EOH

Our purpose is to SOLVE courageously, exponentially and together

Consolidated Financial Statements for the year ended 31 July 2021

CONSOLIDATED FINANCIAL STATEMENTS

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Registered address
Block D, EOH Business Park
Osborne Lane, Bedfordview, 2007
PO Box 59, Bruma, 2026
Telephone: +27 (0) 11 607 8100

LEVEL OF ASSURANCE

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

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 statement of financial position at 31 July 2021, and the consolidated 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 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 South African Companies Act 71 of 2008 ("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 at the end of the financial year and of the profit for that year. The consolidated financial statements for the year ended 31 July 2021 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 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 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 to continue as a going concern and believe that the Group has adequate resources to continue in operation for the foreseeable future. Accordingly, these consolidated 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
Chief Executive Officer

26 October 2021

Megan Pydigadu
Chief Financial Officer

26 October 2021

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER RESPONSIBILITY STATEMENT

The directors, whose names are stated below, hereby confirm that:

(a) the annual consolidated financial statements set out on pages 2 to 84, fairly present in all material respects the financial position, financial performance and cash flows of the Group in terms of IFRS;

(b) no facts have been omitted or untrue statements made that would make the annual consolidated financial statements false or misleading;

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

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual consolidated financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the Audit Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

Stephen van Coller
Chief Executive Officer

26 October 2021

Megan Pydigadu
Chief Financial Officer

26 October 2021

REPORT OF THE COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act of South Africa, 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, No 71 of 2008 of South Africa, in respect of the financial year ended 31 July 2021 and that all such returns and notices are true, correct and up to date.

Thiroshnee Naidoo
Company secretary

26 October 2021

DIRECTORS' APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

The consolidated financial statements were approved by the Board on 26 October 2021 and signed on its behalf by:

Andrew Mthembu
Chairman

26 October 2021

Stephen van Coller
Group Chief Executive Officer

26 October 2021

AUDIT COMMITTEE'S REPORT

FOR THE YEAR ENDED 31 JULY 2021

COMMITTEE COMPOSITION

Two new members were appointed to the EOH Audit Committee ("the committee"), following the resignation of Mr Ismail Mamoojee:

Mike Bosman	*(Chairperson of the committee)*
Ismail Mamoojee	Resigned as a Board and committee member with effect from 20 January 2021
Nosipho Molope	Appointed effective 1 January 2021
Andrew Marshall	Appointed effective 4 April 2021
Jesmane Boggenpoel	

The committee is pleased to submit its report for the year ended 31 July 2021, which has been approved by the Board. This report has been prepared in compliance with section 94(7)(f) of the Companies Act 71 of 2008 ("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 appointment of committee members will be subject to approval by shareholders at the next annual general meeting ("AGM") to be held on Thursday, 2 December 2021. 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 2019, remained unchanged in 2021, and are in line with the King IV Report on Corporate Governance™ for South Africa, 2016 ("King IV"*).

MEETINGS

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

The Chairman of the Board, the Chief Executive Officer ("CEO"), the Chief Financial Officer, the 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 Chairperson of the committee reports to the Board at all Board meetings on the activities and recommendations of the committee.

The Chairperson 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 annual 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.

PROGRESS ON 2021 FOCUS AREAS

The committee's key focus areas for the 2021 financial year included:

Key audit matters	Response
Overseeing the implementation of the combined assurance model and the embedding of the internal audit charter.	The committee received and reviewed reports from all assurance providers, including internal and external auditors, and continued its oversight over the governance of the organisation and the continuing maturity of the control environment. The combined assurance forum was implemented, with governance and operational activities, as well as key stakeholders, being mapped out by assurance champions.
Ensuring compliance with the JSE guidance letter on financial controls to assist the CEO and CFO in meeting the new requirements.	The progress has been detailed below.
Monitoring progress on the debt deleveraging plan to ensure that the appropriate capital structure is attained without erosion of value.	Due to the strategic and long-term sustainability importance of the debt deleveraging plan, it was decided to create a Board subcommittee to focus on monitoring this plan. Consequently, the Assets Disposals and Strategic Acquisitions ("ADASA") committee was formed towards the end of the 2020 financial year. The Audit Committee continued, however, to monitor the liquidity and capital structure of the organisation by reviewing reports from the Treasury department.
Review relevant submissions and reports issued by internal and external assurance providers.	The committee continued to receive and review reports from both PricewaterhouseCoopers Inc. ("PwC") and the internal audit function.
Monitoring the organisation's control environment and engaging with relevant persons – both internal and external – as required, to effectively discharge its responsibilities.	Outcomes of assurance activities by both PwC and internal audit were presented to and reviewed by the committee. The progress on the audit action plans were also monitored to ensure that management were taking appropriate remedial steps where required.
Reviewing relevant reports and position papers prepared by management relating to technical accounting standard changes to ensure that all material risks are addressed.	Reviewing relevant reports and position papers prepared by management relating to accounting standard changes to ensure that all material risks are addressed. Reviewing management submissions on technical accounting and tax matters such as IFRS 15, IFRS 9, IFRS 16, IAS 36, IFRS 5 and the transfer pricing policy.
Oversight over Group tax matters	Reviewed the Group tax exposures and assessed the appropriateness of the Group tax policies.
Consideration of goodwill and intangible assets	Reviewed technical papers on the treatment of goodwill and intangible assets submitted by management.
Review of the adequacy and appropriateness of provisions	Reviewed progress on litigation and legal exposures and the related accounting applied and disclosure included in these consolidated financial statements.
External audit considerations	Determined the auditors' terms of engagement and fees for 2021. Fees paid to auditors for the year under review are disclosed in note 26 of the consolidated financial statements. Satisfied itself with the performance of the external auditor and designated registered auditor and further that they are accredited on the JSE's list of auditors and advisers. Satisfied itself that the designated registered auditor is within their tenure and rotation requirements. PwC raised a reportable irregularity relating to the supply of certain equipment and software by a subsidiary within the Group. PwC concluded that this matter was no longer occurring as the Company had acted on this matter. The Company's actions are set out in the Directors' report and in note 34 of the consolidated financial statements. The committee recommends the reappointment of PwC at the AGM.
Key audit matters	The committee notes the following key audit matters set out in the independent auditor's report, which were also matters of concern for the committee over the year.

AUDIT COMMITTEE'S REPORT CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

EXTERNAL AUDIT: KEY AUDIT MATTERS

Impairment assessment of goodwill arising from business combinations

The Group had recognized 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 recognized can be found in note 6 of the consolidated financial statements. The committee is satisfied that management has assessed goodwill for impairment and recognized any impairments thereto per IAS 36 requirements and this is supported by the external auditor who noted no exceptions in this regard.

Accounting treatment of indirect tax exposures for the Group

The Group has recognized a significant amount of indirect tax related provisions and contingencies 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 and contingencies can be found in notes 23 and 34 of the consolidated financial statements. The committee is satisfied that management has applied appropriate judgement in the determination of these provisions and contingencies, and this is supported by the external auditor who noted no exceptions in this regard.

INTERNAL AUDIT

The in-house internal audit function, which was established in 2019, has grown and scaled up its resourcing with skilled and highly experienced individuals. The growth in the effectiveness of the function has contributed significantly to the audit charter becoming embedded in the committee and the Group. The Chief Audit Executive reports directly to the Audit Committee Chair, 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, by the executive committee, and the Group Executive Committee is informed on the progress of implementation.

Notwithstanding the resource constraints caused by COVID-19, significant progress was made on the 2020 internal audit plan. In addition to this, the internal audit universe was finalised in 2021 after intensive engagement with key stakeholders in the Group, resulting in the finalisation of the three-year audit plan and budget.

The function was instrumental in the establishment and embedding of the combined assurance model across the organisation. Some of the activities in 2021 include:

- Engaging first and second line assurance providers;
- Conducting workshops and training;
- Performing the assurance mapping; and
- Publishing an assurance of gap assessment report.

The focus in 2022 will be on the implementation of control strategies as well as embedding continuous awareness and reporting.

The medium-term goal is to obtain PwC audit reliance on some assurance areas. Internal audit is also pleased to be rolling out its Chartered Accountant ("CA") Training programme in partnership with the South African Institute of Chartered Accountants ("SAICA").

FOCUS AREAS FOR 2022

To ensure continuity and stability, the committee intends on continuing to play its oversight role with specific focus on the following areas:

- Adequate internal control environment, particularly in the preparation of financial statements;
- Compliance with technical IFRS as well South African Revenue Service ("SARS") requirements;
- Group liquidity and solvency;
- Group capital structure;
- Embedding on the combined assurance model; and
- Maturation of the internal audit function.

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

JSE REQUIREMENTS FOR CFO/CEO RESPONSIBILITY OVER FINANCIAL CONTROLS

The CEO and CFO have, in compliance with the JSE Listings 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 assessment control model ("RACM") on the financial statement close process ("FSCP"). The primary objective of this assessment was to conduct a gap analysis review to identify shortcomings in the current process, as well as 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 ELCs 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 and its sub-committees, the combined assurance model, as well as the control self-review through the management attestation process.

While no significant gaps were identified with the ELCs, several internal control deficiencies were identified by various combined assurance players across various areas relating to this process. However, the committee has satisfied itself that none of these deficiencies have a material effect for the purposes of the preparation and presentation of financial statements for the year under review. The committee considered the reportable irregularity raised by PwC in terms of the Auditing Profession Act, 2005 ("APA"), which has been disclosed in the Directors' report and determined that it has been fully remediated. The committee is also not aware of incidents of fraudulent activities that would render the financial statements unreliable.

The committee is cognisant of the target operating model initiative that is being put in place by management. Management has, in the past, been constrained by an Enterprise Resource Planning ("ERP") system that was not fit for purpose. This technological environment has resulted in control activities that are largely reactive and not proactive. Significant progress has already been made in implementing a new ERP system that will not only deliver efficiencies, but also enable the control activities that are challenging under the current technology. This will also be enabled by a data strategy that will ensure that all financial reporting information is accurate, reliable and complete. The benefits of this are expected to be realised in the latter part of the 2022 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, as well as 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
Chairperson, Audit Committee

26 October 2021

DIRECTORS' REPORT

THE DIRECTORS PRESENT THEIR REPORT FOR THE YEAR ENDED 31 JULY 2021

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 2021 and for the year then ended, comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's investments in associates and joint ventures.

FINANCIAL STATEMENTS AND RESULTS

The Group's results and financial position are reflected on pages 16 and 17.

STATED CAPITAL

Authorised

Ordinary shares: 500 000 000 no par value shares (2020: 500 000 000).
EOH A shares: 40 000 000 no par value shares (2020: 40 000 000).

Issued

Ordinary shares: 176 544 961 no par value shares (2020: 176 544 961).
EOH A shares: 40 000 000 no par value shares (2020: 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 *(appointed with effect from 1 January 2021)*
Ismail Mamoojee *(resigned 20 January 2021)*
Jabu Moleketi *(appointed 1 September 2020)**
Jesmane Boggenpoel
Mike Bosman
Dr Moretlo Molefi *(resigned with effect from 15 December 2020)*
Nosipho Molope *(appointed with effect from 1 January 2021)*
Sipho Ngidi

** Non-independent, non-executive director*

Executive

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

DIRECTORS AND PRESCRIBED OFFICERS' INTEREST IN SHARES

The directors and prescribed officers' interest in shares are set out in note 36 of the consolidated financial statements.

DIRECTORS AND PRESCRIBED OFFICERS' EMOLUMENTS

The emoluments of directors and prescribed officers of the Group are set out in note 37 of the consolidated financial statements.

RELATED-PARTY CONTRACTS

During the course of the year, no director or prescribed officer 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, associates, joint ventures and the directors or their associates are disclosed in note 39 of the consolidated financial statements.

GOVERNANCE AND INTERNAL CONTROLS

EOH is approximately two-thirds into its journey to maturity, with the Enterprise Resource Planning ("ERP") implementation playing a significant role in EOH's journey to full maturity. EOH's combined assurance model has made significant progress in relation to EOH's preventative and detective controls. EOH has commenced work on its corrective controls plan and looks forward to reporting full maturity over the next financial 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 has adequate resources to continue in operation for the foreseeable future and accordingly, the consolidated financial statements have been prepared on a going concern basis. The Group has signed a Common Terms Agreement ("CTA") with its lenders on 20 October 2021 the principal features being:

- R500 million senior facility repayable in three years' time with a 100% bullet payment; and
- R1 500 million bridge facility repayable on 31 October 2022. The bridge will principally be repaid through a combination of disposal of non-core assets, internally generated cash flows and additional capital from debt/equity providers.

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 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.

ALLEGED FINANCIAL MISCONDUCT BY A PRESCRIBED OFFICER OF THE GROUP AND DIRECTOR OF A SUBSIDIARY WITHIN THE GROUP

EOH became aware of alleged fraudulent conduct that was perpetrated between certain executives of a subsidiary, Cornastone Enterprise Systems Proprietary Limited ("Cornastone"), together with executives at Cell C Limited ("Cell C"), as it related to the supply of certain equipment and software licences to Cell C. Details are reflected in note 34 of the consolidated financial statements.

The current EOH leadership has undertaken the following corrective measures:

- The executives of the Cornastone management alleged to have been involved in the fraudulent conduct are, with effect from 2020, no longer in the employ of the Company;
- EOH has also taken legal advice in relation to its potential reporting obligations under section 34 of the Prevention and Combating of Corrupt Activities Act, 2004 in respect of the possible theft;
- This matter coming to light is evidence of the improved controls that have been introduced by the new management at the Group;
- Cases against all alleged perpetrators were reported to the South African Police Service which had led to their subsequent arrests;
- Third-party screening and procurement onboarding processes have been centralised within the Group in order to effectively exercise the necessary controls; and
- The financial department within the Group has been restructured with the aim of enhancing oversight regarding financial controls and risk management.

EOH's external auditors, PricewaterhouseCoopers Inc. ("PwC"), reported that a suspected irregularity had taken place as defined in the APA to the Independent Regulatory Board of Auditors ("IRBA") on 13 October 2021 relating to the supply of certain equipment and software licences by Cornastone.

PwC subsequently submitted a second report to the IRBA as required by the APA, advising the IRBA that, in its view, the reportable irregularity was no longer occurring as the Company had acted on this matter as set out above.

DIRECTORS' REPORT CONTINUED

THE DIRECTORS PRESENT THEIR REPORT FOR THE YEAR ENDED 31 JULY 2021

COVID-19

The coronavirus pandemic ("COVID-19") has had a significant impact across the globe, adversely affecting the lives of the Group's customers and its employees. We have just experienced the third wave of the virus and while the vaccine is starting to be rolled out, albeit slowly, the world is slowly starting to reopen.

The Group reacted swiftly at the onset of COVID-19 by implementing business continuity plans and adopting a cost-conscious mindset and focus on liquidity. The Group has continued to focus on these core principles.

While COVID-19 has resulted in a weaker macro-economic environment, the performance of the core iOCO business has remained relatively resilient. Our IP business, although initially hit hard with the first lockdown, has bounced back strongly and performed well over the past financial year. Our NEXTEC business, which is still in its turnaround phase, was stable but did experience delays in the award of certain infrastructure projects.

The Group has also supported various relief initiatives associated with COVID-19, including building the Solidarity Fund website.

The aftermath of the virus and a weak global economy will have a negative impact on many of the Group's major customers. Weaker currencies, liquidity shortages, higher levels of unemployment, reduced consumer spending and supply chain interruptions are all expected to impact the financial performance of the Group in the medium term.

The risks above are, however, partially mitigated by the Group's quality product offering, robust cost optimisation process, diversification of customer base, positioning at the heart of the Fourth Industrial Revolution and accelerated digitisation journeys of customers. This should allow the Group to navigate these economic challenges and to continue providing acceptable shareholder returns over time. The Group also has R537 million of net cash and access to overdraft facilities of R400 million.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Details of the Company's investments in subsidiaries and the Group's investments in associates and joint ventures are set out in note 40 and note 7 of the consolidated financial statements.

DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Opportunities are being explored for the sale of certain non-core assets and as a result there are a number of businesses that were approved for sale and for which the sale is expected to be completed within 12 months from the reporting date. These businesses are classified as disposal groups held for sale and the assets and liabilities of these disposal groups have been presented as held for sale at 31 July 2021. The businesses that were already sold during the current and previous reporting periods and business held for sale at 31 July 2021 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 14 and note 15 of the consolidated financial statements.

DIVIDENDS

The Board has not declared any dividend for the year ended 31 July 2021 (2020: Rnil).

SPECIAL RESOLUTIONS

On 20 January 2021, shareholders approved the following special resolutions at the AGM:

- Authority to issue shares in terms of section 41(1) of the Companies Act in respect of the EOH 2020 Share Plan;
- Remuneration of the non-executive directors; and
- General authority to acquire shares.

SUBSEQUENT EVENTS

Details are reflected in note 42 of the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 JULY 2021

To the Shareholders of EOH Holdings Limited

Report on the audit of the consolidated financial statements

OUR OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of EOH Holdings Limited and its subsidiaries (together the Group) as at 31 July 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

WHAT WE HAVE AUDITED

EOH Holdings Limited's consolidated financial statements set out on pages 16 to 84 comprise:

- the consolidated statement of financial position as at 31 July 2021;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement 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 financial statements* section of our report.

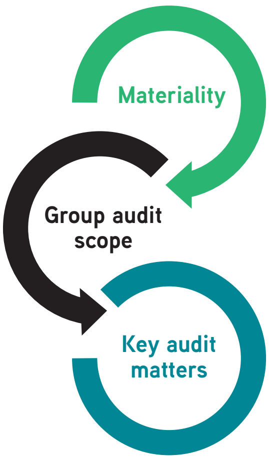
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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: R68 742 120, which represents 1% of consolidated revenue from continuing operations.

Group audit scope

- We have identified 27 components on which we performed full scope audits, or audit of specific financial statement line items, or audit of specified procedures for group reporting purposes due to their financial significance and contribution to the risk of material misstatement in the consolidated financial statements.
- Analytical review procedures were performed over all components not in scope.
- The main indicators used to identify components within continuing and discontinued operations included consolidated revenue, consolidated loss before tax, consolidated assets and consolidated liabilities.

Key audit matters

- Impairment assessment of goodwill arising from business combinations; and
- Accounting treatment of indirect tax exposures of the Group.

INDEPENDENT AUDITOR'S REPORT CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated 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.

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	R68 742 120
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 can be 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. The considerations included taking cognisance of the intended users and distribution of the consolidated financial statements as well as the financial covenants held over the Group's debt.

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.

The Group is made up of three segments, iOCO, NEXTEC and IP. The main operating businesses are located in South Africa.

In establishing the overall audit approach to the Group audit, we determined the type of work that needed to be performed at the local operations by ourselves, as the Group engagement team, and component auditors from other PwC network firms as well as other audit firms operating under our instruction. The Group's operations vary in size. Within these segments, we have identified 27 components, between continuing and discontinued operations, on which we perform either full scope audits, audit of specific financial statement line items, or audit of specified procedures for group reporting purposes 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, consolidated assets and consolidated liabilities.

