance for ECLs recognised during the current year as a result of specific allowance amounts raised on individual debtors who have experienced a declining expected ability to repay amounts due. The Group has previously taken impairments on its finance lease receivables and has now deemed it appropriate to fully provide for the book of leasing debtors. This book relates to legacy (pre-2018) debts from customers who operate in industries that had been badly affected by Covid-19 and lockdowns. The Group attempted to provide support to these customers and extended repayment terms, however, it now considers it necessary to provide for these debts in full.

Notes to the consolidated financial statements *continued*

37. Financial assets and financial liabilities continued

Credit risk and expected credit losses continued

Finance lease receivables continued

The following table provides information about the exposure to credit risk and ECLs for finance lease receivables as at 31 July 2023:

Figures in Rand thousand	Gross amount	Weighted average loss rate %	Expected credit loss
Industry			
Constitutional and regulatory body	14	2	*
Construction, real estate, facilities and property management	802	12	100
Electricity, gas, water, energy and utilities	48	4	2
Financial services	990	5	46
Health and pharmaceuticals	2 938	38	1 109
Information technology	704	49	348
Manufacturing and FMCG	1 502	25	375
Marketing and advertising	1 693	11	189
Mining and quarrying	1 039	56	580
Other	856	99	850
Retail and wholesale trade	115	4	5
Telecommunications	36 553	92	33 740
Tourism, hospitality, food and beverage	110 369	89	98 249
	157 623		135 593

* *Less than R1 000.*

The following table provides information about the exposure to credit risk and ECLs for finance lease receivables as at 31 July 2022:

Figures in Rand thousand	Gross amount	Weighted average loss rate %	Expected credit loss
Industry			
Business and professional services	815	6	51
Construction, real estate, facilities and property management	1 292	59	766
Education	20	6	1
Financial services	1 312	6	81
Health and pharmaceuticals	3 807	52	1 975
Information technology	91 926	25	23 439
Manufacturing and FMCG	1 017	43	433
Marketing and advertising	2 407	12	297
Mining and quarrying	1 093	55	600
Other	2 394	16	391
Retail and wholesale trade	200	31	62
Telecommunications	202	6	12
Tourism, hospitality, food and beverage	29 917	90	26 979
	136 402		55 087

Notes to the consolidated financial statements *continued*

37. Financial assets and financial liabilities continued

Credit risk and expected credit losses continued

Finance lease receivables continued

Movements in the allowance for impairment in respect of finance lease receivables are as follows:

Figures in Rand thousand	2023	2022
Opening balance	**55 087**	22 637
Impairment losses recognised on finance lease receivables	**80 506**	33 613
Amounts written off during the year as uncollectible	**–**	(1 163)
Closing balance	**135 593**	55 087

Other financial assets

Other financial assets are specific assets and were assessed individually for expected credit losses, using the general approach under IFRS 9 raising a lifetime expected credit loss. The expected credit loss model of IFRS 9 requires the classification and measurement of expected credit losses using the general model which is a three-stage model. The three stages are performing (stage 1), underperforming (stage 2) and non-performing (stage 3). Other financial assets are considered to be in stage 3.

Management evaluates the credit worthiness of counterparties on an ongoing basis, taking into account their financial position, past experience and other relevant factors that may indicate whether there is a significant increase in credit risk.

Allowances have been raised considering the probability of default by the borrower.

ECLs have historically been raised for a significant portion of other financial assets, as in note 6. A large portion of these have been written off in the current year. Given the credit losses of banking institutions, restricted cash balances are not exposed to a significant increase in credit risk. Specific assessments were performed on Enterprise Development loans and on gross loans and receivables.

Movements in the allowance for impairment in respect of other financial assets are as follows:

Figures in Rand thousand	Other financial assets 2023	Other financial assets 2022
Opening balance	**189 342**	622 424
Impairment losses reversed on other financial assets	**–**	(409 362)
Amounts written off during the year as uncollectible	**(129 771)**	(21 455)
Disposals	**–**	(2 265)
Closing balance	**59 571**	189 342

Currency risk

The Group operates internationally but has limited exposure to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, the Arab Emirates Dirham, the Egyptian Pound and the British Pound.

Foreign exchange risk arises from future commercial transactions, recognised assets or liabilities that are denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The Group's strategy to dispose of non-core business lines has resulted in the sale of the majority of its foreign investments. The Group has limited investments in foreign operations where the assets are exposed to foreign currency translation risk. A 1% movement in the foreign currency exchange rates would not have a significant impact on the carrying values.

Notes to the consolidated financial statements *continued*

37. Financial assets and financial liabilities continued

Foreign currency financial instruments

Financial assets and financial liabilities are analysed by currency as follows:

	2023				
	Financial assets			Financial liabilities	
Figures in Rand thousand	Other financial assets	Trade and other receivables	Cash and cash equivalents	Other financial liabilities	Trade and other payables
British Pound	–	49 349	40 091	(107)	(14 546)
US Dollar	–	65 072	42 502	–	(133 421)
Arab Emirates Dirham	–	95 544	23 319	(2 766)	(68 892)
Euro	–	2 706	10 051	–	(9 425)
Egyptian Pound	–	82 516	–	(536)	(22 635)
Saudi Riyal	–	30 430	21 415	–	(24 089)
Swiss Franc	–	10 373	21 261	(652)	(39 272)
Mozambican Metical	–	17 646	13 152	–	(2 178)
Other	–	17 836	7 656	–	(3 373)

	2022				
	Financial assets			Financial liabilities	
Figures in Rand thousand	Other financial assets	Trade and other receivables	Cash and cash equivalents	Other financial liabilities	Trade and other payables
British Pound	–	24 974	80 612	(84)	(13 645)
US Dollar	–	74 119	39 374	–	(117 024)
Arab Emirates Dirham	691	88 841	13 112	(11 837)	(61 127)
Euro	–	4 023	14 939	–	(11 532)
Egyptian Pound	–	89 859	10 169	–	(25 592)
Saudi Riyal	–	36 633	8 647	–	(18 400)
Swiss Franc	–	16 427	34 515	(1 129)	(3 771)
Mozambican Metical	–	17 028	12 001	–	(3 050)
Other	–	9 865	21 967	–	(1 354)

38. Events after reporting date

Disposal of Triclinium Clinical Development Proprietary Limited

Effective 1 February 2022, the Group concluded the sale of business of Triclinium Clinical Development Proprietary Limited ("TCD") for a purchase consideration of R44.6 million. Pursuant to the sale agreement, R15 million of the purchase consideration was retained in an interest-bearing escrow account for a period of 18 months. The first tranche of the escrow payment was received during the current financial year. On 8 August 2023, the second and final tranche escrow payment of R10.3 million was received.

