ELECTRONIC TRANSMISSION DISCLAIMER

IMPORTANT: You must read the following disclaimer carefully before continuing. This electronic transmission applies to the attached rights offer circular (**"Circular"**) which has been prepared by EOH Holdings Limited (**"EOH"**) solely in connection with the proposed rights offer of new Ordinary Shares (as such term is defined in the attached Circular) and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached Circular. In accessing this electronic transmission and the attached Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that the delivery of this electronic transmission and the attached Circular is confidential and intended for you only and you agree that you will not forward, reproduce or publish this electronic transmission or the attached Circular to any other person.

The securities referred to in this electronic transmission and the attached Circular (**"Securities"**) may only be distributed in *"offshore transactions"* in compliance with Regulation S under the US Securities Act of 1933 (**"US Securities Act"**). Any forwarding, distribution or reproduction of this electronic transmission or the attached Circular in whole or in part is unauthorised. Failure to comply with this notice may result in a violation of the US Securities Act or the applicable laws or regulations of other jurisdictions. Nothing in this electronic transmission and the attached Circular constitutes an offer of securities for sale in any jurisdiction where it is unlawful to do so.

There will be no public offering of the Securities in the United States. The Securities have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States except to persons reasonably believed to be qualified institutional buyers (**"QIBS"**) in reliance on Rule 144A under the U.S. Securities Act or in an offshore transaction in compliance with Regulation S under the US Securities Act, in each case in accordance with any applicable securities laws of any State of the United States or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state or local securities laws.

The Securities have also not been and will not be registered under the securities laws and regulations of any other jurisdiction, in particular, Australia, Canada, Hong Kong or Japan and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within Australia, Canada, Hong Kong or Japan, or in any jurisdiction where it is unlawful to do so, except pursuant to an applicable exemption.

This electronic transmission, the attached Circular and the Rights Offer (as such term is defined in the attached Circular) are only addressed to and directed at persons in member states of the European Economic Area (**"EEA"**) who are *"qualified investors"* within the meaning of Article 2(1)(e) of the Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU, to the extent implemented in the Relevant Member States (as such term is defined in the attached Circular), and including any relevant implementing measure in each Relevant Member State) (**"Qualified Investors"**). In addition, in the United Kingdom, this electronic transmission and the attached Circular are being distributed only to, and are directed only at: (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the **"Order"**); or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as **"Relevant Persons"**). This electronic transmission and the attached Circular must not be acted on or relied on (i) in the United Kingdom, by persons who are not Relevant Persons, and (ii) in any member state of the EEA other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this electronic transmission and the attached Circular relates is available only to (i) in the United Kingdom; Relevant Persons; and (ii) in any member state of the EEA other than the United Kingdom, Qualified Investors, and will be engaged in only with such persons. Accordingly, the information in this electronic transmission and the attached Circular is not intended to be viewed by or distributed or passed on (directly or indirectly) to, and should not be acted upon by any other class of persons, save for such persons or class of persons contemplated herein.

CONFIRMATION OF YOUR REPRESENTATION: This electronic transmission and the attached Circular are delivered to you on the basis that you are deemed to have represented to EOH that: (a) if you are in the United States, you are a QIB and any such Securities you acquire will be for your own account or for the account of another QIB; or (b) if you are outside the United States, you are acquiring any Securities in offshore transactions in compliance with Regulation S under the US Securities Act and: (i) if you are in the United Kingdom, you are a Relevant Person, and/or a Relevant Person who is acting on behalf of, Relevant Persons, in the United Kingdom and/or Qualified Investors, to the extent you are acting on behalf of persons or entities in the United Kingdom or the EEA; (ii) if you are in any member state of the EEA, you are a Qualified Investor and/or a Qualified Investor acting on behalf of, Qualified Investors or Relevant Persons, to the extent you are acting on behalf of persons or entities in the EEA or the United Kingdom; (iii) you are eligible to receive this electronic transmission and the attached Circular and you consent to delivery by electronic transmission; and (iv) you are not a resident of, or located in, Australia, Canada, Hong Kong, Japan or any jurisdiction where it is unlawful to receive this electronic transmission and the attached Circular.

Subject to certain exceptions, these materials are not for distribution, directly or indirectly, in or into the United States (including its territories and dependencies, any state or jurisdiction of the United States and the District of Columbia), Australia, Canada, Hong Kong or Japan. There will be no public offer of securities in any jurisdiction, including the United States, Australia, Canada, Hong Kong or Japan.

You are reminded that you have received this electronic transmission and the attached Circular on the basis that you are a person into whose possession this electronic transmission and the attached Circular may be lawfully delivered in accordance with the laws and regulations of the jurisdiction in which you are resident, or located and you may not, nor are you authorised to, deliver this electronic transmission or the attached Circular, electronically or otherwise, to any other person.

The attached Circular has been sent to you in an electronic form. You are reminded that documents transmitted *via* this medium may be altered or changed during the process of electronic transmission and consequently none of EOH or any affiliate, director, officer, employee or agent of EOH accepts any liability or responsibility whatsoever in respect of any difference between the attached Circular distributed to you in electronic format and the hard copy version of the Circular. If verification is required, please request a hard copy of the Circular from EOH or the Transaction Sponsor (as such term is defined in the attached Circular).

You are responsible for protecting against viruses and other items of a destructive nature. Your receipt of the Circular via electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

EOH Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number 1998/014669/06)
JSE share code: EOHN ISIN: ZAE000316444
A2X share code: EOHN ISIN: ZAE000316444

(“**EOH**” or the “**Company**” or “the **Group**”)

A FULLY COMMITTED AND UNDERWRITTEN RENOUNCEABLE RIGHTS OFFER OF 384 615 384 NEW ORDINARY SHARES AT R1.30 PER NEW ORDINARY SHARE RAISING, IN THE AGGREGATE, GROSS PROCEEDS OF R500 MILLION

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

The *“Definitions and interpretations”* commencing on page 65 of this Circular apply throughout this Circular, including this cover page.

This Circular relates to a renounceable Rights Offer to Qualifying Shareholders. Qualifying Shareholders will receive 227 Rights for every 100 Ordinary Shares held on the Record Date, subject to rounding. Only whole numbers of Rights will be issued to Qualifying Shareholders. Each Right, represented by a Letter of Allocation, entitles the holder to subscribe for one new Ordinary Share at the Rights Offer Price.

A Form of Instruction is enclosed with this Circular to be completed by Qualifying Certificated Shareholders only. If a Qualifying Certificated Shareholder does not wish to exercise all of the Rights allocated to it, as set out in the enclosed Form of Instruction, it may dispose of or renounce all or part of its Letters of Allocation on the basis set out in the Circular. The enclosed Form of Instruction must be completed and returned to the Transfer Secretaries in accordance with the instructions contained therein. Qualifying Certificated Shareholders’ Letters of Allocation will be credited in electronic form with the Transfer Secretaries as nominee to afford Qualifying Certificated Shareholders the same rights and opportunities as Qualifying Dematerialised Shareholders in respect of trading Letters of Allocation on the JSE.

Qualifying Dematerialised Shareholders will have their Letters of Allocation credited to their accounts at their CSDP or Broker in terms of the JSE Listings Requirements.

The Letters of Allocation may be traded on the JSE under Alpha Code “EOHN” and ISIN “ZAE000316444”.

Qualifying Shareholders are also referred to page 10 of this Circular, which sets out the detailed actions required of them with regard to the Rights Offer. If you are in any doubt as to the action that you should take, please consult your CSDP, Broker, banker, legal advisor, accountant or other professional advisor immediately.

Excess applications will be permitted, pursuant to which a Qualifying Shareholder may apply to subscribe for additional Rights Offer Shares over and above its proportionate entitlement represented by its Rights.

EOH has entered into Underwriting Agreements with the following financial institutions/asset management entities: Aeon, Anchor Capital and Visio, pursuant to which the Underwriters have severally agreed (and not jointly or jointly and severally) to underwrite the Rights Offer Shares. See section 14 *“Underwriting Arrangements and Shareholder Commitments”* and Schedule 2 *“Information on the underwriters and underwriting arrangements”*.

In the event that there are Remaining Shares, the Underwriters will subscribe for the Remaining Shares at the Rights Offer Price as principal or will procure that their clients or other nominees so subscribe for such shares, as the case may be (see Schedule 2 *“Information on the underwriters and underwriting arrangements”*).

EOH has secured irrevocable undertakings from the following shareholders: Lebashe, Anchor Capital, the Biggles Trust and Mianzo, pursuant to which they have undertaken to follow some or all of their Rights pursuant to the Rights Offer. See section 14 *“Underwriting Arrangements and Shareholder Commitments”*.

EOH will undertake the Specific Issue with Lebashe Investment Group in terms of which the relevant Shares to be issued: (i) are issued from a class of securities already in issue; (ii) are issued for cash without any other impact on the financial statements; and (iii) are not convertible. See section 15 *“Specific Issue”* for further details on the Specific Issue.

Investing in the Letters of Allocation or the Rights Offer Shares involves risk and you are advised to take your own professional advice in this regard.

Subject to the restrictions set out below, if you have disposed of all your Ordinary Shares on or before close of trade on Tuesday, 24 January 2023, then this Circular (including the Form of Instruction) should be handed to the purchaser of such shares or to the CSDP, Broker, banker or other agent through whom the disposal was affected. Neither this Circular nor any accompanying Form of Instruction, subject to certain exceptions, should be distributed in, forwarded to or transmitted in or into or from the Restricted Territories; or any other jurisdiction where to do so might constitute a violation of applicable laws or regulations (except in the absolute discretion of EOH or pursuant to any exemption from such laws and regulations).

This Circular is issued in compliance with the JSE Listings Requirements for the purpose of providing information to Qualifying Shareholders and is not an invitation to the public to subscribe for securities in EOH.

EOH does not accept responsibility and will not be held liable for any failure on the part of the CSDP or Broker of a Qualifying Dematerialised Shareholder to notify such shareholder of the details of this Circular.

The Issuer Regulation Division of the JSE has approved the listing of the Letters of Allocation in respect of all of the Rights Offer Shares with effect from the commencement of trade on Wednesday, 25 January 2023 to the close of trade on Tuesday, 7 February 2023, both days inclusive, and all of the Rights Offer Shares with effect from the commencement of trade on Wednesday, 8 February 2023. The Rights Offer Shares will be listed and admitted to trading on the JSE under the Alpha Code "EOH" and "ISIN ZAE000071072" and on A2X under the share code "EOH".

Rights Offer opens at 09:00 (SAST) on	Monday, 30 January 2023
Rights Offer closes at 12:00 (SAST) on	Friday, 10 February 2023

The Directors, whose names are given in *"Corporate information and advisors"*, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by the JSE Listings Requirements.

The Letters of Allocation and the Rights Offer Shares have not been, and will not be, registered under the US Securities Act, or under any securities laws or regulations of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of, the US Securities Act and in compliance with any applicable securities laws or regulations of any state or other jurisdiction of the United States. There will be no public offer of the Letters of Allocation and the Rights Offer Shares in the United States. The Letters of Allocation and the Rights Offer Shares are being offered and sold outside the United States in offshore transactions in compliance with Regulation S.

The Letters of Allocation and the Rights Offer Shares will also not be registered under the securities laws or regulations of any other jurisdiction, in particular the Restricted Territories, and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within any of the Restricted Territories, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of such jurisdiction and where it is lawful to do so and does not require further action for such purpose. Subject to certain exceptions, this Circular, any accompanying Form of Instruction and any other such documents should not be distributed in, forwarded to or transmitted in or into the United States or any other Restricted Territory.

This Circular is available in English only. Copies of this Circular may be obtained from the registered offices of EOH and the Transaction Sponsor at the addresses set out in *"Corporate information and advisors"* from the date of this Circular, Monday, 23 January 2023, to Friday, 10 February 2023, both days inclusive. This Circular will also be available in electronic form on EOH's website (www.eoh.co.za) from the date of this Circular. The information contained on EOH's website is not incorporated by reference in this Circular and does not form a part of this Circular.

Circular dated 23 January 2023

Legal Advisor to EOH	Joint Financial Advisor	Joint Financial Advisor and Transaction Sponsor	Legal Advisor to Joint Financial Advisors
DLA PIPER	RMB	Standard Bank	BOWMANS THE VALUE OF KNOWING

CORPORATE INFORMATION AND ADVISORS

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

Non-executive
Andrew Mthembu (Chairman)
Andrew Marshall
Bharti Harie
Jabu Moleketi*
Jesmane Boggenpoel
Mike Bosman
Nosipho Molope
Sipho Ngidi
** Non-independent, non-executive director*

Company Secretary
Mpeo Nkuna

Joint Financial Advisor
Rand Merchant Bank
(A division of FirstRand Bank Limited)
(Registration Number 1929/001225/06)
1 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton
Johannesburg
South Africa
2196
(PO Box 786273, Sandton, 2146)

Registered office and business address of each Director and the Company Secretary
EOH Office Park
First Floor
Block E
Pinmill Farm Office Park
164 Katherine Street
Sandton
Johannesburg
South Africa
2148
(PO Box 59, Bruma, Johannesburg, South Africa, 2026)

Legal Advisor to EOH as to South African law
DLA Piper Advisory Services Proprietary Limited
(Registration Number 2015/222271/07)
6th Floor
61 Katherine Street
Sandton
Johannesburg
South Africa
2196
(Private Bag X17, Benmore, South Africa, 2010)

Joint Financial Advisor and Transaction Sponsor
The Standard Bank of South Africa Limited
(Registration Number 1962/000738/06)
30 Baker Street
Rosebank
Johannesburg
South Africa
2196
(PO Box 61344, Marshalltown, South Africa, 2107)

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

Legal Advisor to Joint Financial Advisors
Bowman Gilfillan Incorporated t/a Bowmans
(Registration Number 1998/021409/21)
11 Alice Lane
Sandton
Johannesburg
South Africa
2196
(PO Box 785812, Sandton, South Africa, 2146)

Date and place of incorporation of EOH

Incorporated in the Republic of South Africa on 29 July 1998

NOTICE TO INVESTORS

The Rights Offer is being made in accordance with the Companies Act and the JSE Listings Requirements and is only addressed to persons to whom it may lawfully be made. By subscribing for any Rights Offer Shares or purchasing or otherwise acquiring any Letters of Allocation, you will be deemed to have represented and agreed that: (i) you are not (and any person for whom you are acting is not) a Restricted Shareholder or otherwise (a) a resident in any jurisdiction in which the Rights Offer on the terms set out in this Circular would be unlawful; or (b) a person to whom the Rights Offer may not lawfully be made; and (ii) you have received all necessary information required to make an informed investment decision. Should any person who is not a Qualifying Shareholder (or a Permitted Transferee) receive this Circular, they should not, and will not be entitled to, acquire any Rights Offer Shares or Letters of Allocation or otherwise act thereon.

This Circular is not an offer of Rights Offer Shares, or an invitation to exercise any of the Rights pursuant to the Letters of Allocation, in any jurisdiction in which such offer would be unlawful. In several countries, in particular in the Restricted Territories, the distribution of this Circular, the renunciation, sale or exercise of Rights pursuant to the Letters of Allocation, the offer of the Rights Offer Shares, and the sale of the Rights Offer Shares, are subject to restrictions imposed by applicable laws or regulations (such as registration or other requirements). No action has been or will be taken by EOH or the Underwriters to permit the possession or distribution of this Circular (or any Letter of Allocation or Rights Offer Share) in any jurisdiction where such distribution may otherwise lead to a breach of any applicable laws or regulations.

Accordingly, neither this Circular nor any advertisement nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will be following applicable laws and regulations without further action by EOH. Persons into whose possession this Circular may come are required to inform themselves about and comply with such restrictions, in particular not to publish or distribute this Circular in violation of applicable securities laws and regulations. Any failure to comply with such restrictions may result in a violation of applicable securities laws and regulations. This Circular does not constitute an offer to sell the Letters of Allocation or the Rights Offer Shares to any person in any jurisdiction in which it is unlawful to make such offer to such person, or a solicitation of an offer to buy the Letters of Allocation or the Rights Offer Shares from a person in a jurisdiction in which it is unlawful to make such solicitation.

No person is or has been authorised to give any information or to make any representation regarding this Rights Offer other than the information and representations, if any, contained in this Circular and, if given or made, such information or representations shall not be relied upon as having been so authorised. The Underwriters accept no responsibility whatsoever and make no warranty, express or implied, for the contents of this Circular, or any other documentation relating to the Rights Offer, including its currency, accuracy, reliability, timeliness, continued availability, correctness, completeness or verification or for any other statement made or purported to be made by it, its affiliates, officers, employees or advisors, or on its behalf, in connection with EOH, the Group, the Rights Offer, the Rights and the Rights Offer Shares (**"Information"**), and the Underwriters, accordingly, disclaim to the maximum extent permitted by applicable laws and regulations all and any responsibility or liability, whether arising in delict (tort), contract or otherwise and whether arising as a result of any omission from, or inadequacy or inaccuracy in, the Information or the distribution, responsibility or possession or use of the Information in or from any jurisdiction which they might otherwise have in respect of this Circular of any such statement. Information given or representations made in connection with this Rights Offer or the issue, renunciation or sale of the Letters of Allocation or the subscription for or the sale of the Rights Offer Shares that are inconsistent with those contained in this Circular are invalid.

Investors acknowledge that: (i) they have not relied on the Underwriters or any person affiliated with the Underwriters in connection with any investigation of the accuracy of any information contained in this Circular or their investment decisions; and (ii) they have relied only on the information contained in this Circular, and that no person has been authorised to give any information or to make any representation concerning the Group, its investments or its affiliates, the Letters of Allocation or the Rights Offer Shares (other than as contained in this Circular) and, if given or made, any such other information or representation should not be relied upon as having been authorised by EOH or the Underwriters.

The distribution of this Circular does not mean that the data contained herein is current as of any time after the Last Practicable Date. In particular, neither the delivery of this Circular nor the issue, offer, renunciation, sale or delivery of the Letters of Allocation or the Rights Offer Shares means that no adverse changes have occurred or no events have happened after the Last Practicable Date which may or could result in an adverse effect on the Group's business, financial condition or results of operations.

Nothing contained in this Circular is intended to constitute investment, legal, tax, accounting or other professional advice. This Circular is for your information only and nothing in this Circular is intended to endorse or recommend a particular course of action. In making an investment decision, each investor must rely on its own examination, analysis and enquiry of the Group and the terms of the Rights Offer, including the merits and risks involved. Neither EOH nor any of its respective directors, officers, employees, agents or representatives is making any representation to any offeree, subscriber, renouncee or purchaser of the Letters of Allocation or the Rights Offer Shares regarding the legality of an investment in the Letters of Allocation or the Rights Offer Shares by such offeree, subscriber, renouncee or purchaser under the laws or regulations applicable to such offeree, subscriber, renouncee or purchaser. Each investor should consult its own advisors before acquiring the Letters of Allocation or subscribing for or purchasing the Rights Offer Shares. Investors are required to make their independent assessment of the legal, tax, business, financial and other consequences of acquiring the Letters of Allocation or subscribing for or purchasing the Rights Offer Shares. They are also required to make their independent assessment of the risks involved in acquiring the Letters of Allocation or subscribing for or purchasing the Rights Offer Shares.

In connection with the Rights Offer, each of the Underwriters and any of their respective affiliates, acting as an investor for its own account, may exercise Rights in the Rights Offer and, in that capacity, may subscribe for, retain, purchase or sell for its own account any Letters of Allocation or Rights Offer Shares or related investments, and may offer or sell such shares or other investments otherwise than in connection with the Rights Offer. Accordingly, references in this Circular to Letters of Allocation or Rights Offer Shares being offered should be read as including any offering of Letters of Allocation or Rights Offer Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. None of the Underwriters intends to disclose the extent of such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

NOTICE TO INVESTORS IN THE UNITED STATES

The Letters of Allocation and the Rights Offer Shares offered hereby have not been and will not be registered under the US Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, exercised, transferred or delivered, directly or indirectly, in or into the United States at any time except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state and other securities law or regulation of the United States. There will be no public offering of the Letters of Allocation and the Rights Offer Shares in the United States. Letters of Allocation and Rights Offer Shares may only be distributed in "offshore transactions" in compliance with Regulation S.

The information contained in this Circular has been provided by EOH and the other sources identified herein. Distribution of this Circular to any person other than the offeree specified by EOH and those persons, if any, retained to advise such offeree with respect thereto is unauthorised, and any disclosure of its contents, without the prior written consent of EOH, is prohibited. Any reproduction or distribution of this Circular in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. This Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the securities described herein. Investors agree to the foregoing by accepting delivery of this Circular.

NOTICE TO INVESTORS IN SOUTH AFRICA

The Rights Offer will not constitute an *"offer to the public"*, as envisaged in Chapter 4 of the Companies Act. Accordingly: (i) this Circular does not, nor does it intend to, constitute a "*registered prospectus*", as contemplated by the Companies Act; and (ii) no prospectus has been filed with the CIPC in respect of the Rights Offer. As a result, this Circular does not comply with the substance and form requirements for a prospectus set out in the Companies Act and the South African Companies Regulations, 2011, and has not been approved by, and/or registered with, the CIPC, or any other South African authority, save for the JSE. The Circular has been submitted to FinSurv as part of the exchange control approval process. Should any person who is not a Qualifying Shareholder (or its renouncee or the purchaser of any of its Letters of Allocation in accordance with the terms of the Rights Offer who is a Permitted Transferee) receive this Circular, they should not, and will not be entitled to, acquire any Rights Offer Shares or Letters of Allocation or otherwise act thereon.

The information contained in this Circular constitutes factual information as contemplated in section 1(3)(a) of the FAIS Act and should not be construed as an express or implied recommendation, guide or proposal that any particular transaction in respect of the Rights Offer Shares or Letters of Allocation or in relation to the business or future investments of EOH, is appropriate to the particular investment objectives, financial situations or needs of a prospective investor, and nothing in this Circular should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa. EOH is not a financial services provider licensed as such under the FAIS Act and its advisors are acting for EOH only and are not giving or purporting to give any financial advice as contemplated in the FAIS Act to any investor in EOH.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This Circular is only being distributed to, and is only directed at: (i) persons who are outside the United Kingdom; or (ii) investment professionals falling within Article 19(5) of the Order; or (iii) high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iv) persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as **"Relevant Persons"**). The Rights Offer Shares and Letters of Allocation are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Rights Offer Shares or Letters of Allocation will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Circular or any of its contents.

MEMBER STATES OF THE EEA

This Circular is only being distributed to, and is only directed at, persons in Relevant Member States who are *"Qualified Investors"*. This Circular must not be acted on or relied upon in any Relevant Member State by persons who are not Qualified Investors. Any investment or investment activity to which this Circular relates is available in Relevant Member States only to Qualified Investors and will be engaged in only with such persons. Accordingly, the information in this Circular is not intended to be viewed by or distributed or passed on (directly or indirectly) to, and should not be acted upon by any other class of persons in Relevant Member States, save for Qualified Investors. In the case of any Rights Offer Shares or Letters of Allocation being offered to a financial intermediary as that term is used in Article 5 of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, warranted and agreed that it is a Qualified Investor and (a) the Rights Offer Shares or Letters of Allocation acquired by it have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than Qualified Investors; or (b) where Rights Offer Shares or Letters of Allocation have been acquired by it on behalf of persons in any Relevant Member State other than Qualified Investors, the offer of those Rights Offer Shares or Letters of Allocation to it is not treated under the Prospectus Regulation as having been made to such persons. EOH and each of their respective affiliates and others will rely upon the truth and accuracy of the foregoing representation, warranty and agreement.

NOTICE TO INVESTORS IN AUSTRALIA, CANADA, HONG KONG, JAPAN AND CERTAIN OTHER JURISDICTIONS

Subject to certain exceptions, the Rights Offer will not be made to persons who are residents of Australia, Canada, Hong Kong or Japan, or in any jurisdiction where such offering would be unlawful or in contravention of certain laws or regulations.

NOTICE TO NOMINEES, CUSTODIANS AND FINANCIAL INTERMEDIARIES

Any person, including nominees, custodians and other financial intermediaries who would, or otherwise intends to, or has a contractual or legal obligation to forward this Circular or any information relating to this Rights Offer to any jurisdiction outside of South Africa, should adhere to the restrictions set out above and in paragraph 7(i) *"Overseas Shareholders"* on page 24 of this Circular. In connection with any subscriptions for the Rights Offer Shares or any renunciations, sales or purchases of the Letters of Allocation, nominees, custodians and financial intermediaries will be deemed to have represented and warranted that they have complied with the terms of the Rights Offer.

ENFORCEMENT OF CIVIL LIABILITIES

The ability of an Overseas Shareholder or any overseas renouncee or transferee of Rights to bring an action against EOH, its Directors and its executive officers may be limited under law. The rights of Ordinary Shareholders and any renouncees or transferees of Rights are governed by South African law, the JSE Listings Requirements and by EOH's MOI, as amended from time to time. An Overseas Shareholder and any overseas renouncee or transferee of Rights may not be able to enforce a judgment against EOH and/or some or all of its Directors and/or its executive officers. It may not be possible for an Overseas Shareholder or any overseas renouncee or transferee of Rights to affect service of process upon EOH, its Directors and/or its executive officers within the Overseas Shareholder's or any overseas renouncee's or transferee's country of residence or to enforce against EOH, its Directors and/or its executive officers judgments of courts of the Overseas Shareholder's or any overseas renouncee's or transferee's country of residence based on civil liabilities under that country's securities laws or regulations. There can be no assurances that an Overseas Shareholder or any overseas renouncee or transferee of Rights will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws or regulations of countries other than South Africa against EOH, its Directors and/or its executive officers who are residents of countries other than those in which judgment is made. In addition, South African or other courts may not impose civil liability on EOH, its Directors and/or its executive officers in any original action based solely on foreign securities laws or regulations brought against EOH, its Directors and/or its executive officers in a court of competent jurisdiction in South Africa or other countries.