Analytical procedures were performed over all components not in scope, to assess whether any risks exist that would require additional audit procedures.

Detailed group audit instructions were communicated to 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, various meetings and discussions were held with the teams of the significant components.

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.

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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 The Group entered into various business combinations over the last couple of years which resulted in a significant amount of goodwill being recognised. As at 31 July 2021 the Group's goodwill balance amounted to R1.2 billion, of which R470 million is classified as assets held for sale. Goodwill is tested annually for impairment and whenever there is an impairment indicator identified by management, at the level of individual cash-generating units (CGUs). The recoverable amount for each CGU not classified as held for sale 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 CGUs classified as held for sale was based on the lower of carrying amount and FVLCOD. In estimating the recoverable amount using value in use estimates, management uses assumptions relating to discount rates, long-term growth rates and cash flow forecasts which they model using forecast periods for three years and takes into consideration the impact of COVID-19, the projected revenue growth rates and EBITDA margins of each CGU. Impairment tests on assets held for sale were based on FVLCOD. The fair value was determined primarily with reference to advanced offers from potential acquirers less estimated disposal costs. CGUs have been identified to reflect the lowest level at which businesses are managed and monitored by common cluster heads and financial directors/managers. Impairments amounting to R181 million were recognised as a result of the aforementioned assessments performed during the year, which includes goodwill impairments recognised of R44.7 million that relates to disposal groups held for sale written down to their FVLCOD. Goodwill amounting to R117 million was disposed of as part of the disposals of subsidiaries and equity-accounted investments that took place in the current year. The impairment assessment of goodwill is considered to be a matter of most significance to our audit of the consolidated financial statements due to the various 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. 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 6: Goodwill.	We tested the mathematical accuracy of the valuation models used by management and found no material differences. 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 the International Financial Reporting Standards (IFRS) 5 *Non-current Assets Held for Sale and Discontinued Operations*. We assessed revenue growth rates and forecasted EBITDA margins against the Group's strategic initiatives, taking into account the anticipated impact of COVID-19, as well as historical growth rates, EBITDA margins and budgets achieved. 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/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. In respect to the FVLCOD we performed an assessment of the sensitivity of the advanced offers to downward adjustments, by using a sensitivity of 5%. We compared the results of our sensitivity analysis to management's impairment results in order to identify those CGUs considered sensitive to a change in assumptions for disclosure purposes.

INDEPENDENT AUDITOR'S REPORT CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

Key audit matter	How our audit addressed the key audit matter
Accounting treatment of indirect tax exposures of the 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 and contingencies as at 31 July 2021. 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 detail: • Note 1.3: Significant accounting judgements and sources of estimation uncertainty; • Note 23: Provisions; and • Note 34: Contingencies and commitments, Uncertain indirect tax exposure.	We utilised our indirect tax expertise to evaluate management's assessment of the probability of the exposures relating to PAYE and other taxes. We held discussions with the Group's management regarding the significant exposures and inspected available underlying correspondence from the South African Revenue Service and relevant documentation, in order to evaluate the reasonableness of management's conclusions. We evaluated with the assistance of 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 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.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the documents titled "EOH Integrated Report 2021", EOH Holdings Limited Consolidated Financial Statements for the year ended 31 July 2021 and "EOH Holdings Limited Financial Statements for the year ended 31 July 2021", 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 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 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 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 FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 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 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 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 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 a to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 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 two years.

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified a reportable irregularity in terms of the Auditing Profession Act. We have reported such matter to the Independent Regulatory Board for Auditors. The matter pertaining to the reportable irregularity has been described in note 34 to the financial statements.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: D.H. Höll
Registered Auditor

Johannesburg, South Africa
28 October 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2021

Figures in Rand thousand	Notes	2021	Restated*# 2020
Continuing operations			
Revenue	24	**6 874 212**	8 772 134
Cost of sales		**(5 150 725)**	(6 974 302)
Gross profit		**1 723 487**	1 797 832
Net financial asset impairment losses	25	**(86 998)**	(323 444)
Operating expenses		**(1 600 152)**	(2 410 913)
Operating profit/(loss)	26	**36 337**	(936 525)
Investment income	27	**9 829**	26 402
Share of equity-accounted profits/(losses)	7	**2 972**	(565)
Finance costs	28	**(277 745)**	(411 203)
Loss before taxation		**(228 607)**	(1 321 891)
Taxation	29	**(97 249)**	60 234
Loss for the year from continuing operations		**(325 856)**	(1 261 657)
Profit/(loss) for the year from discontinued operations	15	**46 054**	(431 471)
Loss for the year		**(279 802)**	(1 693 128)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations^		**(21 588)**	107 697
Reclassification of foreign currency translation differences on loss of control and joint control^		**13 498**	47 313
Total comprehensive loss for the year		**(287 892)**	(1 538 118)
Loss attributable to:			
Owners of EOH Holdings Limited		**(279 655)**	(1 687 035)
Non-controlling interests		**(147)**	(6 093)
		(279 802)	(1 693 128)
Total comprehensive (loss)/income attributable to:			
Owners of EOH Holdings Limited		**(289 459)**	(1 528 882)
Non-controlling interests		**1 567**	(9 236)
		(287 892)	(1 538 118)
From continuing and discontinued operations (cents)			
Loss per share	30	**(166)**	(1 000)
Diluted loss per share	30	**(166)**	(1 000)
From continuing operations (cents)			
Loss per share	30	**(192)**	(747)
Diluted loss per share	30	**(192)**	(747)

* *Refer to note 3 – Restatement of consolidated financial statements for the impact on profit or loss.*
\# *Comparative figures previously reported have been amended to reflect continuing operations prevailing for the year ended 31 July 2021.*
^ *These components of other comprehensive income do not attract any tax.*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2021

Figures in Rand thousand	Notes	2021	Restated* 2020	Restated* 1 August 2019
ASSETS				
Non-current assets				
Property, plant, equipment and right-of-use assets	4	**341 464**	544 846	481 674
Intangible assets	5	**64 493**	112 967	488 974
Goodwill	6	**745 844**	916 743	1 850 854
Equity-accounted investments	7	**8 260**	6 689	228 067
Other financial assets	8	**–**	60 881	11 610
Deferred taxation	9	**116 853**	200 972	245 278
Finance lease receivables	10	**8 030**	55 120	106 775
		1 284 944	1 898 218	3 413 232
Current assets				
Inventories	11	**112 548**	113 754	251 456
Other financial assets	8	**11 058**	137 109	76 718
Current taxation receivable		**38 563**	53 940	52 916
Finance lease receivables	10	**101 299**	67 720	72 638
Trade and other receivables	12	**1 928 570**	2 116 576	3 353 971
Cash and cash equivalents	13	**824 902**	645 837	1 048 583
		3 016 940	3 134 936	4 856 282
Assets held for sale	14	**1 118 510**	2 152 366	1 765 016
Total assets		**5 420 394**	7 185 520	10 034 530
EQUITY AND LIABILITIES				
Equity				
Stated capital	17	**4 217 285**	4 217 285	4 217 468
Shares to be issued to vendors	18	**393**	15 300	20 257
Other reserves	19	**598 500**	633 967	440 921
Accumulated loss		**(4 658 537)**	(4 422 991)	(2 723 840)
Equity attributable to the owners of EOH Holdings Limited		**157 641**	443 561	1 954 806
Non-controlling interests		**20 153**	29 624	40 621
Total equity		**177 794**	473 185	1 995 427
Liabilities				
Non-current liabilities				
Other financial liabilities	20	**–**	5 674	2 255 825
Lease liabilities	21	**80 669**	171 699	28 030
Deferred taxation	9	**59 482**	111 291	305 917
		140 151	288 664	2 589 772
Current liabilities				
Other financial liabilities	20	**2 567 523**	2 748 028	1 068 132
Current taxation payable		**45 591**	49 329	97 988
Lease liabilities	21	**82 641**	104 723	29 331
Trade and other payables	22	**1 796 284**	1 951 060	3 272 914
Provisions	23	**324 299**	670 125	410 427
		4 816 338	5 523 265	4 878 792
Liabilities directly associated with assets held for sale	14	**286 111**	900 406	570 539
Total liabilities		**5 242 600**	6 712 335	8 039 103
Total equity and liabilities		**5 420 394**	7 185 520	10 034 530

* *Refer to note 3 – Restatement of consolidated financial statements for the impact on the affected assets, liabilities and equity.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2021

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 2019	4 239 621	20 257	742 597	(3 047 669)	1 954 806	40 621	1 995 427
Correction of error**	(22 153)	–	(301 676)	323 829	–	–	–
Restated balance at 1 August 2019	4 217 468	20 257	440 921	(2 723 840)	1 954 806	40 621	1 995 427
Restated loss for the year**	–	–	–	(1 687 035)	(1 687 035)	(6 093)	(1 693 128)
Other comprehensive income	–	–	158 153	–	158 153	(3 143)	155 010
Non-controlling interest disposed	–	–	–	–	–	1 982	1 982
Movement in treasury shares**	(183)	(4 957)	–	–	(5 140)	–	(5 140)
Consideration – EOH shares forfeited	–	(12 116)	–	–	(12 116)	–	(12 116)
Transfer within equity*	–	12 116	–	(12 116)	–	–	–
Share-based payments: disposed entities	–	–	(13 392)	–	(13 392)	–	(13 392)
Share-based payments	–	–	48 285	–	48 285	–	48 285
Dividends declared	–	–	–	–	–	(3 743)	(3 743)
Restated balance at 31 July 2020	4 217 285	15 300	633 967	(4 422 991)	443 561	29 624	473 185
Loss for the year	**–**	**–**	**–**	**(279 655)**	**(279 655)**	**(147)**	**(279 802)**
Other comprehensive income	**–**	**–**	**(9 804)**	**–**	**(9 804)**	**1 714**	**(8 090)**
Non-controlling interest disposed	**–**	**–**	**–**	**–**	**–**	**(9 816)**	**(9 816)**
Movement in treasury shares	**–**	**–**	**–**	**(1 145)**	**(1 145)**	**–**	**(1 145)**
Transfer within equity*	**–**	**(14 907)**	**(30 347)**	**45 254**	**–**	**–**	**–**
Share-based payments	**–**	**–**	**4 684**	**–**	**4 684**	**–**	**4 684**
Dividends declared	**–**	**–**	**–**	**–**	**–**	**(1 222)**	**(1 222)**
Balance at 31 July 2021	**4 217 285**	**393**	**598 500**	**(4 658 537)**	**157 641**	**20 153**	**177 794**
Notes	17	18	19				

* *Transfers within equity are transfers from shares to be issued to vendors for expired shares.*

** *Refer to note 3 – Restatement of consolidated financial statements for the impact on profit or loss and equity.*

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2021

Figures in Rand thousand	Notes	2021	2020
Cash generated from operations	32	**404 942**	706 735
Investment income received		**13 280**	40 283
Dividends received from equity-accounted investments	7	**1 200**	–
Interest paid		**(229 207)**	(380 165)
Taxation paid	33	**(109 918)**	(211 419)
Net cash inflow from operating activities		**80 297**	155 434
Cash flows from investing activities			
Additions to property, plant and equipment		**(50 524)**	(175 643)
Proceeds on the sale of property, plant, equipment and intangible assets		**55 943**	127 659
Intangible assets acquired	5	**(79 314)**	(187 172)
Cash receipt from disposal of businesses, net of cash given up	16	**212 936**	164 625
Cash inflow relating to other financial assets		**–**	2 088
Cash outflow relating to other financial assets		**–**	(9 978)
Increase in restricted cash		**(547 516)**	(485 824)
Decrease in restricted cash		**623 019**	398 804
Net cash inflow/(outflow) from investing activities		**214 544**	(165 441)
Cash flows from financing activities			
Dividends paid to non-controlling interests		**(1 222)**	(3 743)
Proceeds from other financial liabilities	20	**52 387**	–
Repayment of other financial liabilities	20	**(527 358)**	(396 414)
Principal elements of lease payments		**(137 205)**	(94 894)
Net cash outflow from financing activities		**(613 398)**	(495 051)
Net decrease in cash and cash equivalents		**(318 557)**	(505 058)
Cash and cash equivalents at the beginning of the year	13	**530 584**	1 048 583
Assets held for sale at the beginning of the year	14	**328 743**	310 373
Assets held for sale at the end of the year	14	**(88 444)**	(328 743)
Exchange (losses)/gains on cash and cash equivalents		**(15 089)**	5 429
Cash and cash equivalents at the end of the year	13	**437 237**	530 584

CONSOLIDATED SEGMENT RESULTS

FOR THE YEAR ENDED 31 JULY 2021

The reportable segments of the Group have been identified based on the nature of the business activities. The business is managed in three major segments and this remains consistent with the prior year. This basis is representative of the internal structure of the Group for management purposes. The Chief Operating Decision Maker ("CODM") is the Group Executive Committee.

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

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

IP comprises a group of high potential intellectual property companies with scaled technology ready to take to market with partners.

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

Adjusted EBITDA is defined as profit/loss before depreciation, amortisation, share-based payment expense, gain/loss on disposal of subsidiaries and equity-accounted investments, impairments of non-financial assets, share of profit/loss of equity-accounted investments, remeasurement gain/losses on vendors for acquisition liability, interest income, interest expense and current and deferred tax.

Revenue, gross profit and core normalised EBITDA

Figures in Rand thousand	2021					Restated* 2020				
	iOCO	**NEXTEC**	**IP**	**Recon-ciliation^**	**Total**	iOCO	NEXTEC	IP	Recon-ciliation^	Total
External	**4 944 066**	**1 898 114**	**1 040 243**	**–**	**7 882 423**	6 699 614	3 375 968	1 201 121	–	11 276 703
Hardware sales	**259 522**	**471 627**	**15 666**	**–**	**746 815**	585 615	424 430	65 586	–	1 075 631
Services	**4 302 457**	**1 342 858**	**1 007 164**	**–**	**6 652 479**	5 314 543	2 879 843	1 117 557	–	9 311 943
Software/licence contracts	**340 469**	**25 919**	**17 169**	**–**	**383 557**	768 026	30 606	17 744	–	816 376
Rentals	**41 618**	**57 710**	**244**	**–**	**99 572**	31 430	41 089	234	–	72 753
Intersegment	**268 545**	**52 497**	**2 239**	**(323 281)**	**–**	222 948	154 442	11 180	(388 570)	–
Hardware sales	**52 303**	**2 055**	**–**	**(54 358)**	**–**	37 702	1 854	481	(40 037)	–
Services	**207 471**	**50 442**	**2 239**	**(260 152)**	**–**	182 722	152 588	10 699	(346 009)	–
Software/licence contracts	**5 037**	**–**	**–**	**(5 037)**	**–**	–	–	–	–	–
Rentals	**3 734**	**–**	**–**	**(3 734)**	**–**	2 524	–	–	(2 524)	–
Gross revenue	**5 212 611**	**1 950 611**	**1 042 482**	**(323 281)**	**7 882 423**	6 922 562	3 530 410	1 212 301	(388 570)	11 276 703
Gross profit	**1 386 820**	**355 557**	**603 851**	**(145 775)**	**2 200 453**	1 684 352	527 266	480 722	(223 441)	2 468 899
Gross profit (%)	**26.6%**	**18.2%**	**57.9%**	**–**	**27.9%**	24.3%	14.9%	39.7%	–	21.9%

* *Comparative revenue amounts have been disaggregated to better reflect the relationship between the revenue streams and the reportable segments.*

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

Revenue, gross profit and core normalised EBITDA continued

Figures in Rand thousand	2021 iOCO	2021 NEXTEC	2021 IP	2021 Recon-ciliation^	2021 Total	Restated* 2020 iOCO	Restated* 2020 NEXTEC	Restated* 2020 IP	Restated* 2020 Recon-ciliation^	Restated* 2020 Total
Adjusted EBITDA	**524 274**	**(35 408)**	**266 876**	**(88 537)**	**667 205**	391 651	(111 128)	267 133	(528 480)	19 176
Normalisation adjustments	**(3 166)**	**1 573**	**(1 769)**	**(21 091)**	**(24 453)**	104 608	27 116	67	233 131	364 922
Normalised EBITDA**	**521 108**	**(33 835)**	**265 107**	**(109 628)**	**642 752**	496 259	(84 012)	267 200	(295 349)	384 098
Non-core business lines to be closed~	**2 966**	**45 692**	**–**	**–**	**48 658**	323 016	172 980	–	–	495 996
Core normalised EBITDA***	**524 074**	**11 857**	**265 107**	**(109 628)**	**691 410**	819 275	88 968	267 200	(295 349)	880 094
Core normalised EBITDA (%)	**10.1%**	**0.6%**	**25.4%**	**–**	**8.8%**	11.8%	2.5%	22.0%	–	7.8%

Adjusted EBITDA reconciliation

Figures in Rand thousand	Notes	2021	Restated* 2020
Operating profit/(loss)		**146 955**	(1 319 124)
Operating profit/(loss) from continuing operations		**36 337**	(936 525)
Operating profit/(loss) from discontinued operations		**110 618**	(382 599)
Depreciation		**227 516**	335 924
Amortisation		**47 151**	162 079
Impairment losses on non-financial assets		**182 941**	522 475
Loss on disposal of assets		**46 524**	263 675
Share-based payments		**4 705**	48 285
Interest allocation		**549**	–
Changes in fair value of vendors for acquisition	20	**10 864**	3 685
Income from joint venture	7	**–**	2 177
Adjusted EBITDA		**667 205**	19 176
Normalisation adjustments		**(24 453)**	364 922
Write-off of inventories#		**–**	20 396
Other financial assets write-off and specific provisions		**45 964**	149 245
Advisory and other##		**20 315**	106 605
Retrenchment and settlement costs		**9 351**	49 744
Provisions (released)/raised		**(100 083)**	38 932
Normalised EBITDA**		**642 752**	384 098
Non-core business lines to be closed~		**48 658**	495 996
Core normalised EBITDA* **		**691 410**	880 094

Comparative figures previously reported have been restated for the correction of prior period errors. Refer to note 3. Comparative figures have also been amended to reflect continuing operations prevailing for the year ended 31 July 2021.

** *Normalised EBITDA is defined as adjusted EBITDA adjusted for write-off of inventories, other financial assets write-off and specific provisions, advisory and other, retrenchment and settlement costs, and provisions (released)/raised.*

*** *Core normalised EBITDA is defined as normalised EBITDA adjusted for non-core business lines to be closed.*

Write-off of inventories relates to inventory licences that were previously purchased and capitalised as inventory and subsequently written off as there were no customers for such inventory licences.

Advisory and other consists mainly of costs related to the ENSafrica investigation, costs related to internal restructuring of the businesses, adviser costs related to disposals of businesses and also includes the JSE fine referred to in note 34.

~ *Non-core business lines to be closed reflect normalised EBITDA relating to businesses that management intends to close which have not yet met the IFRS 5 requirements to be classified as discontinued and non-profitable business lines or arrangements that are not expected to continue going forward.*

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

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, comprise the Company and its subsidiaries and the Group's investments in associates and joint ventures (together referred to as "the Group").

1.1 Statement of compliance

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

Going concern

The IFRS Conceptual Framework states that going concern 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 financial statements of the Group have been prepared on the going concern basis.