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 R129.3 million. Pursuant to the sale agreement, 20% of the purchase consideration was retained in an interest-bearing escrow account for a period of 12 months to which half was received in the current financial year. On 22 September 2023, the remaining 50% of the escrow balance amounting to R12.2 million was received.

Approval of vesting of 2021 cash-settled awards

On 9 October 2023, the Remuneration and Nomination Committee approved a dilution factor of 3.78 to the number of cash-settled awards issued under the CBLTI as well as an 87% vesting of 2021 cash-settled awards. The overall settlement amount therefore approved for payment with regards to the 2021 cash-settled awards is R13.7 million. Given the approval that occurred in October, no remeasurement was made to the amounts recorded in the financial statements for the year ended 31 July 2023. More details around the cash-settled awards are disclosed in note 35.

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Separate financial statements

for the year ended
31 July 2023

Separate statement of financial position.

As at 31 July 2023

Figures in Rand thousand	Notes	2023	2022
Assets			
Non-current assets			
Investment in subsidiary	1	**641 538**	75 734
Loans to Group companies	2	**2 851 241**	2 859 887
		3 492 779	2 935 621
Current assets			
Current taxation receivable		**1**	1
Trade and other receivables		**2**	–
Cash and cash equivalents	3	*****	1
		3	2
Total assets		**3 492 782**	2 935 623
Equity and liabilities			
Equity			
Stated capital	4	**5 391 940**	4 834 704
Other reserve	5	**111 313**	517 554
Accumulated losses		**(2 266 377)**	(2 658 806)
Total equity		**3 236 876**	2 693 452
Liabilities			
Current liabilities			
Financial guarantee liability	6	**15 804**	12 038
Loans from Group companies	2	**237 176**	227 396
Other payables	7	**2 926**	2 737
Total liabilities		**255 906**	242 171
Total equity and liabilities		**3 492 782**	2 935 623

* *Amount less than R1 000.*

Separate statement of profit or loss and other comprehensive income.

For the year ended
31 July 2023

Figures in Rand thousand	Notes	2023	2022
Revenue	8	–	222 737
Investment income		–	1
Net (impairment)/reversal on loans to Group companies	2	**(8 646)**	275 040
Share-based payment expense	5	**(49 164)**	–
Remeasurement of financial guarantee liability	6	**12 038**	17 867
Other operating expenses		**(9 850)**	(1 810)
Operating (loss)/profit		**(55 622)**	513 835
Finance costs	2	**(7 354)**	(2 338)
(Loss)/profit before taxation		**(62 976)**	511 497
Taxation	9	–	(5)
(Loss)/profit for the year		**(62 976)**	511 492
Other comprehensive income			
Other comprehensive income		–	–
Total comprehensive (loss)/income for the year		**(62 976)**	511 492

Separate statement of changes in equity.

For the year ended
31 July 2023

Figures in Rand thousand	Stated capital	Other reserve	Accumulated losses	Total equity
Balance at 1 August 2021	4 834 704	500 000	(3 170 298)	2 164 406
Total comprehensive income for the year	–	–	511 492	511 492
Share-based payments	–	17 554	–	17 554
Balance at 31 July 2022	4 834 704	517 554	(2 658 806)	2 693 452
Total comprehensive loss for the year	**–**	**–**	**(62 976)**	**(62 976)**
Share issue – rights to qualifying shareholders	**500 000**	**–**	**–**	**500 000**
Transaction costs related to the issue of shares	**(42 764)**	**–**	**–**	**(42 764)**
Share issue – specific issue to Lebashe	**100 000**	**–**	**–**	**100 000**
Transfer within equity*	**–**	**(455 405)**	**455 405**	**–**
Share-based payments	**–**	**49 164**	**–**	**49 164**
Balance at 31 July 2023	**5 391 940**	**111 313**	**(2 266 377)**	**3 236 876**
Notes	4	5		

* *Transfers within equity are transfers from the share-based payments reserve for expired, unexercised options.*

Separate statement of cash flows.

For the year ended
31 July 2023

Figures in Rand thousand	Notes	2023	2022
Cash utilised from operations	10	**(9 663)**	(3 957)
Dividends received		**–**	222 737
Interest paid		**–**	(2 338)
Taxation paid		**–**	(6)
Net (outflow)/inflow from operating activities		**(9 663)**	216 436
Cash flows from investing activities			
Acquisition of shares in subsidiary		**(550 000)**	–
Net outflow from investing activities		**(550 000)**	–
Cash flow from financing activities			
Proceeds from the issue of shares	4	**600 000**	–
Transaction costs incurred on the issue of shares	4	**(42 764)**	–
Inflows from loans from Group companies	2	**52 578**	229 068
Outflows from loans from Group companies	2	**(50 152)**	(445 873)
Net inflow/(outflow) from financing activities		**559 662**	(216 805)
Net decrease in cash and cash equivalents		**(1)**	(369)
Cash and cash equivalents at the beginning of the year		**1**	370
Cash and cash equivalents at the end of the year	3	**–**	1

Notes to the separate financial statements.