CERTAIN FORWARD-LOOKING STATEMENTS

This Circular includes certain *"forward-looking statements"* that reflect the current views or expectations of the Directors with respect to future events and future financial and operational performance. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: the economic outlook for the industries in which the Group operates; the scope, scale and duration of the impact of outbreaks of a pandemic disease, such as COVID-19; use of the proceeds of the Rights Offer; the Group's ability to implement its strategy; the competitive environments in which the Group operates; trends in the industries and markets in which the Group operates; future operating results, growth prospects and outlook for the operations of the Group, individually or in the aggregate; and the Group's liquidity and available capital resources and expenditure. Such forward-looking statements generally reflect the Group's current plans, estimates, projections and expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as *"believe"*, *"aim"*, *"expect"*, *"anticipate"*, *"intend"*, *"foresee"*, *"forecast"*, *"likely"*, *"should"*, *"planned"*, *"may"*, *"estimated"*, *"potential"* or similar words and phrases. Similarly, statements that describe the Group's objectives, plans or goals are or may be forward-looking statements. Forward-looking statements are included in, among other sections, *"Rationale of the Rights Offer"* and *"Use of Proceeds of the Rights Offer"*, *"Business Description"*, *"Overview of Business Divisions"* and *"Growth Strategy"*. Any forward-looking statement has not been reviewed nor reported on by EOH's external auditors.

Although the Directors believe that the expectations reflected in these and other forward-looking statements are reasonable, no assurances can be given that such expectations will materialise or prove to be correct. These forward-looking statements are based on various estimates and/or assumptions subject to known and unknown risks, uncertainties and other factors that may cause future events or the Group's actual results, performance or achievements to differ materially from those expressed or implied by these forward-looking statements.

Factors that could cause the Group's actual results, performance or achievements to differ materially from those contained herein include, but are not limited to, those under *"Risk factors*" starting on page 16 of this Circular. Consequently, investors are cautioned not to place undue reliance on the forward-looking statements.

Qualifying Shareholders and their Permitted Transferees should review all information included in this Circular carefully. The forward-looking statements included in this Circular are made only as of the date of this Circular. EOH undertakes no obligation to update these statements or to update these publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the Last Practicable Date or to reflect the occurrence of future events, other than as required by applicable laws or regulations. All subsequent written and oral forward-looking statements attributable to EOH, any member of the Group or any person acting on its behalf are qualified by the cautionary statements above.

IMPORTANT NUMERICAL AND OTHER INFORMATION PRESENTATION OF NUMERICAL INFORMATION

Certain numerical information presented in this Circular, including in a number of tables, has been rounded to the nearest whole number or the nearest decimal place. Therefore, when presented in a table, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this Circular reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

MARKET INFORMATION

Without derogating from the Directors' responsibility statement in paragraph 17.6 *"Directors' responsibility statement"*, EOH has obtained market data and certain industry information used in this Circular from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information are not guaranteed. Similarly, internal surveys, estimates and market research, while believed to be reliable, have not been independently verified, and EOH does not make any representation as to the accuracy of such information and/or the veracity or appropriateness of research methodology, findings or information. Similarly, while EOH believes its internal estimates to be reasonable, they have not been verified by any independent sources, and EOH cannot give any assurance as to their accuracy.

INFORMATION INCORPORATED BY REFERENCE

Certain information is incorporated by reference in this Circular to ensure that Qualifying Shareholders and others are aware of all information which may be necessary to enable Qualifying Shareholders and others to make an informed assessment of the Company and of the rights attaching to the Rights Offer Shares. Any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Circular to the extent that a statement contained herein (or in a later document which is incorporated by reference herein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Circular. Other than as set out below, no documents or information, including the contents of the Company's website, including any websites accessible from hyperlinks on such website or any websites of any subsidiary, associated company and joint venture of the Company, form part of, and/or are incorporated by reference into, this Circular. The documents incorporated by reference into this Circular are:

- the EGM Circular which is available in electronic form on EOH's website (https://www.eoh.co.za/investor-relations/shareholder-meetings/);
- the SENS announcements of 2 July 2019 and 20 April 2020 in relation to the disposal by EOH of CCS which is available in electronic form on EOH's website (https://www.eoh.co.za/investor-relations/sens/);
- the SENS announcement of 13 December 2019 in relation to the disposal by EOH of Denis which is available in electronic form on EOH's website (https://www.eoh.co.za/investor-relations/sens/);
- the SENS announcement of 18 November 2020 in relation to the disposal by EOH of Syntell which is available in electronic form on EOH's website (https://www.eoh.co.za/investor-relations/sens/);
- the SENS announcement of 8 June 2021 in relation to the disposal by EOH of Sybrin which is available in electronic form on EOH's website (https://www.eoh.co.za/investor-relations/sens/);
- the SENS announcement of 11 March 2022 in relation to the disposal by EOH of the Information Services Group which is available in electronic form on EOH's website (https://www.eoh.co.za/investor-relations/sens/);
- the SENS announcement of 7 April 2022 in relation to the disposal by EOH of Network Solutions which is available in electronic form on EOH's website (https://www.eoh.co.za/investor-relations/sens/); and
- EOH's audited annual financial statements for the three financial periods ended 31 July 2020, 31 July 2021 and 31 July 2022 which is available in electronic form on EOH's website (https://www.eoh.co.za/investor-relations/previous-financial-results/).

The above documents can be found at https://www.eoh.co.za/investor-relations/ and copies of the above documents will be available for inspection at the registered offices of EOH and the Transaction Sponsor during normal business hours (SAST) (excluding Saturdays, Sundays and official South African public holidays) from the date of this Circular, Monday, 23 January 2023, to Friday, 10 February 2023, both days inclusive.

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1 ACTION REQUIRED OF QUALIFYING SHAREHOLDERS

1.1 Action Required of Qualifying Certificated Shareholders

(a) If you are a Qualifying Certificated Shareholder, you should complete the Form of Instruction enclosed with this Circular.

(b) If you do not wish to subscribe for all of the Rights Offer Shares to which you are entitled under the Letters of Allocation, as reflected in the enclosed Form of Instruction, you may either dispose of or renounce all or part of your Letters of Allocation.

(c) If you wish to dispose of all or part of your Letters of Allocation, you must complete Form A in the enclosed Form of Instruction and return it to the Transfer Secretaries so that it is received by no later than 12:00 (SAST) on Tuesday, 7 February 2023. The Transfer Secretaries will endeavour to procure the sale of your Letters of Allocation on the JSE on your behalf and to remit the proceeds less any fees paid to the Transfer Secretaries and any associated expenses in accordance with your instructions. In this regard, neither the Transfer Secretaries nor EOH will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising from the timing of such sales, the price obtained or the failure to dispose of such Letters of Allocation. If you instruct the Transfer Secretaries to dispose of all or a part of your Letters of Allocation, the Transfer Secretaries will charge you a fee of R155.84 (all inclusive) for trades having a value of less than R40 000 or a fee equal to R155.84 plus 0.35% of the value of the trade, plus value-added tax, for trades having a value of R40 000 or more. Please note that the last day to trade Letters of Allocation is Tuesday, 7 February 2023.

(d) If you wish to renounce all or part of your Letters of Allocation in favour of any named renouncee, you must complete Form B in the enclosed Form of Instruction, and the renouncee must complete Form C in the enclosed Form of Instruction and return it to the Transfer Secretaries so as to be received by no later than 12:00 (SAST) on Tuesday, 7 February 2023.

(e) If you are a Qualifying Certificated Shareholder and wish to exercise all or some of the Rights allocated to you, as reflected in the enclosed Form of Instruction, you must complete the first page of the enclosed Form of Instruction, in accordance with the instructions contained therein and lodge it, together with proof of payment, of the aggregate Rights Offer Price payable in respect of the Rights Offer Shares subscribed for with the Transfer Secretaries so as to be received by the Transfer Secretaries by no later than 12:00 (SAST) on Friday, 10 February 2023.

(f) Payment for the Rights Offer Shares subscribed for: (i) must be made in full by EFT without any deduction, set off or withholding (into the designated bank account, details of which are available from the Transfer Secretaries on request by contacting the Transfer Secretaries' call centre for corporate actions on +27 11 370 5000 and in South Africa only, 0861 100 634) in favour of "EOH Rights Offer"; (ii) must be paid in Rand; and (iii) proof of payment by EFT must be lodged, posted or emailed, as the case may be, together with the completed enclosed Form of Instruction, as follows:

By hand to:	**By post to:**
EOH Holdings Limited – Rights Offer c/o Computershare Investor Services Proprietary Limited Rosebank Towers 15 Biermann Avenue, Rosebank, 2196	**EOH Holdings Limited – Rights Offer** c/o Computershare Investor Services Proprietary Limited Private Bag X3000, Saxonwold, 2132

By email to:

corporate.events@computershare.co.za

(g) The Transfer Secretaries will not be responsible for any loss and/or damage whatsoever in relation to or arising from the late or non-receipt of faxed or emailed Forms of Instruction or owing to Forms of Instruction being forwarded to any other facsimile number or email address other than that provided above. Notwithstanding anything to the contrary, it is the Qualifying Certificated Shareholder's responsibility to ensure that its Form of Instruction is received by the Transfer Secretaries.

(h) You may apply for additional Rights Offer Shares over and above your Rights. If you wish to apply for excess Rights Offer Shares, you must complete the enclosed Form of Instruction in accordance with the instructions contained therein and remit sufficient funds to cover your total application. Please refer to paragraph 7(g) *"Excess applications"* for more information regarding excess applications.

(i) If the required documentation and payment have not been received in accordance with the instructions contained in the enclosed Form of Instruction, either from the Qualifying Certificated Shareholder or from any person in whose favour the Rights have been renounced, by 12:00 (SAST) on Tuesday, 7 February 2023, then the Rights of that Qualifying Certificated Shareholder or renouncee to those unsubscribed Rights Offer Shares will be deemed to have been declined and the Rights will lapse for such Qualifying Certificated Shareholder or renouncee.

1.2 Action Required of Qualifying Dematerialised Shareholders

(a) If you are a Qualifying Dematerialised Shareholder, the enclosed Form of Instruction is not applicable to you. Your CSDP or Broker will credit your account with the number of Letters of Allocation to which you are entitled and you should receive notification from your CSDP or Broker in this regard. If your CSDP or Broker does not contact you, you should contact your CSDP or Broker and provide them with your instructions.

(b) If you do not wish to exercise your Rights to subscribe for all of the Rights Offer Shares to which you are entitled, you may either dispose of or renounce all or part of your Letters of Allocation.

(c) If you wish to dispose of all or part of your Letters of Allocation, you are required to instruct your CSDP or Broker as to the number of Letters of Allocation which you wish to dispose of and your CSDP or Broker will dispose of those Letters of Allocation on the JSE in accordance with your mandate with them. Please note that the last day to trade Letters of Allocation is Tuesday, 7 February 2023.

(d) If you wish to renounce all or part of your Letters of Allocation in favour of any named renouncee, you are required to instruct your CSDP or Broker as to the number of Letters of Allocation you wish to renounce and in favour of whom you wish to renounce those Letters of Allocation.

(e) If you wish to subscribe for all or part of your Rights Offer Shares to which you are entitled, you are required to instruct your CSDP or Broker as to the number of Rights Offer Shares for which you wish to subscribe.

(f) You may apply for additional Rights Offer Shares over and above your Rights. If you wish to apply for excess Rights Offer Shares, you are required to instruct your CSDP or Broker as to the number of additional Rights Offer Shares for which you wish to subscribe. Please refer to paragraph 7(g) *"Excess applications"* for more information regarding excess applications.

(g) CSDPs effect payment on a delivery versus payment basis.

(h) Instructions to your CSDP or Broker must be provided in the manner and time stipulated in the custody agreement governing the relationship between yourself and your CSDP or Broker. If your CSDP or Broker does not obtain instructions from you, they are obliged to act in terms of the mandate granted to them by you or, if the mandate is silent in this regard, your Rights may lapse.

(i) EOH does not take any responsibility nor will it be held liable for any failure on the part of any CSDP or Broker to notify you of the Rights Offer and/or to obtain instructions from you to subscribe for the Rights Offer Shares and/or to dispose of the Letters of Allocation allocated to you.

(j) Qualifying Dematerialised Shareholders are advised to contact their CSDP or Broker as early as possible to establish what the cut-off dates and times are for acceptance of the Rights Offer, as set out in the custody agreement, as this may be earlier than the proposed closing time of the Rights Offer.

1.3 Overseas Shareholders and Restricted Shareholders

Additional information for Overseas Shareholders is provided in paragraph 7(i) *"Overseas Shareholders"*.

1.4 Action Required if you Have Disposed of Your Ordinary Shares

If you have disposed of all of your Ordinary Shares on or before close of trade on Monday, 23 January 2023, this Circular should be forwarded to the purchaser to whom, or the CSDP, Broker, banker or agent through whom, you disposed of such shares, but not if the purchaser or transferee is in the United States or in any other Restricted Territory.

1.5 Action Required for Shareholders on A2X

Shareholders who hold EOH Shares on A2X are advised that no separate process is required by A2X in terms of the Rights Offer. Shareholders should follow the requirements of the primary regulator, being the JSE, in terms of the actions to be taken.

NOTE:

If you are in any doubt as to what action you should take, you should consult your CSDP, Broker, banker, legal advisor, accountant or other professional advisor immediately.

If you are a Qualifying Dematerialised Shareholder, EOH does not accept any responsibility nor will it be held liable for any failure on the part of your CSDP or Broker to notify you of the Rights Offer and/or to obtain instructions from you to subscribe for the Rights Offer Shares and/or to dispose of the Letters of Allocation allocated to you.

2 EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2023
Declaration Date	Tuesday, 17 January
Finalisation Date	Thursday, 19 January
Publication of Rights Offer Circular on the Company's website	Monday, 23 January
Last day for Shareholders in Restricted Territories to satisfy EOH that they can participate in the Rights Offer	Tuesday, 24 January
Last date to trade to be eligible to participate in the Rights Offer	Tuesday, 24 January
Ordinary Shares trade ex-Rights from 09:00	Wednesday, 25 January
Listing of and trading in Rights on the JSE under Alpha Code "EOHN" and ISIN "ZAE000316444" from 09:00	Wednesday, 25 January
Circular (enclosing the Form of Instruction) posted to Qualifying Certificated Shareholders	Thursday, 26 January
Record Date for Rights	Friday, 27 January
Rights Offer opens at 09:00	Monday, 30 January
Qualifying Dematerialised Shareholders have their Broker or CSDP accounts credited with their Rights	Monday, 30 January
Qualifying Certificated Shareholders have their Rights credited to an electronic account held by the Transfer Secretaries	Monday, 30 January
Circular distributed to Qualifying Dematerialised Shareholders	Monday, 30 January
Qualifying Certificated Shareholders (or their transferees) who want to sell their Rights to ensure they have delivered the Form of Instruction to the Transfer Secretaries by no later than 12:00	Tuesday, 7 February
Qualifying Certificated Shareholders (or their transferees) who want to renounce their Rights in whole or in part must lodge their Forms of instruction to the Transfer Secretaries by 12:00	Tuesday, 7 February
Last day to trade in Letters of Allocation	Tuesday, 7 February
Listing and trading of Rights Offer Shares commences at 09:00	Wednesday, 8 February
Record date for LAs. Certificated Shareholders wishing to exercise all or some of their Rights to lodge payment or proof of payment and Forms of Instruction with the Transfer Secretaries by 12:00	Friday, 10 February
Rights Offer closes for acceptances, and last time to submit excess applications, at 12:00	Friday, 10 February
In respect of Qualifying Dematerialised Shareholders (or their transferees), CSDP or Broker accounts debited with the Rights Offer Price and credited with the Rights Offer Shares at 09:00	Monday, 13 February
Results of Rights Offer released on SENS	Monday, 13 February
In respect of successful excess applications, Qualifying Dematerialised Shareholders' (or their transferees') CSDP or Broker accounts debited with the Rights Offer Price and credited with Rights Offer Shares at 09:00	Wednesday, 15 February
In respect of successful excess applications, Rights Offer Shares issued to Qualifying Shareholders (or their transferees)	Wednesday, 15 February
Refund payments (if any) in respect of unsuccessful applications by Qualifying Certificated Shareholders (or their transferees) by EFT	Wednesday, 15 February

Notes:

1. *Share certificates in respect of Ordinary Shares may not be dematerialised or rematerialised, between Wednesday, 25 January 2023 and Monday, 30 January 2023, both days inclusive.*
2. *CSDPs effect payment on a delivery versus payment (DvP) basis in respect of Dematerialised Shares.*
3. *Qualifying Dematerialised Shareholders are required to inform their CSDP or Brokers of their instructions in terms of the Rights Offer in the manner and time stipulated in the custody agreement governing the relationship between the Qualifying Dematerialised Shareholder and their CSDP or Broker. Qualifying Dematerialised Shareholders are advised to contact their CSDP or Broker as early as possible to establish what the cut-off dates and times are for acceptance of the Rights Offer, as set out in the custody agreement, as this may be earlier than the proposed closing time of the Rights Offer.*
4. *All of the above dates and times have been determined based on certain assumptions in relation to the Rights Offer and are subject to change. Shareholders will be notified of any amendments to the above dates and times on SENS.*
5. *Qualifying Certificated Shareholders must complete the Form of Instruction enclosed with this Circular and dispatch their Form of Instruction to the Transfer Secretaries so that it is received by no later than 12:00 (SAST) on Tuesday, 7 February 2023 if they wish to dispose of a part or all of their Rights. The Transfer Secretaries will endeavour to procure the sale of your Rights on the JSE on your behalf and to remit the proceeds less any fees paid to the Transfer Secretaries and any applicable taxes, withholdings or other costs in accordance with your instructions. If you wish to renounce all or part of your Rights in favour of any named renouncee, you must complete Form B in the enclosed Form of Instruction, and the renouncee must complete Form C in the enclosed Form of Instruction, and return it to the Transfer Secretaries so as to be received by no later than 12:00 (SAST) on Tuesday, 7 February 2023.*
6. *All dates and times in the above table and quoted generally in this Circular are South Africa dates and times, unless otherwise stated.*

3 BACKGROUND TO AND REASONS FOR THE RIGHTS OFFER

3.1 History and development

EOH listed on the JSE in 1998, with a turnover at the time of R12 million and profit after tax of R2 million. The Company initially engaged in IT consulting, outsourcing, and installing enterprise resource planning systems for corporations and then went on to consolidate the fragmented IT sector in South Africa by pursuing an aggressive acquisition strategy.

By FY2018, EOH had grown to become one of the biggest IT companies in South Africa with a market capitalisation in the order of R6 billion. However, the Group comprised of 272 separate legal entities, leading to a lack of coordination, transparency and accountability. In addition, the Group had accumulated a significant debt position in excess of R4.5 billion. Furthermore, under the previous management team EOH's share price and good standing were negatively affected by the Group's links to corrupt activity in the awards of state tenders to EOH. An extended investigation by the new executive management team kicked off in 2019 found that there were limited to non-existent anti-corruption practices and procedures in place, which are critical to the protection of the reputation of the Group.

In 2019 the Group appointed a new Board and management team and embarked on a turnaround strategy that involved addressing the three major concerns within the Group, namely credibility, liquidity and transparency.

Over the past three years, EOH has spent a significant amount of time on its turnaround strategy, which has focused on dealing with the legacy issues inherited by the current management team and refining and revising its capital and corporate structure to stabilise the business (where management's focus has rested primarily on improving the quality of the Company's earnings, reducing costs and solving the substantial legacy debt and inefficient capital structure), and further positioning EOH for future growth.

3.2 Credibility and transparency

In re-establishing EOH's credibility, the current management team has focused on enhancing governance, risk and compliance frameworks, procedures, policies and controls in addressing the reputational issues related to legacy corruption and mismanagement. This has been principally achieved through the changes made to the EOH leadership and executive management team during 2018 and 2019, the comprehensive forensic investigation led by ENSafrica and establishing an enhanced King IV compliant board of directors to lead the Group. EOH took a proactive stance in bringing to the attention of the law enforcement bodies, government authorities and regulatory agencies the irregularities that were uncovered and the subsequent remediation efforts that have been put in place. EOH has made significant investment in processes to improve governance and controls and assure government, regulators, customers, business partners, OEMs, investors, banks and financiers and other stakeholders that the lack of governance, risk and compliance management that prevailed in the past has been suitably remedied and there is minimal likelihood of recurrence of the scale and type of wrongdoing that took place in the past. Fundamental remedial actions and governance frameworks have been implemented to address both best practice requirements and the specific breakdowns or gaps in the control processes as identified by management and as part of the ENS Investigation. ENSafrica, PricewaterhouseCoopers Inc. and the University of Stellenbosch Centre for Corporate Governance in Africa were retained to assist in the implementation of a new governance, risk and compliance framework to establish a solid foundation for good governance and ethical business practices. The Compliance Framework has been aligned to address the requirements of the Foreign Corrupt Practices Act, 1977 (a United States federal law) which is widely deemed to be the most comprehensive anti-corruption legislation in the world.

In addition to the above and subsequent to receiving the results of a forensic investigation by ENSafrica into alleged corrupt activity in certain business units of EOH, EOH has implemented a turnaround plan which has included but is not limited to:

(a) The re-formulation of the Enterprise Risk Management Framework, the Code of Conduct, and the information security policy to enhance good corporate governance.

(b) The re-statement and communication of the EOH zero tolerance against bribery and corruption statement and Code of Conduct.

(c) The implementation of a conflicts management control room within the compliance function which conducts ongoing due diligence on all third parties and the respective proposed engagements prior to third party engagements.

(d) The implementation of a bid review process which ensures that all public sector bids over R1 million and private sector bids over R10 million rand have been put together in compliance with all applicable legislation, internal policies and within the Company's risk appetite parameters.

(e) The introduction of ongoing online mandatory training in regards to the Company's values, employee compliance and other internal policies. This training is automatically tracked and reported on and non-compliance affects employees' performance reviews and the subsequent incentives that they may be entitled to.

(f) The implementation of an automated compliance portal and electronic attestation process which allows, amongst others, for (i) access to policies; (ii) anti-bribery and anti-corruption attestations; (iii) gift and entertainment registration; (iv) outside business interest disclosures; and (v) EOH Share dealing requests.

(g) The appointment of an enhanced King IV compliant board with the requisite knowledge, skills, experience, diversity and independence. In addition, various new roles have been created to support independence, governance, establish internal controls and focus on risk management throughout the Group, including:

(i) the appointment of a Group Head of Governance, Risk and Compliance (Garreth Young), BA LLB (Admitted Attorney) who was previously Head of Compliance; Governance, Risk and Control for ABSA Corporate and Investment Bank;

(ii) the appointment of a Group Head of Legal (Damian Naicken), LLB (Admitted Attorney) who was previously Group Legal Manager for the Servest group; and

(iii) the appointment of a Group Head of Internal Auditing (Kaamil Buckas), CA(SA) who was previously Regional Executive: Audit and Risk for the Liquid Telecommunications group.

(h) Action against wrongdoers and former EOH management.

As has been disclosed extensively over the past three years, the new EOH management team, led by Chief Executive Officer Stephen van Coller and executive management team, Megan Pydigadu, Group Financial Director and Fatima Newman, Group Chief Risk Officer, has proactively engaged and co-operated with all authorities including the Directorate for Priority Crime Investigation (**"Hawks"**), the Financial Intelligence Centre established in terms of the South African Financial Intelligence Centre Act 38 of 2001, National Treasury, the South African Revenue Service (**"SARS"**), the Securities Exchange Commission, The Zondo Commission and other law enforcement authorities. Furthermore, civil and criminal proceedings have been instituted by EOH against implicated parties and are underway to recover funds from parties who have been unlawfully enriched at the expense of EOH. EOH has not only completed its reporting obligations in terms of relevant corruption laws, but has also gone further and testified at the Zondo Commission. The aforementioned actions taken against implicated parties includes former employees, as well as enterprise development partners implicated in wrongdoing. None of the individuals implicated in the wrongdoing nor the dilatory management remain employed by the Company.

(i) Embedding Financial Controls

EOH has made significant progress in reducing legacy debt and embedding financial controls and reported two consecutive years of operating profit since the new board and executive management team took over.

In addition, the following governance enhancements have been made:

(j) the establishment of a Group Credit Committee, Risk Committee and Investment Committee;

(k) a comprehensive delegation of authority devolved from the Board;

(l) the establishment of a combined assurance model;

(m) enhanced internal controls around financial statement closure process;

(n) a management attestation process; and

(o) monthly reporting by the divisional business clusters to the executive committee.

In relation to transparency, the emphasis has been on rationalising the Group's large portfolio of federated operating companies to allow EOH to provide a clear business model, simplify its route to market and position EOH for future growth. This resulted in the creation of the three key business segments, being iOCO (the core ICT business), Nextec (specialising in digital infrastructure and people solutions) and the IP segment (being the companies ready for scaling that were identified for disposal as part of EOH's deleveraging strategy, which disposal process has now been completed). Further, EOH has successfully reduced its 272 legacy legal entities to 112 legal entities as at 31 July 2022.