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 R280 million, net asset value attributable to the owners of EOH Holdings Limited at the end of the year of R158 million and cash inflows from operating activities of R80 million (including continuing and discontinued operations). Details of the financial performance, condition and cash flows for the Group are explained in the consolidated financial statements. A detailed action plan for deleveraging the Group to a sustainable level and resolving the "fit-for-purpose" cost structure was developed by the Group and its lenders and committed to in October 2019, revised in April 2020 and again in November 2020. Since its announcement in October 2019, the plan has been largely executed against and the directors reasonably believe it can continue to be implemented going forward in order to ensure the Group's ability to continue as a going concern.

The key deliverables implemented by the Group in relation to the deleveraging plan have been focused around the disposal of assets. The sale of Sybrin was announced in June 2021. Currently, conditions precedent are being fulfilled and are expected to be finalised in November/December of this calendar year. This should result in approximately R334 million of funds to deleverage the debt. The remaining IP asset, InfoSys is in the late stages of being disposed and will also assist in the deleverage of a portion of the bridge facility. The Group obtained a deferral letter from its lenders relating to the repayment of the debt and a waiver of the events of default related to repayment and financial covenants which existed at 31 July 2021.

The Group has also implemented initiatives to improve liquidity. The Group also showed its ability to be agile and respond to new challenges as is evident from the liquidity initiatives implemented with the onset of COVID-19 restrictions in March 2020. The Group also has R537 million of net cash and access to overdraft facilities of R400 million.

The Group over the past year has revised its go-to-market strategy and brought in an industry veteran to spearhead the commercial strategy for the Group and improve the quality of revenue.

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.2 Basis of preparation continued

Going concern continued

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

1. The Group is solvent and is expected to remain solvent after considering the approved budget and expected performance;
2. While the Group's current liabilities exceeded its current assets by R1.8 billion, with the subsequent events of signing the Common Terms Agreement ("CTA") this will result in current assets exceeding current liabilities refer to note 42;
3. There is an approved budget for the following 24 months;
4. There are cash flow forecasts for the following 12 months, which were interrogated and adjusted for anomalies for each of the periods under review together with a detailed review of one-off cash payments; and
5. The Group has sufficient access to facilities and liquidity events to fund operations for the following 12 months based on the following assumptions:
   - improved operational performance;
   - the sale of non-core assets, which are at a relatively advanced stage;
   - 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.

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

The Board, after considering the negotiated 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 financial statements.

Accounting policies

The accounting policies applied in the consolidated financial statements are consistent with those applied in the previous years.

A number of new standards and/or interpretations are effective for the annual reporting period commencing 1 August 2020, with no material effect on the Group's financial statements.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.3 Significant accounting judgements and sources of estimation uncertainty

In preparing the consolidated 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 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 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 financial statements:

	Judgement relates to:	Notes
Deferred taxation assets	Judgement around future financial performance	1.5, 9 and 29
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 24
Discontinued operations	Judgement as to whether a component is a discontinued operation and meets held-for-sale criteria	15
Going concern	Judgement on the Group's ability to continue as a going concern	1.2 and 42

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:

	Estimate relates to:	Notes
Impairment of goodwill and intangible assets	Estimates in determining the recoverable amount of the asset or cash-generating unit	5 and 6
Provisions	Estimates in determining the amount and timing of the provisions	23
Revenue	Estimation of measuring progress towards satisfaction of performance obligations based on cost incurred, inputs versus milestones	24
Tax liability	Estimation in determining taxation liability	29
Impairment of trade receivables and contract assets	Estimates in calculating the expected credit loss provision on trade receivables and contract assets	41

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

Investments in associates and joint ventures

The Group has investments in associates and joint ventures. Interests in associates and joint ventures are accounted for using the equity method of accounting.

Under the equity method of accounting, investments are initially recognised in the consolidated statement of financial position at cost and adjusted subsequently to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture.

When the Group's share of losses in an associate or a joint venture exceeds its interest in that associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the other entity.

When a Group entity transacts with an associate or joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the impairment of non-financial assets policy.

Translation of foreign currencies

The Group 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 financial statements are recognised in profit or loss in the period in which they arise.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.5 Summary of significant accounting policies continued

Translation of foreign currencies continued

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 of 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 is 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 EOH 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 Asset Disposal and Strategic Acquisition Committee ("ADASA") and takes its instructions from the EOH Board.

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.

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 co-ordinated 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 14 and 15. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.5 Summary of significant accounting policies continued

Property, plant and equipment

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 costs 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	Shorter of useful life or period of lease
Furniture and fixtures	10 years
Motor vehicles	5 years
Office equipment	3 to 6 years
IT equipment	2 to 5 years
Leasehold improvements	Shorter of useful life or period of lease
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. 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 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.

Goodwill and intangible assets

(a) Goodwill

Goodwill is measured as described in note 6. 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 and contracts purchased

Separately acquired intellectual property is measured at historical cost. Intellectual property 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.5 Summary of significant accounting policies continued

Goodwill and intangible assets continued

(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 are 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.

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 (CGUs). 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.

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.5 Summary of significant accounting policies continued

Financial instruments

(1) Financial assets

(a) Classification

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

Those to be measured at amortised cost: ie trade receivables, other loans and receivables, 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, 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.

(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.

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 41 for further details on the methodology applied by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.5 Summary of significant accounting policies continued

Financial instruments continued

(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 and contingent consideration liabilities arising on the acquisition of businesses (vendors for acquisition).

Trade and other payables and loans and borrowings 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.

Contingent consideration arising on acquisition of businesses is classified either as equity or a financial liability. Refer to note 18 for further detail on the contingent consideration classified as equity. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss. The liability for amounts due to vendors represent the expected purchase consideration owing in respect of acquisitions which will be settled in cash resources when the relevant profit warranties have been fulfilled.

(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.

Restricted cash

Restricted cash comprise 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.

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).

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.5 Summary of significant accounting policies continued

Taxation continued

(c) Deferred tax assets and liabilities continued

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.

(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.

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.5 Summary of significant accounting policies continued

Leases continued

(b) Group as lessee continued

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 e.g. 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 are 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 their 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.

Share-based payments

(a) 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 38.

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.

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.5 Summary of significant accounting policies continued

Share-based payments continued

(a) Employee share plans continued

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.

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;
- 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 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.

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 has been transferred to a customer or after the transfer of control to the customer;
- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.5 Summary of significant accounting policies continued

Revenue continued

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 it is 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 and unspecified upgrades and patches for software at an agreed fee based on defined service level agreements. Revenue is recognised over time as the customer benefits as and when the Group performs. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated 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.

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 good or service to the customer and when the customer pays for that good or service 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.

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, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Finance costs

Finance costs comprise interest payable on borrowings, vendors for acquisition 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 2020. These did not have a material impact on the Group. The Group adopted COVID-19-related rent concessions – Amendments to IFRS 16 as issued by the IASB, with effect from 1 August 2019 in the prior year. The Group did not make use of the optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification and accordingly, the modification guidance within IFRS 16 was applied to such rent concessions.

2.2 Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not effective for 31 July 2021 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.

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

FOR THE YEAR ENDED 31 JULY 2021

3. RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS

During the current year, management identified the following matters which were incorrectly accounted for and presented in prior periods:

- SARS VAT Voluntary Disclosure Programme ("VDP") liability (3.1);
- Fair value adjustments on treasury shares not eliminated on consolidation (3.2); and
- Expired Vendors For Acquisition ("VFA") balance within other reserves (3.3).

The 2020 financial statements and the consolidated statement of financial position as at 1 August 2019 have been restated to correct the prior period errors.

A brief explanation of each category of error is provided below, following which an analysis is included of the financial impact on the affected financial statement line items:

3.1 SARS VAT VDP liability

During the disposal process of one of the discontinued subsidiaries in the Group, a tax due diligence finding was raised, regarding VAT not raised on services billed from the subsidiary to another foreign entity within the Group for the period August 2013 to 28 February 2021. The invoices were zero rated as export services to the foreign entity under the Income Tax Act of South Africa section 11(2)l, although after consultations with Senior Counsel, the opinion was that these services were being rendered to a tax resident, while the foreign entity was not carrying on an enterprise in South Africa, it was tax resident for income tax and by default should be a resident for VAT.

Therefore section 11(2)k was applicable and not 11(2)l, and in that case VAT needed to be raised for all services performed from within South Africa and only those physically rendered outside South Africa could be zero rated. EOH submitted a VAT VDP to the South African Revenue Service and the total VAT liability for the period August 2013 to 28 February 2021 (R66 million at 31 July 2020 including related interest of R14 million) would be settled through the sale proceeds from the buyer using an ESCROW account.

3.2 Fair value adjustments on treasury shares not eliminated on consolidation

A subsidiary within the Group as well as the Trusts previously acquired EOH Holdings' shares. Such shares were remeasured to fair value within these entities, with the fair value gains or losses being recognised within other reserves in equity. The fair value adjustments that had occurred prior to the 2019 financial year were not reversed on consolidation. This resulted in an overstatement of the other reserves, an overstatement of the stated capital and an understatement of accumulated loss with no impact on total equity.

3.3 Expired VFA balance within other reserves

Prior to the 2019 financial year, a subsidiary within the Group had made an acquisition of a business through which a portion of the consideration was contingent based on profit warranties. The liability for the contingent consideration was recognised. Subsequently, prior to the 2019 financial year, the subsidiary no longer had the obligation for the contingent consideration due to expiry and the liability was derecognised, with the other side of the entry being in other reserves. The derecognition of the liability should have been recognised in the income statement and ultimately to accumulated loss rather than directly to other reserves. This resulted in an overstatement of the other reserves and an overstatement of accumulated loss, with no impact on total equity.

The errors have been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Statement of financial position (extract) as at 1 August 2019

Figures in Rand thousand	1 August 2019	SARS VAT VDP liability	Fair value adjust-ments on treasury shares	Expired VFA	Restated 1 August 2019
Stated capital	(4 239 621)	–	22 153	–	(4 217 468)
Other reserves	(742 597)	–	245 437	56 239	(440 921)
Accumulated loss	3 047 669	–	(267 590)	(56 239)	2 723 840
Total equity	(1 995 427)	–	–	–	(1 995 427)

3. RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS continued

Statement of financial position (extract) as at 31 July 2020

Figures in Rand thousand	As previously stated 31 July 2020	SARS VAT VDP liability	Fair value adjust-ments on treasury shares*	Expired VFA**	Restated 31 July 2020
Liabilities directly associated with assets held for sale	(834 092)	(66 314)	–	–	(900 406)
Net assets	539 499	(66 314)	–	–	473 185
Stated capital	(4 250 219)	–	32 934	–	(4 217 285)
Other reserves	(924 862)	–	234 656	56 239	(633 967)
Accumulated loss	4 680 506	66 314	(267 590)	(56 239)	4 422 991
Total equity	(539 499)	66 314	–	–	(473 185)

* *Represents the accumulated correction for the fair value adjustment on treasury shares, including the 2020 correction of R10 million.*
** *Represents the accumulated correction for the expired VFA.*

Statement of profit or loss and other comprehensive income (extract) for the year ended 31 July 2020

Figures in Rand thousand	31 July 2020	SARS VAT VDP liability	Re-presented as discon-tinued operations (note 15)	Restated 31 July 2020
Continuing operations				
Revenue	8 690 350	–	81 784	8 772 134
Cost of sales	(6 893 957)	–	(80 345)	(6 974 302)
Gross profit	1 796 393	–	1 439	1 797 832
Net financial asset impairment losses	(320 712)	–	(2 732)	(323 444)
Operating expenses	(2 417 575)	–	6 662	(2 410 913)
Operating loss	(941 894)	–	5 369	(936 525)
Investment income	26 984	–	(582)	26 402
Share of equity-accounted loss	(565)	–	–	(565)
Finance costs	(410 875)	–	(328)	(411 203)
Loss before taxation	(1 326 350)	–	4 459	(1 321 891)
Taxation	64 030	–	(3 796)	60 234
Loss for the year from continuing operations	(1 262 320)	–	663	(1 261 657)
Loss for the year from discontinued operations	(364 494)	(66 314)	(663)	(431 471)
Loss for the year	(1 626 814)	(66 314)	–	(1 693 128)
Other comprehensive income	155 010	–	–	155 010
Total comprehensive loss for the year	(1 471 804)	(66 314)	–	(1 538 118)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

3. RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS continued

Statement of profit or loss and other comprehensive income (extract) for the year ended 31 July 2020 continued

Figures in Rand thousand	31 July 2020	Restated 31 July 2020
Loss attributable to:		
Owners of EOH Holdings Limited	(1 620 721)	(1 687 035)
Non-controlling interests	(6 093)	(6 093)
Total	(1 626 814)	(1 693 128)
Total comprehensive loss attributable to:		
Owners of EOH Holdings Limited	(1 462 568)	(1 528 882)
Non-controlling interests	(9 236)	(9 236)
Total	(1 471 804)	(1 538 118)
From continuing and discontinued operations (cents)		
Loss per share	(961)	(1 000)
Diluted loss per share	(961)	(1 000)
Headline loss per share	(495)	(534)
Diluted headline loss per share	(495)	(534)
From continuing operations (cents)		
Loss per share	(747)	(747)
Diluted loss per share	(747)	(747)
Headline loss per share	(505)	(505)
Diluted headline loss per share	(505)	(505)

The restatement adjustments are all non-cash adjustments and therefore do not impact cash generated before working capital changes or any other line items on the consolidated statement of cash flows.

4. PROPERTY, PLANT, EQUIPMENT AND RIGHT-OF-USE ASSETS

	2021			2020		
Figures in Rand thousand	Cost	Accumulated depreciation and impairments	Carrying value	Cost	Accumulated depreciation and impairments	Carrying value
Land and buildings**	**108 965**	**(69 754)**	**39 211**	136 427	(45 037)	91 390
Right-of-use assets (buildings)**	**246 031**	**(118 201)**	**127 830**	367 396	(91 396)	276 000
Furniture and fixtures	**100 412**	**(68 836)**	**31 576**	145 305	(78 438)	66 867
Motor vehicles*	**41 255**	**(35 729)**	**5 526**	83 657	(54 813)	28 844
Office equipment	**59 581**	**(49 951)**	**9 630**	101 503	(77 338)	24 165
IT equipment*	**643 205**	**(509 665)**	**133 540**	783 925	(585 209)	198 716
Leasehold improvements	**120 736**	**(94 142)**	**26 594**	162 400	(100 844)	61 556
Other equipment*	**38 158**	**(13 613)**	**24 545**	143 836	(101 710)	42 126
Closing balance before assets held for sale	**1 358 343**	**(959 891)**	**398 452**	1 924 449	(1 134 785)	789 664
Assets held for sale (note 14)	**(99 290)**	**42 302**	**(56 988)**	(491 605)	246 787	(244 818)
Closing balance	**1 259 053**	**(917 589)**	**341 464**	1 432 844	(887 998)	544 846

* *Motor vehicles, IT equipment and other equipment include right-of-use assets.*

** *Comparative amounts have been disaggregated to show right-of-use assets related to buildings separately. This has not had an impact on equity nor on the statement of financial position of the Group.*

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

Figures in Rand thousand	Opening balance	Additions	Disposals	Transfers	Foreign currency trans-lation	Depre-ciation	Impair-ments	Disposals of business	Total including assets held for sale	Assets held for sale (note 14)	Total
2021											
Land and buildings	**91 390**	**11 679**	**(28 091)**	**54 747**	**5 556**	**(10 662)**	**(6 264)**	**(79 144)**	**39 211**	**(8 255)**	**30 956**
Right-of-use assets (buildings)	**276 000**	**4 044**	**(4 200)**	**(32 608)**	**–**	**(85 593)**	**–**	**(29 813)**	**127 830**	**(24 353)**	**103 477**
Furniture and fixtures	**66 867**	**1 690**	**(4 837)**	**(19)**	**(19 451)**	**(11 554)**	**–**	**(1 120)**	**31 576**	**(4 423)**	**27 153**
Motor vehicles*	**28 844**	**547**	**(2 981)**	**509**	**(1 063)**	**(3 336)**	**(22)**	**(16 972)**	**5 526**	**(75)**	**5 451**
Office equipment	**24 165**	**1 682**	**(3 380)**	**(160)**	**(668)**	**(4 931)**	**–**	**(7 078)**	**9 630**	**(1 514)**	**8 116**
IT equipment*	**198 716**	**34 190**	**(12 012)**	**278**	**23 148**	**(86 162)**	**(14 492)**	**(10 126)**	**133 540**	**(13 379)**	**120 161**
Leasehold improvements	**61 556**	**4 202**	**–**	**(22 864)**	**(19)**	**(16 124)**	**–**	**(157)**	**26 594**	**(4 989)**	**21 605**
Other equipment*	**42 126**	**8 857**	**–**	**117**	**19 859**	**(9 154)**	**–**	**(37 260)**	**24 545**	**–**	**24 545**
	789 664	**66 891**	**(55 501)**	**–**	**27 362**	**(227 516)**	**(20 778)**	**(181 670)**	**398 452**	**(56 988)**	**341 464**

* *Motor vehicles, IT equipment and other equipment include right-of-use assets.*

Figures in Rand thousand	Opening balance	Additions	Adoption of IFRS 16 on 1 August 2019	Dis-posals	Trans-fers	Foreign currency trans-lation	Depre-ciation	Impair-ments	Disposals of business	Total including assets held for sale	Assets held for sale (note 14)	Total
2020												
Land and buildings**	111 748	70 099	–	(11 473)	–	7 593	(58 130)	–	(28 447)	91 390	–	91 390
Right-of-use assets (buildings)**	–	–	367 396	–	–	–	(91 396)	–	–	276 000	(148 446)	127 554
Furniture and fixtures	52 313	39 290	–	(7 827)	397	875	(16 407)	–	(1 774)	66 867	(9 466)	57 401
Motor vehicles*	53 756	–	–	(797)	(276)	(3 788)	(9 833)	–	(10 218)	28 844	(17 942)	10 902
Office equipment	35 224	1 452	–	(821)	(38)	(1 381)	(9 871)	–	(400)	24 165	(9 235)	14 930
IT equipment*	295 251	59 148	–	(42 636)	752	1 041	(109 303)	–	(5 537)	198 716	(19 643)	179 073
Leasehold improvements	61 837	35 426	–	(7 217)	(1)	44	(28 522)	–	(11)	61 556	(5 184)	56 372
Other equipment*	88 770	4 093	–	(1 298)	(834)	(9 433)	(12 463)	(1 601)	(25 108)	42 126	(34 902)	7 224
	698 899	209 508	367 396	(72 069)	–	(5 049)	(335 925)	(1 601)	(71 495)	789 664	(244 818)	544 846

* *Motor vehicles, IT equipment and other equipment include right-of-use assets.*

** *Comparative amounts have been disaggregated to show right-of-use assets related to buildings separately. This has not had an impact on equity nor on the statement of financial position of the Group.*

Refer to note 20 for details of the security provided on the loans secured through Security SPV.