For the year ended
31 July 2023

1. Investment in subsidiary

Investments in subsidiaries are carried at cost less any accumulated impairment. The cost of an investment in a subsidiary is the aggregate of:

- The fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company; plus
- The initial recognition of a financial guarantee liability; plus
- Any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

Investments in subsidiaries are tested for impairment whenever events or changes in circumstances indicate that the asset may be impaired, and an impairment is recognised if the carrying amount exceeds the asset's recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The recoverable amount of investments in subsidiaries classified as held for sale is based on fair value less costs of disposal. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

A transaction involving entities or businesses under common control is one in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the transaction, and that control is not transitory.

Common control accounting is applied to such transaction and, assets and liabilities acquired are recognised at their carrying values with the difference between the acquisition value and the aggregate purchase consideration recognised in equity.

The subsidiary and trusts below are incorporated in South Africa. Refer to Annexure 1 for the full listing of Group operating entities.

	Effective interest		2023			2022		
Figures in Rand thousand	2023 %	2022 %	Cost	Accumulated impairment	Carrying amount	Cost	Accumulated impairment	Carrying amount
EOH Intermediate Holdco Proprietary Limited	**100**	100	**641 538**	**–**	**641 538**	75 734	–	75 734
			641 538	**–**	**641 538**	75 734	–	75 734
Trusts								
The EOH Share Trust	**100**	100	**–**	**–**	**–**	–	–	–
The Mthombo Trust	**100**	100	**–**	**–**	**–**	–	–	–

The additional investment in EOH Intermediate Holdco Proprietary Limited was due to the recapitalisation of R550 million received as part of the rights issue through the purchase of shares and R16 million recognition of financial guarantees issued for the obligation of its fellow subsidiaries within the Group.

Impairment testing

Investment in EOH Intermediate Holdco Proprietary Limited is tested for impairment if an indicator of impairment is present. Assessment of impairment indicators included the financial performance of the underlying subsidiaries, dividend payment received or lack thereof and net asset value of the underlying subsidiaries compared to the investment carrying amount. The recoverable amount of Investment in EOH Intermediate Holdco Proprietary Limited was determined based on fair value less cost of disposal with reference to the market capitalisation of the Group. Market capitalisation is considered level 1 in the fair value hierarchy.

Based on the current financial year assessment, the recoverable amount exceeds the investment carrying amount thus the investment in subsidiary was not impaired. No impairment loss was recognised in the 2022 financial year.

Notes to the separate financial statements *continued*

2. Loans to/(from) Group companies

Refer to note 1 of the consolidated financial statements for the applicable accounting policy.

	2023			2022		
Figures in Rand thousand	Gross carrying amount	Loss allowance	Net carrying amount	Gross carrying amount	Loss allowance	Net carrying amount
EOH International Proprietary Limited	**142 680**	**(11 948)**	**130 732**	142 680	(11 364)	131 316
V55 Investments Proprietary Limited	**(34 734)**	**–**	**(34 734)**	(34 734)	–	(34 734)
EOH Abantu Proprietary Limited	**384 089**	**(51 165)**	**332 924**	384 089	(20 795)	363 294
EOH Consulting Proprietary Limited	**(91 011)**	**–**	**(91 011)**	(91 011)	–	(91 011)
EOH Treasury Proprietary Limited	**(78 938)**	**–**	**(78 938)**	(69 158)	–	(69 158)
The EOH Share Trust	**(32 493)**	**–**	**(32 493)**	(32 493)	–	(32 493)
EOH Mthombo Proprietary Limited	**2 658 735**	**(373 825)**	**2 284 910**	2 658 735	(400 175)	2 258 560
NEXTEC Industrial Technologies Proprietary Limited	**115 115**	**(12 440)**	**102 675**	115 115	(8 398)	106 717
	3 063 443	**(449 378)**	**2 614 065**	3 073 223	(440 732)	2 632 491

Figures in Rand thousand	2023	2022
Loans to Group companies – non-current assets	**2 851 241**	2 859 887
Loans from Group companies – current liabilities	**(237 176)**	(227 396)
	2 614 065	2 632 491

The loan payable to EOH Treasury Proprietary Limited incurs interest based on one-month JIBAR. The loan is unsecured and payable on demand. The interest incurred for the current financial year amounted to R7.4 million (2022: R2.3 million).

The Company has agreed, in terms of signed subordination agreements, to subordinate R2.7 billion in favour of EOH Mthombo Proprietary Limited, R142.7 million in favour of EOH International Proprietary Limited and R384.1 million in favour of EOH Abantu Proprietary Limited. The subordinations shall remain in force until such time as the assets of the Company, fairly valued, exceed its liabilities.

The remaining loans are unsecured, interest free and are payable on demand.

During the reporting period, the Company received a loan of R53 million from EOH Treasury Proprietary Limited and repaid R50 million to EOH Treasury Proprietary Limited.

Net impairment/(reversal) of impairment on loans to Group companies

Figures in Rand thousand	2023	2022
Reversal of impairment	**(26 351)**	(275 040)
Impairment losses	**34 997**	–
Net impairment/(reversal) of impairment on loans to Group companies	**8 646**	(275 040)

The Company recognised an additional impairment on its loan to EOH International Proprietary Limited and Nextec Industrial Technologies Proprietary Limited due to change in estimation of their ability to generate future cash flows and after assessing its ability to reclaim debt due to them to in turn pay down debt due to the Company. Additional impairment recognised on the loan to EOH Abantu Proprietary Limited is a result of the assessment of their ability to prioritise intercompany debt repayments given the current SARS dispute under review (refer to note 20 of the consolidated financial statements). The ECL reversal on the loan to EOH Mthombo Proprietary Limited is due to the improvement in expected forecasted cash flows following the Company restructure. Refer to note 12 for details on the expected credit losses on loans to Group companies.

Notes to the separate financial statements *continued*

3. Cash and cash equivalents

Refer to note 1 of the consolidated financial statements for the applicable accounting policy.