3.3 Liquidity

Addressing the liquidity concern was imperative given EOH's unsustainable working capital levels and, large debt burden. The primary contributor to EOH's deleveraging strategy has been the sale of the health and IP assets including CCS (announced on SENS on 2 July 2019 and 20 April 2020), Syntell (announced on SENS on 18 November 2020), Sybrin (announced on SENS on 8 June 2021), Afiswitch Proprietary Limited (**"Afiswitch"**) (not announced on SENS as it did not meet the threshold for announcement) and the Information Services Group (announced on SENS on 11 March 2022). The disposal of Sybrin was effective on 31 March 2022 for an enterprise value of R410 million. The disposal of the Information Services Group (the final IP asset to be disposed of) was effective 15 June 2022 for an enterprise value of R445 million. Subsequent to 31 July 2022, Network Solutions was disposed of with an effective date of 31 August 2022 for a total enterprise value of R136.9 million (announced on SENS on 7 April 2022). The relevant SENS announcements are available on EOH's website (www.eoh.co.za/investor-relations/sens). The net proceeds of these disposals were applied to reducing the Group's indebtedness to its lenders. As at the Last Practicable Date, indebtedness under the Senior Bridge Loan is R728 million.

In addition to the disposal process, EOH has continued to implement strict controls on the management of its working capital and cash flows, focusing on quality of revenue as evidenced in the improvement of gross profit margins from 22% at July 2019 to 29% at July 2022 and creating a fit-for-purpose cost structure. EOH's drive to exit loss making contracts coupled with cost savings initiatives resulted in an operating profit margin increase from negative 12% at July 2020 to 4% at July 2022. With the disposal strategy now complete, the Group is optimally structured from both an operational and commercial perspective, to offer its clients holistic technology solutions.

3.4 Rationale of the Rights Offer

Over the past three years, EOH has spent a significant amount of time on its turnaround strategy, focused on dealing with the legacy issues inherited by the current management team and refining and revising its capital and corporate structure to stabilise the business (focused on quality earnings, cost reduction and solving the substantial legacy debt and inefficient capital structure), and positioning EOH for future growth.

As stated in EOH's final results announcement on 26 October 2022, EOH has experienced an improvement in its operating environment resulting in improved operating profit of R135 million for FY2022 and an improvement of 91% to the total loss per share and 18% to the total headline loss per share, respectively, for FY2022 compared to the total losses per share in the prior period.

These positive financial results reflect a major milestone in the successful execution of EOH's turnaround strategy and follow significant progress made in addressing historical compliance, governance and risk failings. With the turnaround of EOH's compliance, governance and risk management largely complete, and in the context of significant improvement in EOH's financial performance, the Board considers it appropriate to focus on optimising EOH's capital structure for future growth by raising equity capital.

Notwithstanding significant progress made to date, EOH's deleveraging and liquidity objectives remain incomplete, with EOH continuing to be burdened by its debt commitments and interest obligations which necessitated renegotiation of its debt funding package with its lender group in April 2022.

Following discussions with the lender group, EOH successfully refinanced its R1.9 billion debt into a R1.4 billion Senior Bridge Loan repayable before or on 1 April 2023 (effective from 12 October 2022, the lender group amended the repayment period to on or before 31 December 2023) and a R500 million Senior Term Loan with a three-year term. In addition, EOH has R500 million in facilities comprising of R250 million overdraft facility and R250 million in indirect facilities including guarantees and credit cards.

Following the disposal proceeds received from the sale of Sybrin, the Information Services Group (prior to year-end FY2022) and Network Solutions (post FY2022 year-end), the remaining balance on the Senior Bridge Loan is R728 million.

The terms of the refinancing agreement (and related amendments) set out in Schedule 4 require EOH to embark on an equity raise (by way of a rights offer, an issue to a strategic equity investor or investors or an issue of ordinary shares for cash) by no later than 14 November 2022, with proceeds from such equity raise used to settle a significant portion of the outstanding Senior Bridge Loan. EOH has met this requirement under the refinancing agreement by its announcement of the Rights Offer on SENS on 11 November 2022 and the publication of the EGM Circular on 14 November 2022. The refinancing agreement further permits EOH to refinance the Senior Bridge Loan by the incurral of indebtedness of a senior facility which is long-term in nature should the Senior Bridge Loan not to be settled in full through the Capital Raise.

In conjunction with the conclusion of the disposal of the IP assets and the cost optimisation project, EOH has determined that a successful R600 million Capital Raise is required to settle a significant portion of the balance of the Senior Bridge Loan, the impact of which is expected to be:

(a) the reduction of the current interest burden by c.R100 million per annum;

(b) the creation of a sustainable capital structure, which will provide management with the opportunity to make longer term growth decisions and free up cash resources allowing EOH to invest in new markets, new product offerings and bolster existing product offerings;

(c) providing EOH with sufficient financial headroom to eliminate the need for forced business disposals in the future; and

(d) removal of the perceived financially distressed status of EOH, enabling the attraction and retention of top personnel and management as well as improving client relationships and the Group's ability to take on new clients and projects.

As the Rights Offer is fully committed and underwritten, EOH anticipates R165 million remaining on the Senior Bridge Loan after successful completion of a Capital Raise with gross proceeds of R600 million. The Group has concluded a term sheet with The Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking division), subject to a successful conclusion of the Capital Raise, the application of those proceeds towards a partial reduction of existing debt and satisfactory conclusion of written agreements together with the fulfilment of conditions precedent, to refinance the remaining debt into the following package:

a R200 million 4 year amortising term loan;

a R250 million 3 year bullet term loan;

a R250 million 4 year revolving credit facility; and

R500 million general banking facilities which will include a working capital facility and ancillary banking facilities.

This will ensure post the Rights Offer the Group emerges from the Capital Raise with a sustainable capital structure, allowing management to focus on driving growth in the operations.

The Rights Offer will provide Shareholders with the opportunity to participate in the future growth of EOH as it benefits from its improved financial position.

4 USE OF PROCEEDS OF THE RIGHTS OFFER

Through the Rights Offer, EOH proposes to raise up to R500 million. The net proceeds of the Rights Offer together with the R100 million Specific Issue will be used to substantially settle the balance of the Senior Bridge Loan, thereby reducing EOH's debt to a sustainable level. Right-sizing the capital structure will allow EOH to pursue a growth strategy, improve its earnings and ultimately lead to a value unlock for Shareholders.

5 DIVIDENDS AND DIVIDEND POLICY

5.1 Dividends

The Board has not declared any dividends for the three financial periods FY2020, FY2021 and FY2022.

5.2 Dividend policy

EOH's ability to pay any dividends in the future will depend on a variety of factors, including the amount of cash available, the funding required for the Company's existing projects and the timing at which they become cash generative, the Group's financing costs and other cash requirements existing at the time. The quantum, timing and frequency of dividend declarations will be at the sole discretion of the Board and will be a function of the profitability and cash resources, targeted growth opportunities and the overall EOH strategy.

To the extent that surplus cash becomes available at a future date for distribution, the Board will consider the potential for the distribution of such surplus cash by way of a dividend and institution of a dividend policy.

6 RISK FACTORS

The following risks should be considered carefully by Qualifying Shareholders and investors prior to making any investment decision in respect of EOH. This section addresses certain existing and future material risks to the business of the Group. The risks below are not the only ones that the Group will face. Some risks are not yet known and some that are not currently deemed material could later prove material. All the risks could materially adversely affect the Group, its reputation, business, financial condition, results of operations and prospects. In such cases, the market price of the Letters of Allocation, Rights Offer Shares or other Ordinary Shares may be negatively affected and Qualifying Shareholders could lose all or part of their investment.

6.1 Risks related to south africa and other regions in which eoh conducts business operations

Socio-economic inequality in South Africa may subject us to political and economic risks which may impact our business

Although political conditions in South Africa are generally stable, changes may occur in the composition of its ruling party or in its political, fiscal and legal systems which might affect the ownership or operation of our business, which may, in turn, materially and adversely affect our business, financial condition and results of operations. These risks may include changes in legislation, changes to Exchange Control Regulations or their application or enforcement, taxation and other laws or policies affecting foreign trade or investment and could materially and adversely affect our business, financial condition and results of operations. Any changes in investment ratings, regulations and policies or a shift in political attitudes both within and towards South Africa are beyond our control and could materially and adversely affect our business, financial condition and results of operations. South Africa faces many challenges in overcoming substantial racial differences in levels of economic and social development among its people. High unemployment levels and inadequate access to adequate education, health care, housing and services, including water and electricity, often lead to protests and social unrest.

Disruptions in essential services (such as electrical power and water supply) and possible significant tariff increases

Increases in energy or other commodity costs, including electricity, may adversely affect the Group's customers' discretionary spending and demand for the Group's products and increase the cost of sales, adversely impact the Group's result of operations due to consequential increases in operating costs and will divert financial and management resources from more beneficial uses. National electricity shortages are occurring in South Africa, with periodic power outages or spikes, prompting the national power utility, Eskom to impose electricity rationing and scheduled blackouts (known in South Africa as "load shedding"). Eskom has warned that the national power grid may be stressed for several years as existing power stations are maintained and new power stations come online. During this time, regular power outages are likely to continue. The continued power outages may adversely impact the Group's productivity.

Political and social conditions may materially adversely affect the Group, its business, financial conditions and results of operations

There have been several political and social disruptions during the recent past. These include the social unrest in the KwaZulu-Natal and Gauteng provinces in South Africa during July 2021. Continued or deteriorating political and social unrest or rapid changes in South Africa may undermine investor or consumer confidence in South African companies. The inability of the government in South African to achieve political and social stability may result in a decline in market and investor confidence in the South African economy affecting the Group's business, results of operations, financial condition and prospects.

Compliance with regulatory requirements such as B-BBEE, data collection/protection and privacy laws

Following any legislative changes to the general B-BBEE and/or applicable sector codes, EOH may be required to incur additional costs in maintaining its B-BBEE rating, currently being a Level 1 B-BBEE contributor. Failure to maintain a rating of Level 2 or better and in certain instances to maintain 51% Black Owned and/or 30% Black Women Owned status, could have an adverse material impact on the Group's ability to do work in the public sector and the private sector. Information security, data collection/protection and privacy laws and regulations change frequently, and compliance with them may require the Group to incur costs to make necessary system changes and implement new administrative processes.

Current macroeconomic conditions, volatility in the general economic conditions, including the severity and duration of any downturn in the global economy and financial markets

Adverse changes in the global economy or in any of the regions in which the Group sells its products or services could reduce consumer confidence and spending patterns, and thereby could negatively affect profit for the year and have a material adverse effect on the Group's results of operations. If the current economic conditions deteriorate, the Group's business, results of operations, financial condition and prospects may be materially and adversely affected, in particular if customers reduce or eliminate discretionary spending. Furthermore, as the war in Ukraine continues this may have an adverse effect on the supply chain of the Group and its ability to timeously delivery its products or services to its customers. Any other calamity or crisis or any change in financial, political or economic conditions globally, regionally or locally may create economic uncertainty and may affect EOH's customers' spending patterns which in turn may negatively affect EOH's financial position and results of operations.

6.2 Risks related to the group's business and industry

Sanctions, blacklisting or claims for historical failures

Historically, the employees and executives of the Group were implicated in alleged unethical, criminal and other illegal acts. These employees and executives are no longer employed by the Group and the Group has implemented policies and internal controls to prevent such criminal or illegal acts.

Notwithstanding the above, the Group is required to continue to comply with a number of anti-bribery and money laundering regulations which prohibit it from making improper payments, including bribes or facilitation payments. As a result of doing business with public organisations, the Group may be exposed to a potential compliance risk with respect to applicable anti-corruption laws and sanctions regulations, for periods relating prior to 2019.

Although the Group has addressed the tainted contracts and taken significant steps to resolve historical compliance, governance, and risk failings and enforces and monitors controls to prevent violations of applicable laws, including internal control procedures and compliance policies, the Group may be liable for an unauthorised or improper payment or offer of payments made by an employee or agent, even if the parties are not subject to the Group's control. The risks associated with potential violations of such regulations may negatively affect future results of operation or subject the Group to criminal or civil enforcement actions and penalties, including fines, denial of export privileges, injunctions, asset seizures, and revocations or restrictions of licenses.

Although EOH is not aware of any material pending or threatened lawsuits (other than as discussed in paragraph 17.5), and any claims are likely to have prescribed, it is possible that a third party which suffered loss as a result of EOH's compliance, governance and risk failures prior to 2019, after showing the courts good cause of their delay in bringing the claim, could bring a claim against EOH for breach of contract or in delict (tort). Such a claim may, if successful, have a material adverse effect on the Group's business, results of operations and/or financial condition.

Cyber-attacks and attempted and actual breaches of, or failures of, EOH's information systems and networks or those of the Group's third-party service providers

The systems employed by EOH for protecting against cyber security risks include perimeter defences, endpoint controls that include zero trust agents and anti-virus software. However, these systems may not be sufficient. As cyber incidents continue to evolve, EOH will likely be required to expend additional resources to continue to enhance the sophistication of its protective measures or to investigate and remediate any vulnerability to cyber incidents. If a data security breach occurs, or if there is any theft or misappropriation of employee, supplier or customer data, the Group's reputation could be damaged and it could experience lost revenue, fines or lawsuits, which could have a material adverse effect on its business, financial condition and results of operations.

The Group's internal and external information technology infrastructure is distributed across its own and certain third-party owned and managed data centres and cloud platforms, which are continuously monitored from the Group's offices and certain third-party security operations centres. In addition, services are being delivered from several entities within the Group, and are governed by the Group's information technology guidelines and policies. EOH Group relies on these entities for the uninterrupted availability of such IT infrastructure to conduct its respective businesses within the Group.

Any information technology infrastructure failure or disruption, including as a result of natural disasters or accidents (such as a serious flood or fire), virus, security intrusion (including any deliberate acts of internal sabotage), malfunction or adverse occurrence with respect to the Group's data centres or managed services platform may negatively affect the Group's ability to provide prompt and efficient service to its customers which may negatively impact their critical business functions. In addition, any information technology infrastructure failure or disruption could negatively impact the Group's own business functions, including the management of payroll, customer accounts and invoicing, and other internal functions.

If any of these events were to occur, it may have a material adverse effect on the Group's business, results of operations and financial condition.

Failure to correctly implement a new Enterprise Resource Planning ("ERP") System

EOH is currently implementing a new fully-integrated Group-wide ERP system with the aim of enabling management to achieve enhanced quality, reliability and timelines of information; improved integration and visibility of information stemming from the Group. The adoption of a new ERP system, which will replace the existing accounting systems, poses several challenges relating to, amongst other things, training of personnel, communication of new rules and procedures, changes in corporate culture, migration of data, and the potential instability of the new system. EOH is aware of the potential risks associated with system implementation and intends to adopt mitigation plans and contingency plans that include significant end to end UAT testing of all functionality. However, there can be no assurance that a new ERP system will be successfully implemented.

The loss of key personnel, or EOH's inability to attract and retain skilled staff could hamper future growth plans

There is increasing demand for technology skill in the global market. Remote work in a post COVID-19 market is providing skilled resources additional opportunities. As competition for these employees increases, EOH may not be successful in attracting and retaining qualified personnel. EOH's failure to become an employer of choice to attract and train new personnel, or our failure to retain, focus and motivate our current personnel, could materially and adversely affect our business, results of operations and financial condition.

The success of the Group's business and the implementation of its growth strategy is reliant on the effectiveness of its developers and sales team in increasing the amount of business from the Group's existing customers, as well as driving new customer growth and maintaining customer relationships. The Group's sales team is responsible for both establishing new customer relationships and, together with developers, managing and growing existing customer relationships. As the Group continues to develop and diversify its offering, it is important that its sales team members also have the capacity, technical expertise and motivation to effectively sell its offerings to customers and the development team have the capacity to provide technical support to customers. In particular, the Directors believe that the longevity of service and depth of industry knowledge of its sales team members and its development team members is a key component of its relationships with customers. The Developers are placed at customers' premises and are responsible for providing technical support required by customers concerning the Group's products and services. As the Group continues to develop and diversify its offering, it is important that the developers also have the capacity, technical expertise and motivation to effectively carry out its offerings to customers.

If the Group were unable to attract, recruit and retain a talented sales team as the development team for any reason, it may experience a decline in its ability to effectively sell its offerings and the overall levels of customer service may decline. As account managers typically act as customers' primary point of contact from the start of a customer relationship, the Group may also face a deterioration in, or loss of, customer relationships if account managers leave the Group or if growth in customer numbers strains the capacity of account managers or other sales team members. As developers provide technical support to customers, the Group may also face a deterioration in, or loss of, customer trust and relationships if the Group does not have sufficient developers to provide technical support. Furthermore, while members of the sales team and developer teams are subject to restrictive covenants which restrict their ability to compete with the Group or solicit the Group's customers post termination of their employment with the Group, there can be no assurance that the Group will be able to enforce such restrictive covenants. Any such loss of talent or deterioration in customer relationships could negatively impact the Group's ability to maintain its existing customer base and grow its share of the customer wallet. Further, any increase in the necessary levels of remuneration for sales and development staff may reduce the Group's profit margin. If any of these events were to occur, it may have a material adverse effect on the Group's business, results of operations and financial condition.

The Group is substantially dependent on senior management

The Group's future success is substantially dependent on the continued services and performance of its senior management team, most of whom have significant experience with the Group and knowledge of its industry. However, there can be no assurance that senior management will continue working for the Group. Each member of the executive committee is entitled to resign from their position by giving not less than 3 (three) months' notice, whereas senior management are entitled to 1 (one) month notice on resignation.

Furthermore, while members of senior management are subject to restrictive covenants which restrict their ability to compete with the Group or solicit the Group's vendor partners, customers or employees post termination of their employment, there can be no assurance that the Group will be able to enforce such restrictive covenants. In addition, the Group may face challenges in attracting suitably qualified new senior management team members. The departure of any member of senior management without an adequate replacement being in place or available may have a material adverse effect on the Group's business, results of operations and/or financial condition.

The Group may be unable to maintain customer relationships or grow customer spend

The Group aims to increase customer spend (the share of customer wallet) as its relationships with customers mature by identifying additional products and services that a customer may need or find useful. Whilst the Group has historically been successful in maintaining its existing customer base and growing its share of the customer wallet, there can be no assurance that these trends will continue. Given the nature of customer contracts, there is also significant flexibility for customers to decide with little or no notice not to renew their arrangements with the Group. Customers may terminate their relationships with the Group for a variety of reasons including as a result of dissatisfaction with its products and services, prices or quality, media coverage in respect of the Group, some of which may be outside of the Group's control, and in many cases such termination may be made without notice and/or cause.

If the Group is unable to maintain or grow its existing customer relationships, it could have a material adverse effect on the Group's business, results of operations and/or financial condition.

The Group's insurance coverage may not be adequate to cover all possible losses that it could suffer and its insurance costs may increase

The Group maintains insurance coverage which the Directors believe is appropriate for the scope of its business. Although the Group carries insurance for its leased properties and business interruption, as well as professional indemnity insurance and directors' and officers' liability insurance, its insurance policies do not cover all types of losses and liabilities (such as key employee insurance in respect of senior management) and are subject to limits and excesses. In addition, obtaining directors' and officers' liability insurance as well as insurance to protect against loss suffered as a result of cybersecurity breaches in South Africa is difficult and as such the Group has to spend money to obtain such insurance cover from offshore insurance companies.

There can be no assurance that the Group's insurance will be sufficient to cover the full extent of any losses or liabilities it may incur and there can be no guarantee that the Group will be able to renew its current insurance policies on favourable terms, or at all. Where the Group's insurance coverage is inadequate to cover actual losses or its insurance costs are to increase significantly, it may have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's reliance on its relationship with original equipment manufacturers ("OEMs")

The Group relies on the relationships with OEMs in order to provide services to EOH's customers. Although EOH conducts careful checks on OEMs before establishing a relationship with an OEM there is no assurance that there will not be a breakdown in the relationship between the Group or that supplies and after sales service by OEMs will not be interrupted or terminated. If a breakdown in the relationship between the Group and an OEM occurs for whatever reason or supplies and services by an OEM are interrupted or terminated this would have the potential to negatively impact the services and products EOH provides to its customers.

Not having sufficient funds to meet its payment obligations as they fall due if the Rights Offer is not successfully completed

Failure to raise gross proceeds of R600 million after giving effect to the Rights Offer and the use of proceeds therefrom as set forth under *"Use of Proceeds of the Rights Offer"*, would result in the Group being required to repay a larger portion of the Senior Bridge Loan from other sources, including potentially a refinancing from third party financiers, in order to repay the Senior Bridge Loan in accordance with the terms of the refinancing agreements with lenders. A failure to repay the Senior Bridge Loan will result in an event of default under the senior funding agreements and the senior lenders will be entitled to accelerate the repayment of all amounts owing to them (including under the Senior Term Loan and the general banking facilities) and enforce their rights under and in relation to the security provided in favour of the senior lenders (which includes a pledge over all shares in each member of the Group (other than EOH) and a cession, in security, of the debtors book of each obligor). While the Working Capital Facility does not contain any financial covenants, the lender under the Working Capital Facility, SBSA, may bring an enforcement action against the Group if the Group fails to comply with other obligations contained therein, including timely payment of interest. Due to the nature of the Group's Secured Facilities in particular, an event of default (including a failure to pay principal or interest when due) under one facility (e.g. Loan A) could result in cross-defaults and/or cross-accelerations under other facilities (e.g. Loan B) and the acceleration of the payment obligations under the Secured Facilities as a whole or under other lending arrangements, which could result in substantial amounts of borrowings becoming due and payable with immediate effect. The foregoing could potentially have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's exposure to the risk of having indebtedness at floating interest rates

Interest is payable in respect of the Secured Facilities and the Working Capital Facility by reference to a JIBAR or prime floating interest rate. Interest rates are sensitive to many factors including governmental, monetary and tax policies, domestic and international economic and political considerations, regulatory requirements and other factors outside of the Company's control. Accordingly, the Group is subject to the risk of interest rates rising significantly in the future, thereby increasing the Group's interest expense and reducing cash flow available for other uses and adversely affecting the Group's ability to meet its growth objectives.

In addition, the continuing rise in inflation globally and locally could have an adverse impact on growth and business confidence. The growth in inflation could also impact the overall affluence of the society in which the Group's customers operate from and consumer's purchasing power thus shaping consumer spending habits and in turn potentially having an adverse impact of the Group's business, operational results or financial condition.

Reputational Risk exposure to EOH, as a result of uncovering improper business practices and misconduct of the former employees and management

As referenced above, EOH's turnaround journey includes the steps that it had taken against the former management and employees implicated in alleged improper and/or unlawful conduct, such as filing notices in terms of section 34 of the South African Prevention and Combating of Corrupt Activities Act 12 of 2004, as well as exiting the aforementioned employees and management from EOH. There is always a possibility that, despite EOH's herculean effort to identify and address all improper business practises, EOH may uncover further improper business practises, relating to the period prior to 2019, of which it was not aware. EOH, being committed to good, ethical and transparent business, would at such time, take steps to address and remediate the alleged misconduct.

Notwithstanding these steps EOH may nonetheless face reputational exposure and risk associated with this, previously unidentified misconduct.

Material ongoing litigation involving EOH, wherein EOH is the defendant or respondent

EOH has initiated a comprehensive investigation into the business dealings of the Group focusing on those contracts with a monetary value exceeding R100 million. The Group is currently subject to litigation from some of its customers and from SARS.

In respect of SARS, on 14 February 2020 SARS issued additional PAYE and SDL assessments against EOH Abantu for the tax periods March 2011 to February 2016, which consisted of administrative and understatement penalties. The Group is still in discussion with SARS in an effort to reach settlement in respect of the administrative and understatement penalties. At total of R98 million of the initial provision of R277 million was repaid to SARS up to 31 July 2022. To date, the settlement discussions with SARS have not been successful. The EOH Group has made six different settlement offers to date, that have all been declined by SARS and the Group has subsequently filed an application in the High Court to have the SARS decisions set aside on the basis of irrationality. The Group remains confident that it has a strong legal case to contest the remaining exposure, based on internal and external legal and technical advice obtained. This potential litigation matter and other material litigation matters are set out in further detail under the litigation statement at paragraph 17.5 below. These litigation matters may have adverse financial consequences for EOH.

Despite EOH's investigations into the Group, there may be cases arising in the future from contracts not reviewed and such claims, even if successfully defended, could have a material adverse effect on EOH's reputation and divert the attention of its management team away from running the Group's business. In addition, if EOH is unsuccessful in respect of the litigation matters set out in paragraph 17.5 below and/or in terms of any new arising claims EOH's business, results of operations, financial condition and prospects could be materially adversely affected.

6.3 Risks related to the rights offer and the rights offer shares

The Rights Offer and Rights Offer Shares are subject to the following risks which are typical for a capital raise of this nature:

(a) risk of fluctuation in the price of the EOH Shares, which may fluctuate below the Rights Offer Price;

(b) risk that there will be no active trading market for the Letters of Allocation or Rights Offer Shares (once issued);

(c) if Ordinary Shareholders do not exercise their Rights in a proper and timely manner, there is a risk that they may not be able to subscribe for Rights Offer Shares and they may not receive any compensation for their unexercised Rights;

(d) due to various legal restrictions, Ordinary Shareholders in certain jurisdictions may not be able to participate in the Rights Offer and their percentage ownership and voting interests in the Company's share capital will accordingly be diluted; and

(e) the Rights Offer Shares may not be freely transferable in the Restricted Territories.