The loss or gain on disposal of items of property, plant and equipment is included in operating expenses as per note 26.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

5. INTANGIBLE ASSETS

Figures in Rand thousand	2021 Cost	2021 Accumulated amortisation and impairments	2021 Carrying value	2020 Cost	2020 Accumulated amortisation and impairments	2020 Carrying value
Contracts purchased	**90 858**	**(90 612)**	**246**	90 858	(90 324)	534
Customer relationships	**261 789**	**(230 173)**	**31 616**	267 331	(226 367)	40 964
Intellectual property	**152 558**	**(116 934)**	**35 624**	172 727	(133 194)	39 533
Internally generated software	**445 909**	**(270 793)**	**175 116**	590 468	(320 113)	270 355
Computer software	**400 279**	**(350 945)**	**49 334**	423 299	(364 005)	59 294
Other intangible assets	**140 122**	**(48 982)**	**91 140**	245 396	(197 788)	47 608
Closing balance before assets held for sale	**1 491 515**	**(1 108 439)**	**383 076**	1 790 079	(1 331 791)	458 288
Assets held for sale (note 14)	**(677 790)**	**359 207**	**(318 583)**	(723 145)	377 824	(345 321)
Closing balance	**813 725**	**(749 232)**	**64 493**	1 066 934	(953 967)	112 967

Reconciliation of intangible assets

Figures in Rand thousand	Opening balance	Additions	Disposals	Transfers	Foreign currency translation	Amortisation	Impairments	Disposal of business	Total including assets held for sale	Assets held for sale (note 14)	Total
2021											
Contracts purchased	**534**	**–**	**–**	**–**	**–**	**(288)**	**–**	**–**	**246**	**–**	**246**
Customer relationships	**40 964**	**–**	**–**	**–**	**–**	**(6 659)**	**–**	**(2 689)**	**31 616**	**(27 831)**	**3 785**
Intellectual property	**39 533**	**–**	**–**	**–**	**(476)**	**(1 888)**	**–**	**(1 545)**	**35 624**	**(19 073)**	**16 551**
Internally generated software	**270 355**	**11 955**	**–**	**(58 492)**	**(19 027)**	**(11 401)**	**–**	**(18 274)**	**175 116**	**(170 745)**	**4 371**
Computer software	**59 294**	**37 774**	**(12 917)**	**(1 354)**	**(11 114)**	**(22 349)**	**–**	**–**	**49 334**	**(17 033)**	**32 301**
Other intangible assets	**47 608**	**29 585**	**(5 048)**	**59 846**	**(1 939)**	**(4 566)**	**–**	**(34 346)**	**91 140**	**(83 901)**	**7 239**
	458 288	**79 314**	**(17 965)**	**–**	**(32 556)**	**(47 151)**	**–**	**(56 854)**	**383 076**	**(318 583)**	**64 493**
2020											
Contracts purchased	7 301	–	–	–	1 706	(3 430)	(142)	(4 901)	534	(142)	392
Customer relationships	78 616	–	–	–	–	(13 548)	(10 348)	(13 756)	40 964	(14 340)	26 624
Intellectual property	52 090	–	–	–	758	(9 771)	–	(3 544)	39 533	(20 606)	18 927
Internally generated software	246 944	91 867	(3 493)	(592)	(1 963)	(45 931)	(4 331)	(12 146)	270 355	(251 776)	18 579
Computer software	69 835	47 918	(15 065)	(1 968)	12 071	(49 567)	–	(3 930)	59 294	(16 863)	42 431
Other intangible assets	83 876	47 387	–	2 560	(17 837)	(39 832)	(11 354)	(17 192)	47 608	(41 594)	6 014
	538 662	187 172	(18 558)	–	(5 265)	(162 079)	(26 175)	(55 469)	458 288	(345 321)	112 967

Impairments to intangible assets largely relate to:

- Customer relationships and customer contracts that were impaired for Rnil (2020: R10 million) after the profitability of the related relationships and contracts deteriorated below expected levels.
- The remaining impairments of Rnil (2020: R16 million) relate to other internally generated software and other intangibles 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 (2020: R26 million).

For the purpose of impairment testing, intangible assets were allocated, together with goodwill, to the Group's CGUs. The recoverable amount of these CGUs were determined based on 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 costs to sell.

Note 6 further discusses the impairments, including key assumptions, estimates and sensitivities in relation to the testing performed.

6. GOODWILL

Figures in Rand thousand	2021	2020
Cost	**3 225 516**	3 657 801
Accumulated impairments	**(1 704 698)**	(1 484 715)
Opening balance	**1 520 818**	2 173 086
Foreign currency translation	**(6 688)**	8 975
Disposals	**(117 436)**	(248 149)
Impairments: discontinued operations	**(36 374)**	(147 870)
Impairments: continuing operations	**(144 912)**	(265 224)
Closing balance before assets held for sale	**1 215 408**	1 520 818
Cost	**3 101 392**	3 225 516
Accumulated impairments	**(1 885 984)**	(1 704 698)
Assets held for sale (note 14)	**(469 564)**	(604 075)
Closing balance	**745 844**	916 743

A number of economic and operational events during the year ended 31 July 2021 had a negative impact on EOH's market capitalisation and certain underlying businesses. The Group's annual review of goodwill highlighted impairments of R181 million (R130 million in the iOCO segment, R15 million in the NEXTEC segment and R36 million in the IP segment).

iOCO

An impairment charge amounting to R108 million was recognised for the Compute CGU. The impairment was predominantly driven by lost or delayed contracts and projects as a result of challenging market conditions and the impact of COVID-19. The goodwill balance for Compute at 31 July 2021 amounts to R104 million, after recognising the impairment charge.

The Employee Benefits CGU was impaired by R15 million having been negatively impacted by part of its customer base opting out of their pension fund contributions due to the weak performance of equity markets driven by COVID-19.

An impairment charge amounting to R6 million was recognised for the Sortit CGU, with the related employees and contracts having been transferred to other businesses within the Group after the related legal entity entered a deregistration process.

During the year, In the Cloud and Coastal CGUs were merged to form a single CGU. EOH undertook a strategic business decision to use a single executive team to manage and report on the merged CGU due to the businesses having the same service offering and sharing the same markets and prospective customer base.

As part of the Group's reorganisation and structure simplification, two additional business units were incorporated into the Freethinking CGU as they are collectively managed, measured and reported on by a single management team, share the same markets and offer their services collectively to prospective customers.

NEXTEC

The ESA CGU was impaired by R9 million during 2021 due mainly to the increased risk of non-renewal of key customer contracts.

As part of the Group's reorganisation and corporate structure simplification, MBAT has been merged with the Learning and Development CGU. The performance of MBAT and the remaining Learning and Development CGU are now being collectively managed, measured and reported on by a single executive team, sharing the same markets and offering its services collectively to prospective customers.

IP

An impairment of goodwill amounting to R30 million was attributable to Sybrin as a result of its write-down to fair value less costs of disposal, which was primarily as a result of the negative effects of COVID-19 on the business, which caused a decrease in profitability as a result of delays in key projects. The Afiswitch CGU was impaired by R6 million driven mainly by increased risk of non-renewal of key customer contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

6. GOODWILL continued

Prior year impairments

Prior year goodwill impairments amounted to R413 million (R110 million in the iOCO segment, R243 million in the NEXTEC segment and R60 million in the IP segment). The impairments in iOCO were largely driven by lost or unrenewed contracts, delayed projects with customers as a result of ongoing challenging market conditions, or businesses that were rendered non-operational during the year. The largest contributor to the NEXTEC impairments was the TCD CGU, which incurred an impairment of R93 million due to the effects of changes in clinical trials legislation which led to a loss of customers and consequent restructuring of the business. The PiA Solar CGU incurred a R49 million impairment to goodwill relating to renewable energy loss-making contracts. The PCI CGU incurred a R39 million impairment, primarily due to continued material delays in the commencement or award of projects in the water sector. The impairment of goodwill of R60 million in the IP segment related to key long-term contract renewal challenges. The balance of impairments sustained in the prior year related mainly to the prevailing challenging market conditions.

Impairment testing

During the financial year ended 31 July 2021, the depressed economic environment as a result of COVID-19 impacted a number of the Group's operations giving rise to impairments of goodwill in certain CGUs.

For the purpose of impairment testing, goodwill is allocated to the Group's CGUs. The recoverable amount of these CGUs were 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 pre-tax discount rate was used in discounting the projected cash flows depending on the nature of business and operating markets. These calculations use cash flow projections based on financial budgets and forecasts for three years, as approved by the Board, which are based on assumptions of the business, industry and economic growth. 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:

- 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: discount rates used reflect both time value of money and other specific risks relating to the relevant CGU;
- Adjusted EBITDA margins in the following ranges: iOCO (1.5% – 43.1%) (prior year: 3.4% – 45.3%) and NEXTEC (5.1% – 23.3%) (prior year: 6.4% – 19.8%); and
- Perpetuity growth rates: a perpetuity growth rate of 4.0% (prior year: 4.0%) has been used for the Group.

6. GOODWILL continued

Key assumptions used in discounted cash flow projection calculations continued

Figures in Rand thousand	2021 Goodwill closing balance	2021 Pre-tax discount rates %	2021 Growth rates %
iOCO			
Compute	103 662	24.4	3.5
Managed Services	80 793	24.2	1.5
Symplexity	50 123	25.8	5.5
Softworks	39 345	23.0	5.4
Microsoft	35 707	23.5	5.0
Employee Benefits#	22 758	26.9	(6.8)
Coastal* (including In the Cloud)	32 014	25.1	12.9
Legal	29 177	26.7	3.5
Network Solutions	29 101	27.2	2.6
IoT*	14 814	32.1	16.4
Freethinking*	14 081	25.5	14.7
XTND	13 333	23.1	7.7
Impressions**	12 240	25.4	50.5
Connection 42	12 016	26.2	6.2
Other	22 057	n/a	n/a
NEXTEC			
Learning and Development*	93 488	24.5	17.1
JOAT*	59 463	27.9	17.2
Scan RF	28 155	26.3	2.5
Energy Insight*	12 261	28.1	12.5
ILS*	10 429	24.4	10.1
BT Cape*	8 104	25.6	16.7
Impact HR#	7 904	27.7	(1.4)
Other	9 289	n/a	n/a

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

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

\# *The negative average revenue growth rates forecasted for the Employee Benefits and Impact HR CGUs were 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

FOR THE YEAR ENDED 31 JULY 2021

6. GOODWILL continued

Key assumptions used in discounted cash flow projection calculations continued

	2020		
Figures in Rand thousand	Goodwill closing balance	Pre-tax discount rates %	Growth rates %
iOCO			
Compute	211 899	23.4	7.8
Managed Services	80 793	23.9	5.8
Symplexity	50 123	23.6	0.8
Softworks	39 345	22.1	7.4
Employee Benefits	38 162	23.4	3.2
Microsoft	35 707	22.5	11.4
Network Solutions	31 163	22.1	4.6
Legal	29 177	23.5	2.9
Coastal	22 342	22.9	13.5
IoT	14 814	25.6	6.0
Freethinking	14 081	22.5	14.4
XTND	13 333	23.9	6.9
Impressions	12 240	24.6	37.2
Connection 42	12 016	23.7	9.4
Other	55 305	n/a	n/a
NEXTEC			
Learning and Development	93 488	25.1	17.7
JOAT	59 463	27.3	10.6
Scan RF	28 155	25.6	(2.2)
Energy Insight	12 261	24.9	17.6
ESA#	31 773	25.6	(2.3)
Other*	31 103	n/a	n/a

* *Other includes ILS, BT Cape and Impact HR.*

\# *ESA was shown under iOCO in 2020 and has been correctly moved to be shown under NEXTEC.*

6. GOODWILL continued

Sensitivity analysis on value in use

In performing the impairment test for goodwill, EOH considered the sensitivity of the EOH CGUs to changes in assumptions around key value drivers. The key value drivers for the EOH CGUs are adjusted EBITDA margins, discount rates and revenue growth assumptions. Revenue growth and discount rate assumptions were adjusted upwards and downwards by a percentage point and the adjusted EBITDA margins were adjusted by 2.5 percentage points. The aforementioned sensitivities are considered reasonable based on the sensitivity of the models to the key drivers. The CGUs not included in the table below have sufficient headroom and are not sensitive to the changes applied to the assumptions. However, a decrease in the adjusted EBITDA margin of 2.5 percentage points resulted in the following CGUs being impaired by the values listed:

Figures in Rand thousand	**2021**	2020
iOCO		
Legal	**12 752**	6 412
Symplexity	**10 685**	n/a
Compute	**n/a**	3 110
Impressions	**8 490**	8 405
Network Solutions	**6 028**	n/a
NEXTEC		
GLS Consulting	**n/a**	3 280
Impact Human Resources	**n/a**	16 258

Assets held for sale

The Group tested its asset held for sale assets, for impairment in line with IFRS 5. The recoverable amount was determined as the fair value less costs of disposal which was compared to the goodwill balances for potential impairment. The fair value was determined primarily with reference to advanced offers from potential acquirers less estimated disposal costs.

During the year, goodwill from the InfoSys CGU which relates to the Afiswitch business was separated and subjected to a separate sales process as a result of a change in the sale process. Afiswitch historically formed part of the InfoSys sale assets. As a result the goodwill that historically formed part of the InfoSys CGU which was applicable to Afiswitch has been shown separately for 2021.

Figures in Rand thousand	**Goodwill closing balance 2021**	Goodwill closing balance 2020
IP		
InfoSys	**208 101**	248 443
Sybrin	**204 135**	242 630
Syntell	**–**	38 601
Afiswitch	**34 108**	–
NEXTEC		
Denis	**–**	74 401
ESA	**23 220**	–
Total	**469 564**	604 075

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

7. EQUITY-ACCOUNTED INVESTMENTS

Figures in Rand thousand	2021	2020
Opening balance	17 689	300 535
Deemed acquisition of associate	–	7 254
Foreign currency translation recognised in profit or loss	259	30 173
Disposals	(4 000)	(245 950)
Impairments: continuing operations	(1 280)	(57 175)
Impairments: discontinued operations	–	(24 430)
Share of equity-accounted profits/(losses): continuing operations	2 972	(565)
Share of equity-accounted profits: discontinued operations	–	7 847
Dividend received	(1 200)	–
Other	(201)	–
Closing balance before assets held for sale	14 239	17 689
Assets held for sale (note 14)	(5 979)	(11 000)
Closing balance	**8 260**	6 689

Impaired equity-accounted investments form part of the iOCO segment. The recoverable amount of equity-accounted investments classified as held for sale were determined based on their fair value less costs to sell. Fair value is based on offers received.

Çözümevi Yönetim Danişmanliğ Ve Bilgisayar Yazilm Ticaret Anonim Şirketi ("Çözümevi") was disposed of during the current year.

The equity-accounted investments are as follows:

Figures in Rand thousand	2021	2020
Change Logic Proprietary Limited	8 260	6 689
Total	**8 260**	6 689
Equity-accounted investments held for sale		
Virtuoso Consulting	5 979	7 000
Çözümevi	–	4 000
	5 979	11 000

The Group does not guarantee losses of equity-accounted investments.

7. EQUITY-ACCOUNTED INVESTMENTS continued

Figures in Rand thousand	2021	2020
Equity-accounted joint venture investments	**5 979**	11 000
Equity-accounted associate investments	**8 260**	6 689
Equity-accounted investments held for sale (note 14)	**(5 979)**	(11 000)
	8 260	6 689
Share of losses of equity-accounted joint venture investments	**–**	(2 177)
Share of profit of equity-accounted associate investments	**2 972**	9 459
Share of profits of equity-accounted investments	**2 972**	7 282
Aggregate information of equity-accounted investments that are not individually material:		
Joint venture investments		
The Group's share of post-tax losses from discontinued operations	**–**	(2 177)

Reconciliation of the carrying amount of the interest in joint venture investments

Figures in Rand thousand	2021	2020
Balance at the beginning of the year	**11 000**	110 082
Disposals of joint venture investments	**(4 000)**	(45 473)
Foreign currency translation recognised in profit or loss	**259**	30 173
Share of results after taxation	**–**	(2 177)
Impairment loss	**(1 280)**	(81 605)
	5 979	11 000
Assets held for sale (note 14)	**(5 979)**	(11 000)
Balance at the end of the year	**–**	–

The Group has the following associate investments

Associate name:	Change Logic CS Proprietary Limited (Change Logic)
Principal activity:	IT applications and business solutions provider
Country of incorporation:	South Africa
Effective interest in issued ordinary share capital:	40% (previously 100%)
Year end:	31 July 2021
Effective date of change in control:	1 May 2020

Reconciliation of the carrying amount of the interest in associates

Figures in Rand thousand	2021	2020
Balance at the beginning of the year	**6 689**	190 453
Share of results of associate after taxation	**2 972**	9 460
Deemed acquisition of associate	**–**	7 254
Disposal[#]	**–**	(200 478)
Dividend received	**(1 200)**	–
Other	**(201)**	–
Balance at the end of the year	**8 260**	6 689

[#] *Construction Computer Software Proprietary Limited was disposed of in 2020.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

8. OTHER FINANCIAL ASSETS

Figures in Rand thousand	2021	2020
Debt instruments at amortised cost	**11 058**	197 990
Equity-accounted investment receivables (note 39)	**51 564**	57 772
Enterprise development loan receivables	**20 590**	25 490
Restricted cash	**11 517**	87 020
Gross loans and receivables*	**532 151**	525 229
Receivables from disposal of subsidiaries and equity-accounted investments	**17 660**	82 052
Allowance for expected credit losses	**(622 424)**	(579 573)
Total financial assets	**11 058**	197 990
Non-current other financial assets	**–**	60 881
Current other financial assets	**11 058**	137 109
	11 058	197 990

* *These have been fully provided for.*

Expected credit losses

A total allowance for expected credit losses of R622 million (2020: R579 million) has been raised against debt instruments carried at amortised cost.

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

Refer to note 41 for the disclosure on the expected credit losses.