Figures in Rand thousand	2023	2022
Cash and cash equivalents consist of:		
Bank balances	*	1

* *Amount less than R1 000.*

4. Stated capital

Refer to note 1 of the consolidated financial statements for the applicable accounting policy.

Figures in Rand thousand	2023	2022
Opening balance	**4 834 704**	4 834 704
Share issue – rights to qualifying shareholders	**500 000**	–
Transaction costs related to the issue of shares	**(42 764)**	–
Share issue – specific issue of shares to Lebashe	**100 000**	–
	5 391 940	4 834 704
Authorised		
7 500 000 000 (2022: 500 000 000) ordinary shares of no par value		
40 000 000 (2022: 40 000 000) EOH A shares of no par value		
Issued		
Reconciliation of the number of shares in issue		
Opening balance	**176 545**	176 545
Share issue – rights to qualifying shareholders	**384 615**	–
Share issue – specific issue of shares to Lebashe	**76 923**	–
Shares in issue at the end of the period (fully paid)	**638 083**	176 545
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

Unissued

A total of 6 861 916 579 (2022: 323 455 039) unissued ordinary shares are under the control of directors in terms of the provisions of the Company's Memorandum of Incorporation; however, there is no authority to issue shares for cash. No shares held by the directors have been pledged as security or are subject to a guarantee collateral or other encumbrance.

During the year the Group undertook a renounceable rights offer of the Company shares. Refer to note 15 of the consolidated financial statements for detail.

5. Other reserve

Refer to note 1 of the consolidated financial statements for the applicable accounting policy.

Figures in Rand thousand	2023	2022
Share-based payments reserve	**111 313**	517 554

The movement in share-based payment reserve includes the increase of R49 million relating to the IFRS 2 *Share-based payments* charge on the specific share issue to Lebashe as well as a charge on the amendments of the terms of Lebashe's A Shares.
A decrease of R455 million relates to a transfer to retained earnings. Refer to the statement of changes in equity for detailed movement in other reserves.

Notes to the separate financial statements *continued*

6. Financial guarantee liability

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by the Company are initially measured at their fair values and are subsequently measured at the higher of:

» The ECL in accordance with IFRS 9; or
» The amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with IFRS 15.

The ECL is a probability weighted estimate of credit losses (the cash shortfalls) over the expected life of the guarantee. Accordingly, the cash shortfalls are the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Company expects to receive from the holder, debtor or any other party. Where guarantees in relation to loans to related parties are provided for no compensation, the fair values are accounted for as capital contributions and recognised as part of the cost of the investment.

The valuation of the financial guarantee liability includes assumptions on credit default rates, credit risks, and ECLs. The determination of ECL includes estimates relating to the probability of a default by the borrower and the resultant loss to the guarantor. Financial guarantee liabilities are derecognised when the obligation under the liability is discharged or cancelled or expires. Refer to note 12 for further detail on ECL model and fair valuation for financial guarantees.

Figures in Rand thousand	2023	2022
Reconciliation of financial guarantee liability		
Balance at the beginning of the year	**12 038**	14 528
Financial guarantee derecognised*	**(12 038)**	(14 528)
Financial guarantee recognised	**15 804**	15 377
Remeasurement of financial guarantee liability*	**–**	(3 339)
	15 804	12 038

* *These amounts comprise the remeasurement of financial guarantee liability in the separate statement of profit or loss and other comprehensive income.*

The Company has issued financial guarantees to a certain lender in terms of which the Company would be liable to the lender to the extent that the companies in the EOH Group, to which the funding has been provided, fail to make payments when due in accordance with the terms of the loan agreements. During the year, financing arrangements were concluded with the Standard Bank of South Africa (through its Corporate and Investment Banking division) to refinance the remaining debt owed by the Group from 31 March 2023. This has resulted in a derecognition of the financial guarantee liability raised in the prior financial year, and the recognition of a financial guarantee liability of R16 million in the current year. Refer to note 17 of the consolidated financial statements for additional detail.

7. Other payables

Refer to note 1 of the consolidated financial statements for the applicable accounting policy.

Figures in Rand thousand	2023	2022
Financial instruments	**2 915**	2 625
Other payables	**2 915**	2 625
Non-financial instruments	**11**	112
Accrued expenses	**11**	112
	2 926	2 737

Notes to the separate financial statements *continued*

8. Revenue

Revenue comprises dividend income.

Dividend income from investments is recognised as revenue in profit or loss when the right to receive payment is established. Dividend income does not flow from contracts with customers and is therefore not in the scope of IFRS 15 *Revenue from Contracts with Customers*.

Figures in Rand thousand	2023	2022
Dividends received	–	222 737

9. Taxation

Refer to note 1 of the consolidated financial statements for the applicable accounting policy.

Figures in Rand thousand	2023	2022
Current taxation		
Local income taxation – current year	–	(5)
Total	–	(5)

	2023 %	2022 %
Reconciliation of rate of taxation		
South African normal rate of taxation	(27)	28
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Exempt income – dividends received	–	(12.19)
Exempt income – financial guarantee liability derecognised	(5.16)	(0.98)
Non-deductible expenses – share-based payment expense	21.08	–
Impairment/(reversal) of impairment of loans to Group companies	3.71	(14.83)
Non-deductible expenses – net expenses incurred not in production of income	7.37	–
	–	–

10. Cash utilised from operations

Figures in Rand thousand	2023	2022
(Loss)/profit before taxation	(62 976)	511 497
Adjustments for:		
Cash dividend received	–	(222 737)
Other non-cash items	161	13
Share-based payment	49 164	–
Net impairment/(reversal) of impairment on loans to Group companies	8 646	(275 040)
Finance cost	7 354	2 338
Remeasurement of financial guarantee liability	(12 038)	(17 867)
Cash utilised before changes in working capital	(9 689)	(1 796)
Working capital changes	26	(2 161)
Decrease in other receivables	(2)	–
Increase/(decrease) in other payables	28	(2 161)
Cash utilised from operations	(9 663)	(3 957)

Notes to the separate financial statements *continued*

11. Related party transactions

The Company entered into various transactions with related parties.