The market price of the EOH Shares may fluctuate

The market price of EOH Shares is subject to fluctuations due to changes in sentiment in the market in response to various facts and events, any regulatory changes affecting the Group's operations, variations in its results of operations and its business developments or business developments of its competitors or changes in financial estimates by securities analysts. Stock markets have, from time to time, experienced significant price and volume fluctuations that have affected the market prices for securities and which may be unrelated to the Group's operating performance or prospects. Furthermore, the Group's operating results and prospects may, from time to time, be below the expectations of market analysts and investors. Any of these events could adversely affect the market price of the EOH Shares, and the Company cannot ensure that the public trading market prices of the EOH Shares will not decline below the Rights Offer Price.

The Company may be vulnerable to takeover offers, which may not reflect the full value of the Group's business

The Group believes that its Share price over recent months has not fully reflected the value of the Group and accordingly that any takeover offer, even at a premium to its current share price, for the Group may not deliver what it believes to be full value to the Ordinary Shareholders. In addition, the current share price may make the Company more vulnerable to any such takeover offers.

The ability of EOH to pay dividends in the future

The Company pays dividends to the Ordinary Shareholders only if funds are available for that purpose. Whether funds are available to pay dividends depends on a variety of factors, including the amount of cash available, the funding required for the Company's existing projects and the timing at which they become cash generative, the Group's financing costs and other cash requirements existing at the time. See *"Dividend Policy"* and *"Management's discussion and analysis of the financial condition and results of operations"*. Under South African law, the Company is entitled to pay a dividend to its Ordinary Shareholders only if it meets the solvency and liquidity test set out in the Companies Act. Given these factors and the Board's discretion to declare a cash dividend, in the future the Company may not pay dividends for any given period.

An active trading market in the Letters of Allocation may not develop and, if a market does develop, the Letters of Allocation may be subject to greater volatility than the EOH shares

The Letters of Allocation are expected to be traded on the JSE from Wednesday, 25 January 2023 to Tuesday, 7 February 2023. The Group does not intend to apply for the Letters of Allocation to be traded on any other exchange. An active trading market in the Letters of Allocation may not develop on the JSE during the trading period. If a trading market does develop, there is no assurance of the nature of such trading market. In particular, because the trading price of the Letters of Allocation depends on the trading price of Shares, any volatility in the price of the EOH Shares may cause even greater volatility in the price of the Letters of Allocation.

Ordinary Shareholders' ability to sell a substantial number of the Letters of Allocation or the EOH Shares may be restricted by the limited liquidity of EOH Shares traded on the JSE

The principal trading market for the Letters of Allocation and the EOH Shares is the JSE. The EOH Shares are also listed on A2X, the licensed stock exchange authorised to provide a secondary listing venue for companies. Historically, aggregate trading volumes and liquidity of shares listed on the JSE have been lower in comparison with other major developed international trading markets. During the period between 13 January 2022 and the Last Practicable Date, a daily average of 338 347 EOH Shares were traded on the JSE and on A2X, representing 0.19% of its issued share capital as at the Last Practicable Date. The liquidity of the EOH Shares or the Letters of Allocation traded on the JSE and the EOH Shares traded on A2X could affect the Ordinary Shareholders' ability to sell the Letters of Allocations or the EOH Shares.

Qualifying Shareholders who do not acquire Rights Offer Shares will experience dilution in their ownership of the Company

If Qualifying Shareholders do not take up the offer for Rights Offer Shares, then the percentage that their EOH Shares will represent, of all issued EOH Shares, will be reduced. Even if such a Qualifying Shareholder elects to sell their unexercised Letter of Allocation, or if such Letter of Allocation is sold on their behalf, the consideration they receive may not be sufficient to compensate them fully for the dilution of their percentage ownership of EOH's issued share capital that results from the Rights Offer.

Any future issues of the EOH Shares will further dilute the holdings of current Ordinary Shareholders and could adversely affect the market price of the EOH Shares

Other than the proposed issue of EOH Shares under the Rights Offer, the Group has no current plans for an offering of EOH Shares. However, the Group may, subject to the necessary shareholder approvals, decide to offer or otherwise issue additional EOH Shares in the future either to raise capital or for other purposes. These offers and issues may or may not be made to the Ordinary Shareholders on a *pro rata* basis. If not made on a *pro rata* basis, or if Ordinary Shareholders do not take up such a *pro rata* offer of Shares or are not eligible to participate in such offering, the percentage that their EOH Shares represent of EOH's total issued shares would be reduced accordingly. An additional offering or issue, or significant sales of the EOH Shares, could have a material adverse effect on the market price of Shares as a whole.

Ordinary Shareholders outside South Africa may not be able to receive the Rights Offer Shares and their shareholding may be diluted

Securities laws of certain jurisdictions may restrict the Group's ability to allow participation by Ordinary Shareholders in the Rights Offer. Ordinary Shareholders who are located in the United States may not be able to exercise their Rights unless a registration statement under the US Securities Act is effective with respect to such rights or an exemption from the registration requirements is available thereunder. The Rights Offer will not be registered under the US Securities Act or any other jurisdiction. Securities laws of certain other jurisdictions may restrict the Group's ability to allow participation by the Ordinary Shareholders in such jurisdictions in any future issue of shares carried out by EOH. Only Qualifying Shareholders may participate in the Rights Offer. Ordinary Shareholders who have a registered address in, who are resident in, or who are citizens of, countries other than South Africa should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to receive the Letter of Allocation and the Rights Offer Shares.

Ordinary Shareholders in countries with currencies other than the Rand face additional investment risk from currency exchange rate fluctuations in connection with their holding of the EOH Shares

The Ordinary Shares are quoted only in Rand and any future payments of dividends on the EOH Shares (including the Rights Offer Shares) will be denominated in Rand. The US Dollar or other currency equivalent of any dividends paid or received in connection with EOH Shares (including the Rights Offer Shares) could be adversely affected by the fluctuations of the Rand against other currencies.

7 RIGHTS OFFER TO QUALIFYING SHAREHOLDERS

(a) **Terms of the Rights Offer**

EOH hereby offers a total of 384 615 384 Rights Offer Shares for subscription to Qualifying Shareholders, upon the terms and conditions set out in this Circular and in the enclosed Form of Instruction. The number of EOH Shares in issue as at the Last Practicable Date is 176 544 961. The number of EOH Shares in issue immediately following completion of the Rights Offer is expected to be 561 160 345. Accordingly, the Rights Offer Shares, as a percentage of the enlarged number of issued shares of the Company immediately following completion of the Rights Offer, is expected to be 69%.

The Rights Offer is made by way of the issue of nil paid renounceable Rights to Qualifying Shareholders to subscribe for Rights Offer Shares at a subscription price of R1.30 per Rights Offer Share in the Ratio of Entitlement.

The Rights Offer Price represents a discount of 63% to the EOH share price of R3.51 as of the Last Practicable Date and a discount of 42% to the theoretical ex-rights price of R2.24 as of the Last Practicable Date.

The Rights Offer Shares are underwritten as detailed in paragraph 7(e) *"Shareholder commitments and underwriting"* and Schedule 2 *"Information on the underwriters and underwriting arrangements"*.

Excess applications will be allowed as detailed in paragraph 7(g) *"Excess applications"*.

The Rights Offer Shares will, upon allotment and issue, rank *pari passu* with all other existing Ordinary Shares and shall be fully paid up and freely transferable.

(b) **Rights Offer period**

The Rights Offer will open at 09:00 (SAST) on Monday, 30 January 2023 and will close at 12:00 (SAST) on Friday, 10 February 2023. The Letters of Allocation will be listed on the JSE from 09:00 (SAST) on Wednesday, 25 January 2023 until close of business (SAST) on Tuesday, 7 February 2023 under Alpha Code EOHN and ISIN ZAE000316444.

(c) **Rights**

The table of rights in Schedule 1 illustrates the number of Rights Offer Shares which each Qualifying Shareholder will be entitled to subscribe for in terms of the Rights Offer.

The Rights of each Qualifying Certificated Shareholder are reflected in the appropriate block in the enclosed Form of Instruction, which is enclosed with this Circular.

Qualifying Dematerialised Shareholders will not receive a printed Form of Instruction. Their CSDP or Broker accounts will be credited automatically with their Rights.

(d) **Fractional entitlements**

Only whole numbers of Rights Offer Shares will be issued to Qualifying Shareholders. The allocation of Rights Offer Shares will be such that Qualifying Shareholders will not be allocated a fraction of a Rights Offer Share and accordingly entitlements to Rights Offer Shares of 0.5 or greater will be rounded up and less than 0.5 will be rounded down to the nearest whole number.

Qualifying Shareholders holding less than 100 Ordinary Shares (if any), or not a whole multiple of 100 Ordinary Shares, will be entitled, in respect of such holdings, to participate in the Rights Offer in the Ratio of Entitlement in accordance with the Table of Entitlements in Schedule 1.

(e) **Shareholder commitments and underwriting**

Lebashe which owns 23 062 458 Ordinary Shares, equating to 13.06% of all the Ordinary Shares, has committed to follow all its Rights. Lebashe and EOH have agreed on a commitment fee of 1.5% of the amount committed by Lebashe to follow its rights under the Rights Offer. The Board has considered a number of precedent rights offers on the JSE since 2010 which were underwritten by strategic shareholders/investors and is of the opinion that, taking into account all relevant circumstances, the 1.5% commitment fee to Lebashe is market related. The commitment fee will not have any implications from a JSE Listings Requirements perspective as it falls below the categorisation threshold for related party transaction.

Mianzo, which is the beneficial owner of, the registered holder of, or otherwise directly or indirectly controls, 15 975 323 Ordinary Shares, equating to 9.5% of all Ordinary Shares, has committed to follow, or procure the following of, all its Rights. There will not be a commitment fee paid to Mianzo. Mianzo is not a related party.

Anchor Capital, which is the beneficial owner of, the registered holder of, or otherwise directly or indirectly controls, 4 172 779 Ordinary Shares, equating to 2.3% of all Ordinary Shares, has committed to follow, or procure the following of, all its Rights. There will not be a commitment fee paid to Anchor Capital.

The Biggles Trust, which is the beneficial owner of, the registered holder of, or otherwise directly or indirectly controls, 8 000 000 Ordinary Shares, equating to 4.5% of all Ordinary Shares, has committed to follow, or procure the following of, all its Rights. There will not be a commitment fee paid to the Biggles Trust.

EOH has entered into the Underwriting Agreements with the Underwriters pursuant to which the Underwriters have agreed that, if and to the extent that there are any Remaining Shares, they will subscribe at the Rights Offer Price, severally (and not jointly or jointly and severally), for the Remaining Shares as principal in each case in proportions calculated in accordance with the terms of the Underwriting Agreements

Accordingly, the Rights Offer is fully committed and underwritten.

The Directors have made due and careful enquiry to confirm that the Underwriters are able to meet their commitments in terms of the Rights Offer. Further particulars of the Underwriters are set out in Schedule 2.

Pursuant to the terms of the Underwriting Agreements, an underwriting fee equal to 2.0% of the aggregate subscription price underwritten by each Underwriter is payable by EOH to the Underwriters in their respective proportions. The Board has considered a number of precedent rights offers on the JSE since 2010 and is of the opinion that, taking into account all relevant circumstances, the underwriting fee is market related.

(f) **Minimum subscriptions**

The Rights Offer Shares are fully committed and underwritten on the terms as discussed in paragraph 7(e) *"Shareholder commitments and underwriting"*. The Rights Offer is not conditional upon any minimum subscription as any outstanding balance due in terms of the Senior Bridge Loan, following the completion of the disposal process and the Rights Offer will be refinanced by one or more of the lenders.

(g) **Excess applications**

All Rights Offer Shares not taken up by the exercise of Rights pursuant to the terms of the Rights Offer will be available for allocation to Qualifying Shareholders who wish to apply for a greater number of Rights Offer Shares than those offered to them in terms of the Rights Offer. Accordingly, a Qualifying Shareholder may also apply for additional Rights Offer Shares in excess of the Rights Offer Shares allocated to that Qualifying Shareholder in terms of the Rights Offer on the same terms and conditions as those applicable to the Rights. The right to apply for additional Rights Offer Shares is transferable on the transfer or renunciation of Rights.

Qualifying Certificated Shareholders (or their renouncees) wishing to apply for excess Rights Offer Shares should complete the enclosed Form of Instruction in accordance with the instructions contained therein and return it to the Transfer Secretaries at the addresses set out under paragraph 1.1(f) *"Action required of Qualifying Shareholders"* so as to be received by the Transfer Secretaries by no later than 12:00 (SAST) on Friday, 10 February 2023.

Qualifying Dematerialised Shareholders and Permitted Transferees who acquire Letters of Allocation on the JSE wishing to apply for excess Rights Offer Shares should instruct their CSDPs or Brokers, in terms of the custody agreement entered into between themselves and their CSDPs or Brokers, as to the number of excess Rights Offer Shares for which they wish to apply.

An announcement is expected to be released on SENS on Monday, 13 February 2023 stating the results of the Rights Offer and the basis of allocation of any excess Rights Offer Shares for which application is made.

The pool of Rights Offer Shares available to meet excess applications will be dealt with as set out below:

(i) if all the Rights Offer Shares are taken up in the Rights Offer, then no additional Rights Offer Shares will be made available for allocation to applicants;

(ii) if the Rights Offer Shares taken up in the Rights Offer and the excess applications together are less than or equal to 100% of the number of Rights Offer Shares available, the Directors will allocate any or all excess applications in full; or

(iii) if the Rights Offer Shares taken up in the Rights Offer and the excess applications together exceed 100% of the number of Rights Offer Shares available, the pool of the excess application rights will be allocated equitably, taking cognisance of the number of Ordinary Shares held by each excess applicant just prior to such allocation, including Ordinary Shares taken up as a result of the Rights Offer and the number of excess applications applied for by such applicant.

Non-equitable allocations of excess Rights Offer Shares will only be allowed in instances where they are used to round holdings up to the nearest multiple of 100 Ordinary Shares.

Rights Offer Shares in respect of successful excess applications will be issued on or about Wednesday, 15 February 2023.

Refunds of monies in respect of unsuccessful applications for excess Rights Offer Shares by Qualifying Certificated Shareholders (or their renouncees) will be paid by EFT to the relevant applicants, at their risk, on or about Tuesday, 14 February 2023. No interest will be paid on monies received in respect of unsuccessful applications.

(h) **Lapse of Rights**

Qualifying Shareholders

If you are a Qualifying Certificated Shareholder and fail to instruct the Transfer Secretaries as to what action you intend to take with regard to your Rights, or fail to comply with the procedures set out in this Circular and the enclosed Form of Instruction, within the timelines stipulated, your Rights will lapse and you will not be entitled to any payment under the terms of the Rights Offer.

If you are a Qualifying Dematerialised Shareholder and fail to subscribe for, sell or renounce your Rights, you risk your Rights lapsing if you fail to act timeously in terms of the instructions received from your CSDP or Broker. Should such Rights lapse, you will not be entitled to any payment under the terms of the Rights Offer.

None of the EOH, the Joint Financial Advisors, the Underwriters, the Transfer Secretaries or any Broker appointed by them will be responsible for any loss or damage whatsoever suffered by such Qualifying Shareholders in relation to the lapsing of their Rights.

Restricted Shareholders

In respect of the Rights of Restricted Shareholders (other than Permitted Restricted Territory Shareholders), the Transfer Secretaries will endeavour to sell such Rights on the JSE on a best efforts basis. If a premium can be obtained over the expenses of the sale of the Rights of Restricted Shareholders, the average premium realised per Right, after provision for any transfer and withholding taxes and any other costs related to or incurred as a result of such sales shall be remitted to such Restricted Shareholders in accordance with the information of such Restricted Shareholders on the Register.

None of EOH, the Transfer Secretaries, the Joint Financial Advisors, the Underwriters or any Broker appointed by them will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising out of the timing of such sales or the remittance of the net proceeds of such sales.

(i) **Overseas Shareholders**

The making of the Rights Offer to persons located or resident in, or who are citizens of, or who have a registered address outside South Africa, may be affected by the law or regulatory requirements of the relevant jurisdiction. The offer of Rights Offer Shares pursuant to the Rights Offer may not be capable of acceptance, or purported acceptance, in certain territories. Subject to the provisions set out below, Shareholders resident in, or with a registered address in, a Restricted Territory are not being sent this document, are not entitled to Rights and are not entitled to subscribe for Rights Offer Shares. Any Shareholder who is in any doubt as to his position should consult an appropriate professional advisor without delay.

Rights will not be capable of exercise by Restricted Shareholders nor to their respective agents or intermediaries. The Rights attributable to Restricted Shareholders will instead be delivered to the South African Transfer Secretaries, who will act as nominee for the said Restricted Shareholders to procure the sale of such Rights on the JSE, on a best efforts basis and remit net proceeds to the Restricted Shareholders in accordance with sub-paragraph (h) above.

No person receiving a copy of this Circular and/or being offered Rights in any territory other than South Africa may treat the same as constituting an invitation or offer to accept, exercise and/or use the Rights unless, in the relevant territory, such action could lawfully be performed, implemented or dealt with, without contravention of any registration or other legal requirements. In such circumstances, this Circular and the Rights are to be treated as sent for information only and should not be copied or redistributed. EOH reserves the right, without the consent of the Joint Financial Advisors or the Underwriters, to treat as invalid and will not be bound to issue any Rights Offer Shares in respect of any acceptance or purported acceptance of the Rights Offer which:

(i) appears to EOH or its agents to have been executed, effected or despatched from any Restricted Territory unless EOH is satisfied that such action would not result in the contravention of any registration or other legal requirement; or

(ii) in the case of a Certificated Shareholder, entails such Shareholder specifying in its completed Form of Instruction an address for delivery of the share certificates in any Restricted Territory, unless EOH is satisfied that delivering a share certificate to such Restricted Territory would not result in the contravention of any registration or other legal requirement; or

(iii) appears to EOH or its agents to have been executed, effected or despatched in a manner which may involve a breach of laws or regulations of any jurisdiction, or if EOH believes, or its agents believe, that the same may violate applicable legal or regulatory requirements.

Despite any other provision of this Circular or the Form of Instruction, EOH reserves the right to permit any Shareholder to exercise his or her Rights if EOH in its sole and absolute discretion is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question.

Permitted Restricted Territory Shareholders who do not wish the Transfer Secretaries to endeavour to procure the sale of their Rights in accordance with sub-paragraph (h) above must satisfy EOH, in its sole and absolute discretion, by no later than Monday, 30 January 2023 that their exercise, sale or renunciation of the Rights and/or their subscription for Rights Offer Shares would not result in the contravention of any registration or other legal requirement in any jurisdiction.

(j) **Conditions precedent to the Rights Offer**

The implementation of the Rights Offer is subject to the following conditions precedent being fulfilled or waived by EOH by 16:30 on 18 January 2023 or such later date as may have been determined by the Board:

(i) the Underwriting Agreements becoming unconditional in accordance with its terms (save insofar as it is conditional on the Rights Offer opening); and

(ii) approval by the JSE of the listing of the Rights and the new EOH Shares.

8 SELECTED FINANCIAL AND OTHER INFORMATION

The following tables set out selected financial and operating data as at and for the financial years ended July 2020, July 2021 and July 2022 and have been derived from EOH's audited consolidated financial statements and the accompanying notes included in this Circular. This Circular should be read together with such financial statements and the selected financial data for the applicable financial year. The results of operations for the periods presented below are not necessarily indicative of the results to be expected for any future period.

EOH prepares its consolidated financial statements in accordance with IFRS as issued by the International Accounting Standards Board.

8.1 Selected consolidated statement of comprehensive income*

The below financial information is shown on a total basis i.e. from continuing and discontinued operations.

R'000	FY2022	FY2021 (Restated)	FY2020 (Restated)
Revenue	6 930 548	7 882 423	11 276 703
Gross Profit	2 013 919	2 200 453	2 468 899
Operating Expenses	(1 731 794)	(2 053 498)	(3 788 023)
Operating Profit/(Loss)	282 125	146 955	(1 319 124)
Finance Costs	(219 229)	(286 025)	(432 110)
Taxation	(108 085)	156 984	(8 354)
Loss for the year	**(18 399)**	**(279 802)**	**(1 693 128)**
Profit from discontinuing operations included in the above	**141 847**	**27 353**	**431 471**

** This information has been extracted from previously published audited historical financial information and can be found on EOH's website (www.eoh.co.za).*

8.2 Other financial and operating data

R'000	FY2022	FY2021 (Restated)	FY2020 (Restated)
Adjusted EBITDA	503 591	667 205	19 176
Free cash flow	72 810	29 773	(20 209)

Selected consolidated statement of financial position

R'000	FY2022	FY2021 (Restated)	FY2020 (Restated)
Property, plant and equipment	231 342	398 452	789 664
Intangible assets	101 214	383 076	458 288
Net working capital	217 949	244 834	279 270
Total debt	1 310 502	2 448 986	2 382 622
Total shareholders' equity	60 054	177 794	473 185

Selected consolidated cash flows

R'000	FY2022	FY2021 (Restated)	FY2020 (Restated)
Cash generated from operations	402 875	404 942	706 735
Interest paid	(213 920)	(229 207)	(380 165)
Tax paid	(79 183)	(109 918)	(211 419)
Net cash inflow from operating activities	**119 929**	**80 297**	**155 434**
Cash receipt from disposal of businesses, net of cash given up	747 843	212 936	164 625
Net cash inflow/(outflow) from investing activities	**649 666**	**214 544**	**(165 441)**
Repayment of financial liabilities	(745 003)	(527 358)	(396 414)
Principal elements of lease payments	(92 074)	(137 205)	(94 894)
Net cash outflow from financing activities	**(837 077)**	**(613 398)**	**(495 051)**

8.3 Reconciliation of Non-IFRS Measures

Adjusted EBITDA

To provide investors with additional information regarding EOH's financial results EOH has disclosed the Adjusted EBITDA which is a non-IFRS, financial measure. 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.

Below is a reconciliation of the Adjusted EBITDA to operating profit for the year, the most directly comparable financial measure presented in accordance with IFRS.

The Adjusted EBITDA has been included because it is a key measure that EOH's management and Board intends to use to understand and evaluate EOH's core operating performance and trends, to prepare and approve EOH's annual budget; and to develop short-term and long-term operational plans. In particular, the exclusion of certain expenses in calculating the Adjusted EBITDA can provide a useful measure for period-to-period comparisons of EOH's core business. Accordingly, EOH believes that the Adjusted EBITDA provides useful information to investors and others in understanding and evaluating EOH's operating results.

EOH's use of the Adjusted EBITDA has limitations as an analytical tool, and you should not consider this performance measure in isolation from or as a substitute for analysis of our results as reported under IFRS. Some of these limitations are:

(a) Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;

(b) Adjusted EBITDA does not reflect changes in, or cash requirements for, EOH's working capital needs;

(c) Adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to EOH;

(d) Adjusted EBITDA does not represent the interest expense or cash requirements necessary to service the interest expense.

As a result of these limitations, you should consider the Adjusted EBITDA alongside other financial performance measures, including operating profit, profit for the year and EOH's other results.

Reconciliation of Total Adjusted EBITDA to Total Profit for the Year

R'000	FY2022	FY2021 (Restated)	FY2020 (Restated)
Operating profit/(loss)	**282 125**	**146 955**	**(1 319 124)**
Operating profit/(loss) from continuing operations	99 642	55 209	(936 525)
Operating profit/(loss) from discontinued operations	182 483	91 746	(382 599)
Depreciation	153 846	227 516	335 924
Amortisation	49 534	47 151	162 079
Impairment losses on non-financial assets	80 273	182 941	522 475
Loss on disposal of subsidiaries and associates and assets	79 665	6 824	263 675
Interest allocation	10	549	–
Share-based payments	17 469	4 705	48 285
Changes in fair value of vendors for acquisition	–	10 864	3 685
Adjusted EBITDA	**503 591**	**667 205**	**19 176**

9 MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS

9.1 Overview

EOH is one of Africa's largest technology services providers covering the entire ICT value chain including offerings in: IT-managed services, security, automation, cloud solutions, data and development capabilities, proprietary IT product resales, IT consulting and implementation services. The Group's geographic footprint extends across Africa, UK, Europe and the Middle East.

The Group continues to be a market leader in its core ICT business, which operates under the iOCO brand name and is an integral technology partner to a diversified client base of c.4 900 clients, including several leading JSE-listed, blue-chip companies, as well as key metros and government departments.

EOH's business comprises two key business segments offering differentiated value propositions:

(a) the iOCO segment is an ICT business focused on traditional and cutting-edge technology systems integration, with a range of solutions, products and services across the ICT value chain; and

(b) the Nextec segment is a diverse set of businesses focused on people outsourcing solutions and intelligent infrastructure at various stages of incubation for growth and scaling. Nextec leverages off deep expertise in technology and global best practice to provide infrastructure solutions in the smart building, power and water space and infrastructure consulting across sub-Saharan Africa. The Nextec people business supplies solutions for recruitment, staffing, training and development.

As a proudly South African business, EOH is committed to sustainable transformation, making a positive, meaningful contribution to society and is a Level 1 B-BBEE contributor.

EOH is also a premier partner to global technology providers – representing over 50 OEMs with up to 500 partnership certifications.

As a primarily services company, the Group's c.6 111 employees are intrinsic to its ability to deliver world-class services to customers across all major industries throughout South Africa.

In FY2022, EOH generated total revenue from continuing and discontinued operations of R6.9 billion and Adjusted EBITDA of R504 million.

9.2 Factors affecting EOH's results of operations

The results of EOH's operations continue to be affected by a number of factors which, at times, are not under the control of EOH and its Board. This section sets out certain factors EOH believes have affected its results of operations over previous financial periods and could affect its results of operations in the future.

(a) Macroeconomic environment and COVID-19

EOH's results of operations are affected by general macroeconomic conditions and economic cycles, particularly in South Africa and sub-Saharan Africa.