Reconciliation of movements of debt instruments measured at amortised cost

Figures in Rand thousand	2021	2020
Opening balance	**216 861**	67 285
Net cash received	**–**	7 890
(Decrease)/increase in restricted cash	**(75 503)**	87 020
Receivables from disposal of subsidiaries and equity-accounted investments (note 16)	**(64 392)**	82 052
Net impairment losses on other financial assets (note 25)	**(45 554)**	(68 973)
Disposal of subsidiaries (note 16)	**(19 352)**	–
Other movements	**(942)**	41 587
	11 118	216 861
Assets held for sale (note 14)	**(60)**	(18 871)
Closing balance	**11 058**	197 990

9. DEFERRED TAXATION

Figures in Rand thousand	2021	Restated* 2020
The balance comprises		
Aggregate of deferred taxation assets	**128 023**	232 103
Aggregate of deferred taxation liabilities	**(91 923)**	(142 774)
	36 100	89 329
Aggregate of deferred taxation assets	**128 023**	232 103
Assets held for sale (note 14)	**(11 170)**	(31 131)
	116 853	200 972
Aggregate of deferred taxation liabilities	**(91 923)**	(142 774)
Liabilities directly associated with assets held for sale (note 14)	**32 441**	31 483
	(59 482)	(111 291)
Analysis of deferred taxation balances		
Deferred cost	**–**	1 277
Prepaid expenses	**(13 341)**	(8 658)
Right-of-use asset and lease liabilities	**3 627**	1 643
Intangibles	**(64 205)**	(49 450)
Property, plant and equipment	**(23 767)**	(15 183)
Net financial asset impairment losses	**131 673**	246 864
Payroll accruals	**112 803**	127 311
Assessed losses	**987 483**	832 326
Deferred income	**104 006**	81 451
Fair value adjustments	**(10 499)**	(11 380)
	1 227 780	1 206 201
Deferred taxation assets not recognised in respect of deductible temporary differences	**(212 314)**	(284 546)
Deferred taxation assets not recognised in respect of assessed losses	**(979 366)**	(832 326)
	36 100	89 329
Deferred taxation movement		
Balance at the beginning of the year	**89 329**	(35 997)
Disposals of subsidiaries	**(17 637)**	(10 611)
Movement through profit or loss	**(36 164)**	177 392
Foreign currency translation	**572**	(41 455)
Balance at the end of the year	**36 100**	89 329

* *Comparative amounts have been restated to include assessed losses and deferred taxation assets not recognised in respect of assessed losses. This has not had an impact on equity nor the statement of financial position.*

Unrecognised deferred tax assets calculated for the outside basis of tax on disposal groups held for sale amounted to R137 million (2020: R141 million). These have not been recognised as there are no taxable profits expected in the future against which these can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

10. FINANCE LEASE RECEIVABLES

Figures in Rand thousand	2021	2020
Gross investment in the leases due		
– within one year*	**108 934**	78 805
– within one to two years*	**21 859**	39 977
– within two to three years*	**12 191**	23 367
– within three to four years*	**669**	14 283
	143 653	156 432
Less: unearned finance income	**(11 687)**	(27 398)
	131 966	129 034
Impairment allowance	**(22 637)**	(6 194)
	109 329	122 840
Present value of minimum lease payments due:		
– within one year	**101 299**	67 720
– within two to five years	**30 667**	61 314
	131 966	129 034
Impairment allowance	**(22 637)**	(6 194)
	109 329	122 840
Lease receivables		
Current	**101 299**	67 720
Non-current	**8 030**	55 120
	109 329	122 840

* *Comparative amounts have been disaggregated to show undiscounted amounts due on an annual basis for each year.*

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 to 7% above prime lending rates (2020: prime to 7% above prime lending rates).

Income received from finance leases is fixed.

11. INVENTORIES

Figures in Rand thousand	2021	2020
Finished goods	**95 853**	110 298
Consumables	**5 289**	3 122
Work-in-progress	**34 432**	12 930
	135 574	126 350
Provision for write-down of inventories to its net realisable value	**(23 026)**	(12 596)
	112 548	113 754
Cost of goods sold during the year from continuing operations amounted to:	**2 502 099**	3 238 440

Write-down of inventories of R7 million (2020: R31 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.

12. TRADE AND OTHER RECEIVABLES

Figures in Rand thousand	2021	2020
Financial instruments	**1 251 780**	1 389 761
Trade receivables	**1 227 182**	1 375 456
Gross trade receivables	**1 449 800**	1 735 745
Variable consideration adjustment	**(9 619)**	(49 942)
Impairment allowance (note 41)	**(212 999)**	(310 347)
Other receivables	**24 598**	14 305
Non-financial instruments	**676 790**	726 815
Net contract assets	**373 103**	429 689
Gross contracts assets	**391 005**	554 284
Provision for contract assets (note 41)	**(17 902)**	(124 595)
Prepayments	**236 085**	238 730
VAT receivable	**29 853**	31 466
Other receivables	**37 749**	26 930
	1 928 570	2 116 576

Refer to note 20 for details on the security provided on the loans secured through Security SPV.

13. CASH AND CASH EQUIVALENTS

Figures in Rand thousand	2021	2020
Cash and cash equivalents consist of:		
Cash on hand	**1 461**	942
Bank balances and short-term deposits	**823 441**	644 895
	824 902	645 837
Bank overdrafts (note 20)	**(387 665)**	(115 253)
Balances per statement of cash flows	**437 237**	530 584

Refer to note 20 for details on the security provided on the loans secured through Security SPV.

Figures in Rand thousand	2021	2020
The total amount of undrawn facilities available for future operating activities and commitments is:	**14 335**	287 547

Refer to note 41 for disclosure on expected credit losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

14. ASSETS HELD FOR SALE

The Group refined its operational structure during the 2019 financial year into three distinct operating units to allow for leaner and more agile core businesses with separate capital and governance structures. On 11 December 2018, the Group announced that opportunities would be explored for the sale of certain non-core assets, of which many have been sold during the current financial year.

The Sybrin, DENIS, Syntell and InfoSys groups of companies were classified as held for sale and discontinued operations in the prior year, with DENIS and Syntell being disposed of during the current year. At the reporting date the Sybrin and InfoSys groups of companies are held for sale with sales of both groups of companies expected to finalise within 12 months. The sale of Sybrin was concluded, subject to the fulfilment or waiver of a few suspensive conditions.

There continues to be a number of businesses approved for sale and for which the sale is expected to be completed within 12 months from the reporting date. These businesses are classified as disposal groups held for sale and the assets and liabilities of these disposal groups have been presented as held for sale. Unforeseen delays, mostly due to COVID-19 related implications, outside the control of management have prevented the sale of certain businesses within 12 months from the prior year reporting date. These continue to be held for sale as both management and the prospective purchaser are committed to the sale transaction.

The major classes of assets and liabilities of the disposal groups, per reportable segment, classified as held for sale are as follows:

Figures in Rand thousand	iOCO	NEXTEC	IP	2021
Assets				
Property, plant and equipment and right-of-use assets	–	2 744	54 244	56 988
Goodwill and intangible assets	–	31 968	756 179	788 147
Equity-accounted investments	5 979	–	–	5 979
Other financial assets	–	–	60	60
Deferred taxation	–	2 202	8 968	11 170
Inventories	–	–	3 197	3 197
Current taxation receivable	–	–	2 822	2 822
Trade and other receivables	–	–	161 703	161 703
Cash and cash equivalents	–	27 872	60 572	88 444
Assets held for sale	**5 979**	**64 786**	**1 047 745**	**1 118 510**
Liabilities				
Other financial liabilities	–	(328)	(5 121)	(5 449)
Lease liabilities	–	–	(17 008)	(17 008)
Deferred taxation	–	–	(32 441)	(32 441)
Current taxation payable	–	(857)	(4 842)	(5 699)
Trade and other payables	–	(27 313)	(119 893)	(147 206)
Provisions	–	–	(78 308)	(78 308)
Liabilities directly associated with assets held for sale	–	(28 498)	(257 613)	(286 111)
Net assets directly associated with the disposal groups	5 979	36 288	790 132	832 399
Cumulative amounts recognised in other comprehensive income				
Foreign currency translation reserve	(8 290)	–	(65 884)	(74 174)
Impairment loss for write-down to fair value less costs to sell				
Continuing operations – operating expenses	(1 280)	(8 553)	–	(9 833)
Discontinued operations (note 15)	–	–	(36 374)	(36 374)
	(1 280)	(8 553)	(36 374)	(46 207)

14. ASSETS HELD FOR SALE continued

Figures in Rand thousand	iOCO	NEXTEC	IP	Restated* 2020
Assets				
Property, plant and equipment and right-of-use assets	2 513	101 932	140 373	244 818
Goodwill and intangible assets	406	88 863	860 127	949 396
Equity-accounted investments	11 000	–	–	11 000
Other financial assets	–	13 811	5 060	18 871
Deferred taxation	–	21 152	9 979	31 131
Finance lease receivables	–	1 197	479	1 676
Inventories	–	3 804	19 472	23 276
Current taxation receivable	2 925	2 712	14 078	19 715
Trade and other receivables	53 547	225 513	244 680	523 740
Cash and cash equivalents	205	171 938	156 600	328 743
Assets held for sale	70 596	630 922	1 450 848	2 152 366
Liabilities				
Other financial liabilities	(12 739)	–	(16 777)	(29 516)
Lease liabilities	–	(27 834)	(56 709)	(84 543)
Deferred taxation	–	(1 389)	(30 094)	(31 483)
Current taxation payable	–	(22 364)	(15 343)	(37 707)
Trade and other payables	(51 292)	(319 702)	(279 849)	(650 843)
Provisions	–	–	(66 314)	(66 314)
Liabilities directly associated with assets held for sale	(64 031)	(371 289)	(465 086)	(900 406)
Net assets directly associated with the disposal groups	6 565	259 633	985 762	1 251 960
Cumulative amounts recognised in other comprehensive income				
Foreign currency translation reserve	(933)	(45)	(20 808)	(21 786)
Impairment loss for write-down to fair value less costs to sell				
Continuing operations – operating expenses	(57 175)	(32 350)	–	(89 525)
Discontinued operations (note 15)	(63 108)	(65 736)	(60 000)	(188 844)
	(120 283)	(98 086)	(60 000)	(278 369)

* *Refer to note 3 for the correction of the prior period error.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

15. DISCONTINUED OPERATIONS

Identification and classification of discontinued operations

There were a number of businesses that were approved for sale at 31 July 2021, and for which the sale is expected to be completed within 12 months from the reporting date, as well as businesses that were already sold during the current and previous reporting periods that have met the requirements to be presented as discontinued operations and have accordingly been presented as such.

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

The Group's intention to dispose of these non-core assets triggered an initial impairment assessment on the underlying assets at 31 July 2020, and these continue to be measured at fair value less costs to sell at 31 July 2021. The resulting impairment has been allocated to the identified disposal groups (note 6).

Figures in Rand thousand	2021	Restated#* 2020
Revenue	**1 008 211**	2 504 569
Cost of sales	**(531 245)**	(1 833 502)
Gross profit	**476 966**	671 067
Net financial asset impairment losses	**(3 494)**	(8 875)
Remeasurement to fair value less costs to sell	**(36 374)**	(188 844)
Loss on disposal	**(56 589)**	(210 231)
Other operating expenses	**(269 891)**	(645 716)
Operating profit/(loss)	**110 618**	(382 599)
Investment income	**3 451**	13 881
Share of equity-accounted profits	**–**	10 034
Finance costs	**(8 280)**	(20 907)
Profit/(loss) before taxation	**105 789**	(379 591)
Taxation	**(59 735)**	(51 880)
Profit/(loss) for the year from discontinued operations	**46 054**	(431 471)
Other comprehensive income		
Attributable to:		
Owners of EOH Holdings Limited	**44 709**	(427 554)
Non-controlling interests	**1 345**	(3 917)
Loss per share (cents)		
Earnings/(loss) per share from discontinued operations	**26**	(253)
Diluted earnings/(loss) per share from discontinued operations	**26**	(253)
Net cash flows in relation to discontinued operations:		
Net decrease in cash and cash equivalents**	**(266 558)**	(178 656)
Operating activities	**20 882**	175 751
Investing activities	**(276 771)**	(342 246)
Financing activities	**(10 669)**	(12 161)

Comparative figures previously reported have been amended to reflect continuing operations prevailing for the year ended 31 July 2021.

* *Refer to note 3 for the correction of prior period error.*

** *Comparative amounts have been disaggregated to show the cash flows related to discounted operations from operating, investing and financing activities.*

Profit before taxation before including the gain/(loss) on disposal and remeasurement to fair value less costs to sell was R198.8 million (2020: R19.5 million).

16. DISPOSAL OF SUBSIDIARIES AND EQUITY-ACCOUNTED INVESTMENTS

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

Figures in Rand thousand	Treatment before disposal	Percentage holding disposed	Date of disposal	Consideration received or receivable**	(Loss)/gain on disposal
Entity disposed#					
NEXTEC					
PCI Group	Subsidiary	100%	1 August 2020	5 000	2 354
DENIS Group	Subsidiary	100%	30 September 2020	160 359	(14 473)
SI Analytics Proprietary Limited	Subsidiary	100%	30 November 2020	10 994	(1 993)
Civec Civil Engineers Consultants Proprietary Limited	Subsidiary	100%	1 March 2021	–	(1 536)
iOCO					
NEXTEC Advisory Proprietary Limited*	Subsidiary	100%	31 October 2020	–	22 984
Allos SRL (Italy)	Subsidiary	100%	31 December 2020	8 956	(3 911)
Çözümevi Yönetim Danişmanliğ Ve Bilgisayar Yazilm Ticaret Anonim Şirketi	Joint venture	50%	31 December 2020	2 895	(1 105)
IP					
Imaging Solutions Zimbabwe Private Limited	Subsidiary	75%	1 August 2020	–	(20 099)
Syntell Group***	Subsidiary	100%	18 November 2020	175 132	(8 065)
Transaction costs					(13 856)
Net loss on disposal of subsidiaries and equity-accounted investments				363 336	(39 700)

* NEXTEC Advisory Proprietary Limited has been disposed of by way of liquidation.
** Consideration reflected does not include extinguishment of debt on sale.
*** EOH Group held a 50.1% interest in both Syntell Systems Proprietary Limited and Mikros Systems Proprietary Limited, these companies form part of the Syntell Group.
# NEXTEC Advisory Proprietary Limited, SI Analytics Proprietary Limited and Civec Civil Engineers Consultants Proprietary Limited are shown within continuing operations of the Group. The remaining entities disposed are included within discontinued operations in note 15.

Figures in Rand thousand	2021	2020
Opening balance	**82 052**	–
Cash consideration received or receivable	**363 336**	416 709
Less: amount outstanding at year end	**(17 660)**	(82 052)
Cash received from disposal of businesses	**427 728**	334 657
Less: cash balances disposed of	**(214 792)**	(170 032)
Cash receipt from disposal of businesses, net of cash given up	**212 936**	164 625

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

Figures in Rand thousand	Notes	2021	2020
Assets			
Property, plant and equipment	4	**181 670**	71 495
Goodwill and intangible assets	5, 6	**174 290**	303 537
Equity-accounted investments	7	**4 000**	245 950
Other financial assets	8	**19 352**	–
Deferred taxation	9	**17 637**	10 259
Inventories		**26 737**	14 950
Current taxation receivable		**–**	9 458
Trade and other receivables		**365 910**	630 142
Cash and cash equivalents		**214 792**	170 032
Liabilities			
Other financial liabilities	20	**(64 962)**	(244 266)
Lease liabilities	21	**(52 028)**	(2 764)
Trade and other payables		**(481 076)**	(547 774)
Current taxation payable		**(22 171)**	–

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17. STATED CAPITAL

Figures in Rand thousand	2021	Restated* 2020
Stated capital		
Restated opening balance	**4 217 285**	4 217 468
Treasury shares	**–**	(183)
	4 217 285	4 217 285

* *Refer to note 3 for the correction of the prior period error.*

Authorised

500 000 000 ordinary shares of no par value.

40 000 000 EOH A shares of no par value.

Issued

Figures in Rand thousand	2021	2020
Reconciliation of the number of shares in issue		
Opening balance	**176 545**	176 545
Shares in issue at the end of the year	**176 545**	176 545
Less:		
Treasury shares held in the Group share incentive schemes	**(2 341)**	(2 341)
Treasury shares held by wholly owned subsidiaries of the Company	**(5 446)**	(5 548)
	168 758	168 656
EOH A shares of no par value:		
Reconciliation of the number of shares in issue		
Opening balance*	**40 000**	40 000
Closing balance	**40 000**	40 000

* *The Lebashe transaction was approved by shareholders on 18 September 2018 and effectively implemented on 1 October 2018. Since the date of approval Lebashe has:*
- *invested R750 million in three tranches in EOH ordinary shares based on a 30-day VWAP at a 10% discount for an average share price of R33,59; and*
- *received 40 million unlisted EOH A shares which will be redeemed in five years on 1 October 2023 through an ordinary share issue. The A shares rank equal to an EOH ordinary share in respect of voting rights and each EOH A share will receive cash dividends in an amount equal to the value of 15% of dividends paid by EOH to ordinary shareholders. The remaining 85% of the dividend value will be accrued and redeemed through the redemption of the A shares. Despite the variability in the number of EOH ordinary shares that will be issued, the obligation to Lebashe is treated as an equity transaction as the settlement will be undertaken in ordinary shares and the transaction is therefore within the scope of IFRS 2.*

Unissued

323 455 039 (2020: 323 455 039) unissued ordinary shares.

18. SHARES TO BE ISSUED TO VENDORS

Figures in Rand thousand	2021	2020
Opening balance	**15 300**	20 257
Shares issued relating to profits warranties	**(14 907)**	(4 957)
Transfer in equity: use of treasury shares	**–**	(4 957)
Transfer in equity for expired profit warranties	**(14 907)**	12 116
EOH shares forfeited: relating to disposals	**–**	(12 116)
	393	15 300

The above balance is representative of 4 335 (2020: 154 625) shares.

19. OTHER RESERVES

Figures in Rand thousand	2021	Restated* 2020
Reserves are made up as follows:		
Foreign currency translation reserve	**103 514**	143 665
Share-based payments reserve	**494 986**	490 302
Treasury shares reserve and other reserves	**–**	–
	598 500	633 967

** Refer to note 3 for the correction of the prior period error.*

20. OTHER FINANCIAL LIABILITIES

Figures in Rand thousand	2021	Restated# 2020
Interest-bearing liabilities	**2 568 834**	2 739 175
Interest-bearing bank loans secured through Security SPV	**2 061 321**	2 267 269
Bank overdrafts	**387 665**	115 253
Project finance loan*	**114 902**	135 080
Unsecured interest-bearing bank loans	**3 185**	215 247
Interest-bearing bank loans secured by fixed property	**1 761**	6 326
Non-interest-bearing liabilities	**4 138**	44 043
Vendors for acquisition	**4 138**	44 043
Liabilities directly associated with assets held for sale (note 14)	**(5 449)**	(29 516)
	2 567 523	2 753 702
Non-current financial liabilities	**–**	5 674
Current financial liabilities	**2 567 523**	2 748 028
	2 567 523	2 753 702
Reconciliation of other financial liabilities		
Balance at the beginning of the year	**2 783 218**	3 333 205
Bank overdrafts	**272 412**	115 253
Proceeds from other financial liabilities	**52 387**	–
Repayment of other financial liabilities	**(512 864)**	(321 128)
Repayment of vendors for acquisitions	**(14 494)**	(75 286)
Disposal of subsidiaries (note 16)	**(64 962)**	(244 266)
Net changes in fair value of vendors for acquisitions	**10 864**	3 685
Interest accrued on other financial liabilities	**179 540**	362 585
Interest repaid on other financial liabilities	**(191 533)**	(323 718)
Movement in capitalised debt restructuring fee	**51 028**	(51 028)
Other non-cash items	**7 376**	(16 084)
Closing balance before liabilities directly associated with assets held for sale	**2 572 972**	2 783 218
Liabilities directly associated with assets held for sale (note 14)	**(5 449)**	(29 516)
	2 567 523	2 753 702
Financial instruments		
Measured at amortised cost	**2 563 385**	2 709 659
Financial liabilities carried at fair value through profit or loss	**4 138**	44 043
	2 567 523	2 753 702
Vendors for acquisition		
Current financial liabilities	**4 138**	44 043
	4 138	44 043

** Ring-fenced debt.*
 # Comparatives have been restated to present interest accrued and interest repaid separately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

20. OTHER FINANCIAL LIABILITIES continued

Interest-bearing bank loans are secured through a Security SPV which require 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 is pledged as required above and the process of providing the security is ongoing.