The additional investment is disclosed in note 1 - Investment in subsidiary

Loans to/from related parties are disclosed in note 2 – Loans to/(from) Group companies.

Financial guarantee liability is disclosed in note 6 – Financial guarantee liability.

Directors' remuneration is disclosed in note 34 of the consolidated financial statements.

Figures in Rand thousand	2023	2022
Transactions with subsidiaries		
Dividend received – iOCO Software Distribution Proprietary Limited	–	19 674
Dividend received – CA Southern Africa Proprietary Limited	–	155 000
Dividend received – iOCO Enterprise Application Proprietary Limited	–	8 363
Dividend received – iOCO Holdings Proprietary Limited	–	15 000
Dividend received – EOH Treasury Proprietary Limited	–	9 000
Dividend received – EOH Intermediate Holdco Proprietary Limited	–	15 700
	–	222 737

12. Financial assets and financial liabilities

Financial risk management and fair value disclosures

Refer to note 37 of the consolidated financial statements for the applicable risk management information.

The Company's normal operations expose it to the following financial risks from its use of financial instruments:

» Capital risk;
» Liquidity risk;
» Interest risk; and
» Credit risk.

There is no significant exposure to currency risk.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities at 31 July 2023:

	Carrying amount		
Figures in Rand thousand	Mandatorily at FVTPL	Amortised cost	Total
Financial assets			
Loans to Group companies	–	2 851 241	2 851 241
Financial liabilities			
Other payables	–	2 915	2 915
Loans from Group companies	–	237 176	237 176
Financial guarantee liability	15 804	–	15 804

Notes to the separate financial statements *continued*

12. Financial assets and financial liabilities continued

Financial risk management and fair value disclosures continued

The following table shows the carrying amounts and fair values of financial assets and financial liabilities at 31 July 2022:

	Carrying amount		
Figures in Rand thousand	Mandatorily at FVTPL	Amortised cost	Total
Financial assets			
Cash and cash equivalents	–	1	1
Loans to Group companies	–	2 859 887	2 859 887
Financial liabilities			
Other payables	–	2 625	2 625
Loans from Group companies	–	227 396	227 396
Financial guarantee liability	12 038	–	12 038

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

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

The carrying values of loans to/(from) Group companies approximate their fair values as these loans are payable on demand.

Fair value measurement

The financial guarantee liability is categorised as a level 3 fair value instrument.

The fair value of the financial guarantee liability on initial recognition is determined using valuation techniques that require management to make certain assumptions about the model inputs, which include the probability of default, exposure at default and loss given default rates. Refer to the expected credit loss model for financial guarantees below.

Capital risk management

The Company's objective is to safeguard its ability to continue as a going concern and to maintain an appropriate capital structure while growing the business. This is consistent with previous years.

In order to maintain or adjust the capital structure of the Company, the Board may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The debt-to-equity ratios were as follows:

	2023	2022
Total debt (R'000)	**255 906**	242 171
Total equity (R'000)	**3 236 876**	2 693 452
Debt to equity	**7.9%**	9.0%

Liquidity risk

Refer to note 37 of the consolidated financial statements for an explanation on liquidity risk and how it is managed.

It has been determined that the Company is solvent as at 31 July 2023. While the Company's current liabilities exceed its current assets by R256 million, R237 million of the current liabilities relate to loans from Group companies which are repayable on demand. Should these loans from Group companies be called upon, the Company has access to loans to Group companies that are also repayable on demand, and which the Company can call on in order to settle payables that may become due, if required. The Company's intention, however, remains not to call on the loans to Group companies within the next 12 months, and as a result these loans to Group companies remain classified as non-current at the reporting date. Refer to note 1.2 of the consolidated financial statements for an assessment of going concern.

Notes to the separate financial statements *continued*

12. Financial assets and financial liabilities continued

Liquidity risk continued

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period from the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Figures in Rand thousand	Less than 1 year
At 31 July 2023	
Loans from Group companies	**237 176**
Financial guarantee liability	**720 098**
Other payables	**2 915**
At 31 July 2022	
Loans from Group companies	227 396
Financial guarantee liability	1 310 502
Other payables	2 625

The total value of debt being guaranteed for EOH Treasury Proprietary Limited is shown above, being the maximum exposure to liquidity risk. The Company recognised a financial guarantee liability amount of R16 million (2022: R12 million).

Credit risk

Expected credit loss model for financial guarantees

The allowance accounts for credit losses are determined with reference to the following:
» Stage 1: 12-month ECLs for those financial guarantees where there has not been a significant increase in credit risk since recognition;
» Stage 2: lifetime ECLs for those financial guarantees where there has been a significant increase in credit risk on a collective basis; and
» Stage 3: lifetime ECLs for all credit-impaired financial guarantees.

Calculations were performed in determining the day one fair value, amortised to reporting date, calculated in line with the principles of IFRS 13 *Fair Value Measurement* and reporting date ECL. The guaranteed loan facilities were assessed to be in Stage 2.

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amounts of financial assets represent the maximum credit exposure. The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

A significant increase in credit risk considers the impact of forward-looking economic information that is readily available. Management has applied the below-mentioned assumptions, judgements and estimates in developing the ECL model. Probability of default was determined as a key input using the Merton model method with the Company's listed share price movements over the period. Financial guarantees are assessed for ECLs on a specific basis, taking into account the respective financial positions and performance of other companies within the EOH Group. Refer to note 6 for the remeasurement of financial guarantee liability.

Guarantee exposure

The Group has agreed modified payment terms on outstanding loan facilities with the relevant financial institutions. These updated cash flow profiles have been considered in the balance rundown for purposes of the ECL measurement on the financial guarantee liability.