Macroeconomic conditions and economic cycles affect the level of demand for computer hardware, software and related IT services and solutions and the prices at which they can be sold. Actual or anticipated improvements in economic conditions generally result in higher IT spending, in particular by private sector customers, as businesses expand their operations as a result of higher business volume or otherwise invest in new IT initiatives and technologies. These developments can also help support upward price movements. Conversely, a prolonged slowdown in the global or South African economy or in a particular business or industry sector may cause private sector customers to delay or forgo upgrades or additions to their existing IT environments, licensing new software or purchasing services, which can put downward pressure on prices.

The operating environment in South Africa remained challenging in the period under review. The ongoing negative impact of COVID-19, load shedding (i.e., national rotational power cuts) and the significant impact of the looting and violence that followed the arrest of former President Jacob Zuma in July 2021 took a toll on the country's prospects of economic recovery and impacted investor confidence.

While COVID-19 has led to an increase in some of EOH's offerings, including cloud uptake, automation and security, the negative impact on the economy has had a meaningful impact on our clients and therefore our ability to grow unencumbered. In addition, Eskom has warned that there is a risk of load shedding lasting for at least another five years which may have further negative impacts on economic growth going forward.

EOH operates in what could be defined as the IT sector, rather than the more traditionally used ICT sector. While there is no universally accepted definition for either term, IT is seen by EOH to exclude those telecommunication related services (including audio, internet data and video) that are utilised by both individuals and organisations.

South Africa has a well-established, diverse IT sector spearheaded by a number of long-standing industry players including EOH. According to BMIT, the South African IT market is estimated to be c.R139 billion in 2022, up 6.5% from 2021. The sector has proven to be resilient, even in the face of COVID-19, growing above annual South Africa real GDP in the last three years and projected to continue doing so over the medium term.

(b) Turnaround Plan

EOH implemented a turnaround plan starting in 2019 to rectify the legacy issues inherited by the current management team. During the period under review, EOH has focused on improving the quality of its earnings, cost reduction and solving for its substantial debt and inefficient capital structure. The turnaround plan included closing out inherited legacy issues, refining and revising the Group's capital and corporate structure and clarifying and streamlining EOH's business portfolio to position it for growth. EOH returned to operating profitability in FY2021 and consequently the growth stage was kicked off in FY2021 as the sound progress in bedding down of the business structure, debt relief and generating profits became evident.

Improving quality of earnings

To improve the quality of its earnings, EOH has focused on doing good business with the requisite margins that ultimately deliver shareholder value, and by exiting non-performing, non-core and certain IP businesses. These deliberate measures, along with those discussed below, have resulted in total revenue decreasing to R6 931 million in FY2022 from R7 882 million in FY2021 and from R11 277 million in FY2020. Business disposals and the close-out of loss-making legacy contracts accounted for approximately 93% of the revenue decline between FY2022 and FY2021 and 75% of the revenue decline between FY2021 and FY2020. In FY2022, EOH's base revenue (total revenue excluding the impacts of the legacy issues clean-up, as well as liquidated and sold assets) decreased by 1% to R5 961 million from R6 031 million in FY2021 and by 11% to R7 201 million in FY2021 from R8 145 million in FY2020. The decline in base revenue in FY2022 was primarily due to delayed project starts and supply chain issues in Nextec Infrastructure Solutions, largely offset by increased base revenue in iOCO which saw a 4% growth in base revenue year on year from FY2021 to FY2022. Approximately R740 million of the decline in base revenue in FY2021 from FY2020 was due to reduced hardware sales as customers delayed spend on large, planned IT projects with the move to the cloud gathering pace; and the impact of COVID-19 on clients in the education and human capital, beverage, travel and health sectors.

At the same time, gross and operating margins have continued to improve, with gross profit margins having increased to 29% in FY2022 from 28% in FY2021 and 22% in FY2020, operating margins having increased to 4% in FY2022 from 2% in FY2021 and negative 12% in FY2020. Adjusted EBITDA margins having decreased marginally to 7.3% in FY2022 from 8.5% in FY2021 which increased from 0.2% in FY2020. The Group achieved an operating profit of R282 million in FY2022 from continuing and discontinued operations, compared to a total operating profit of R147 million in FY2021 and a R1.3 billion loss in FY2020. This is an indication that the strategy of doing sustainable business is paying off.

Cost reduction

EOH has maintained a focus on creating an anti-fragile business by prioritising cost management and ensuring that its cost structure remains appropriate, agile and responsive to changing market conditions. Cost reductions have continued across the major expense categories such as property, travel and administrative expenses. Total operating expenses decreased by 16% to R1 732 million in FY2022 (FY2021: R2 053 million), and by 46% in FY2021 to R2 053 million (FY2020: R3 788 million), as the remaining legacy issues were closed out and the benefits of cost-saving initiatives were realised.

Regarding its property portfolio, EOH exited 153 buildings between July 2018 and July 2022, resulting in an annual savings of R165 million in rental costs and R95 million in operating costs. Most of EOH's remaining leases expire in 2023, at which point management expects to optimise the remaining portfolio for an expected cost savings of R45 million in FY2023.

EOH also plans to implement an ERP system in FY2023, which is expected to yield approximately R16 million per annum in savings.

Solving for substantial debt and inefficient capital structure

As part of the plan to create a sustainable capital structure, EOH has exited non-performing, non-core and certain other IP businesses. The primary contributor to EOH's deleveraging strategy has been the sale of the health and IP assets (including CCS, Syntell, Denis, Sybrin, Afiswitch and the Information Services Group). The disposal of Sybrin was effective on 31 March 2022 for an enterprise value R410 million. The disposal of Information Services Group (the final IP asset to be disposed of) was effective 15 June 2022 for an enterprise value of R445 million. Subsequent to 31 July 2022, Network Solutions were disposed of with an effective date of 31 August 2022 for a total enterprise value of R136.9 million. The aforementioned sales were published on SENS on: (i) 2 July 2019 and 20 April 2020 in respect of the disposal of CCS; (ii) 13 December 2019 in respect of the disposal of Denis; (iii) 18 November 2020 in respect of the disposal of Syntell; (iv) 8 June 2021 in respect of the disposal of Sybrin; (v) 11 March 2022 in respect of the closing of the disposal of the Information Services Group; and (vi) 7 April 2022 in respect a disposal of Network Solutions and all SENS announcements are available on EOH'S website (www.eoh.co.za/investor-relations). There was no SENS announcement in respect of the disposal of Afiswitch as it did not meet the threshold for announcement. While EOH's debt has declined significantly since 2018, reducing the debt burden remains a critical focus for the management team.

Notwithstanding significant progress to date, EOH's deleveraging and liquidity objectives remain incomplete, with EOH continuing to be burdened by its debt commitments and interest obligations which necessitated renegotiation of its debt funding package with its lender group, which was concluded on 1 April 2022. The current funding package comprises a Senior Bridge Loan repayable before or on 1 April 2023 (effective from 12 October 2022, the lender group amended the repayment period to on or before 31 December 2023) and a R500 million Senior Term Loan with a three-year term. EOH has also secured R500 million in facilities comprising of overdraft facilities of R250 million and R250 million in indirect facilities including guarantees and credit cards. Following the disposal proceeds received from the sale of Sybrin, the Information Services Group (prior to year-end FY2022) and Network Solutions (post FY2022 year-end), the remaining balance on the Senior Bridge Loan is R728 million. The lenders currently view the Senior Bridge Loan as quasi-equity and consequently are charging an interest rate of Johannesburg Interbank Average Rate plus 8.42%. As at the Last Practicable Date this equated to 15.73%.

The terms of the debt refinancing (and related amendments) require the Senior Bridge Loan to be repaid out of disposal proceeds and further requires EOH to undertake a Capital Raise (including, without limitation, by way of a rights offer, an issue to a strategic equity investor or investors or an issue of ordinary shares for cash) by no later than the week commencing 14 November 2022, with proceeds from such Capital Raise to be used to settle a significant portion of the remainder of the Senior Bridge Loan. The refinancing agreement further permits EOH to refinance the Senior Bridge Loan by the incurral of indebtedness of a senior facility which is long-term in nature should the Senior Bridge Loan not to be settled in full through the Capital Raise.

The terms and conditions under which the Senior Bridge Loan and Senior Term Loan are made available to EOH Treasury are governed by the common terms agreement entered into on 1 April 2022 between EOH Treasury (as borrower), EOH and various other entities within the Group (as guarantors) and a consortium of senior lenders (**"CTA"**).

As is customary for transactions of this nature, the CTA places a number of restrictions and reporting requirements on the Group in order to ensure compliance with the terms thereof and timeous repayment of the Senior Bridge Loan and Senior Term Loan.

The CTA places restrictions on, *inter alia*:

(a) the incurral of financial indebtedness by the Group;

(b) the making of loans by the Group (whether intra-Group or to third parties);

(c) the paying of dividends;

(d) the making of acquisitions and disposals by the Group;

(e) the entry into of joint ventures and partnerships by the Group;

(f) corporate activity such as mergers and share issues by the Group; and

(g) the provision of security and guarantees to third parties by the Group,

with transactions falling within the above categories being permitted only in limited circumstances, including with the prior written approval from the consortium of senior lenders.

Cash management has been a priority, especially considering the current economic climate, with excellent discipline in managing net working capital supporting improved liquidity.

(h) **Number and mix of clients**

The expansion of EOH's customer base and its share of wallet of existing customers is a key driver of EOH's gross profit growth. The public sector is the single largest contributor to ICT spend in South Africa, comprising approximately 25% of the ICT market in 2020, while the private sector spend was hampered by the uncertainty created by COVID-19, with some clients deferring ICT spend in order to focus on liquidity. It is estimated that an overall decline of 2% in ICT spend is expected in the private sector, with public sector spend expected to grow at 3.1% compound annual growth rate through to 2022.

Management believes that the diversification of the customer base, including the targeting of both public and private sector organisations, is important to EOH's strategy. While the average gross invoiced income per customer attributable to public and private sector customers is broadly comparable, private sector customers typically generate higher gross profit margins when compared with public sector customers. Public sector customers typically generate lower gross profit margins than private sector customers due to a combination of pricing caps imposed under some framework agreements, agreed discounts between vendor partners and certain governmental bodies and the competitive nature of the public sector tendering process. Notwithstanding the difference in gross profit margins between private sector and public sector transactions, management believes that a balance of private and public sector customers increases EOH's resilience and provides it with opportunities for growth through economic cycles.

(i) **Market Growth and Trends**

The ability of EOH to generate gross profit is significantly affected by trends and developments in the software, hardware, services and security segments of the IT market, particularly in South Africa and sub-Saharan Africa. Prior to the COVID-19 pandemic, EOH's business had been supported by robust market growth in the ICT market. Since the start of the pandemic, the IT market in South Africa has proven to be more resilient than other sectors due to companies which operate legacy systems being required to comprehensively transform those systems to remain competitive. At the same time, the COVID-19 pandemic led to an accelerated desire to digitise which saw increases in some of EOH's offerings such as cloud uptake, automation and security. Management believes that EOH's clients will continue to need EOH's services as technological convergence and digital transformation continue to change the competitive landscape. Among other things, management sees opportunities for EOH to add value for clients in areas such as automation, data, AI and machine learning, IT/OT convergence and zero trust security. These trends not only drive spending on software and cloud products but also increase demand for the services of third-party technology solutions providers, like EOH, that are able to help businesses design, buy, implement and manage their software and cloud estates.

Beyond South Africa, there are opportunities in the Middle East and the United Kingdom, which have total addressable markets of c.R742 billion and c.R926 billion respectively. This translates to fourteen times additional addressable markets.

(j) **Seasonality**

EOH's results are subject to seasonality effects with historically 60% of revenue being generated in H2, this was less pronounced in FY2022. As a result, marginally more gross profit is typically generated in the second half of EOH's financial year.

These seasonal trends also have an impact on EOH's cash flow, which is primarily driven by changes in gross invoiced income with cash typically peaking as payments are collected one to two months following periods of strong sales. Cash flow is also impacted by customer mix with public sector customers typically paying on slightly longer payment cycles when compared to private sector customers.

(k) **Expansion**

Since the growth phase of the EOH turnaround plan has begun, management has begun to focus on expansion through the EMEA region. EOH has an established international presence in EMEA already, which positions the Group well to expand into new markets and clients in the region through its cost-effective service offering. Expansion of the EOH footprint in the EMEA region will be concentrated on sub-Saharan Africa, Egypt and the United Kingdom. EOH's best of breed business in South Africa provides a good base for further growth within the sub-Saharan Africa region.

EOH intends to drive solid growth in its South African business and use it as a hub to serve sub-Saharan Africa, while remaining best of breed in own market. The Egyptian business is expected to support its South African, UK and EU businesses with a skilled resource pool from the Middle East providing cost-effective outsourcing. Meanwhile, management believes that the UK business can act as a springboard for business in Europe. With a sales presence in Switzerland and small development team in Prague, the UK business provides a high-skill, cost-effective multi-shoring solution to clients across the EU.

In addition, EOH has created Rocketlab Ventures which houses several early-stage IP companies in areas such as core banking software, HR software, business process digitisation software, digital signatures and fraud detection software. These companies currently have a proven track record with sustainable revenue and profits; however, they require additional capital and attention to scale the businesses. In addition to scaling existing IP businesses, Rocketlab Ventures will also have a product development arm utilising skills and expertise from the rest of the Group aimed at creating new IP with disrupting potential.

(l) **Rising inflationary environment**

Rising inflation has continued to characterise the global macroeconomic backdrop, with South Africa being no exception – the average annual consumer price inflation for South Africa in 2021 was 4.5% and inflation continues to increase. In addition, global technology prices have seen increased pressure and volatility as a result of international economic events, including the impact of COVID-19 on the global supply chain. The uncertainty of inflation, and the resulting pressure on EOH's input costs are significant factors affecting the Group's results of operations.

EOH employs several strategies to effectively manage input cost volatility through inflationary periods. Among other things, margin management and fiscal discipline remains a key focus during inflationary periods. Working capital and liquidity are also closely managed.

9.3 Current trading and prospects of EOH

(a) **Recent developments in EOH trading**

Current trading has continued in a similar manner to that experienced in FY2022.

(b) **Outlook**

Certain statements in this section, constitute forward-looking statements. These forward-looking statements are not guarantees of future financial performance and our actual results could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including, but not limited to, those described under *"Certain Forward-Looking Statements"* and *"Risk Factors"*. Investors are strongly urged not to place undue reliance on any of the statements set forth below. EOH can give no assurance that the targets and outlook described below will materialise or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those described below. See section 10 *"Business Description"* and specifically paragraphs 10.4, 10.5 and 10.6 for the prospects of EOH's business.

With the turnaround plan now substantially complete, EOH intends to shift its strategic focus from turnaround to growth, talent management and efficiency.

(c) **Target capital structure and dividend policy**

Capital structure

EOH's objective is to deliver a sustainable capital structure with simplified banking facilities to foster investor, creditor and market confidence and to sustain the future development needs of the business. Such a sustainable capital structure is intended to lower interest rates on EOH's debt (as at July 2022 greater than c.14% on the Senior Bridge Loan), provide for more efficient management of cash, provide greater flexibility to operate and allow for investment in the growth of the company.

Dividend policy

EOH has not declared a dividend in any of FY2020, FY2021 or FY2022. The quantum, timing and frequency of dividend declarations will be at the sole discretion of the Board and will be a function of the profitability and cash resources, targeted growth opportunities and the overall EOH strategy.

9.4 Key performance metrics

EOH monitors several key metrics in order to track the financial and operating performance of the business. The business is managed through two key segments iOCO and Nextec with revenue, gross profit and Adjusted EBITDA being key metrics. The following figures are a summary of EOH's financial performance over the past three years and included total numbers (i.e. continuing and discontinued):

R'000	FY2022	FY2021 (Restated)	FY2020 (Restated)
Financial metrics			
Gross revenue	6 930 548	7 882 423	11 276 703
Gross profit	2 013 919	2 200 453	2 468 899
Operating profit/(loss)	282 125	146 955	(613 081)
Adjusted EBITDA	503 591	667 205	19 176
Adjusted EBITDA margin	7.3%	8.5%	0.2%
Operating profit margin	4.1%	1.8%	(12)%
Gross profit margin	29.1%	27.9%	21.8%

9.5 Overview of EOH's results of operations

(a) **Results of operations three year comparison**

R'000	FY2022	FY2021 (Restated)	FY2020 (Restated)
Continued Operations			
Revenue from continued operations	6 031 100	6 472 428	8 722 134
Cost of sales	(4 341 284)	(4 791 271)	(8 346 357)
Gross profit	**1 689 816**	**1 681 157**	**1 797 832**
Net financial asset impairment losses	(59 719)	(80 974)	(323 444)
Operating Expenses	(1 530 455)	(1 544 974)	(2 410 913)
Operating profit/(loss)	**99 642**	**55 209**	**(936 525)**
Investment income	26 322	9 180	26 402
Share of equity-accounted profits/(losses)	–	2 972	(565)
Finance Costs	(216 292)	(277 267)	(411 203)
Loss before tax	**(90 328)**	**(209 906)**	**(1 321 891)**
Taxation	(69 918)	(97 249)	60 234
Loss from continuing operations	**(160 246)**	**(307 155)**	**(1 261 657)**
Profit/(loss) from discontinued operations	**141 847**	**27 353**	**(431 471)**
Loss for the year	**(18 399)**	**(279 802)**	**(1 693 128)**

(b) **Reconciliation from operating profit/(loss) to Adjusted EBITDA:**

R'000	FY2022	FY2021 (Restated)	FY2020 (Restated)
Operating profit/(loss) from continuing operations	99 642	55 209	(936 525)
Operating profit/(loss) from discontinued operations	182 483	91 746	(382 599)
Operating profit/(loss)	**282 125**	**146 955**	**(1 319 124)**
Depreciation	153 846	227 516	335 924
Amortisation	49 534	47 151	162 079
Impairment losses on non-financial assets	80 273	182 941	522 475
(Gain)/loss on disposal of assets	(79 665)	46 524	263 675
Share-based payments	17 468	4 705	48 285
Interest allocation	10	549	–
Changes in fair value of vendors for acquisition	–	10 864	3 685
Income/(loss) from joint venture	–	–	2 177
Adjusted EBITDA	**503 591**	**667 205**	**19 176**

(c) **Revenue**

EOH has focused on exiting non-performing, non-core and certain IP businesses over the last three years. These deliberate measures, along with those discussed below, have resulted in total revenue decreasing to R6 931 million in FY2022 from R7 882 million in FY2021 and R11 277 million in FY2020. Business disposals and the close-out of loss-making legacy contracts accounted for approximately 93% of the revenue decline between FY2022 and FY2021 and 75% of the revenue decline between FY2021 and FY2020.

In FY2022, EOH's base revenue (total revenue excluding the impacts of the legacy issues clean-up, as well as liquidated and sold assets) decreased by 1% to R5 961 million from R7 201 million in FY2021 and by 11% to R7 201 million in FY2021 from R8 145 million in FY2020. The decline in base revenue in FY2022 was primarily due to delayed project starts and supply chain issues in Nextec Infrastructure Solutions, largely offset by increased base revenue in iOCO which saw growth of 4% year over year. Approximately R740 million of the decline in base revenue in FY2021 was due to reduced hardware sales as customers delayed spend on large, planned IT projects with the move to the cloud gathering pace; and the impact of COVID-19 on clients in the education and human capital, beverage, travel and health sectors.

(d) **Gross profit margins**

The Group's focus on quality of earnings and continual improvement resulted in a significant improvement in gross profit and operating profit margins, as follows:

- Gross profit margins increased to 29% in FY2022 from 28% in FY2021, which increased from 22% in FY2020;
- Operating margins increased to 4% in FY2022 from 2% in FY2021, which increased from a negative 12% in FY2020; and
- Adjusted EBITDA margins decreased slightly to 7% in FY2022 from 8% in FY2021, which increased from 0.2% in FY2020.

(e) **Adjusted EBITDA**

In FY2022, Adjusted EBITDA (from continuing and discontinued operations) was R504 million, a 24% decrease on FY2021. The decrease in FY2022 was primarily due to the IP business disposals. Adjusted EBITDA (from continuing and discontinued operations) for the year was R667 million compared to R19 million in FY2020. Adjusted EBITDA margin improved from 0.2% in FY2020 to 8% in FY2021.

(f) **Overview of segment performance for FY2022, with comparison to FY2021 and FY2020**

The below table sets out a summary of key financial information by segment (iOCO, Nextec and IP) for EOH's financial performance over the past three years:

R'000	FY2022	FY2021 (Restated)	FY2020 (Restated)
Gross Revenue (R'000)			
iOCO	4 875 507	5 196 566	6 922 562
Nextec	1 825 751	2 191 628	3 530 410
IP	483 721	821 389	1 212 301
Intersegmental and head office expense adjustment	(254 431)	(327 160)	(388 570)
Total gross revenue	6 930 548	7 882 423	11 276 703
Gross Revenue (% contribution)			
iOCO	70.3%	65.9%	59.3%
Nextec	26.3%	27.8%	30.3%
IP	7.0%	10.4%	10.4%

R'000	FY2022	FY2021 (Restated)	FY2020 (Restated)
Gross Profit (R'000)			
iOCO	1 500 676	1 383 927	1 684 352
Nextec	468 510	503 084	527 266
IP	255 951	454 647	480 722
Intersegmental and head office expense adjustment	(211 218)	(147 205)	(223 441)
Total gross profit	2 013 919	2 200 453	2 468 899
Gross Profit (% per segment)			
iOCO	30.8%	26.6%	24.3%
Nextec	25.7%	23.2%	14.9%
IP	52.9%	55.4%	39.7%
Adjusted EBITDA (R'000)			
iOCO	529 897	538 912	391 651
Adjusted EBITDA margin (%)	10.9%	10.4%	5.7%
Nextec	30 971	(33 132)	(111 128)
Adjusted EBITDA margin (%)	1.7%	(1.5)%	(3.1)%
IP	105 571	249 962	267 133
Adjusted EBITDA margin (%)	21.8%	30.4%	22.0%
Intersegmental and head office expense adjustment	(162 849)	(88 537)	(528 480)
Total Adjusted EBITDA	503 591	667 205	19 176

(g) **iOCO**

iOCO remains the core business of the EOH Group, contributing 70%, 66% and 59% to total revenue in FY2022, FY2021 and FY2020, respectively. Certain areas of the iOCO business have benefited from customers' increased migration to the cloud and increased spend on automation and application development highlighted by continuing revenue excluding legacy low/no margin business increasing by R283 million.

In FY2022, the business was now more stable and focused on margin enhancing product and service offerings as evidenced by the improvement in the gross profit and adjusted EBITDA margins to 30.8% (FY2021: 26.6%) and 10.9% (FY2021: 10.4%) respectively.

The margin improvements for FY2022 was largely due to the close out of legacy low/no margin contracts.

iOCO Digital remains a growth driver for the business with performance in line with expectations and some previously loss-making businesses within the iOCO Digital cluster became profit contributors over the course of FY2022.

In addition, the public sector re-entry strategy has been mobilised and is yielding value with a solid pipeline.

The iOCO business has seen positive momentum in new deals won with the signing of new multiyear annuity deals across both private and public sector clients. This is evidence of iOCO's position as the country's leading end-to-end technology solutions provider.

(h) **Nextec**

In FY2022, Nextec contributed 25.7% (FY2021: 27.2%) to total revenue with the bulk of the segment revenue derived from the Infrastructure Solutions cluster.

Despite the negative impact of COVID-19 on supply chains and projects delays mainly affecting Infrastructure Solutions, a strong improvement in earnings across gross profit, EBITDA and operating profit was achieved in comparison to the prior period due to the realisation of the benefits of the strategic interventions put in place by the new management teams, as well as the exit of underperforming business in FY2020.

The Nextec People Solutions business in particular, generated strong operating profit and EBITDA in FY2022 with EBITDA margins improving to 10% from 4% in the prior period due to further efficiency gains and stringent cost control.

(i) **IP**

The IP businesses of Sybrin and Information Services Group have been disposed of by the Group during the FY2022.

9.6 Cash flow, liquidity and material indebtedness

(a) **Cash flow**

The below table sets out a summary of EOH's net movement in cash flow for FY2022, FY2021 and FY2020:

R'000	FY2022	FY2021	FY2020
Net cash inflow from operating activities	119 929	80 297	155 434
Net cash inflow/(outflow) from investing activities	649 666	214 544	(165 441)
Net cash outflow from financing activities	(837 077)	(613 398)	(495 051)
Net decrease in cash and cash equivalents	**(67 482)**	**(318 557)**	**(505 058)**
Cash and cash equivalents at the end of the year	410 955	437 237	530 584

(b) **Net cash flows from operating activities**

Net cash inflow from operating activities increased by R40 million in FY2022 to R120 million, primarily as a result of a reduction in taxation and interest paid.

In FY2021, net cash inflow from operating activities decreased 48% (R75 million) to R80 million (FY2020: R155 million).

(c) **Net cash flows from investing activities**

Net cash inflow from investing activities increased by R435 million in FY2022 to R650 million, primarily the result of the disposal of the IP businesses, Sybrin and Information Services Group during the year.

In FY2021, net cash inflow from investing changed to an inflow of R380 million from an outflow of R165 million in FY2020.

(d) **Net cash flows from financing activities**

Net cash outflow from financing activities increased by R224 million in FY2022 to R837 million, primarily due to increased repayments of financial liabilities related to the disposal of the IP businesses.

In FY2021, net cash outflow from financing activities increased 24% (R118 million) to R613 million (FY2020: R495 million).