The interest-bearing bank loans secured through the Security SPV comprises:

- An amortising facility at an interest rate of 3-month Johannesburg Interbank Average Rate (JIBAR) + 265 basis points;
- Revolving credit facility at an interest rate of 3-month JIBAR + 220 basis points;
- A bullet facility at an interest rate of 3-month JIBAR + 285 basis points; and
- A dematerialised note at an interest rate of 3-month JIBAR + 240 basis points.

From 1 April 2019 the secured lenders (excluding the note) have charged an additional 250 basis points of default interest on top of the above fully drawn facilities. The penalty interest was reduced to 170 basis points with effect from 1 September 2020.

The 3-month JIBAR referred to above is reset quarterly.

Refer to note 42 for subsequent events on the above loans.

21. LEASE LIABILITIES

Figures in Rand thousand	2021	Restated* 2020
Amounts recognised in the statement of financial position		
Lease liabilities relate to:		
Buildings	**175 075**	324 817
IT equipment	**2 827**	12 872
Vehicles	**1 224**	8 901
Other equipment	**1 192**	14 375
Liabilities directly associated with assets held for sale (note 14)	**(17 008)**	(84 543)
	163 310	276 422
Additions to the lease liabilities amounted to R20 million (2020: R34 million).		
Amounts recognised in the statement of profit or loss		
Interest expense (note 28)	**19 518**	36 881
Expense relating to short-term leases and leases of low value (note 26)	**21 213**	56 232
	40 731	93 113

The total cash outflow for leases amounted to R181 million (2020: R195 million). The 2020 amount of total cash outflow for leases has been restated to include cash flows relating to short-term leases and leases of low value.

* *Comparative figures previously reported have been amended to reflect continuing operations prevailing for the year ended 31 July 2021.*

21. LEASE LIABILITIES continued

Figures in Rand thousand	2021	2020
Lease liabilities reconciliation		
Opening balance	**360 965**	57 361
Adoption of IFRS 16 on 1 August 2019	**–**	367 396
IFRS 16 additions	**10 571**	33 866
Lease payments	**(159 562)**	(138 775)
Interest accrued	**22 357**	43 881
Terminations	**(4 200)**	–
Disposal of businesses	**(52 028)**	(2 764)
Other movements	**2 215**	–
Liabilities directly associated with assets held for sale (note 14)	**(17 008)**	(84 543)
Closing balance	**163 310**	276 422
Lease liabilities		
Current	**82 641**	104 723
Non-current	**80 669**	171 699
	163 310	276 422

22. TRADE AND OTHER PAYABLES

Figures in Rand thousand	2021	2020
Financial instruments	**378 713**	502 927
Trade payables	**374 071**	492 191
Other payables	**4 642**	10 736
Non-financial instruments	**1 417 571**	1 448 133
VAT	**156 888**	201 913
Other accrued expenses	**446 480**	384 864
Payroll accruals	**490 145**	513 342
Contract liabilities	**324 058**	348 014
	1 796 284	1 951 060

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

23. PROVISIONS

Figures in Rand thousand	Provision for VAT liability^	Provision for over-invoicing	PAYE provision	Onerous contracts	Total
Opening balance at 1 August 2019	–	173 400	237 027	–	410 427
Raised during the year	66 314	–	19 798	249 900	336 012
Paid	–	–	(10 000)	–	(10 000)
Provisions directly associated with assets held for sale (note 14)	(66 314)	–	–	–	(66 314)
Balance at 31 July 2020*	**–**	**173 400**	**246 825**	**249 900**	**670 125**
Raised/(released) during the year	**11 994**	**(70 000)**	**11 409**	**(44 283)**	**(90 880)**
Paid	**–**	**(14 525)**	**(42 000)**	**(13 941)**	**(70 466)**
Utilised	**–**	**–**	**–**	**(172 486)**	**(172 486)**
Provisions directly associated with assets held for sale (note 14)	**(11 994)**	**–**	**–**	**–**	**(11 994)**
Balance at 31 July 2021	**–**	**88 875**	**216 234**	**19 190**	**324 299**

* *Comparatives have been disaggregated to reflect the reconciling movements for each class of provision separately. This has not had an impact on equity nor on the Statement of financial position of the Group.*

^ *Refer to note 3 for the correction of the prior period error.*

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.

The PAYE provision relates to a PAYE dispute which the Group is contesting. Further detail around the contingency is disclosed in note 34.

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.

24. REVENUE

Disaggregated revenue

Figures in Rand thousand	2021	Restated* 2020
Revenue by sector		
Public sector	**22%**	21%
Private sector	**78%**	79%
Total	**100%**	100%
Major revenue types		
Hardware sales	**746 815**	1 075 631
Services	**6 652 479**	9 311 943
Software/licence contracts	**383 557**	816 376
Rentals**	**99 572**	72 753
Total	**7 882 423**	11 276 703
Continuing operations	**6 874 212**	8 772 134
Discontinued operations (note 15)	**1 008 211**	2 504 569
Total	**7 882 423**	11 276 703

* *Comparative figures previously reported have been amended to reflect continuing operations prevailing for the year ended 31 July 2021.*

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

24. REVENUE continued

Figures in Rand thousand	2021	2020
Contract balances		
Contract assets (note 12)	**373 103**	429 689
Contract liabilities (note 22)	**(324 058)**	(348 014)
Total	**49 045**	81 675

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

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

Figures in Rand thousand	2021	2020
Contract assets		
Contract assets at the beginning of the year	**429 689**	644 937
Net decrease in contract assets for the year	**(59 412)**	(150 998)
Impairment allowance reversed/(raised) (note 41)	**2 826**	(64 250)
Contract assets at the end of the year	**373 103**	429 689
Contract liabilities		
Contract liabilities at the beginning of the year	**348 014**	391 937
Net increase in contract liabilities for the year	**39 840**	112 676
Liabilities directly associated with assets held for sale	**(63 796)**	(156 599)
Contract liabilities at the end of the year	**324 058**	348 014
Contract assets		
Unbilled revenue (note 12)	**391 005**	554 284
Allowance for impairment (note 12)	**(17 902)**	(124 595)
Net contract assets	**373 103**	429 689

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

24. REVENUE continued

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 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	2021	2020
Within one year	**148 125**	89 632
More than one year	**291 002**	204
Total	**439 127**	89 836

The performance obligations expected to be recognised in more than one year relate to maintenance, software, managed and services contracts 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 1.5 for additional information).

25. NET FINANCIAL ASSET IMPAIRMENT LOSSES

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

Figures in Rand thousand	2021	Restated* 2020
Impairment loss on trade and other receivables	**38 531**	192 893
Impairment loss on other financial assets	**45 554**	68 982
Impairment (reversal)/loss on contract assets	**(2 826)**	64 250
Impairment loss/(reversal) on finance lease receivables	**5 739**	(2 681)
	86 998	323 444

* *Comparative figures previously reported have been amended to reflect continuing operations prevailing for the year ended 31 July 2021.*

26. OPERATING PROFIT/(LOSS)

Figures in Rand thousand	2021	2020
Operating profit/(loss) from continuing operations are stated after taking into account the following other items:		
Amortisation	**44 893**	84 643
Amortisation included in cost of sales	**7 756**	20 554
Amortisation not included in cost of sales	**37 137**	64 089
Auditor's remuneration	**52 027**	33 998
Audit fee	**48 964**	24 998
Fees for other services*	**3 063**	9 000
Depreciation	**226 369**	274 385
Depreciation included in cost of sales	**65 583**	79 905
Depreciation not included in cost of sales	**160 786**	194 480
Employee costs	**3 780 471**	4 741 702
Employee costs included in cost of sales	**2 568 351**	3 543 245
Employee costs not included in cost of sales	**1 212 120**	1 198 457
Inventory write-off	**7 352**	29 305
(Gain)/loss on disposal of subsidiaries and equity-accounted investments	**(16 889)**	90 476
Impairment loss for write-down to fair value less cost to sell	**9 833**	89 525
Share-based payments expense	**4 549**	44 726
Foreign exchange loss	**22 578**	3 731
Fair value loss on remeasurement of vendors for acquisition	**10 864**	3 685
Fair value gains through profit or loss	**–**	(24 430)
Losses on disposal of property, plant and equipment	**6 141**	16 224
Short-term and low value leasing charges	**21 213**	56 232
Short-term and low value leasing charges on immovable property	**17 307**	51 757
Short-term and low value leasing charges on movable property	**3 906**	4 475
Provisions (released)/raised	**(90 880)**	336 012
Impairment of goodwill	**136 359**	232 874
Impairments of property, plant equipment and intangible assets	**8 938**	11 232

* *R3 million (2020: R4.5 million) of this relates to PwC in its capacity as external auditor.*

27. INVESTMENT INCOME

From continuing operations

Figures in Rand thousand	2021	Restated* 2020
Interest income		
Bank	**8 623**	25 271
Other interest received	**1 206**	1 131
	9 829	26 402

* *Comparative figures previously reported have been amended to reflect continuing operations prevailing for the year ended 31 July 2021.*

28. FINANCE COSTS

From continuing operations

Figures in Rand thousand	2021	Restated* 2020
Other financial liabilities	**179 360**	325 882
Debt restructuring fee (note 20)	**51 028**	–
Lease liabilities	**19 518**	36 881
Bank	**15 272**	12 566
Other interest paid	**12 567**	35 874
	277 745	411 203

* *Comparative figures previously reported have been amended to reflect continuing operations prevailing for the year ended 31 July 2021.*

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FOR THE YEAR ENDED 31 JULY 2021

29. TAXATION

Figures in Rand thousand	2021	Restated* 2020
Current taxation		
Local income taxation – current year	123 691	193 182
Local income taxation – prior years	(3 351)	(25 920)
Foreign income taxation – current year	480	1 775
	120 820	169 037
Discontinued operations	48 220	84 126
Continuing operations	72 600	84 911
	120 820	169 037
Deferred taxation		
Originating and reversing temporary differences	20 033	(164 102)
Prior year adjustments	16 131	(13 289)
	36 164	(177 391)
Discontinued operations	11 515	(32 246)
Continuing operations	24 649	(145 145)
	36 164	(177 391)
Total taxation	156 984	(8 354)
Discontinued operations	59 735	51 880
Continuing operations	97 249	(60 234)
Total taxation	156 984	(8 354)
Reconciliation of rate of taxation	%	%
South African normal rate of taxation	(28.0)	(28.0)
Reduction in rate for the year, due to:		
Exempt income^	(25.2)	(1.5)
Foreign taxation rate differences	(3.6)	(0.9)
Disallowable gain on disposal	–	(3.2)
Prior year adjustments to over/(under) provision of deferred taxation/current taxation	(0.8)	(7.7)
Share of profits of equity-accounted investments	(0.7)	(0.3)
Effect of unutilised temporary differences	(114.6)	–
Increase in rate for the year, due to:		
Effect of utilised/not utilised estimated tax losses	179.9	11.9
Disallowable loss on disposal	9.0	–
Non-deductible expenditure**	99.7	19.6
Capital gains taxation	12.0	4.1
Effect of unutilised temporary differences	–	5.5
	127.7	(0.5)
Unrecognised deferred taxation assets		
Deferred taxation assets not recognised in respect of deductible temporary differences	758 280	1 016 237
Deferred taxation assets not recognised in respect of taxation losses	3 497 735	2 972 593
	4 256 015	3 988 830

* *Comparative figures previously reported have been amended to reflect continuing operations previously for the year ended 31 July 2021.*

** *The non-deductible expenditure relates mainly to impairment losses recognised (-147%) and intercompany loan write-off (170%) 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 (-25.2%) relates mainly to special allowances in terms of S12H, learnership and S11D, approved research and development.*

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 that take into account the impact of COVID-19 as a baseline scenario.

In 2021, R168 million (2020: R243 million) of previously unrecognised taxation losses were utilised.

Estimates were made in assessing the tax liability, especially with regards to uncertain tax positions and the findings of the ENSafrica investigation.

30. EARNINGS PER SHARE

	2021	Restated* 2020
Basic loss per share and diluted loss per share		
Loss attributable to owners of EOH Holdings Limited from continuing and discontinued operations (R'000)	**(279 655)**	(1 687 035)
Weighted average number of shares in issue ('000)	**168 737**	168 635
Basic and diluted loss per share from continuing and discontinued operations (cents)	**(166)**	(1 000)
Basic and diluted loss per share from continuing operations (cents)	**(192)**	(747)
Reconciliation between weighted average number of shares and diluted weighted average number of shares in issue		
Weighted average number of shares in issue ('000)	**168 737**	168 635
Diluted weighted average number of shares in issue** ('000)	**168 737**	168 635

** Comparative figures previously reported have been amended to reflect continuing operations prevailing for the year ended 31 July 2021. Refer to note 3 for correction of prior period error.*
*** The impact of shares to be issued to vendors, share options and EOH A shares has been excluded from the weighted average diluted number of shares as they would be anti-dilutive.*

31. HEADLINE LOSS PER SHARE

Figures in Rand thousand	2021	Restated*# 2020
Headline loss per share and diluted headline loss per share		
Headline loss from continuing operations (R'000)	**(183 861)**	(851 118)
Weighted average number of shares in issue ('000)**	**168 737**	168 635
Headline and diluted loss per share from continuing operations (cents)	**(109)**	(505)
Headline loss from continuing and discontinued operations (R'000)	**(37 135)**	(900 513)
Weighted average number of shares in issue ('000)**	**168 737**	168 635
Headline and diluted loss per share from continuing and discontinued operations (cents)	**(22)**	(534)
Reconciliation between earnings, headline earnings and diluted headline earnings from continuing and discontinued operations		
Loss attributable to owners of EOH Holdings Limited	**(279 655)**	(1 687 035)
Adjusted for:		
Loss/(profit) on disposal of property, plant and equipment^	**6 824**	(37 032)
Loss on sale of subsidiaries and equity-accounted investments	**39 700**	300 707
IAS 36 Impairment of goodwill	**136 359**	232 874
IAS 36 Impairment of intangible assets and property, plant and equipment^	**20 778**	11 232
IFRS 5 remeasurement to fair value less costs to sell	**46 207**	278 369
Total tax effects on adjustments	**(7 347)**	518
Total non-controlling interest effects on adjustments	**(1)**	(146)
Headline loss from continuing and discontinued operations	**(37 135)**	(900 513)

** Comparative figures previously reported have been amended to reflect continuing operations prevailing for the year ended 31 July 2021. Refer to note 3 for correction of prior period error.*
*** The impact of shares to be issued to vendors, share options and EOH A shares has been excluded from the weighted average diluted number of shares as they would be anti-dilutive.*
^ Tax effects on loss/(profit) on disposal of property, plant and equipment and impairment of intangible assets and property, plant and equipment are (R1 529) (2020: R8 295) and (R5 818) (2020: (R7 777)) respectively.
 # Comparatives have been disaggregated to show each remeasurement separately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

31. HEADLINE LOSS PER SHARE continued

Figures in Rand thousand	2021	Restated*# 2020
Reconciliation between earnings, headline earnings and diluted headline earnings from continuing operations		
Loss attributable to owners of EOH Holdings Limited	**(279 655)**	(1 687 035)
Adjusted for discontinued operations (note 15)	**(44 709)**	427 554
Continuing loss attributable to ordinary shareholders	**(324 364)**	(1 259 481)
Continuing operations adjustments:		
Loss/(profit) on disposal of property, plant and equipment^	**6 141**	(16 224)
(Profit)/loss on sale of subsidiaries and equity-accounted investments	**(16 889)**	90 476
IAS 36 Impairment of intangible assets and property, plant and equipment^	**8 938**	11 232
IAS 36 Impairment of goodwill	**136 359**	232 874
IFRS 5 remeasurement to fair value less costs to sell	**9 833**	89 525
Total tax effect on adjustments	**(3 878)**	489
Total non-controlling interest effect on adjustments	**(1)**	(9)
Headline loss from continuing operations	**(183 861)**	(851 118)

* *Comparative figures previously reported have been amended to reflect continuing operations prevailing for the year ended 31 July 2021. Refer to note 3 for correction of prior period error.*

^ *Tax effects on loss/(profit) on disposal of property, plant and equipment and impairment of intangible assets and property, plant and equipment are (R1 376) (2020: R3 634) and (R2 502) (2020: (R3 145)) respectively.*

Comparatives have been disaggregated to show each remeasurement separately.

32. CASH GENERATED FROM OPERATIONS

Figures in Rand thousand	2021	Restated* 2020
(Loss)/profit before taxation from:	**(122 818)**	(1 701 482)
Continuing operations	**(228 607)**	(1 321 891)
Discontinued operations (note 15)	**105 789**	(379 591)
Adjustments for:		
Depreciation and amortisation	**274 667**	498 004
Impairment of assets	**182 941**	522 475
Loss on disposal of subsidiaries, equity-accounted investments and property, plant and equipment	**46 524**	263 675
Change in fair value for vendors for acquisition	**10 864**	–
Share of equity-accounted profits	**(2 973)**	(7 282)
Share-based payments expense	**4 684**	48 285
Net finance costs	**272 745**	377 917
Net financial asset impairment losses	**90 492**	332 319
Inventory write-off/impairment	**7 352**	30 907
Movement in provisions	**(90 880)**	326 012
Foreign exchange losses/(gains)	**15 089**	(5 429)
Other non-cash items	**(5 402)**	(11 824)
Cash generated before changes in working capital	**683 285**	673 577
Working capital changes net of effects of disposal of subsidiaries	**(278 343)**	33 158
(Increase)/decrease in inventories	**(12 803)**	103 625
Decrease in trade and other receivables	**154 746**	596 569
Decrease in trade and other payables	**(420 286)**	(667 036)
Cash generated from operations	**404 942**	706 735

* *Refer note 3 – Restatement of consolidated financial statements.*

33. TAXATION PAID

Figures in Rand thousand	2021	Restated* 2020
Amounts receivable/(owing) at the beginning of the year	**4 611**	(45 072)
Assets held for sale at the beginning of the year	**(17 992)**	(10 691)
Current taxation for the year	**(120 820)**	(169 037)
Disposals	**22 171**	–
Interest	**(17 783)**	–
Foreign currency translation	**9 990**	–
Assets held for sale at the end of the year	**2 877**	17 992
Amounts owing/(receivable) at the end of the year	**7 028**	(4 611)
Taxation paid	**(109 918)**	(211 419)

* *Refer to note 3 – Restatement of consolidated financial statements.*

34. CONTINGENCIES AND COMMITMENTS

Parent Company Guarantees

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

During the prior financial year, EOH also issued a PCG for another subsidiary, EOH Mthombo Proprietary Limited ("EOH Mthombo"), relating to the implementation of an ERP solution at the City of Johannesburg ("COJ") for a project which was signed during the 2017 financial year. The agreement terminated in early 2021 and subsequent to year-end, the PCG was returned to EOH in terms of the Exit Management Plan and has been cancelled.