Risk of default and credit loss was assessed by forecasting various cash flow scenarios and assigning reasonable probabilities to the various outcomes. This was used to calculate a probability weighted expectation of credit loss which was taken into account in the calculation of the ECLs pertaining to the financial guarantee liability. A large number of scenarios were considered when determining probability of default and the related correlations thereto.

A loss given default ("LGD") and recovery rate were used in the ECL models that is in line with standard market practice.

ECL model for loans to Group companies

The allowance accounts for credit losses and is determined with reference to the following:
» Stage 1: 12-month ECLs for those loans to Group companies where there has not been a significant increase in credit risk since recognition;
» Stage 2: lifetime ECLs for those loans to Group companies where there has been a significant increase in credit risk on a collective basis; and
» Stage 3: lifetime ECLs for all credit-impaired loans to Group companies.

Loans to Group companies are very specific assets and were assessed on a forward-looking basis individually for ECLs, using the general approach under IFRS 9. Management evaluates the credit worthiness of counterparties on an ongoing basis, taking into account their financial position, past experience, subordination agreements, including dividend expected to be received and other relevant factors that may indicate whether there is a significant increase in credit risk. Loans to Group companies are considered to be in Stage 2.

Notes to the separate financial statements *continued*

12. Financial assets and financial liabilities continued

Credit risk continued

ECL model for loans to Group companies continued

The ECL assessment takes into account several factors to determine the accessibility of cash for debt settlement. These factors include forecasted EBITDA, expected dividend and available liquid assets, which are considered in order of debt seniority. The counterparty's available resources for debt repayment was first applied towards their loan outstanding to EOH Treasury Proprietary Limited, then to non-subordinated debt and lastly to subordinated debt.

ECL is calculated as the amount outstanding, in line with IFRS 9, after considering the estimated cash flows to be received from the counterparty, by considering the following liquid assets and cash flows:

» Cash;
» The net present value of forecasted EBITDA projected over a substantial period subject to an estimated cash conversion rate;
» Net receivables subject to a haircut;
» The present value of expected dividends to be received;
» Various solutions that may be in the form of equity injection or dividend in specie.

Over and above this, there were specific adjustments made to the outcome of the ECL assessments to reflect any additional level conservatism to account for potential worst-case scenarios.

A significant increase in credit risk considers the impact of forward-looking economic information that is readily available, including any future turnaround plans, forecast cash flows and anticipated growth. Management has applied the above-mentioned assumptions, judgements and estimates in developing the ECL model. Loans to Group companies are assessed for ECLs on a specific basis taking into account the respective financial positions and performance of other companies within the EOH Group.

Inputs into the ECL model ranged from the budget income statement to a forecast cash flow. The budget income statement was sensitised and downward adjustments were applied to account for any sensitivities necessary. The income statement results were then applied to the balance sheet which impacted the ECL recognised for each of the loans.

Figures in Rand thousand	2023	2022
Loans to Group companies	**2 851 241**	2 859 887
Cash and cash equivalents	*****	1
Impairment reversals recognised in profit or loss were as follows:		
Net impairment/(reversal) of impairment on loans to Group companies	**8 646**	(275 040)

* *Amount less than R1 000.*

Cash and cash equivalents are regarded as having a low probability of default and therefore the related ECL is deemed to be insignificant.

At the reporting date, the Company did not consider there to be any significant concentration of credit risk which has not been adequately provided for.

Movement in impairment provision for loans to Group companies:

Figures in Rand thousand	2023	2022
Balance at the beginning of the year	**440 732**	715 772
Net impairment/(reversal) of impairment on loans to Group companies	**8 646**	(275 040)
Balance at the end of the year	**449 378**	440 732
Gross loans to Group companies	**3 300 619**	3 300 619
Loss allowance	**(449 378)**	(440 732)
Loans to Group companies net of loss allowance	**2 851 241**	2 859 887

Interest rate risk

Refer to note 37 of the consolidated financial statements for an explanation on interest rate risk and how it is managed.

The Company's interest rate risk arises mainly from loan payable to EOH Treasury Proprietary Limited. Refer to note 2 for further details. At 31 July 2023, if the interest rate had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been R0.7 million (2022: R0.3 million) lower/higher.

Cover letter
General Meeting
Annexure A
Statements

Annexure 1 – Group operating entities.