(e) **Liquidity**

EOH has various facilities available to it from SBSA with total undrawn direct facilities of R250 million available as at the end of FY2022 (FY2021: R14 million and FY2020: R287 million).

(f) **Material indebtedness and other material liabilities of EOH**

Third-party borrowings

The below table sets out a summary of EOH's third-party borrowings as at 31 July 2022, with comparison to 2021 and 2020:

R'000	Currency	FY2022	FY2021	FY2020
Interest bearing bank loans comprising an amortising facility, revolving credit facility, bullet facility, a dematerialised note and an overdraft facility	ZAR	–	2 448 986	2 382 522
Secured bank loans – Term facilities*				
Three-year term loan	ZAR	500 000	–	–
Secured bank loans – Bridge facilities				
Bridge loan	ZAR	831 906	–	–
		1 331 906	2 448 986	2 382 522
Current portion		831 906	2 448 986	2 382 522
Non-current portion		500 000	–	–

* *The existing debt owing to lenders was refinanced on 1 April 2022 into a term and bridge facility as described above.*

EOH has complied with financial covenants of its borrowing facilities during the current financial year.

For additional information, please refer to note 17 (FY2022) to the Consolidated Historical Financial Information of EOH (Schedule 7).

(g) **Off-Balance Sheet Commitments**

EOH does not have any capital expenditure commitments that management regards as material other than those incurred in the ordinary course of business at the respective balance sheet date, which are not recognised in the consolidated financial statements.

(h) **Parent guarantees**

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

9.7 Quantitative and qualitative disclosure regarding risk management

For a detailed description of EOH's management of financial risk (including credit, liquidity, foreign currency, interest rate and price risk), please refer to note 37 (FY2022) (Financial Assets and Financial Liabilities) to the Consolidated Historical Financial Information of the EOH Group (Schedule 7).

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports quarterly to the board of directors on its activities.

(a) **Capital risk**

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.

(b) **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 Group prepares 13-week cash flow forecasts on a monthly basis and daily reports of liquidity movements.

On 1 April 2022, EOH entered into agreements with its lenders regarding the refinancing of its borrowings into a R500 million term loan, a R1.4 billion bridge loan maturing in April 2023 (lenders have subsequently granted an extension to on or before 31 December 2023), a R250 million overdraft facility and R250 million in indirect facilities including guarantees and credit cards.

(c) **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. EOH 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 EOH to cash flow interest rate risk. Borrowings issued at fixed rates expose EOH to fair value interest rate risk. The EOH policy is to maintain all of its borrowings in variable rate instruments. The variable rates are influenced by movements in the prime borrowing rates. During the reporting period, EOH's borrowings at variable rates were denominated in Rand.

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

At 31 July 2022, 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 R11 million (2021: R27 million; 2020: R26 million) lower/higher, mainly as a result of higher interest expense on floating rate borrowings.

(d) **Credit risk**

Credit risk is the risk of financial loss to EOH if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from EOH'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. EOH 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. Monthly credit committee meetings are held to evaluate the Group's exposure.

The gross carrying amounts of financial assets represent the maximum credit exposure. EOH does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

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

(e) **Currency risk**

EOH 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. EOH's strategy to dispose of non-core business lines has resulted in the sale of the majority of its foreign investments. EOH has limited investments in foreign operations where the assets are exposed to foreign currency translation risk. A c.1% movement in the foreign currency exchange rates would not have a significant impact on the carrying values.

10 BUSINESS DESCRIPTION

10.1 Business Overview

(a) As one of Africa's largest and leading technology services providers, that covers the entire IT value chain, EOH is optimally placed to capitalise on the strong tailwinds in the IT sector. The Group's extensive range of OEM and own IP products, together with a highly relevant client value proposition, is deeply synchronised to the needs of clients as they embark on their digital and IT engine room transformation journeys. The Group's offerings, which includes, *inter alia*, IT managed services, security, automation, cloud solutions, data and development capabilities, proprietary IT resales as well as IT consulting and implementation services, are delivered to major telecommunications operators, banks, insurers, various retail giants, logistics firms and mining conglomerates in South Africa and globally. EOH continues to enhance its end-to-end technology solutions with future generation offerings to further entrench its role as the leading technology solutions partner for companies. Revenue earned from the diverse corporate client base is primarily because of "sticky" service contracts. In FY2022 services contributed c.84% to Group revenue, underpinned by a large and diverse client base, with well-established relationships and track record.

(b) EOH comprises two key business segments offering differentiated value propositions:

(i) iOCO, an IT business focused on traditional and cutting-edge technology systems integration, with a range of solutions, products, and services across the IT value chain. The iOCO business comprises:

(A) Go-to-Market: Sales and Solutions, which involves assessing enterprise clients' IT requirements and providing advisory services to craft bespoke solutions;

(B) iOCO Digital, which, *inter alia*, designs, and implements solutions across applications, data, automation, cloud and quality assurance;

(C) Operational Technologies, which is a provider of OT advisory, implementation and managed services;

(D) Platforms, which is a provider of diverse value propositions: namely core banking software, HR software, business process digitisation software and fraud detection software;

(E) Enterprise Applications, which is a suite of solutions and complimentary offerings that enable customer's value chains through application of best practice, standardisation and automation of business processes, integration of components, and have a significant role to play in an organisation's digital transformation journey;

(F) Software Reseller, reseller for proven OEMs; and

(G) iOCO Infrastructure Services, which provides solutions across connectivity, hardware, and managed services.

(c) Nextec comprises a diverse set of businesses focused on people outsourcing and intelligent infrastructure solutions. The Nextec business segment comprises:

(i) Infrastructure Solutions, which consults, designs, delivers, and integrates technology into the infrastructure arena across a range of sectors (water, power, smart buildings), services and products bridging physical infrastructure to technology; and

(ii) People Solutions, a full spectrum human resources placement service including Talent and Learning solutions to designated and non-designated employers.

(d) EOH is a market leader in its core IT business, which operates under the iOCO business and is an integral technology partner to a diversified client base of c.4 900 clients, including several leading JSE-listed, blue-chip companies, and metros and government departments. EOH's continual success is premised on remaining abreast of evolving technological needs of these clients, which it has managed to achieve over several years. EOH is also a premier partner to global technology providers and represents over 50 OEMs with up to 500 partnership certifications.

(e) The continued acceleration of digitisation across the business landscape coupled with the migration away from inefficient legacy systems has seen EOH supporting clients to pursue digital transformation and automation strategies as they adopt new hybrid operating models that necessitate seamless connectivity between their virtual and physical environments.

(f) EOH's geographic footprint extends across South Africa, United Kingdom, Europe, and the Middle East. The Group is well-positioned to expand in existing and new markets, and clients, through a cost-effective service offering. South African operations and international operations currently contribute 93% and 7% to Group revenue respectively, with significant growth runway for international operations.

(g) EOH is led by a highly experienced leadership team with diverse skills ranging from IT skills to entrepreneurial experience, large enterprise management and commercial strategy. EOH has been able to attract experienced talent while retaining existing talent and maintaining a high-performance culture to support the delivery of the business strategy in a sustainable and ethical manner. As a primarily services company, EOH's 6 111 highly skilled employees are intrinsic to its ability to deliver world-class services.

(h) As a proudly South African business, EOH is committed to sustainable transformation, making a positive, meaningful contribution to society and is a Level 1 B-BBEE contributor. In addition, EOH plays a meaningful role in providing access to the economy, delivering improvement to people's lifestyles through improved education, income, skills development, and employment that translate into economic participation.

(i) Rightsizing the capital structure will free up cash flow and create capacity for investment in growth opportunities that enable the Group to further accelerate its organic growth strategies. Details of future growth initiatives that require capital and may be pursued post the rights issue are set out in paragraph 10.4 *"Growth Strategy"*.

10.2 Key Investment Highlights

EOH's full stack of technology offerings, its c.4 900 strong diversified client base as well as its global footprint, ensure that the Group is well-positioned for the future. Clients' demand for full digital transformation and EOH's ability to deliver on all their needs across infrastructure, software and services puts the Group in an attractive position to capture this demand, as well as increase its market share. EOH's distinct competitive advantages include:

(a) **Diverse value proposition across the IT value chain, providing comprehensive end-to-end solutions to clients**

(i) EOH delivers solutions across a range of sectors and technology types for clients to achieve greater operational efficiency. The Group's end-to-end value stack consists of blue-chip OEM software vendor resales and services; connectivity solutions; IT infrastructure and managed services; cloud advisory and services; IT security; application development and testing; data, AI, and automation; industrials technology and IoT; IT advisory; as well as innovation hubs and incubation.

(ii) EOH has the scale to deliver on large projects across diverse service lines. The Group's end-to-end capability is unequalled in its breadth and allows the Group to provide solutions that go beyond services, and the business is focused on transforming from a product focused to a platform centric solution. This end-to-end capability has uniquely positioned and differentiated EOH in the market.

(b) **Core annuity revenue base built off services, entrenched with core blue chip clients and unrivalled go-to-market strategy with more than c.4 900 clients**

(i) In FY2022 services contributed c.84% to Group revenue, underpinned by a large and diverse client base, with well-established relationships and *"sticky"* service contracts. In addition, EOH benefits from its position as one of South Africa's leading end-to-end technology solutions provider with strong traction in client renewals, and the signing of new multi-year annuity deals with both private and public sector clients.

(ii) EOH boasts a large and diverse client base of more than c.4 900 individual clients, including several leading JSE-listed, blue-chip companies, as well as key metros and government departments, with well-established relationships and track record.

(iii) EOH's go-to-market strategy is tailored to specific client needs and driven by enhanced client analytics, sector-driven insights, and strategic account management.

(c) **Global technology partners, with strong long-standing relationships**

EOH is a premier partner to and has strategic relationships with global technology partners and represents over 50 OEMs with up to 500 partnership certifications. Suppliers, enterprise development and technology partners support the services and products EOH supplies to customers and ensures good relationships with these stakeholders are maintained to secure the Group's ability to create value.

(d) **Thought leaders across multiple industries through bespoke consulting and technical solutioning capability**

(i) EOH sits at the heart of the Fourth Industrial Revolution with an ability to provide end-to-end solutions that is unequalled in its breadth in South Africa. This puts the Group in a strong position to support businesses looking to grow through innovation and technology, and to partner with business, civil society, and government to find collaborative ways of solving the country's socioeconomic challenges.

(ii) The EOH business model aligns with its purpose to SOLVE, delivering solutions that unlock value for customers by offering world-class technology services. EOH has demonstrated its ability to use the significant IP it has across the Group to create powerful solutions for clients, ensuring that its services remain relevant for the future, supporting customers to make the most of their opportunities and helping them expand into new markets. Below are a few examples of client testimonials:

"iOCO designed and architected exactly what the AWS environment needed to be able to meet our needs. They understood our requirements and provided added value throughout the project."

"With TM1, iOCO had the opportunity to launch both a financial and a business intelligence solution. It's one of the best solutions in the world."

"My work experience has improved dramatically; all my work is saved in a central location. The critical business application can be accessed centrally without login via VPN."

(e) **Scarce, highly valuable people skills that enable EOH to provide the highest quality services across the Group**

EOH has a highly skilled workforce – 67% of staff have a higher education qualification, and a large proportion of staff have specialist IT certifications. (i.e., Microsoft Certified, AWS Certified, Oracle Certification and SAP Certification). Within the Group, employees hold multiple stackable certifications across several specialisations and across a wide variety of technologies and platforms. The most widely held certifications across the Group's workforce include Microsoft (500+ certifications) and Amazon Web Services (70+ certifications). In addition, EOH employs 750 developers that have specialist knowledge of JavaScript, C#, Python, C++, Java, and various databases as well as know-how in respect of message transport protocol.

(f) **Exposed to a high growth total addressable market across all key verticals with the ability to increase market share significantly**

For further details on the markets, including details on EOH's total addressable market, see Section 11 *"Industry Overview"*.

(g) **EOH is primed for a rebound in its historic trading performance**

(i) Over the past three years, EOH has spent a significant amount of time on its turnaround strategy and positioning the businesses for future growth. The turnaround plan was focused on dealing with the legacy issues inherited by the current executive management team and refining and revising its capital and corporate structure to stabilise the business (with an emphasis on quality earnings, cost reduction and solving the substantial legacy debt and inefficient capital structure).

(ii) Progress in terms of the implementation of cost initiatives, reducing property footprint and the number of legal entities has been well documented and communicated to market. The Group has achieved an operating profit and increased margins due to the remediation plans and commercial strategy in place. EOH's priority is enhancing its value proposition and growing the core business from a top-line and earnings perspective.

10.3 Overview of Business Divisions

EOH is one of the market leaders in the African IT sector, with a diverse service offering that is well-positioned to meet the needs of their clients. EOH comprises two key business segments, iOCO and Nextec, offering differentiated valuation propositions:

iOCO

(a) **iOCO**

(i) iOCO substantially covers the entire value chain in the IT sector. This positions the business segment for significant growth potential, driven by serving its existing diverse customer base, coupled with prospective expansion through its current OEM partnership strategy. iOCO contributed 67% to external Group revenue.

(ii) The iOCO business benefits from customers' increased migration to the cloud and increased spend on automation and application development. As a result, the iOCO division continues to see positive momentum in new deals won with the signing of new multi-year annuity deals across both private and public sector clients, consolidating iOCO's position as the country's leading end-to-end technology solutions provider.

(iii) Below is an overview of the divisions within iOCO and the respective products and/or services:

(A) **iOCO Go-to-Market: Sales and Solutions**

This team covers the six pillars of iOCO (Digital, Operational Technologies, Platforms, Enterprise Applications, and Software Reseller and Infrastructure Services in bringing solutions to customers across these pillars. In addition to servicing internal business units, the team services clients, and pursues trusted advisory relationships. It provides advice to drive sales and design bespoke solutions for clients that require multiple components sourced from several divisions within the Group. Furthermore, this team is responsible for sales enablement, monitoring pipeline, as well as scouting for deals. Other value-add initiatives undertaken by this team include producing marketing material and Thought Leadership for client communications, as well as playing a supporting role in company events. The team covers the Group's largest and most sophisticated clients.

(B) **iOCO Digital**

iOCO Digital remains a key growth driver for the business and continues to perform in line with expectations. iOCO Digital includes the following products and/or services:

(i) **AppDev**

Provider of Digital strategy advisory, custom solutions, software, and application programming interface design, develops Open Systems Integration services (a conceptual framework that identifies, specifies and regulates the communication functions of a computing system), and provides application outsourcing services as well as other custom solutions.

(ii) **Automation/AI**

Provider of automation advisory and implementation services.

(iii) **Data Architecture and Analytics**

Provider of advisory, architecture design, integration, implementation, and managed services for all aspects related to data and analytics.

(iv) **Quality Assurance/Testing**

Full service and best practices aligned quality assurance offering comprises mature practices integrated with client's software development lifecycle to reduce delivery bottlenecks and ensuring rapid delivery of features and functionality.

(v) **Advisory**

Ensures clients are set up for success, by getting to grips with what drives performance and using various techniques, gleaned from many disciplines, to map out a business analytics roadmap, aligned to client goals and readiness.

(vi) **Cloud Solutions**

Provider of strategic guidance and tailored blend of cloud solutions.

(iv) International operations sit within iOCO Digital. EOH has an established international presence in the EMEA region, which positions the Group well to expand into new markets and clients in the region through a cost-effective service offering. Apart from opening the Group to new markets and customers, they also provide new skills to the Group and in the case of Egypt cheaper skills. Given capital constraints, growth in the medium term will be organic and little capital expenditure is required.

(v) EOH has an established international presence in the EMEA region, which positions the Group well to expand into new markets and clients in the region through a cost-effective service offering. Expansion of the EOH footprint in the EMEA region will be concentrated on sub-Saharan Africa, Egypt and the UK. EOH's best of breed business in South Africa provides a good base for further growth within the sub-Saharan Africa region.

(vi) Below is a summary of the international operations and their respective service offerings:

(A) **Egypt**

The business is based in Cairo and is the biggest revenue generator in the international portfolio. The business operates as a mini iOCO and app development is a core focus for the business. Notwithstanding the strong government and private sector contracts (c.50 clients) in Egypt, the office is also used as a steppingstone into the United Arab Emirates and Saudi Arabia where a presence already exists. Management's intention is to build a global delivery centre in Egypt that can deliver services to South African corporates given its broad and affordable skills base.

(B) **United Kingdom**

Largely an app development and cloud focused business spearheading growth into Europe. Whilst 80-90% of its clients are UK based, the strategy includes growing the client base in the UK and Europe by leveraging off the more economically priced South African and Egyptian resource base (where possible), while also providing South African operations with skills and training. There is a strong internal drive to grow this operation.

(C) **Czech Republic**

This operation comprises a development team based in Prague. It is a small satellite office in Europe and its existence is to be re-evaluated in the short term. In future, this operation will be a hub for a development team.

(vii) **Operational Technologies**

Provider of OT advisory, implementation, and managed services. Additional services include industrial cyber and network security, industrial supply cyber and network security, industrial supply chain optimisation, EPLMS, mobility, digital twinning simulation and asset performance management.

(viii) **Platforms**

Provider of diverse own-IP value propositions in a range of disciplines namely core banking software, HR software, business process digitisation software and fraud detection software. Within platforms, there are high-growth potential technology companies known as Rocketlab Ventures, namely:

(A) **Impressions**

A secure digital document delivery and e-signature business solution that allows clients to sign documents on a smart device from anywhere and at any time.

(B) **Symplexity**

A cost-effective web-based human resources and payroll solution with an adaptive user-friendly web interface, reducing the total cost of ownership. It can be delivered as a standalone product or as SaaS.

(C) **Veritas**

A fraud prevention and detection platform which uses one algorithm with hundreds of patterns, identifying possible fraudulent claims in seconds, with a success rate of over 80%. The fraud models are constantly updated in real-time investigations and up to date schemes.

(ix) **Enterprise Applications and Software Reseller**

A stable and sticky revenue stream for EOH as some of its key OEM software implementation brands are typically sold to clients on three-year contracts. Products and/or services are split as follows:

(A) **Enterprise Applications**

Implementation and support of Enterprise Applications (**ERP, CRM & BI**) from proven original equipment manufacturers as well as end-to-end management (including programming) of client's enterprise applications.

(B) **Software Reseller**

Expert local representation and reseller for proven OEMs.

(x) **iOCO Infrastructure Services ("IS")**

iOCO IS centred on providing all the core infrastructure services across connectivity, hardware, and managed services as a single integrated service. iOCO IS includes the following products and/or services:

(A) **Compute**

Provider of data centre services, end-user workspace, IT management, and security & platform engineering services.

(B) **Manage and Operate**

Provider of IAAS, application-as-a-service, Data-as-a-Service, IT service management, managing everything from the client's data centres through to their end-user workspace (e.g. office desktop) and includes on-premises, public cloud, and hybrid.

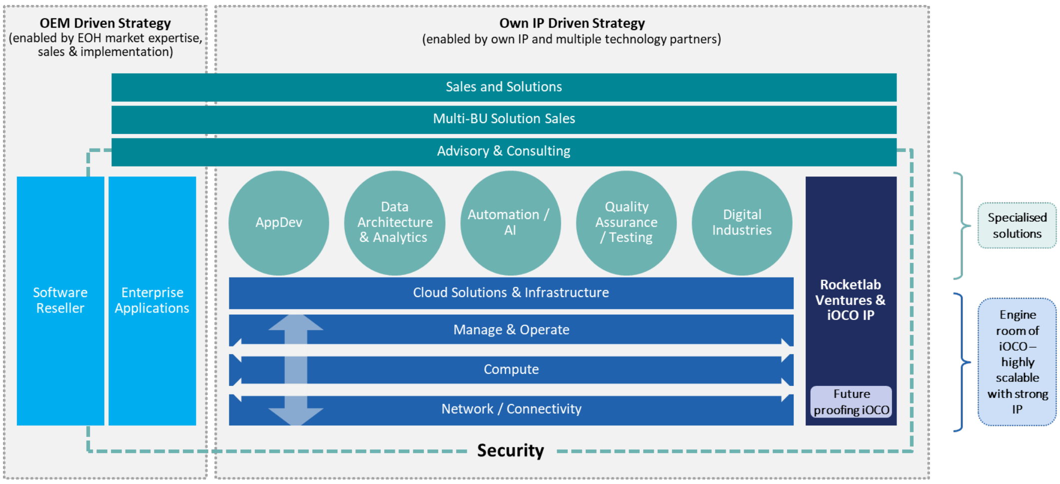
(C) **Cloud Solutions and Infrastructure**

Provider of end-to-end cloud advisory, implementation services and next generation managed services.

(D) **Security**

Provide customers with oversight, insight and awareness through Managed Detection and Response capabilities that actively protect and search for threats and provide appropriate response measures to eliminate cybersecurity threats.

iOCO's ecosystem has been designed to align with evolving industry trends, as shown below:



(xi) **iOCO's Global Technology Partners**

Some of iOCO's key technology partners include:

Division	Product/Service	Partners
iOCO Digital	AppDev	SAP, IBM, aws
	Automation/AI	KOFAX, IBM, MuleSoft, opentext
	Data Architecture and Analytics	aws, IBM, Qlik
	Advisory	opentext, salesforce
	Cloud Solutions	aws, veeAM, vmware
Operational Technologies	Operational Technologies	Schneider Electric, AVEVA, FORTINET
Platforms	Platforms	impression, nuvoteQ, CEREBRO, Symplexity
Enterprise Applications and Software Reseller	Enterprise Applications	SAP, opentext, ORACLE, salesforce
	Software Reseller	Qlik, Hyland, MICRO FOCUS, BROADCOM
iOCO Infrastructure Solutions ("IS")	Compute	vmware, Hewlett Packard Enterprise, HUAWEI, DELL
	Manage and Operate	Google, aws
	Network Solutions	CISCO, Frogfoot
	Cloud Solutions and Infrastructure	livedrive, aws, CloudBees, vodacom

(a) **Nextec**

The iOCO offering is complemented by Nextec, with its offering of people talent, learning and development and intelligent infrastructure solutions. Nextec is a strategic partner for public and private entities engaged in large and complex infrastructure projects. Nextec collaborates with leading technology providers to design, implement, and manage intelligent value-adding solutions. Nextec contributes 26% to external Group revenue.

Nextec comprises skilled, multi-disciplinary teams focusing on two key offerings – Infrastructure Solutions and People Solutions.

(i) **Infrastructure Solutions**

Infrastructure Solutions designs, delivers, and integrates technology infrastructure across a range of sectors, services, and products across sub-Saharan Africa. Leveraging off deep domain expertise and the integration of global best practice and technology, Nextec Infrastructure bridges physical infrastructure to technology. Nextec Infrastructure is also developing a future offering that will provide data-driven solutions that allow clients to make the most of their data leading to greater operational efficiency, improved product quality, and faster proactive management for bottom line impact. Nextec Infrastructure operates the following lines of business:

(A) **Asset Management Solutions**

Asset Management Solutions provide specialised software and assets management solutions that optimises capital and operational expenditure and minimises infrastructure costs.

(B) **Building Solutions**

Building Solutions can provide healthy and environmentally safe buildings enabled through intelligent connected devices. These devices generate huge amounts of data, which when analysed and interpreted, can enable EOH to enhance a building's health, generate cost savings, drive efficiencies, and maintain comfortable working environments. Examples of products and services would include consulting on and installing point of entry systems at offices, camera systems, Wi-Fi systems, workplace technology and building management systems like fire detection and intelligent green building design.

(C) **Connectivity Solutions**

EOH's world-class, turn-key, and customised connectivity solutions enhance businesses communications. Connectivity Solutions caters to both individual and complex wireless communications needs, including network design and implementation, as well as physical infrastructure deployment.

(D) **Environmental Solutions**

The Nextec Environmental Solutions team delivers environmental and social advisory services through a deep understanding of the environmental and social challenges associated with the establishing and operating of facilities and infrastructure in emerging markets.

(E) **Logistic Solutions**

The class-leading Logistic Solutions, provides distribution and warehousing centre designs, enabled through end-to-end design, optimisation, and consulting services.

(F) **Power Solutions**

Intelligent energy provision for large energy consumers and producers is made possible through effective Power Solutions. These include energy monitoring and audits, management, and back-up power solutions, delivered by industry leading experts and technology.

(G) **Water Solutions**

Nextec's Water Solutions makes it possible for large water users to intelligently manage their water usage costs through world class expertise in water systems optimisation.

(ii) **People Solutions**

People Solutions supplies recruitment, staffing, training, and development solutions. It is a one-stop shop full spectrum human resources placement service including talent, growth and learning solutions to designated and non-designated employers. The People Solutions businesses offerings include:

(A) **Recruitment and headhunting**

A niche operation that assists in the placement of IT staff (from junior and entry level skills to executives) at clients;

(B) **Supply and management of skilled and semi-skilled personnel**

Staff are employed by Nextec but are outsourced to clients, thereby providing clients with flexibility and efficiency. These are generally back-to-back contracts in that staff are only sourced and placed when required and can be placed to manage a specific function or project;

(C) **Advisory**

This business focuses on B-BBEE consulting and employment equity to improve B-BBEE scorecard levels through optimal staff composition. This division also includes assisting staff with new system implementations (like SAP & Oracle); and

(D) **Training, education, and skills assessment**

Facilitation of skills development and digital learning to assist the client in turning its technology and disruption into opportunities.