Fine imposed by the JSE Limited

The JSE Limited imposed a fine on EOH on 29 July 2020 for prior period errors contained in EOH's previously published financial statements for the financial years ended 31 July 2017 and 31 July 2018. The fine was for R7.5 million of which R2.5 million is suspended for a period of five years on condition that EOH is not found to be in breach of material and important provisions of the JSE Listings Requirements. The R5 million was raised as liability at 31 July 2020, against which payments have been made, with the suspended amount being a contingent liability.

Litigation

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

Uncertain indirect tax exposure

The Group has an ongoing tax dispute dating back to 2012 related to a PAYE dispute in one of its staff outsourcing businesses. At 31 July 2021, the Group had provided for R267 million on the PAYE liability assessed and potential future assessments, and has submitted a notice of objection to the SARS. Based on internal and external legal and technical advice obtained, the Group remains confident that it has a strong legal case to contest the remaining exposure. A total of R52 million of the R267 million provision was repaid up to 31 July 2021.

Uncertain exposure due to suspect transactions

Alleged financial misconduct by a prescribed officer of the Group and director of a subsidiary within the Group

EOH became aware of alleged fraudulent conduct that was perpetrated between certain executives of a subsidiary, Cornastone Enterprise Systems Proprietary Limited ("Cornastone"), together with executives at Cell C Limited ("Cell C"), as it related to the supply of certain equipment and software licences. EOH commissioned an investigation in collaboration with Cell C, which has culminated in criminal charges being levelled against the alleged perpetrators.

The findings of the investigation identified a preliminary financial loss to Cornastone amounting to approximately R64 million relating to the cost of sales, covering a period of eight years from 2012 to 2020. The nature of the amounts was categorised as being "irregular" which relates almost exclusively to payments from Cornastone to the fictitious suppliers.

The current EOH leadership have undertaken the following corrective measures:

- The executives of the Cornastone management alleged to have been involved in the fraudulent conduct are, within effect from 2020, no longer in the employ of the Company;
- EOH has also taken legal advice in relation to its potential reporting obligations under section 34 of the Prevention and Combating of Corrupt Activities Act, 2004 in respect of the possible theft;
- This matter coming to light is evidence of the improved controls that have been introduced by the new management of the Group;
- Cases against all alleged perpetrators were reported to the South African Police Service which had led to their subsequent arrests;
- Third-party screening and procurement onboarding processes have been centralised within the Group in order to effectively exercise the necessary controls; and
- The financial department within the Group has been restructured to enhance oversight in regard to financial controls and risk management.

EOH's external auditors, PwC, reported that a suspected irregularity had taken place as defined in the APA to the IRBA on 13 October 2021 relating to the supply of certain equipment and software licences by Cornastone.

PwC subsequently submitted a second report to the IRBA as required by the APA, advising the IRBA that, in its view, the reportable irregularity was no longer occurring as the Company had acted on this matter as set out above.

34. CONTINGENCIES AND COMMITMENTS continued

Uncertain exposure due to suspect transactions continued

ENSafrica assessment into contracts associated with suspicious activities

An assessment was undertaken in relation to contracts flagged by ENSafrica as being associated with suspicious activities, for purposes of determining the likelihood of a claim/s being raised against EOH Mthombo in relation to the contracts in question. The total contingent exposure identified in consequence of the results of that assessment is R48 million.

The assessments which resulted in a claim being regarded as likely and where a contingent liability was identified were in relation to the following contracts:

- Amathole District Municipality ("ADM") – SAP Implementation Contracts: there are disputes raised by ADM as to deliverables and sums payable to EOH under this contract, however, EOH maintains that it has performed substantially on the contract.

  Deloitte prepared a forensic report on the instruction of National Treasury (10 October 2019). The National Treasury issued an intervention and close-out report (27 February 2020). ADM did not accept the findings of the intervention and close-out report (27 February 2020). However, no further steps have yet been taken by ADM. In the event of a successful challenge to the validity of the contract, EOH would be entitled to just and equitable relief and would never be exposed for the full value of the contract.
- USAASA – SAP Implementation: In early 2021, National Treasury investigated the procurement of the SAP implementation-services by USAASA from EOH. There is a risk that there may be a finding of impropriety in the contract. This contract came to a natural conclusion at the end of 2017, with EOH having performed and with no claims or complaints having arisen since. In the event of a successful challenge to the validity of this contract, EOH, having performed under the contract, would be entitled to motivate a just and equitable remedy. It would be unlikely and certainly contrary to the principles of just and equitable relief, that EOH would have to "refund" USAASA.

Commitments

Figures in Rand thousand	2021	2020
Expected, but not yet contracted capital expenditure	85 635	169 171
	85 635	169 171

35. 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 2021, the membership of the fund was 5 099 (2020: 6 108) employees.

At 31 July 2021, the Group's contribution to the fund was R128 million (2020: R126 million).

36. DIRECTORS AND PRESCRIBED OFFICERS' INTEREST IN ORDINARY SHARES OF THE COMPANY

	2021		2020	
Number of shares	Beneficial direct interest	Total	Beneficial direct interest	Total
Executive directors				
Stephen van Coller	264 000	264 000	264 000	264 000
Megan Pydigadu	17 705	17 705	10 000	10 000
	281 705	281 705	274 000	274 000

Shareholding of the prescribed officer who resigned

	2021		2020	
Number of shares	Beneficial direct interest	Total	Beneficial direct interest	Total
Lufuno Nevhutalu (resigned 31 July 2020)	–	–	170 925	170 925
	–	–	170 925	170 925

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 financial statements. Non-executive directors do not hold any direct 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 the current year, is a shareholder and director of Lebashe Investment Group, which holds 23 062 458 ordinary shares of the Company.

37. DIRECTORS AND PRESCRIBED OFFICERS' REMUNERATION

	Short-term benefits				
Figures in Rand thousand	Remuneration including other benefits**	Bonuses	For services as directors	Total	Share-based payments charge
2021					
Executive directors					
Stephen van Coller	**10 007**	**4 539**	**–**	**14 546**	**5 435**
Megan Pydigadu	**6 757**	**2 049**	**–**	**8 806**	**380**
Fatima Newman	**6 157**	**2 030**	**–**	**8 187**	**–**
Non-executive directors					
Andrew Mthembu	**–**	**–**	**1 200**	**1 200**	**–**
Andrew Marshall	**–**	**–**	**758**	**758**	**–**
Bharti Harie (appointed with effect from 1 January 2021)	**–**	**–**	**504**	**504**	**–**
Ismail Mamoojee (resigned 20 January 2021)	**–**	**–**	**403**	**403**	**–**
Jabu Moleketi (appointed 1 September 2020)	**–**	**–**	**543**	**543**	**–**
Jesmane Boggenpoel	**–**	**–**	**850**	**850**	**–**
Mike Bosman	**–**	**–**	**1 220**	**1 220**	**–**
Dr Moretlo Molefi (resigned with effect from 15 December 2020)	**–**	**–**	**186**	**186**	**–**
Nosipho Molope (appointed with effect from 1 January 2021)	**–**	**–**	**499**	**499**	**–**
Sipho Ngidi	**–**	**–**	**883**	**883**	**–**
	22 921	**8 618**	**7 046**	**38 585**	**5 815**
Less: Paid/payable by subsidiaries	**22 921**	**8 618**	**7 046**	**38 585**	**–**
	–	**–**	**–**	**–**	**5 815**
2020					
Executive directors/prescribed officers					
Stephen van Coller	7 562	4 000	–	11 562	8 373
Megan Pydigadu	4 271	4 000	–	8 271	486
Fatima Newman	3 851	4 000	–	7 851	–
Lufuno Nevhutalu* (resigned 31 July 2020)	3 757	–	–	3 757	–
Non-executive directors					
Dr Xolani Mkhwanazi (deceased 4 January 2020)	–	–	333	333	–
Jesmane Boggenpoel	–	–	1 360	1 360	–
Ismail Mamoojee	–	–	1 389	1 389	–
Dr Moretlo Molefi (resigned 15 December 2020)	–	–	1 019	1 019	–
Anushka Bogdanov (resigned 28 July 2020)	–	–	1 004	1 004	–
Andrew Mthembu	–	–	1 265	1 265	–
Mike Bosman	–	–	1 594	1 594	–
Sipho Ngidi (appointed 20 February 2020)	–	–	522	522	–
Andrew Marshall (appointed 21 May 2020)	–	–	139	139	–
	19 441	12 000	8 625	40 066	8 859
Less: Paid/payable by subsidiaries	19 441	12 000	8 625	40 066	–
	–	–	–	–	8 859

* *Prescribed officer.*
** *Other benefits include medical aid, allowed expense and retirement fund contributions.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

38. SHARE-BASED PAYMENTS

The Group has three 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, the participant needs to be in the employ of the Group in order to exercise vested options. The Mthombo Trust restricts participation to qualifying previously disadvantaged directors, executive management and employees.

Under the terms of the current schemes, up to 18 000 000 shares are reserved for share options. The share options are equity-settled.

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
- 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 (cents)	
	2021	2020	**2021**	2020
Opening balance	**3 398 657**	5 178 313	**46.22**	80.28
Forfeited during the year	**(787 856)**	(1 779 656)	**56.65**	72.80
Expired during the year	**(238 400)**	–	**7.90**	–
Options granted but not issued up to the end of the year	**2 372 401**	3 398 657	**46.61**	46.22
Vesting of share options				
Number of options exercisable at year end	**1 547 942**	1 916 144	**57.51**	46.22
Exercise date within one year	**312 334**	708 988		
Exercise date between two and five years	**512 125**	773 525		
	2 372 401	3 398 657		

There were no new share options granted during 2021 for The EOH Share Trust.

The after-tax risk-free rate applied was the zero-swaps curve at the grant date of the option.

38. SHARE-BASED PAYMENTS continued

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
- 33.33% after five years

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 (cents)	
	2021	2020	**2021**	2020
Opening balance	**586 584**	941 653	**55.55**	57.71
Forfeited during the year	**(294 333)**	(336 252)	**60.47**	51.28
Expired during the year	**(93 333)**	–	**25.71**	–
Exercised during the year	**–**	(18 817)	**–**	3.72
Options granted but not issued up to the end of the year	**198 918**	586 584	**62.27**	55.55
Vesting of share options				
Number of options exercisable at year end	**155 029**	338 172	**66.92**	55.55
Exercise date within one year	**27 222**	154 245		
Exercise date between two and five years	**16 667**	94 167		
	198 918	586 584		

There were no new share options granted during the 2021 financial year for the EOH Mthombo Trust.

The after-tax risk-free rate applied was the zero-swaps curve at the grant date of the option.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

38. SHARE-BASED PAYMENTS continued

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
- 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.

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

	The Share Ownership Plan			
	Number of shares		Weighted average share price (cents)	
	2021	2020	**2021**	2020
Opening balance	**6 127 136**	5 753 032	**23.86**	34.83
Granted during the year*	**10 690 363**	2 271 012	**6.13**	5.25
– to management and employees	**10 690 363**	1 818 182	**6.13**	3.26
– to directors	**–**	452 830	**–**	13.25
Forfeited during the year	**(4 688 625)**	(1 834 777)	**10.26**	34.83
Vested during the year	**–**	(62 131)	**–**	34.83
Exercised during the year	**(1 621 864)**	–	**25.76**	–
Shares granted but not issued up to the end of the year	**10 507 010**	6 127 136	**11.74**	23.86
Vesting of shares				
Number of shares exercisable at year end	**896 898**	–	**21.60**	21.02
Vesting date within one year	**7 476 694**	2 416 979		
Vesting date between two and five years	**2 133 418**	3 710 157		
	10 507 010	6 127 136		

* *Shares granted in 2020 include transfers from The EOH Share Trust and The Mthombo Trust.*

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.

38. SHARE-BASED PAYMENTS continued

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

	Outstanding at 31 July 2020	Exercised during the year	Shares granted during the year	Weighted average strike price/share price* Rand	Outstanding at 31 July 2021
Executive directors					
Stephen van Coller					
The EOH Share Trust (options)	1 000 000	–	–	19.00	1 000 000
Vested at year end	–	–	–	19.00	250 000
Exercisable within one year	250 000	–	–	19.00	250 000
Exercisable between two and five years	750 000	–	–	19.00	500 000
The Share Ownership Plan (shares)	452 830	–	–	13.25*	452 830
Exercisable within one year	–	–	–	13.25*	113 207
Exercisable between two and five years	452 830	–	–	13.25*	339 623
Megan Pydigadu					
The Share Ownership Plan (shares)	62 021	(15 505)	–	32.25*	46 516
Exercisable within one year	15 505	(15 505)	–	32.25*	15 505
Exercisable between two and five years	46 516	–	–	32.25*	31 011

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

39. RELATED-PARTY TRANSACTIONS

The Group entered into various transactions with related parties.

Figures in Rand thousand	2021	2020
Transactions with associates and joint ventures		
Sales of products and services	29	3 899
Purchases of products and services	2 792	3 272
Balances arising from sales/purchases of goods and services with associates and joint ventures		
Trade receivable balances with related parties	46	3 773
Trade payable balances with related parties	471	8 176
Loans receivable from associates and joint ventures:	–	21 322
– Gross loans receivable from associates and joint ventures	51 564	57 772
– Allowances for expected credit losses on loans to associates and joint ventures	(51 564)	(36 450)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

39. RELATED-PARTY TRANSACTIONS continued

Figures in Rand thousand	2021	2020
Transactions between Group companies (subsidiaries)		
Sale of products and services	**1 610 641**	2 075 904
Purchases of products and services	**1 099 800**	1 741 043
Operating expenses	**566 151**	334 861
Outstanding loan balances		
Loans from EOH Holdings Limited to subsidiaries	**2 511 277**	163 193
Loans to EOH Holdings Limited from subsidiaries	**370 619**	59 149
Directors' remuneration		
The remuneration for directors of the Company paid during the year by subsidiaries within the Group has been disclosed in note 37. Directors are defined as key management.		
Vendor loans and receivables	**–**	287

40. SCHEDULE OF DIRECT INVESTMENTS IN SUBSIDIARIES

All the subsidiaries below are incorporated in South Africa unless otherwise indicated.

	Effective interest		Loans owing by/(to) subsidiaries	
Figures in Rand thousand	**% 2021**	% 2020	**2021**	2020
Direct subsidiaries				
CA Southern Africa Proprietary Limited	**100**	100	**–**	–
iOCO Software Distribution Proprietary Limited	**100**	100	**–**	–
EOH Abantu Proprietary Limited	**100**	100	**311 063**	2 940
EOH Consulting Proprietary Limited	**100**	100	**(244 413)**	91 143
EOH International Proprietary Limited	**100**	100	**52 076**	69 110
EOH Investment Holdings Proprietary Limited	**100**	100	**–**	–
EOH Mthombo Proprietary Limited	**100**	100	**2 061 853**	–
iOCO Enterprise Application Proprietary Limited	**100**	100	**(15 000)**	(15 000)
Mthombo IT Services Proprietary Limited	**100**	100	**–**	(8 349)
NEXTEC Industrial Technologies Proprietary Limited	**100**	100	**86 286**	–
EOH Treasury Proprietary Limited	**100**	100	**(54 793)**	(11 881)
iOCO Holdings Proprietary Limited	**100**	100	**–**	–
NEXTEC Shared Services Proprietary Limited	**100**	100	**–**	–
V55 Investments Proprietary Limited	**100**	100	**(23 919)**	(23 919)
			2 173 153	104 044
Trusts				
The EOH Share Trust	**100**	100	**(32 493)**	–
The Mthombo Trust	**100**	100	**–**	–
The EOH Enterprise Development Trust	**100**	100	**–**	–

The full list of subsidiaries can be obtained from the Company's registered offices.

41. 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 co-operation 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 rate risk
- Credit risk
- 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 2021:

	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	**–**	**913 346**	**913 346**	**(88 444)**	**824 902**	**–**	**–**	**–**	**–**
Trade and other receivables	**–**	**1 382 196**	**1 382 196**	**(130 416)**	**1 251 780**	**–**	**–**	**–**	**–**
Finance lease receivables	**–**	**109 329**	**109 329**	**–**	**109 329**	**–**	**–**	**–**	**–**
Other financial assets	**–**	**11 118**	**11 118**	**(60)**	**11 058**	**–**	**–**	**–**	**–**
Financial liabilities									
Trade and other payables	**–**	**412 169**	**412 169**	**(33 456)**	**378 713**	**–**	**–**	**–**	**–**
Lease liabilities	**–**	**180 318**	**180 318**	**(17 008)**	**163 310**	**–**	**–**	**–**	**–**
Other financial liabilities	**4 138**	**2 568 834**	**2 572 972**	**(5 449)**	**2 567 523**	**–**	**–**	**4 138**	**4 138**

The 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 2020:

	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	–	974 580	974 580	(328 743)	645 837	–	–	–	–
Trade and other receivables	–	1 751 276	1 751 276	(361 515)	1 389 761	–	–	–	–
Finance lease receivables	–	124 516	124 516	(1 676)	122 840	–	–	–	–
Other financial assets	–	216 861	216 861	(18 871)	197 990	–	–	–	–
Financial liabilities									
Trade and other payables	–	858 743	858 743	(355 816)	502 927	–	–	–	–
Lease liabilities	–	360 965	360 965	(84 543)	276 422	–	–	–	–
Other financial liabilities	44 043	2 739 175	2 783 218	(29 516)	2 753 702	–	–	44 043	44 043

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 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

FOR THE YEAR ENDED 31 JULY 2021

41. 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.

Vendors for acquisition

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

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

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

Fair values have been determined using discounted cash flows. Unobservable inputs include budgeted results based on margins, discount rates and revenue growth rates historically achieved by the various segments. The applicable discount rate is 7% (2020: 7%), discounting cash flows over a two-year period. Changing such inputs to reflect reasonably possible alternative assumptions does not significantly change the fair value of the vendors for acquisition liability.

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

Vendors for acquisition reconciliation of movement

Figures in Rand thousand	2021	2020
Balance at the beginning of the year	**44 043**	303 313
Disposals	**(36 275)**	(187 735)
Paid to vendors	**(14 494)**	(75 286)
Foreign exchange effects	**–**	66
Net changes in fair value	**10 864**	3 685
Balance at the end of the year	**4 138**	44 043

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 that are in place for each of the disposal groups that are held for sale. The total of such fair values is R834 million (2020: R1 033 million). These fair values are categorised as level 3, based on inputs used.

Gains or losses from continuing operations

Figures in Rand thousand	2021	2020
Fair value gains on financial assets at fair value through profit or loss	**–**	24 430
Fair value losses on financial liabilities at fair value through profit or loss	**(10 864)**	(3 685)
	(10 864)	20 745

41. FINANCIAL ASSETS AND FINANCIAL LIABILITIES continued

Capital risk management

The Group recognises as part of its strategic intent 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 and certain IP assets (as disclosed in note 16). The Group is targeting a 70% equity to 30% debt ratio. Significant progress has been made in this regard over the past two years.