Name	Country	EOH Group effective consolidation (%)
2Identify Proprietary Limited	South Africa	100
About Time Software Proprietary Limited	South Africa	100
Allos Consulting Proprietary Limited	South Africa	100
Aptronics Proprietary Limited	South Africa	100
Arcserve Southern Africa Proprietary Limited	South Africa	100
Asset Arabia Software Systems LLC (Abu Dhabi)	United Arab Emirates	75.22
Asset Gulf FZ-LLC (Dubai)	United Arab Emirates	75.22
Asset Technology Group (Egypt)	Egypt	75.22
Asset Technology Group KSA (Saudi Arabia)	Saudi Arabia	75.22
Aveva Select West Africa Proprietary Limited	South Africa	100
Blick Properties SA Proprietary Limited	South Africa	100
CA Southern Africa Proprietary Limited	South Africa	100
Coastal & Environmental Services Mozambique Limitada	Mozambique	98
Coastal and Environmental Services Proprietary Limited	South Africa	100
Comitant Solutions Proprietary Limited	South Africa	100
Compu-power Proprietary Limited	South Africa	100
Cornastone Enterprise Systems Proprietary Limited	South Africa	100
Cortez Trading Proprietary Limited	South Africa	100
CSO Employee Benefit Services Proprietary Limited	South Africa	100
Cybercare Proprietary Limited	South Africa	100
Deixis Proprietary Limited	South Africa	100
Digital Industries Proprietary Limited	South Africa	100
Dihlase Consulting Engineers Proprietary Limited	South Africa	100
e-business Systems, Consultancy and Information Systems Limitada	Mozambique	80
Educos Vision S.A.R.L. (Luxembourg)	Luxembourg	100
Educos Vision Services S.A.R.L. (Luxembourg)	Luxembourg	100
Energy Insight Proprietary Limited	South Africa	100
EOH Abantu Proprietary Limited	South Africa	100
EOH Afrika Proprietary Limited	South Africa	79
EOH Consulting Proprietary Limited	South Africa	100
EOH Employee Benefits Proprietary Limited	South Africa	100
EOH Enterprise Development Trust	South Africa	100
EOH Headquarters Company Proprietary Limited	South Africa	100
EOH Holdings Limited	South Africa	100
EOH Information Technology (Namibia)	Namibia	100
EOH Intermediate Holdco Proprietary Limited	South Africa	100
EOH International Proprietary Limited	South Africa	100
EOH Linkstate Services Proprietary Limited	South Africa	100
EOH Managed Services PS Proprietary Limited	South Africa	100
EOH Middle East FZ-LLC (Dubai)	United Arab Emirates	100
EOH Mthombo Proprietary Limited	South Africa	100
EOH Mthombo Mozambique Ltd	Mozambique	100
EOH Secretarial Services Proprietary Limited	South Africa	100
EOH Senior Holdco Proprietary Limited	South Africa	100
EOH Singapore Pvt Ltd	Singapore	100
EOH Treasury Proprietary Limited	South Africa	100
Exigo Sustainability Proprietary Limited	South Africa	100
Faculty Training Institute Proprietary Limited	South Africa	100
Faranani Sapremo Proprietary Limited	South Africa	100
Fluent Proprietary Limited	South Africa	100
Freethinking Business Consulting Proprietary Limited	South Africa	100
GLS Consulting Proprietary Limited	South Africa	100
HCI Financial Services Proprietary Limited	South Africa	100
Highveld Wealth Management Proprietary Limited	South Africa	100

Annexure 1 – Group operating entities *continued*

Name	Country	EOH Group effective consolidation (%)
Hospitality Professionals South Africa Proprietary Limited	South Africa	100
Impact Human Resources Proprietary Limited	South Africa	100
Impression Signatures Proprietary Limited	South Africa	100
IMQS Software Proprietary Limited	South Africa	100
In The Cloud Internet Services Proprietary Limited	South Africa	100
Industrial Logistic Systems Proprietary Limited	South Africa	100
Inlexso Proprietary Limited	South Africa	100
Integrators of Systems Technology Proprietary Limited	South Africa	100
Intelligens IT Solutions Proprietary Limited	South Africa	100
iOCO Digital Proprietary Limited	South Africa	100
iOCO Enterprise Applications Proprietary Limited	South Africa	100
iOCO Holdings Proprietary Limited	South Africa	100
iOCO Infrastructure Services Proprietary Limited	South Africa	100
iOCO Managed Services Proprietary Limited	South Africa	100
iOCO S.R.O	Czech Republic	100
iOCO Software Distribution Proprietary Limited	South Africa	100
iOCO Solutions Proprietary Limited	South Africa	100
iOCO Solutions GMBH	Switzerland	100
iOCO Solutions Ltd	Great Britain	100
JOAT Consulting Proprietary Limited	South Africa	100
Joat Sales and Services Proprietary Limited	South Africa	100
Mbat Proprietary Limited	South Africa	100
MPC Recruitment Proprietary Limited	South Africa	100
Mthombo IT Services Proprietary Limited	South Africa	100
NEXTEC Industrial Technologies Proprietary Limited	South Africa	100
NEXTEC Industrial Technologies Kenya Ltd	Kenya	100
NEXTEC Security and Building Technologies Proprietary Limited	South Africa	100
NEXTEC Shared Services Proprietary Limited	South Africa	100
PiA Solar SA Proprietary Limited	South Africa	100
Quinedge Proprietary Limited	South Africa	100
Regro Technology Proprietary Limited	South Africa	100
Rinedata SA Proprietary Limited	South Africa	100
Rosstone Consulting Proprietary Limited	South Africa	100
Sabela Learning Academy Proprietary Limited	South Africa	100
SCAN RF Projects Proprietary Limited	South Africa	100
Scientia Optimate Financial Services Proprietary Limited	South Africa	100
Scientia Optimate Group Schemes Proprietary Limited	South Africa	100
Shandon Business Solutions Proprietary Limited	South Africa	100
Siyanqoba Seminars Proprietary Limited	South Africa	100
Siyaya Skills Institute Proprietary Limited	South Africa	100
Sult Proprietary Limited	South Africa	100
Symplexity Proprietary Limited	South Africa	100
The EOH Share Trust	South Africa	100
The Mthombo Trust	South Africa	100
Trackstar Trading 308 Proprietary Limited	South Africa	100
Triclinium Clinical Development Proprietary Limited	South Africa	100
Umbane Systems Proprietary Limited	South Africa	100
V & V Holdings Proprietary Limited	South Africa	100
V and V Consulting Engineers Proprietary Limited	South Africa	100
V55 Investments Proprietary Limited	South Africa	100
XTND Proprietary Limited	South Africa	100
Zusiza Proprietary Limited	South Africa	100

There have been no material changes to the Group's effective consolidation percentages from the prior year.

Annexure 2 – Shareholders' analysis.