(E) **Nextec's Global Technology Partners**

Some of Nextec's key technology partners include:

Partners				
ABB	AIRBUS	molex	alhua TECHNOLOGY	Hanwha Techwin
HUAWEI	AXIS COMMUNICATIONS	nedap		InfiNet wireless
Honeywell	HIKVISION	S-QUBE	CISCO	RAJANT
GE	INTRACOM TELECOM	milestone	aruba	RUCKUS an ARRIS company
tyco	sage	ZKTeco	Synerion	BESTime

10.4 Growth Strategy

(a) Over the past three years, EOH has spent a significant amount of time on its turnaround strategy. The turnaround plan was focused on dealing with the legacy issues and reorganising the capital and corporate structure to stabilise the business. Key initiatives in this regard included, *inter alia*, improving the quality of earnings, rationalising costs, solving the substantial legacy debt, and addressing the inefficient capital structure to reposition EOH for future growth. The growth stage was kicked off in FY2021 as the business generated its first operating profit since FY2018, incontrovertible evidence that the turnaround strategy is starting to bear fruit. This significant milestone was the result of successfully executing on several key strategic interventions that enabled the business to significantly de-gear and bed down a new corporate structure which provides the foundation for future growth. In addition to organic growth opportunities there are several new growth opportunities that require capital that will be unlocked once the capital structure of the Group has been further rightsized and interest payments reduce to free up additional cash flow to support these initiatives.

(b) The core growth enablers of the business can be summarised as follows:

(i) **Exposure to large total addressable markets and growth outlook**

EOH addresses a large IT market in South Africa, which is growing faster than the country's GDP, and has proven to be more resilient during the COVID-19 pandemic when compared to other sectors. A key growth driver is companies with legacy systems which require a complete transformation to remain competitive. COVID-19 has exposed some of the shortcomings in many corporates and a desire to digitalise has been expedited. EOH is well positioned to access a large, addressable set of markets, particularly in some of the fastest growing sub-elements of the IT market; namely:

(A) application software;

(B) managed services; and

(C) system integration.

Beyond South Africa, there are opportunities in the Middle East and the United Kingdom, which have total addressable markets of c.R742 billion and c.R926 billion, respectively. This translates to fourteen times additional addressable markets.

(ii) **A clear focus on clients being served**

Success of the client franchise is determined by growth in new clients, penetration of offerings in accounts, the retention of clients and customer satisfaction, all of which contribute to revenue growth. By leveraging its broad array of market leading technology offerings, EOH is able to maximise client engagement and optimise coverage of accounts and segments. The Group's client analytics-driven approach provides EOH with a quantified and systematic view into the opportunity areas across its client base. This granular level of strategic account management enables EOH to fully service its clients in a more effective manner.

(iii) **Superior value proposition underpinned by partnerships with leading OEMs**

The OEM driven strategy entails positioning EOH to address clients' evolving needs by providing a vertically integrated product offering ranging from managed connectivity through to managed hardware and software. This holistic offering is tailored to specific client needs and is aimed at eliminating the complexity of running a company's IT systems. This strategy is underpinned by strong and strategic relationships with over 50 leading OEMs. These proven OEM technologies are used and incorporated into EOH's products and solutions, which span the entire IT value chain (i.e. application development, data architecture and analytics, cloud solutions, enterprise applications, network solutions, etc.) Clients opt to partner with EOH due to the Group's OEM relationships, level of market and unique industry and domain specialisation. EOH aims to expand its products and services, through new OEM partnerships.

The OEM strategy, coupled with a vertically integrated product offering, optimally positions EOH to capture additional market share and earn "sticky" revenues commonly associated with multi-year client contracts/service-level agreements that usually cover a range of products and services and therefore tend to be high-margin on an overall basis. An example of this is software resales where clients are required to commit to a 3-year contract duration due to the upfront resources needed for implementation. The "stickiness" stems from the fact that most corporates cannot afford to unplug their mainframe software to seek an alternative due to business continuity risks. Similarly, hardware sales, which attract lower margins, are usually bundled with maintenance contracts and this provides a significant margin uplift. Maintenance contracts, which offer an annuity-like revenue stream with inflation linked escalations, are another example of a "sticky" revenue line item for EOH.

(iv) **Superior technology skills which ensure high quality service delivery to clients**

Despite significant volatility in the labour market, EOH has been able to attract experienced talent while retaining existing talent. EOH employs c.750 developers and many more with specialist IT certifications, who are focused on providing high-quality solutions to clients. EOH's access to superior technology skills and expertise means the Group is well-positioned to respond to clients' evolving and accelerating demand for IT innovation across the EMEA region.

10.5 iOCO

(a) This is the core IT business which attracts the largest client base within the Group and is the core of EOH. iOCO has created a distinct go-to-market approach to understand the required business outcomes from a client's perspective and to ensure an end-to-end solution while co-ordinating the delivery of the offering.

(b) iOCO is positioning itself to "capture the future" through a combination of OEM driven (discussed in Section 10.4 *Growth strategy*) and own IP driven strategies. The own IP driven strategy will be enabled by EOH's own IP and multiple technology partners, underpinning the following services provided to clients: AppDev; data architecture and analytics; automation/AI; quality assurance/testing; and digital industries.

(c) In addition to the organic growth, there are key areas for investment that would facilitate, and drive growth are summarised below:

(i) Employing additional skilled technical solutionists and developers to conduct assessments of the IT needs of clients; recommend and deliver appropriate solutions involving for example, automation, digitisation, and enhanced analytics, to improve operational efficiency.

(ii) Investing in customer acquisition and retention through the creation of a dedicated customer success management team to ensure that the right resources are being delivered to each customer at the right time.

(d) At a divisional level, investment in the following would further drive growth post the rightsizing of the EOH balance sheet:

(i) **iOCO Digital**

Enhancing the advisory service offering, specifically as it relates to the digital transformation journeys and business analytics roadmaps of clients, as well as employing additional developers to write, debug and maintain applications.

(ii) **Operational Technologies**

An investment in expanding international presence in East and West Africa, and the building of a regional centre of excellence for EPLMS. The following steps are expected to add impetus to growth:

(A) creating unified asset management and enhancing OT, Infrastructure and Governance performance through AI, in order to capture opportunities to scale;

(B) building a regional centre of excellence on EPLMS;

(C) accelerating our emerging markets expansion strategy (OT);

(D) expanding MES – expand to alternative geographies with our large clients; and

(E) launching a unified and connected OT Network (industrial cloud).

(iii) **Platforms** – Platform functionality can be enhanced for greater scalability to handle an influx of demand, while additional developers would be employed to stimulate exponential growth.

(iv) **Enterprise Applications and Software Reseller**

Investing in Salesforce, an OEM partner of the future, will enhance the value proposition for clients and provide highly customised solutions.

(v) **iOCO Infrastructure Services**

Expansion of infrastructure automation products and services that use technology to perform tasks such as hardware, software, networking, operating system, and data storage control with reduced human assistance. Skilled cybersecurity professionals and the purchase of additional hardware would be required for the development of a security as a service product. A further investment in cloud interconnection marketplaces that links Africa's largest data centres to the world, whilst employing additional sales representatives to augment sales capacity to support the various initiatives.

10.6 Nextec

(a) Nextec has undergone a significant restructuring with many of its businesses sold given either their capital-intensive nature or simply not being core to the Group offering. Some of its businesses were moved into iOCO and vice versa. A base has now been established off which to grow and focus and an improved financial performance is anticipated.

(b) Nextec is looking to expand its core business offerings through achieving OEM and product expansion targets and establishing data solutions. By partnering with OEMs and rolling out their latest technology solutions across multiple sectors, EOH will broaden its existing client base and be able to offer both existing iOCO and Nextec clients new products or services. The business plans on expanding its learning and development portfolio and access in sub-Saharan Africa through strategic partnerships with other service providers. Nextec aims to attain a Higher Education and Training certification from the Department of Higher Education and Training, whilst developing its "ed tech" business, and growing its finance and accounting training offering.

(c) Nextec revenue will also be driven higher by increasing working capital and updating key elements of the Nextec IT infrastructure to maximise system performance. The employment of additional sales staff and upgrading customer relationship management software will enable the better management and tracking of interactions with current and potential customers.

10.7 Human Capital

(a) EOH encourages employees to have a collective mindset to solve together; and supports the people to develop their talents and abilities.

(b) The objective of people development is four-fold: employee and Company performance, sustainability, digitisation, and consideration to global shifts. The development strategy and programmes are delivered through the EOH's learning hub. In return, EOH expects employees to take ownership to direct their own life and work, have the desire to constantly improve skills through learning and practice and have a sense of purpose in their work and something larger. This creates an ecosystem of autonomy, mastery and purpose and the aim to drive a growth mindset impacting the head, heart, and hands of all employees.

(c) The EOH RiseUp Academy allows continuous e-learning and development. In FY2022, a total of 499 employees attended certified skills programmes from various business schools and accredited providers. In FY2022, R11.4m was invested to upskill and reskill employees.

(d) EOH has a highly diversified workforce. Women account for 49% of workforce, with 32% at management level and 33% at executive level. Black representation in the workforce is 61%.

(e) EOH is led by a highly experienced leadership team with diverse skills ranging from IT skills to entrepreneurial experience, large enterprise management and commercial strategy, as shown below:

Personnel	Background (Experience)
Stephen van Coller (Chief Executive Officer, Executive Director)	• Appointed September 2018 • Previously Vice President of Digital Services, Data Analytics and Business Development at MTN Group • Over 20 years' banking sector experience at Deutsche Bank South Africa and Barclays Africa
Megan Pydigadu (Chief Financial Officer, Executive Director)	• Appointed January 2019 • Previously Group CFO at MiX Telematics where she was involved in the successful listing of MiX on the NYSE • Before that, served as Senior Divisional Financial Manager at De Beers and Group Financial Controller at Bateman Engineering Group
Fatima Newman (Chief Risk Officer, Social and Regulatory Executive Director)	• Appointed April 2019 • Previously served as the executive for business risk management and compliance at MTN Group • Before that, Fatima held roles at Absa CIB as Head of Compliance and at Macquarie First South as Head of Legal Compliance
Ziaad Suleman (Group Executive Chief Commercial Officer and Software Reseller Executive)	• Appointed July 2021 • Spent 13 years at IBM, initially as the Head of Legal then Chief Operations Officer across Southern Africa • Serves as the SA Chair of 4IR on BRICS and is the Chair of the IT 4IR Public Private Growth Initiative (PPGI) Business Advisory Group to the President
Natasha Andrykowsky (Group Executive, Strategy and Change)	• Appointed May 2019 • Seasoned business strategist and strategy execution professional • Previously headed up International Banking in South Africa for the Absa Group after leading CIB strategy for 7 years
Brian Harding (Group Executive, iOCO Digital and Platforms)	• Appointed February 2020 • Extensive experience in the IT industry spanning over 25 years • Previously co-founder and owner of Airborne Consulting, a software development company, which was acquired by EOH in 2011
Marius de la Rey (Group Executive, Nextec, Operational Technology Enterprise Applications and iOCO Infrastructure Services)	• Appointed April 2019 • Previously served as Chief Executive of Customer channels, distribution at Absa Group • In addition, previously held various senior roles in Standard Bank Group before running the bank's Global Real Estate

10.8 Broad-Based Black Economic Empowerment

(a) EOH is intentional about transformation, viewing B-BBEE as an opportunity to make a real difference in the lives of its beneficiaries, colleagues, and the South African economy. The Group's commitment to building an inclusive society is ingrained in its transformation performance. EOH is a Level 1 B-BBEE contributor in terms of the Group's latest consolidated B-BBEE certificate, which is measured in accordance with the Amended ICT Sector Code. Level 1 is the highest level that an entity can achieve in terms of the B-BBEE Act and the applicable codes and is testament to EOH's integrated holistic approach to transformation.

(b) EOH firmly believes that true, sustainable transformation requires a more involved approach to enterprise development that goes beyond depositing funds to tick the B-BBEE scorecard. EOH plays a meaningful role in providing access to the economy, delivering improvement to people's lifestyles through improved education, income, skills development, and employment that translate into economic participation.

(c) EOH's transformation initiatives include:

(i) creating a culture that is built on diversity and inclusion;

(ii) developing, training and providing financial assistance for employees wanting to study further;

(iii) promoting wellbeing, collaboration and equality in the workplace, with zero tolerance for unfair discrimination;

(iv) rewarding people appropriately for high performance and ethical leadership in the workplace; and

(v) hiring the best people, nurturing talent, and opportunity for people from diverse backgrounds.

(d) In 2018, EOH concluded an empowerment transaction with Lebashe Investment Group that entailed an investment by Lebashe of R750 million into EOH, which was a necessary capital injection for an unsettled EOH. The transaction also entailed the issue of 40 million of a newly created class of voting-only A Shares to Lebashe, each of which will entitle the holder to be issued with a certain number of Ordinary Shares as capitalisation shares (as outlined in annexure 5 of the 2018 Empowerment Transaction circular published on 20 August 2018) after a five year period, subject to the EOH Share price reaching a strike price of R90. As at the Last Practicable Date, Lebashe holds an economic interest of 13.06% through its Ordinary Shares and a voting interest of 29.12% through a combination of its Ordinary Shares (13.06% of issued share capital) and A Shares (18.47% of the total voting shares). Further details concerning the Specific Issue are set out in paragraph 15 *"Specific Issue"*.

10.9 Environmental, Social and Governance Overview and Key Considerations

(a) The EOH board is committed to ensuring that environmental, social and governance considerations receive the appropriate emphasis in the Group. Strengthening governance, risk, and compliance has been a priority over the past three years and the Group's intention is that EOH moves forward with an emphasis on using its position to increase its positive impact on broader society.

(b) As one of South Africa's leading technology players, EOH plays its role in ensuring that ethical, values-based, and sustainable practices are entrenched in its industry and society. EOH is committed to the 2030 Agenda of the United Nation's Sustainable Development Goals and operating in a principles-based way to create sustainable value for all its stakeholders. EOH's six sustainability themes are:

(i) solutions that create value for our customers (to lead and grow innovative and sustainable technology solutions);

(ii) a diverse, ethical, and talented workforce (to be a responsible employer, nurturing talent, and the best people);

(iii) a vibrant and innovative digital ecosystem (to nurture innovation, partnerships, and growth in the digital sector);

(iv) building technology skills in communities (to invest in the digital and maths skills needed by future generations);

(v) a commitment to ethical business (share the lessons we have learnt and enable high-integrity business); and

(vi) taking action on climate change (Protecting our planet through enabling technologies).

Environmental

(c) As a provider of professional services, EOH has a relatively low environmental footprint. Notwithstanding, the Group sees effective environmental stewardship as an important aspect of an organisation's licence to operate. EOH is committed to playing its role in addressing the challenges climate change presents to South Africa and the global economy in the areas where it can. Within EOH, the goal is to minimise the Group's direct impact on the environment by operating its facilities and conducting its activities in ways that reduce energy, water, paper consumption, waste, and greenhouse gas emissions. EOH supports and complies with the requirements of current environmental legislation and codes of practice associated with industry-best practices. As far as possible, EOH purchases products and services that minimise damage to the environment and it aims to minimise waste and prioritise waste reuse or recycling. EOH vehicles are operated and maintained with due regard to environmental issues, and it applies the principles of continuous improvement in respect of air, water, noise, and light pollution from EOH premises.

(d) EOH increases environmental sustainability by applying its expertise, resources, research, and innovation to create solutions that provide customers with the technology to improve the efficiency and sustainability of their operations, products, and services. Nextec's solutions include technologies that support smart, safe, healthy, and secure environments, including energy control systems, building management environmental solutions and intelligent green building design. Nextec's energy and water technology solutions can significantly reduce energy and water consumption. Nextec provides air monitoring solutions to industry, government, and research organisations. EOH's analytical instrumentation offers continuous measurement of both surrounding air pollution and chimney emissions. iOCO's work in the digital solutions arena reduces the need for paper and physical transport and, for this reason, supports the environment by reducing the need for fossil fuels and fossil fuel-derived products.

Social

(e) EOH recognises that social transformation is critical for the sustainability of the Group and is continuing the ongoing drive towards economic and social equity through the process of B-BBEE. The best measure of EOH's success in this regard is the ongoing attainment of a Level 1 contributor rating, under the ICT Code of Good Practice, the highest rating of its peers on the JSE.

(f) EOH has the necessary policies and programmes in place to advance social and economic development, sound ethical behaviour, fair labour practices, responsible environmental practices, and good customer relations.

(g) EOH has aligned its learning and development programmes to address critical IT skills shortages, prioritising opportunities for people with disabilities, the youth, and women. A total of R37.2 million was spent on both employed and unemployed people in FY2022. EOH supports gender equality through various initiatives including skills development for women. The Group invested R15.2 million towards the learning and development of black women and R9.4 million on the development of people with disabilities in the FY2022.

(h) The Group has introduced ground-breaking policies on domestic violence and abuse. Furthermore, its diversity and inclusion policy recognise its commitment and efforts to be inclusive towards the LGBTQi+ community.

(i) EOH is committed to maintaining a safe work environment to ensure the safety and health of employees and visitors. As a responsible employer, the Group remains committed to ensure compliance with the relevant health, safety and environmental legislation and regulations.

Corporate Governance

(j) EOH defines corporate governance as exercising ethical and effective leadership to direct and manage effective governance and standards of accountability and transparency within the Company. Good governance is implemented through a best practice governance framework that aligns to the principles of King IV as well as the governance requirements of the JSE Listings Requirements and the Companies Act. The governance framework provides an integrated approach to connect critical factors that affect EOH's ability to create and protect value for all stakeholders in a sustainable way.

(k) Notable steps that EOH has taken to address corporate governance concerns include:

- (i) implementing robust anti-bribery and corruption controls and governance procedures (including training);
- (ii) implementing a significantly enhanced risk, compliance, and governance framework;
- (iii) implementing a gift policy which limits the acceptable financial and non-financial gifts and donations that can be made by EOH employees. Anything above appropriately set limits requires disclosure and must reported and recorded accordingly;
- (iv) created an internal bid monitoring and review function – a committee that vets all public sector bids > R1 million (R10 million for private sector). Bids are interrogated by compliance, legal, finance and risk;
- (v) implementing a conflicts management control room within the Compliance Function; and
- (vi) creation of a Whistleblowing Mechanism.

(l) EOH continues to meet its reporting requirements relating to the JSE Listings Requirements and the Companies Act and remains compliant with the Companies Act, particularly with reference to the incorporation provisions, and operates in conformity with the Company's MOI.

(m) The EOH governance framework arises from the fiduciary obligations and responsibilities of directors as defined by the Companies Act and King IV best practice principles of oversight and control. It is based on the accountability and line of authority and is applicable to all businesses in the Group to ensure the governance objectives are met. The seven pillars of EOH's governance framework represent the key processes or mechanisms applied to effectively uphold, sustain, defend and enforce the ethical values of good governance throughout the Company. Set out below are the company's seven governance pillars:

- (i) strategy management;
- (ii) governance structures and accountability;
- (iii) sustainability and resilience;
- (iv) corporate citizenship;
- (v) risk and compliance framework;
- (vi) transparency and disclosure; and
- (vii) value creation and protection through ethical leadership and culture.

(n) EOH's five governance objectives that stem from the Board charter and Board committee terms of reference and align with the EOH purpose, philosophies, and values, are:

- (i) ethical leadership;
- (ii) sustainability;
- (iii) stakeholder engagement;
- (iv) statutory and regulatory compliance; and
- (v) responsible corporate citizenship.

11 REGULATORY MATTERS

11.1 Introduction

The Group is subject to government regulations that affect all aspects of its operations. In particular, as the Group's turnover generating operations are primarily situated in South Africa, government regulations in South Africa have a material effect on the Group's business. Each of the Group's trading subsidiaries is required to develop risk management procedures that identify and implement the controls necessary to comply with applicable laws and regulations and utilise monitoring procedures to assess and ensure compliance. The sections below set out the primary laws and regulatory concepts to which the Group is subject. Please also see the part of this document entitled *"Risk Factors"* for a further description of the risks such regulations and laws pose to the Group's business.

11.2 Labour Relations Act 66 of 1995 ("LRA")

The Constitution of South Africa gives every person the right to fair labour practices. The LRA is the principal legislation that gives effect to the framework in which employees, employers and industrial relations at an individual and collective level are regulated. As a premise, the LRA regulates the manner in which employees, employers, trade unions (where applicable) and employer's organisations interact and engage with one another in the workplace. This includes processes related to collective bargaining (which includes, but is not limited to, wage determination, determination of terms and conditions of employment, the formulation of industrial policy and employee participation in certain decision-making processes), dispute resolution, and for the dismissal of employees. The LRA also deals with unfair labour practices, which is unfair conduct by the employer relating to the (i) promotion, demotion, probation or training of an employee or relating to the provision of benefits to an employee; (ii) the unfair suspension of an employee or any other unfair disciplinary action short of dismissal in respect of an employee; (iii) the failure or refusal of an employer to reinstate or re-employ a former employee in terms of any agreement; and (iv) an occupational detriment, other than dismissal, in contravention of the Protected Disclosures Act, 2000, on account of an employee having made a protected disclosure as defined in that Act.

The LRA framework is geared towards the protection of employee and employer rights through various structures. Principally the LRA allows for the creation of trade unions and employer's organisations. The extent of entitlement of a trade union to certain rights in terms of the LRA is subject to the size of its membership base and its representation in the workplace. In this regard, the organisational rights under the LRA differ depending on whether the trade union is "sufficiently representative" in the workplace or the majority union in the workplace. Trade unions that are "sufficiently representative" in the workplace have a right of access to the employer's premises, the right to trade union subscription deductions and the right to leave for trade union activities. In addition to these rights, the majority trade union has the right to appoint a full time trade union representative/shop steward and has access to certain information. To be entitled to enter into collective agreements with the employer, the trade union must have as its members the majority of the employees at the workplace. The LRA does not prescribe that bargaining can only be achieved if a trade union reaches a 50% plus 1 majority status in the appropriate bargaining unit or bargaining forum. The LRA endorses a co-operative approach whereby two or more trade unions can aggregate their membership for the purposes of achieving majority status in a collective bargaining unit or forum.

If a dispute between the employer and employee arises, the LRA clearly delineates the lawful context in which these disputes can be resolved. As a premise the LRA strictly stipulates and regulates the requirements for a lawful strike, lockout or picketing. In this regard, the LRA expressly identifies who is allowed to engage in industrial action of this nature, which processes must be followed and for which purposes employees and employers may engage in such industrial action. Should the industrial action require the parties to engage in a process of consultation and negotiation, the LRA also prescribes the procedures to be followed.

If the conduct of the parties, for whatever reasons, results in the dismissal of employees, the LRA establishes the CCMA as a principal forum for the resolution of any disputes resulting from such dismissal, as well as the labour court. The LRA prohibits unfair dismissals (including automatically unfair dismissals). Broadly speaking, in terms of the LRA there are only four fair grounds to dismiss an employee namely, misconduct, incapacity due to poor performance, incapacity due to illness or injury and operational requirements. The fairness of a dismissal is assessed based on an analysis of both the substantive (being the reason) and procedural aspects thereof. The procedural fairness requirements differ depending on the reason for the dismissal. The majority of disputes related to alleged unfair dismissals must be referred to the CCMA or Bargaining Council with jurisdiction for conciliation. The CCMA or Bargaining Council resolves and adjudicates different types of employment disputes such as unfair labour practice disputes and not only disputes relating to the fairness of a dismissal. If conciliation fails, the nature of the dispute determines whether the dispute must be referred to adjudication at the labour court or arbitration at the CCMA or Bargaining Council.

The primary remedy for a substantively unfair dismissal (i.e. where there is no fair reason for the dismissal) is re-instatement. Where the employee does not seek re-instatement or re-instatement is not practicable or the dismissal is only procedurally unfair, then compensation, limited to a maximum of 12 months' remuneration, may be ordered. This increases to 24 months' remuneration for an automatically unfair dismissal.

11.3 Basic Conditions of Employment Act 75 of 1997 ("BCEA")

The BCEA provides for minimum terms and conditions of employment which apply to all employers and employees, subject to certain limited exceptions. As a general rule, an individual contract of employment may not prescribe terms and conditions of employment which are less favourable than those contained in the BCEA. However, an employer and employee may agree to terms and conditions that are more favourable to the employee. Where an employee falls within the scope of a sectoral determination or collective agreement, then the terms and conditions would be governed by that sectoral determination or collective agreement. The BCEA includes provisions relating, *inter alia*, to the regulation of working time (including pay for overtime, Sunday work and public holiday work), leave (annual leave, sick leave, family responsibility leave, maternity leave, parental leave, commissioning parental leave and adoption leave), particulars of employment, remuneration, notice periods and payments on termination.

11.4 Employment Equity Act 55 of 1998

The Employment Equity Act, *inter alia*, promotes equity in the workplace by promoting equal opportunity and fair treatment in the workplace, including during recruitment, through elimination of unfair discrimination and implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, in order to ensure equitable representation in all occupational categories and levels in the workforce.

It is imperative that regard must be had of the principle of equal pay for work of equal value under the Employment Equity Act that applies to all employers. In this regard, a difference in terms and conditions of employment between employees performing the same or similar work or work of equal value is unfair discrimination if the reason for the differentiation is one of the prohibited grounds for discrimination under the Employment Equity Act. Work will be identified as of equal value when the work done by the employee is the same, substantially the same or of equal value when compared to an appropriate comparator.

To determine whether differentiation between employees occurs, the Employment Equity Act identifies 22 listed grounds upon which an employer could potentially differentiate between employees. Differentiation in this regard is presumed to be unfair discrimination between employees. The Employment Equity Act furthermore identifies an "arbitrary ground" of differentiation as a ground upon which unfair discrimination can take place. The Employment Equity Act identifies the CCMA as the forum of first instance to resolve a dispute relating to equal pay for work of equal value or an unfair discrimination dispute, including sexual or racial harassment, through a process of conciliation. Should the dispute remain unresolved after conciliation, the matter may either be referred to the labour court for adjudication or remain with the CCMA for arbitration if the requirements imposed by the Employment Equity Act for the CCMA to arbitrate the matter are met.