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 metrics ("ROIC") to allocate capital. This is measured against the Group's discount rate of 15.1%, to ensure there is value creation whereby ROIC needs to exceed the discount rate.

The debt-to-equity ratios were as follows:

	2021	2020
Debt* (R'000)	**2 567 523**	2 753 702
Equity at market value (R'000)	**1 147 542**	858 009
Debt-to-equity ratio	**69:31**	76:24

* *Debt reflects amounts owed to funders.*

Refer to note 1.2 and note 42, which provide further discussion surrounding the EOH Group debt reduction strategy.

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 2 and 5 years**
At 31 July 2021		
Other financial liabilities	**2 567 523**	**–**
Lease liabilities	**109 630**	**98 959**
Trade and other payables	**412 169**	**–**
At 31 July 2020		
Other financial liabilities	2 885 894	5 674
Lease liabilities	173 506	227 462
Trade and other payables	858 743	–

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

During the prior financial period PiA had breached its debt covenant requirements. As a result, the related borrowing of R132 million has been classified as current within the Group's statement of financial position. In the current year PiA remains in breach and the related borrowings remain classified as current.

Subsequent to the reporting date the Group has entered into agreements with its lenders, refer to note 1.2 and note 42 for further information thereon.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

41. FINANCIAL ASSETS AND FINANCIAL LIABILITIES continued

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 borrowings. 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 prime borrowing 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 2021, if the interest rate on Rand-denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been R27 million (2020: R26 million) lower/higher, mainly as a result of higher interest expense on floating rate borrowings.

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.

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	2021	2020
Other financial assets	**633 542**	803 319
Finance lease receivables	**131 966**	129 034
Trade and other receivables	**1 613 494**	2 147 577
Cash and cash equivalents	**913 346**	974 580
Contract assets	**391 005**	671 077
	3 683 353	4 725 587
Impairment losses on financial assets recognised in profit or loss from continuing operations were as follows:		
Impairment loss on other financial assets	**45 554**	68 973
Impairment loss/(reversals) on finance lease receivables	**5 739**	(2 681)
Impairment loss on trade and other receivables	**38 531**	190 170
Impairment (reversals)/loss on contract assets	**(2 826)**	64 250
	86 998	320 712

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.

41. FINANCIAL ASSETS AND FINANCIAL LIABILITIES continued

Credit risk and expected credit losses continued

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 range 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 is 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 receivable and contract assets for which no loss allowance is recognised because of collateral held.

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 expected credit losses ("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 exposure to credit risk table presents the gross carrying amount of trade receivables 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

41. 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 and contract assets as at 31 July 2021:

Figures in Rand thousand	Gross amount*	Weighted average loss rate %	Expected credit loss
Contract assets	391 005	5	17 902
Industry			
Agriculture, environment, forestry and fisheries	10 271	11	1 152
Automotive	25 471	12	3 016
Business and professional services	68 003	18	12 066
Constitutional and regulatory body	3 382	11	375
Construction, real estate, facilities and property management	35 718	16	5 621
Electricity, gas, water, energy and utilities	23 506	8	1 779
Education	4 996	8	395
Financial services	196 021	10	18 705
Health and pharmaceuticals	18 890	9	1 681
Human capital and resourcing	2 712	7	183
Industrial services	10 793	17	1 859
Information technology	79 390	15	11 651
Manufacturing and FMCG	58 808	30	17 660
Marketing and advertising	21 866	15	3 386
Metro and municipalities	132 223	22	29 328
Mining and quarrying	74 449	15	11 471
National government	131 196	17	22 156
Other	388 109	14	55 944
Provincial government	9 758	25	2 394
Public benefit and membership organisations	7 914	15	1 166
Public institutions and agencies	65 131	21	13 780
Retail and wholesale trade	34 550	11	3 731
Security services	7 869	6	457
State-owned entities	101 440	8	8 562
Telecommunications	149 241	11	16 731
Tourism, hospitality, food and beverage	91 272	18	16 159
Transport, supply chain, logistic and storage	11 604	8	950
	2 155 588		280 260

Industries have been refined in the current year to more accurately reflect the groups of the industries of trade receivables. This has not had an impact on the ECLs recognised.

41. 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 and contract assets as at 31 July 2020:

Figures in Rand thousand	Gross amount	Weighted average loss rate %	Expected credit loss
Contract assets	671 077	19	127 143
Industry			
Automotive	9 423	16	1 467
Central government	157 485	16	25 582
Construction	40 482	14	5 527
Education	25 821	18	4 542
Energy	68 489	5	3 435
Environmental	4 325	10	449
Financial services	315 617	8	25 919
Food and beverage	83 176	10	8 096
Health	59 013	9	5 054
Hospitality	38 888	26	10 190
Human capital	14 050	5	736
Information technology	126 327	16	19 989
Legal services	9 781	2	157
Local government	413 396	13	55 711
Manufacturing and logistics	141 806	16	22 372
Marketing and advertising	3 497	11	389
Membership organisation	176	7	13
Mining	82 211	14	11 788
Other	170 055	39	66 459
Professional business and advisory services	12 073	7	796
Property and facilities management	5 493	11	608
Public benefit organisation	1 408	18	247
Reseller	11 283	83	9 358
Retail	62 655	19	11 888
Security and defence	732	8	62
State-owned entities	132 371	21	27 653
Telecommunications	107 228	16	17 131
	2 768 338		462 761

The expected loss rate by industry is based on payment profiles of sales over a 12-month period respectively 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 customers to settle the receivables. The macro-economic overlay is based on the difference in default rates during 2008-2010 financial crisis versus a financial non-crisis period and applied to the portion of each industry that is expected to be affected by the COVID-19 crisis (this industry expectation is taken from Fitch). South African customers had an overlay of 4.1% applied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

41. 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:

	2021		2020	
Figures in Rand thousand	Trade receivables	Contract assets	Trade receivables	Contract assets
Opening balance	**310 347**	**124 595**	442 219	93 836
Impairment losses (reversed)/recognised on receivables and contract assets	**(32 738)**	**(2 826)**	106 840	36 967
Amounts written off during the year as uncollectible	**(36 086)**	**(101 149)**	(158 827)	–
Disposals	**(20 052)**	**(2 718)**	(54 475)	(3 660)
Transfer to assets held for sale	**(8 490)**	**–**	(25 271)	(2 548)
Foreign exchange translation losses/(gains)	**18**	**–**	(139)	–
Closing balance	**212 999**	**17 902**	310 347	124 595

Trade receivables with a contractual amount of R36 million (2020: R159 million) were written off during the year.

Cash and cash equivalents

The Group maintains its cash and cash equivalents with banks and financial institutions having good reputation, good past track record and high-quality credit rating 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 grade 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.

	2021	2020
Figures in Rand thousand	Cash and cash equivalents	Cash and cash equivalents
Credit rating of financial institution		
Aaa – A3	**90 343**	249 772
Baa3 – B2	**816 999**	684 120
Other	**6 004**	40 688
	913 346	974 580

Finance lease receivables

The policy choice is to measure the loss allowance at an amount equal to lifetime expected credit losses.

Finance lease receivables have been assessed individually to determine expected credit losses. 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. Allowances raised during the year amounted to R16 million.

41. FINANCIAL ASSETS AND FINANCIAL LIABILITIES continued

Credit risk and expected credit losses continued

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 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.

Expected credit losses have been raised for a significant portion of other financial assets, as in note 8. 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 loans provided to equity-accounted entities, Enterprise Development loans and on gross loans and receivables.

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

	2021	2020
Figures in Rand thousand	Other financial assets	Other financial assets
Opening balance	**579 573**	520 628
Impairment losses recognised on other financial assets	**46 106**	70 106
Amounts written off during the year as uncollectible	**(680)**	(7 677)
Disposals	**–**	(594)
Transfer to assets held for sale	**(2 575)**	(2 890)
Closing balance	**622 424**	579 573

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 Euro 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.

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

Foreign currency financial instruments

	2021				
	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	**–**	**18 252**	**44 571**	**(81)**	**(12 119)**
US Dollar	**–**	**68 167**	**44 377**	**–**	**(64 926)**
Arab Emirates Dirham	**609**	**73 226**	**2 572**	**(10 995)**	**(54 853)**
Euro	**–**	**16 462**	**19 503**	**–**	**(28 088)**
Egyptian Pound	**–**	**65 252**	**3 854**	**–**	**(14 829)**
Saudi Riyal	**–**	**20 745**	**4 036**	**–**	**(13 441)**
Other	**–**	**40 473**	**54 275**	**(2 859)**	**(18 538)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2021

41. FINANCIAL ASSETS AND FINANCIAL LIABILITIES continued

Foreign currency financial instruments continued

	2020				
	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	–	26 090	69 067	(67)	(34 369)
US Dollar	–	85 062	65 603	–	(132 964)
Arab Emirates Dirham	–	55 883	11 749	(1 656)	(77 294)
Euro	–	67 490	35 327	(16 762)	(79 548)
Egyptian Pound	–	67 221	493	–	(27 450)
Indian Rupee	–	–	22	–	(29)
Saudi Riyal	–	1 430	270	–	(259)
Other	686	56 789	96 460	(407)	(57 216)

42. EVENTS AFTER REPORTING DATE

Deleveraging

A detailed action plan for deleveraging the Group to a sustainable level and resolving the capital structure was developed and committed by the Group and its lenders in the prior financial year, with a revision in November 2020.

Term sheets were signed in April 2021 and since then, management have been engaging with lenders on the terms and conditions governing the new Common Terms Agreement ("CTA"). The CTA was signed by all parties on 20 October 2021. The refinancing contemplated by the CTA is subject to the Closing Date (as defined in the CTA) having occurred by 1 December 2021, and any other conditions of the CTA and the other legal documentation referred to in the CTA.

The new terms of the CTA outlines the following deleveraging plan:

- A R500 million three-year term loan;
- R1 500 million bridge facility repayable on 31 October 2022;
- Disposal of the Sybrin Group - completion pending Competition Commission approval;
- Disposal of the InfoSys Group; and
- Optimisation of the overall capital structure of the Group

The refinancing of the existing debt package 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.

Disposal of Energy Solutions and Analytics

Effective 23 September 2021, the Group closed a sale of business agreement to dispose of Energy Solutions and Analytics ("ESA"), a business unit of NEXTEC Industrial Technologies Proprietary Limited. The purchase consideration is expected to be between R26 million and R29 million, dependent on the final reviewed effective date accounts of ESA. The purchase consideration will be settled in two tranches, the first of which amounting to R23 million, was received on 1 October 2021.

Disposal of Afiswitch

Effective 1 October 2021, the Group concluded the sale of 100% of the issued ordinary shares of Afiswitch Proprietary Limited for a consideration of R49 million. The purchase consideration may be adjusted based on the closing date accounts. R39 million was received on 11 October 2021.

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

SHAREHOLDERS' ANALYSIS

	31 July 2021				31 July 2020			
	Number of shareholders	**%**	**Number of shares**	**%**	Number of shareholders	%	Number of shares	%
Analysis of shareholdings								
Holdings								
1 – 10 000	**12 266**	**91.28**	**13 401 934**	**7.59**	8 532	68.38	2 043 468	1.16
10 001 – 50 000	**858**	**6.39**	**19 866 340**	**11.25**	2 945	23.60	10 564 908	5.98
50 001 – 100 000	**151**	**1.12**	**10 819 230**	**6.13**	857	6.87	26 611 399	15.07
100 001 – 1 000 000	**140**	**1.04**	**38 331 215**	**21.71**	121	0.97	32 218 965	18.25
1 000 001 and more	**23**	**0.17**	**94 126 242**	**53.32**	22	0.18	105 106 221	59.54
	13 438	**100**	**176 544 961**	**100**	12 477	100	176 544 961	100
Shareholder categories								
Banks	**36**	**0.27**	**15 596 005**	**8.83**	34	0.27	6 538 210	3.70
Close corporations	**73**	**0.54**	**1 011 316**	**0.57**	58	0.46	496 584	0.28
Empowerment	**2**	**0.02**	**23 062 458**	**13.06**	2	0.02	23 062 458	13.06
Endowment funds	**22**	**0.16**	**217 232**	**0.12**	27	0.22	248 310	0.14
Individuals	**12 416**	**92.39**	**47 956 425**	**27.17**	11 475	91.97	41 054 508	23.25
Insurance companies	**53**	**0.39**	**1 196 686**	**0.68**	21	0.17	540 557	0.31
Investment companies	**1**	**0.01**	**14 600**	**0.01**	3	0.02	5 505	0.02
Medical schemes	**2**	**0.02**	**437 146**	**0.25**	2	0.02	243 143	0.14
Mutual funds	**43**	**0.32**	**33 800 929**	**19.15**	43	0.34	32 200 567	18.24
Other corporations	**34**	**0.25**	**30 337**	**0.02**	36	0.29	91 613	0.05
Own holdings (treasury shares)	**2**	**0.02**	**5 445 661**	**3.09**	2	0.02	5 547 604	3.14
Private companies	**254**	**1.89**	**8 002 418**	**4.53**	226	1.81	10 308 439	5.84
Public companies	**5**	**0.04**	**128 750**	**0.07**	5	0.04	161 970	0.09
Retirement funds	**31**	**0.23**	**28 978 219**	**16.41**	29	0.23	45 202 230	25.60
EOH share trusts	**464**	**3.45**	**10 666 779**	**6.04**	514	4.12	10 843 263	6.14
	13 438	**100**	**176 544 961**	**100**	12 477	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 2021		31 July 2020	
	Number of shares	**%**	Number of shares	%
Alexander Forbes Investments	**6 765 621**	**3.83**	–	–
EOH treasury shares – V55 Investments Proprietary Limited	**5 445 661**	**3.08**	5 547 604	3.14
Fidelity	**7 506 693**	**4.25**	7 719 116	4.37
Foord	**10 689 240**	**6.05**	11 280 117	6.39
Government Employee Pension Fund*	**–**	**–**	16 521 692	9.36
Lebashe Investment Group	**23 062 458**	**13.06**	23 062 458	13.06
Metal & Engineering Industries Retirement Funds	**19 463 488**	**11.02**	25 245 580	14.30
Standard Bank	**5 378 893**	**3.05**	–	–
	78 312 054	**44.34**	89 376 567	50.62

** Government Employee Pension Fund holding decreased to 2.42% as at 31 July 2021.*

SHAREHOLDERS' ANALYSIS CONTINUED

Shareholder spread

	31 July 2021 Number of shares	31 July 2021 %	31 July 2020 Number of shares	31 July 2020 %
Public shareholders	**145 413 629**	**82.37**	145 319 391	82.31
Non-public shareholders	**31 131 332**	**17.63**	31 225 570	17.69
Directors, associates and management of the Company	**281 705**	**0.16**	274 000	0.16
Strategic holdings	**23 062 458**	**13.06**	23 062 458	13.06
EOH share trusts	**2 341 508**	**1.33**	2 341 508	1.33
EOH treasury shares – V55 Investments Proprietary Limited	**5 445 661**	**3.08**	5 547 604	3.14
	176 544 961	**100**	176 544 961	100
Shares in issue				
Total number in issue	**176 544 961**		176 544 961	
Share trusts	**(2 341 508)**		(2 341 508)	
EOH treasury shares – V55 Investments Proprietary Limited	**(5 445 661)**		(5 547 604)	
Effective number of shares in issue	**168 757 792**		168 655 849	

SHAREHOLDERS' DIARY

Financial year end	31 July 2021
Annual general meeting	Thursday, 2 December 2021
Reports	
Announcement of annual results for the year ended 31 July 2021	Thursday 28 October 2021
Availability of the Annual Integrated Report for the year ended 31 July 2021	Thursday 28 October 2021

GLOSSARY

FINANCIAL

Adjusted EBITDA:	Profit/loss before depreciation, amortisation, share-based payment expense, gain/loss on disposal of subsidiaries and equity-accounted investments, impairments of non-financial assets, share of profit/loss of equity-accounted investments, remeasurement gains/losses on VFA liability, interest income, interest expense and current and deferred tax.
B2B2C:	Business-to-business-to-Consumer
Cash realisation rate:	This ratio is calculated by expressing cash generated by operations as a percentage of EBITDA and reflects the proportion of cash operating profit realised after working capital movements.
Dividend cover:	Headline earnings per share divided by dividends per share declared out of earnings for the year.
Dividend yield:	Dividend per share as a percentage of market value per share at year end.
Earnings per share:	Net profit/(loss) for the year attributable to the owners of EOH Holdings Limited divided by the weighted average number of ordinary shares in issue during the year.
Earnings yield:	Headline earnings per share as a percentage of market value per share at year end.
Normalised EBITDA:	Adjusted EBITDA adjusted for write-off of inventories, other financial assets write-off and specific provisions, advisory and other, retrenchment and settlement costs, and provisions (released)/ raised.
Headline earnings:	Net profit for the year adjusted for profit/loss on sale of property, plant and equipment, investments and impairment losses on non-financial assets.
Headline earnings per share:	Headline earnings divided by the weighted average number of ordinary shares in issue during the year.
Net asset value per share:	Ordinary shareholders' equity divided by the number of ordinary shares in issue.
Operating profit before interest and impairments:	Profit before impairment losses, interest and taxation.
Operating profit margin:	Operating profit as a percentage of revenue.
Price to earnings ratio:	Market value per share divided by headline earnings per share at year end.
Price to net asset value ratio:	Market value per share divided by net asset value per share at year end.
Return on total assets:	Operating profit as a percentage of average total assets.
Core normalised EBITDA:	Normalised EBITDA adjusted for non-core business lines to be closed.

NON-FINANCIAL

OEM:	Original Equipment Manufacturer, OEMs (pronounced as separate letters), are typically manufacturers who resell another company's product under their own name and branding.
AI:	Artificial intelligence (AI) refers to the simulation of human intelligence in machines that are programmed to think like humans and mimic their actions. The term may also be applied to any machine that exhibits traits associated with a human mind such as learning and problem solving.
IoT:	The internet of things, or IoT, is a system of interrelated computing devices, mechanical and digital machines, objects, animals or people that are provided with unique identifiers (UIDs) and the ability to transfer data over a network without requiring human to human or human to computer interaction.

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 *(appointed with effect from 1 January 2021)*
Ismail Mamoojee *(resigned 20 January 2021)*
Jabu Moleketi *(appointed 1 September 2020)**
Jesmane Boggenpoel
Mike Bosman
Dr Moretlo Molefi *(resigned with effect from 15 December 2020)*
Nosipho Molope *(appointed with effect from 1 January 2021)*
Sipho Ngidi

** Non-independent, non-executive director*

Executive

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

COMPANY SECRETARY

Thiroshnee Naidoo (*appointed with effect from 1 June 2021*)
Neill O'Brien (*resigned with effect from 31 May 2021*)

REGISTERED ADDRESS

Block D, EOH Business Park, Osborne Lane, Bedfordview, 2007
PO Box 59, Bruma, 2026

TELEPHONE

+27 (0) 11 607 8100

WEBSITE

www.eoh.co.za

INVESTOR EMAIL

IR@eoh.com

AUDITOR

PricewaterhouseCoopers Inc.
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, 2196
Private Bag X9000, Saxonwold, 2132

Bastion

www.eoh.co.za