	2023				2022			
	Number of shareholders	%	Number of shares	%	Number of shareholders	%	Number of shares	%
Analysis of shareholdings								
Holdings								
1 – 10 000	**11 797**	**85.64**	**12 315 889**	**1.93**	12 484	91.24	12 692 087	7.19
10 001 – 50 000	**1 211**	**8.79**	**29 548 713**	**4.63**	873	6.38	19 815 274	11.22
50 001 – 100 000	**323**	**2.35**	**23 529 153**	**3.69**	153	1.12	11 057 986	6.26
100 001 – 1 000 000	**366**	**2.65**	**103 989 111**	**16.30**	146	1.06	39 024 788	22.11
1 000 001 and more	**79**	**0.57**	**468 700 555**	**73.45**	27	0.20	93 954 826	53.22
	13 776	**100**	**638 083 421**	**100**	13 683	100	176 544 961	100
Shareholder categories								
Banks	**9**	**0.07**	**35 405 081**	**5.55**	10	0.07	10 402 562	5.89
Close corporations	**51**	**0.37**	**5 742 239**	**0.90**	54	0.39	988 049	0.56
Empowerment	**2**	**0.02**	**127 998 548**	**20.06**	2	0.01	23 062 458	13.06
Endowment funds	**6**	**0.04**	**952 793**	**0.15**	9	0.07	467 411	0.26
Individuals	**12 964**	**94.11**	**139 872 766**	**21.92**	12 835	93.80	51 793 582	29.34
Insurance companies	**67**	**0.49**	**6 698 981**	**1.05**	74	0.54	3 093 851	1.75
Investment companies	**27**	**0.20**	**1 767 465**	**0.27**	28	0.20	303 040	0.17
Medical schemes	**3**	**0.02**	**4 396 009**	**0.69**	3	0.02	880 236	0.50
Mutual funds	**42**	**0.30**	**64 180 473**	**10.06**	36	0.26	24 338 906	13.79
Other corporations	**29**	**0.21**	**55 796 050**	**8.74**	25	0.18	6 726 300	3.81
Own holdings (treasury shares)	**2**	**0.02**	**5 445 661**	**0.85**	2	0.01	5 445 661	3.08
Private companies	**213**	**1.54**	**38 857 917**	**6.09**	207	1.51	7 388 566	4.19
Public companies	**3**	**0.02**	**485 429**	**0.08**	4	0.03	494 793	0.28
Retirement funds	**34**	**0.24**	**102 957 950**	**16.14**	31	0.23	24 459 977	13.85
Trusts (including EOH share trusts)	**324**	**2.35**	**47 526 059**	**7.45**	363	2.68	16 699 569	9.47
	13 776	**100**	**638 083 421**	**100**	13 683	100	176 544 961	100

Major shareholders

According to the records of the Company, the only shareholders registered at 31 July holding 3% or more of the Company's shares were:

	31 July 2023		31 July 2022	
	Number of shares	%	Number of shares	%
EOH treasury shares – V55 Investments Proprietary Limited*	**5 445 661**	**0.85**	5 445 661	3.08
Government Employee Pension Fund	**43 122 369**	**6.76**	–	–
Fidelity	**–**	**–**	7 057 888	4.00
Foord Asset Management	**2 421 605**	**0.38**	9 547 398	5.41
HSBC Private Bank Suisse Omnibusclient	**29 599 407**	**4.64**	8 100 022	4.59
Lebashe Investment Group	**127 998 548**	**20.06**	23 062 458	13.06
Peresec Prime Brokers Proprietary Limited	**32 204 319**	**5.05**	–	–
Metal Industries Benefit Funds Administrators	**30 367 537**	**4.76**	13 472 202	7.63
	271 159 446	**42.50**	66 685 629	37.77

* *The shareholding of EOH treasury shares in V55 Investments Proprietary Limited decreased in the current year due to the rights issue undertaken. Refer to note 15 of the consolidated financial statements for additional information..*

Annexure 2 – Shareholders' analysis *continued*

	31 July 2023		31 July 2022	
	Number of shares	%	Number of shares	%
Shareholder spread				
Public shareholders	500 816 840	78.49	145 413 629	82.37
Non-public shareholders	137 266 581	21.51	31 131 332	17.63
Directors, associates and management of the Company	1 471 426	0.23	281 705	0.16
Strategic holdings	127 998 548	20.06	23 062 458	13.06
Subsidiaries	9 438	–	–	–
EOH share trusts	2 341 508	0.37	2 341 508	1.33
EOH treasury shares – V55 Investments Proprietary Limited	5 445 661	0.85	5 445 661	3.08
	638 083 421	100	176 544 961	100
Shares in issue				
Total number in issue	638 083 421		176 544 961	
Share trusts	(2 341 508)		(2 341 508)	
EOH treasury shares – V55 Investments Proprietary Limited	(5 445 661)		(5 445 661)	
Effective number of shares in issue	630 296 252		168 757 792	

Annexure 3 – Shareholders' diary.

Financial year end	31 July 2023
Annual general meeting	Wednesday, 22 November 2023
Reports	
Announcement of annual results for the year ended 31 July 2023	Wednesday, 18 October 2023
Availability of the Annual Integrated Report for the year ended 31 July 2023	Wednesday, 18 October 2023

Annexure 4 – Corporate information.

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) (resigned effective 31 October 2023)
Fatima Newman (Group Chief Risk Officer – until 31 July 2023; Group Executive: EasyHQ – effective 1 August 2023)

Company Secretary

Neill O'Brien (interim appointment 1 October 2022, resigned 31 October 2022)
Mpeo Nkuna (appointed with effect from 1 November 2022)

Registered address

1st Floor, Block E, Pinmill Farm, 164 Katherine Street, Sandton, Gauteng 2148
PO Box 59, Bruma, 2026

Telephone

+27 (0) 11 607 8100

Website

www.eoh.co.za

Investor email

ir@eoh.com

Auditor

PricewaterhouseCoopers Inc., South Africa
4 Lisbon Lane, Waterfall City, Jukskei View, 2090

Sponsor

Java Capital Trustees and Sponsors Proprietary Limited
(Registration number: 2006/005780/07)
6th Floor, 1 Park Lane
Wierda Valley
Sandton, 2196
(PO Box 522606, Saxonwold, 2132)

Transfer secretaries

Computershare Investor Services Proprietary Limited
(Registration number: 2004/003647/07)
Rosebank Towers
15 Biermann Avenue, Rosebank, Johannesburg, 2196
(Private Bag X9000, Saxonwold, 2132)

Notes.

EOH

www.eoh.co.za