There is also a requirement for *"designated employers"* (i.e. an employer with more than 50 employees or an employer that has a turnover equal to or in excess of the prescribed annual turnover threshold for that particular sector stipulated in the Employment Equity Act) to implement affirmative action measures to ensure that suitably qualified people from "designated groups" (i.e. African, Coloured, Indian, women and people with disabilities) are equitably represented across all occupational levels in the workforce. There are amendments to the EEA in the pipeline in terms of which a *"designated employer"* will only be those employers with more than 50 employees and reference to a turnover threshold will be deleted. The Employment Equity Act's affirmative provisions prescribe that a designated employer must prepare and implement an employment equity plan that will achieve reasonable progress towards employment equity in that employer's workforce. The employment equity plan must state: (a) the objectives to be achieved for each year of the plan; (b) the affirmative action measures to be implemented; (c) where under representation of people from designated groups has been identified by the analysis, the numerical goals to achieve the equitable representation of suitably qualified people from designated groups within each occupational level in the workforce, the timetable within which this is to be achieved, and the strategies intended to achieve those goals; (d) the timetable for each year of the plan for the achievement of goals and objectives other than numerical goals; (e) the duration of the plan, which may not be shorter than one year or longer than five years; (f) the procedures that will be used to monitor and evaluate the implementation of the plan and whether reasonable progress is being made towards implementing employment equity; (g) the internal procedures to resolve any dispute about the interpretation or implementation of the plan; (h) the persons in the workforce, including senior managers, responsible for monitoring and implementing the plan; and (i) any other prescribed matter. A designated employer is furthermore required to report on progress made towards achieving employment equity objectives on an annual basis by submitting an EEA2 form to the Department of Employment and Labour. There must also be a report submitted on an annual basis (EEA4 form) setting out the income differentials and the remuneration and benefits per each occupational level of the employer's workforce. This must be broken down by gender and race. In the case of a failure by a *"designated employer"* to have an employment equity plan in place or to submit employment equity reports the maximum fine for a first offence is the greater of R1 500 000 or 2% of the employer's turnover which can increase to the greater of R2 700 000 or 10% of the employer's turnover for multiple offences. For other contraventions of the EEA the maximum fine is currently R2 700 000.

11.5 Occupational Health and Safety Act 85 of 1993 ("OHSA")

The OHSA, *inter alia*, provides for the health and safety of people at work or in connection with the use of plant and machinery. It further provides for the protection of people other than people at work from hazards arising out of or in connection with the activities of people at work.

The OHSA sets out the minimum rights and duties of employers and employees to maintain a healthy and safe working environment. Extensive regulations have been promulgated in terms of OHSA which regulate, amongst others, safety standards in relation to the use of machinery, facilities, etc. In terms of the OHSA, every employer with more than 20 employees must appoint a health and safety representatives to form a health and safety committee, which could be tasked with identifying potential hazards, examining the causes of any workplace incidents, investigating employee complaints and consulting with health and safety inspectors.

11.6 Protection of Personal Information Act, 4 of 2013 and General Data Protection Regulations (where applicable) ("Privacy Laws")

The promulgation and implementation of the Privacy Laws seek to protect people from harm by protecting and regulating the collection, storage and use of their personal information. The aim is to prevent identity theft and fraud and generally to protect a person's privacy, which is a fundamental human right.

The Privacy Laws place a number of obligations on businesses, including EOH, to ensure that personal information is collected, stored and used responsibly and in accordance with the data protection principles under applicable Privacy Laws and that there is a justification under applicable Privacy Laws for the processing of personal information. Should the business fail to comply with applicable Privacy Laws it may be subjected to a substantial fine, criminal action, and a claim from the data subject. EOH must ensure compliance with the applicable Privacy Laws, notwithstanding the growing prevalence of cyber crimes and data breaches.

11.7 Electronic Communications Act, 36 of 2005 ("ECA")

The ECA is the primary piece of legislation which regulates the communications sector (telecommunications and broadcasting) in South Africa. ICASA is the established regulator and is responsible for regulating the communications sector in accordance with the objectives of the ECA including, but not limited to, issuing licences.

There are a number of entities in the Group which hold service and spectrum licences. These are EOH Mthombo, Scan RF Projects Proprietary Limited (**"ScanRF"**) and Emid Proprietary Limited, which is now called iOCO Infrastructure Services Proprietary Limited (**"IIS"**). Each of these companies holds individual electronic communications service and individual electronic communications network service licences in terms of the ECA and accordingly operates in a highly regulated space. As at the Last Practicable Date, except in respect of the change of control issue following the acquisition of ScanRF and IIS by EOH, the licensed companies have ensured that they comply with their licence terms and conditions and ongoing regulatory obligations, including the requirement to pay annual licence fees on revenues generated from the provision of licensable services. Changes of control of licensed entities, including indirect changes of control, require ICASA's prior approval. ScanRF and IIS were acquired by EOH in 2015 and 2017 respectively, and accordingly, there was a change of control of the individual licenses that they hold however, approval from ICASA for the change of control of licenses was not obtained. EOH is currently engaging with ICASA to resolve the issue. Further detail on the change of control of ScanRF and IIS respectively is set out in paragraph 17.5 below.

ScanRF also holds 4 radio frequency spectrum licences. The spectrum licenses which ScanRF hold is not for "high-demand" spectrum which would have been assigned in the spectrum auction held in March 2022. ScanRF must comply with the spectrum licence terms and conditions and ongoing regulatory obligations, including the requirement to pay annual licence fees.

In addition, and as part of these entities' compliance obligations as individual licensees, they must each have (by 31 March 2024) and maintain minimum equity ownership by historically disadvantaged persons (**"HDPs"**), including Black people (as defined under the B-BBEE Act), women, youth and persons with disabilities, of 30%. In addition, all licensees must maintain a minimum B-BBEE status of Level 4. EOH Mthombo and ScanRF comply with these requirements as their B-BBEE levels are measured on a consolidated basis as part of the Group, which is a Level 1 B-BBEE contributor. IIS will be measured on the same basis in due course.

11.8 Overarching Regulatory Framework

Due to the substantial size of the EOH Group, with c.112 legal entities, operating in different industrial and geographic areas, there are a plethora of regulatory regimes with which the EOH must comply. EOH's regulatory universe aims to ensure that EOH remains a compliant business by tracking applicable regulations or legislative acts which may have a material impact on the business, assessing same and advising the business accordingly.

Exchange control

The following summary is intended only as a guide and is, therefore, not comprehensive. If Qualifying Shareholders are in any doubt as to the appropriate course of action, they are advised to consult their professional advisors or Authorised Dealer.

Pursuant to the Exchange Control Regulations, non-residents of the Common Monetary Area, that have never been residents of the Common Monetary Area, will be allowed to:

(a) exercise Rights in terms of the Rights Offer;

(b) purchase Letters of Allocation on the JSE;

(c) subscribe for the Rights Offer Shares arising in respect of the Letters of Allocation purchased on the JSE; and

(d) subscribe for excess Rights Offer Shares that have been applied for in terms of the Rights Offer (if applicable),

provided that payment is received in the Common Monetary Area through normal banking channels in foreign currency, or in Rand from a non-resident Rand account conducted in the books of an Authorised Dealer.

All applications by non-residents of the Common Monetary Area for the above purposes must be made through an Authorised Dealer. Shares subsequently re-materialised and issued in certificated form will be endorsed "non-resident".

Where a Right in terms of the Rights Offer falls due to a former resident of the Common Monetary Area, funds in the emigrant's capital account may be used to exercise this Right. In addition, such funds may also be used to:

(a) purchase Letters of Allocation on the JSE;

(b) subscribe for the Rights Offer Shares arising in respect of the Letters of Allocation purchased on the JSE; and

(c) subscribe for excess Rights Offer Shares that have been applied for in terms of the Rights Offer (if applicable).

All applications by emigrants to use funds in their capital account for the above purposes must be made through the Authorised Dealer in the Common Monetary Area controlling their remaining assets. Any Rights Offer Shares issued pursuant to the use of funds in the emigrant capital account will be credited to their share accounts at the CSDP controlling their remaining portfolios. The sale proceeds of Letters of Allocation or Rights Offer Shares, if applicable, will be returned to the Authorised Dealer controlling their remaining assets for credit to such emigrants' capital accounts.

The use of proceeds for investments outside the Common Monetary Area requires the prior written approval of the Financial Surveillance Department.

Any Qualifying Shareholder resident outside the Common Monetary Area who receives this Circular and, in the case of a Qualifying Certificated Shareholder, a Form of Instruction should obtain advice as to whether any governmental and/or other legal consent is required and/or any other formality must be observed to enable a subscription to be made in terms of such Form of Instruction.

No Ordinary Shareholder should construe the contents of this Circular and the documentation accompanying it as legal or other advice. Each Ordinary Shareholder should make its own enquiries and consult its own professional advisors or Authorised Dealers as to the content of this Circular and the documentation accompanying it regarding the acceptance and exercise of its Rights in terms of the Rights Offer.

12 INDUSTRY OVERVIEW

This section includes information sourced from various third parties. In particular, this section makes reference to and relies on information obtained from market research, publicly available information, reports of governmental agencies, and industry publications and surveys. While the Group is not aware of any misstatements regarding the industry data presented herein, its estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under paragraph 6 *"Risk Factors"*.

12.1 South Africa macroeconomic environment

A significant portion of the revenue generated by EOH is earned in South Africa, as such, political, social and economic conditions in South Africa may have an impact on the business. The South Africa economy can be described as a middle-income emerging market with an abundant supply of natural resources with well-developed financial, legal, communications, energy, and transport sectors. With a GDP of R4.2 trillion recorded in 2020 (World Bank), this makes the South African economy the 3rd largest economy in Africa and 39th largest worldwide.

The South African economy experienced a decline in real GDP of c.1.1% between 2017 and 2019 and a further decline in real GDP of 6.4% through 2020 as a result of the COVID-19 pandemic. Despite the ongoing pandemic and pockets of civil unrest experienced in July 2021, the economy achieved real growth of 4.9% and as of June 2022, economic production has officially returned to pre-pandemic levels. The medium-term outlook of the economy looks positive with expected real GDP growth of 1.7% in 2022. The economic recovery is premised on a number of key factors which include, but are not limited to, continued government commitment to fiscal consolidation, a decrease in the impact of COVID-19 due to higher vaccination rates and a normalisation in global commodity prices. Keeping these factors in mind, the economy is forecast to expand by 1.9% in 2023.

	2017A	2018A	2019A	2020A	2021A	2022E	2023E
Real GDP growth (%)	1.2%	1.5%	0.1%	(6.4%)	4.9%	1.7%	1.9%

Source: National Treasury (2017A – 2021A), SARB (2022E – 2023E)

SARB has a stated target long-term range for CPI of between 3.0% to 6.0% and they have largely been consistent in keeping CPI within this band. CPI is forecast lower at 3.9% in 2022 (down from 4.5%) due to lower services price inflation, whilst the forecast for CPI in 2023 is slightly higher at 4.8% (from 3.9%) with the increase being attributed to higher energy, fuel and food prices, mainly attributable to the war in Ukraine.

	2017A	2018A	2019A	2020A	2021A	2022E	2023E
Headline CPI (%)	5.3%	4.7%	4.1%	3.3%	4.5%	3.9%	4.8%

Source: StatsSA (2017A – 2021A), SARB (2022E – 2023E)

One of the monetary tools used by the SARB to ensure that CPI remains in the long-term range is the repurchase rate (**"repo rate"**) which is defined as the rate at which the private sector banks borrow funds from the SARB. In 2020, as a result of the pandemic, the repo rate reached an all-time low of 3.5% in order to stimulate economic growth. However, with rising inflation and forex pressure, the SARB have raised the repo rate to 4.75%, with several further raises expected in the coming year.

	2016A	**2017A**	**2018A**	**2019A**	**2020A**	**2021A**	**2022A**
SARB repo rate (%)	7.00%	6.75%	6.75%	6.50%	3.50%	3.75%	7%

Source: SARB (2017A – 2021A), Fitch Solutions Country Risk & Industry Research ("Fitch Solutions") (2022E – 2023E)

The South African Rand has performed well against the United States Dollar in the last twenty-four months, appreciating from R17.68 in August 2020 to R16.74 as of 6 July 2022 largely due to geopolitical tensions within global markets, the uptick in commodity prices and exports, and the related improved currency inflows due to stronger demand from international emerging markets investors for South African assets. Over the near term, it is expected that the Rand will remain sensitive to changes in global commodity prices, as well as monetary policy shifts within developed markets.

	2017A	**2018A**	**2019A**	**2020A**	**2021A**	**2022E**	**2023E**
USD/ZAR exchange rate	13.67	14.41	14.04	14.62	15.89	15.80	16.05

Source: SARB (2017A – 2021A), Fitch Solutions Country Risk & Industry Research ("Fitch Solutions") (2022E – 2023E)

12.2 Overview of the South African Information Technology Environment

EOH operates in what could be defined as the IT sector, rather than the more traditionally used ICT sector. While there is no universally accepted definition for either term, IT is seen by EOH to exclude those telecommunication related services (including audio, internet data and video) that are utilised by both individuals and organisations.

South Africa has a well-established, diverse IT sector spearheaded by a number of long-standing industry players including EOH. According to BMIT, the South African IT market is estimated to be c.R139 billion in 2022, up 6.5% from 2021. As indicated in the table below, the sector has proven to be resilient, even in the face of COVID-19, growing above annual South Africa real GDP in the last 3 years and projected to continue doing so over the medium term.

	2020A	**2021A**	**2022E**	**2023E**
Real GDP growth (%)	(6.4%)	4.9%	1.7%	1.9%
Annual South Africa IT market growth (%)	6.0%	5.7%	6.5%	6.3%

Source: Real GDP growth as above. Annual South Africa IT market growth from BMIT

Key product and service categories within the IT sector are defined as follows:

(a) **IT Services:** Representing the largest portion of the South African IT market, EOH has categorised IT services to encompass a number of services including consulting and advisory, cloud and managed services, amongst other elements. These services can relate to everything from addressing a specific client or project requirement, all the way to outsourcing of a specific IT function.

(b) **Packaged Software:** For the South African IT market, EOH has categorised Package Software to include applications (as well as their development and deployment) and System Infrastructure Software, amongst other elements. Commonly refers to either multiple software programs bundled together to be sold as a set or otherwise "packaged" in some manner to fulfil a particular function.

(c) **Hardware/systems:** Hardware/systems refers to the physical elements of an IT stack. For the South African IT market EOH has categorised this to include servers and personal computers. Software and Systems are generally stored and run by this Hardware.

The IT sector can rapidly evolve year on year on the back of changing technological requirements and other industry trends (for further information on these trends see sections 11.5). As a result, not all these sectors have experienced the same growth rates as the overall IT market and may have non-linear growth trajectories in future as illustrated in the table below.

	2021A	2022E	2023E	2024E	2025E
IT Services	5.3%	9.4%	11.8%	13.2%	13.3%
Packaged Software	8.7%	10.1%	9.3%	8.4%	7.9%
Hardware/systems	0.6%	1.9%	3.3%	2.4%	2.0%

Source: BMIT

12.3 South African IT Competitive Landscape

In EOH's opinion – the varied nature of IT solutions offered in South Africa, relevant players in the IT market could be grouped as follows:

(a) **Full value chain IT firms:** Some of the larger players under this grouping could include BCX, Altron, Dimension Data, Alviva and Datatec

(b) **Large global firms (including OEMs) with local offices:** Some of the larger players under this grouping could include SAP, Oracle, HCL Technologies, Tata Consultancy Services, IBM and Wipro

(c) **Advisory/research firms:** Some of the larger players under this grouping could include Accenture and Deloitte

(d) **Niche players:** Some of the larger players under this grouping could include AdaptIT and Mustek

From a South African IT perspective, particularly in an industry as defined in Section 12.2, EOH believes that it offers one of the most comprehensive end-to-end offering in all major IT verticals in South Africa. This means that it is able to offer comprehensive, tailored offerings to its client base that may be challenging for others to replicate. The EOH product and service solution stack is focused towards strong "future-proof" IT verticals, with these product and service offerings differentiating the company from a number of its competitors.

South African IT players have increasingly focused on offering bespoke, "end-to-end" solutions to their customers who are primarily enterprises. Increasing focus by international hyperscalers (including Amazon and Microsoft) has resulted in partnerships and reseller relationships being expanded to address the potential for businesses directly acquiring solutions.

12.4 Overview of the Group's Other Regions of Operation

The Group's operations in the countries/regions listed below collectively account for approximately 7% of total Group revenue for the FY2022.

(a) **Current Operations**

(i) **Egypt**

The Egyptian economy is diverse, with the majority of output generated coming from agriculture, manufacturing, energy and services. The total GDP for the Egyptian economy in 2021 was USD404bn, making it the second largest economy in Africa, second to Nigeria. Egypt initiated economic reforms in 2016, which has ensured economic growth has been strong and resilient. Egypt's economy is one of the few African countries to record positive growth in 2021, with real GDP growth of 3.6%, despite the adverse impact of the COVID-19 pandemic. The Central Bank of Egypt has a CPI target range of 5-9%, however, in April 2022, the country's inflation rate quickened to 13.1% year on year. This has resulted in the Central Bank of Egypt raising its overnight interest rates, in May 2022, by 200 basis points with the deposit rate increasing to 11.25% from 9.25% and the lending rate to 21.2% from 10.25%.

Source: The World Bank

(ii) **United Kingdom**

With real GDP reaching USD3.2 trillion in 2021, the United Kingdom has an extremely mature economy with the main contributors to economic output being the services and manufacturing sectors. The UK's real GDP growth is projected to increase by 3.6% in 2022, before stagnating in 2023. However, inflation will keep rising and is expected to peak at over 10% at the end of 2022, mainly due to high energy prices and continuing labour and supply shortages. Inflation is expected to, however, gradually decline to 4.7% by the end of 2023. In order to combat rising inflation, the Bank of England has taken the decision to raise interest rates from a low of 0.1% in November 2021 to 1.0% in June 2022 with further increases expected throughout the remainder of the year.

Source: The World Bank

(iii) **Czech Republic**

The Czech economy recorded real GDP of USD282.3bn in 2021, shrinking 5.8%. The Czech economy is expected to have grown by 2.5% in 2021 and is projected to grow by 1.8% in 2022 and 2% in 2023. The economy's recovery is, however, facing headwinds from further supply disruptions, rising prices and overall uncertainty related to the war in Ukraine resulting in trade and manufacturing output slowing. CPI in the Czech economy has largely been managed well, sitting consistently between 3-6%, with CPI in 2021 coming in at 3.8%. However, 2022 has brought numerous inflationary pressures, mainly driven by higher energy and gas prices, bringing the April year on year inflation to 14.2%, raising concern amongst policymakers. These pressures are likely to decrease somewhat with CPI projected to trend around 6.30% in 2023 and 4.30% in 2024. Interest rates in Czech Republic decreased to 0.25% in 2020 as a result of the COVID-19 pandemic, however, these have increased quickly to be sitting at 5.75% in May 2022 to counter inflationary pressures with interest rates projected to trend around 6.00% in 2023 before decreasing to 4.75% in 2024.

Source: The World Bank

(iv) **Potential Future Expansion**

The COVID-19 pandemic accelerated the pace of digitisation and consolidation of businesses into bigger ecosystems. It has also driven a focus on greater efficiency, encouraging co-operation across business units as corporates look for solutions rather than products. EOH's suite of technology solutions position the Group perfectly to support a client's move to the cloud and facilitate business processes and controls in a remote working environment. iOCO's Impressions solution, for example, enables customers to view, sign, and send sensitive documents on any connected device conveniently, securely and with full legal compliance.

EOH has a full repertoire of services delivered in a holistic fashion, with capabilities to expand into new markets by leveraging off its South African platforms and 'following' its core client base. In addition, the Group continues to enhance its end-to-end technology solutions with future generation offerings to further entrench its role as the leading technology solutions partner for companies. Finding innovative ways to expand current partner and vendor relationships into other geographies in another opportunity that the Group could potentially explore.

(v) **Middle East**

EOH already has a solid foothold into the Middle East region through its Egyptian operations, which are known locally as ASSET Technology Group (iOCO own 75% of ASSET Technology Group at present) and have been operating in the region for over 30 years. The company is headquartered in Dubai and has its development centre in Egypt as well as offices in Saudi Arabia for optimal client coverage. The business is ideally suited to target further Middle Eastern geographies on the back of its regional experience, with strategic, governance and compliance overlays from the Group. There could also be a potential opportunity to explore the introduction of other digital offerings and solutions offered by the Group into the region depending on customer appetite.

EOH believes that the total addressable market in the Middle East for 2022 is USD46 billion based on the total IT spend for FY2020

Source: IDC

(vi) **Europe**

Similar to Egypt and the Middle East, EOH's UK operations represent an entry point into Europe supported by the Group's cloud capabilities in the Czech Republic. The UK represents one of the world's largest IT markets, with software and data services, cloud computing and IoT being some of the main drivers behind its robust growth historically. Going forward, data centres, continued development of mobile applications and new technologies like wearable devices are just some of the components anticipated to keep this growth buoyed. Similarly, to the Middle East, existing European operations provide a potential opportunity to explore servicing select, relevant other geographies in the region and potential the introduction of further solutions.

EOH believes that the UK has a total addressable market for 2022 of c.GBP266 billion based on the IT spend of FY2019.

Source: Statista – Corporate IT spending on Services – DossierPlus

12.5 Key Trends within the IT Industry

(a) **Cloud migration and digital ecosystems**

With the on-set of the COVID-19 pandemic, working outside of a traditional brick-and-mortar office environment almost overnight went from a "nice to have" to an obligatory requirement. This resulted in workers becoming increasingly comfortable with the "work from anywhere" environment. What has since emerged is a greater number of the work force adopting hybrid working environments, where they split their time between office and home. Working virtually or outside of an office's traditional "plug-in" digital platform is just one of the elements driving greater cloud migration and the development of more advanced, yet intuitive digital ecosystems.

Cloud adoption has been a feature of the IT environment for over a decade in some shape or form. A cloud refers to servers that are accessed over the internet, as well as the software and databases that runs on those servers. As the need to access data, applications or other business elements virtually has increased, cloud migration (the process of moving these elements onto the cloud) has emerged. Outside of the ability to access information anywhere, the cloud has provided businesses with other benefits including costs savings, operational performance and overall security. Between 2020 and 2025, BMIT has forecast cloud services to grow by a CAGR of 21.2% in the South African IT market.

Edge computing or moving enterprises towards the edge of their networks is another trend being spurred by cloud migration. Edge computing allows businesses to "localise" their data, bringing it closer to end-user devices, reducing latency, providing access to even remote areas and improving decision making timeframes. In a practical sense it is the difference between travelling 1km and 10km to retrieve an item. Outside of the IT industry, the elements required for edge computing to be realised will be provided by a number of players including hyperscalers, data centre and fibre operators, telecommunications companies, and content providers, to name a few.

In a report commissioned by Google Cloud, Oxford Economics defines digital business ecosystems as "working relationships facilitated by modern, cloud-first digital technologies". When a digital ecosystem is integrated, it allows enterprises to leverage technology and build automated processes, all on a seamless digital platform. The cloud has been one of the elements aiding to drive more advanced and integrated digital ecosystems as it removes the boundaries historically imposed by data being stored on physical infrastructure.

(b) **Cybersecurity**

Cybersecurity has been on the radar for most businesses for some time now. With highly connected systems and supply chains, as well as increasing use of "cyber-physical systems", organisation are increasingly finding themselves potentially exposed to cyber threats. Gartner defines cybersecurity as the "practise of deploying people, policies, processes and technologies to protect organisations, their critical systems and sensitive information from digital attacks". The conflict between Russia and Ukraine has illustrated how these threats can expand beyond hackers targeting business functions into what some have called a "cyberwar".

Hackers are deploying increasingly sophisticated methods to attack businesses, keeping abreast of rapid technological advancements, dodging detection and finding new ways to work around a company's security protocols. APIs which are the software that allows integration and communication between different platforms is another often targeted area for breaches. However, businesses are not entirely vulnerable, as a number of skilled IT providers have found and are advancing barriers to cybersecurity threats.

(c) **Data driven Automation, Virtualisation, Big Data and AI**

As technology exponentially advances, solutions have emerged to use data to create more automated, "human-like" experiences. These have resulted in a number of interrelated trends emerging in the industry:

(i) **Automation:** Refers to software or systems introduced to automate manual or repetitive processes in order to improve efficiencies. The term has evolved into a concept termed Hyperautomation which refers to introducing other elements like AI, machine learning and robotic process automation to improve on the efficiency and accuracy of a traditional automation process.

(ii) **Virtualisation:** As the name suggests, virtualisation is creating a "virtual" or software-based representation of data, applications, servers, storage and networks that allows elements of each to be used by multiple users, in some instances simulating traditional hardware functionality. The benefits of virtualisation include improved efficiency, reduced costs and maintenance requirements and greater business continuity and disaster recovery.

(iii) **Big Data:** Refers to massive volumes of data that can continue growing exponentially with time and come in a variety of formats. Gathering, processing and analysing these data sources allows business to find innovative new solutions and address bespoke customer needs which may previously not have been addressed.

(iv) **AI:** An umbrella term also linked to machine learning and robotic process automation. From an IT business perspective, AI leverages computers and machines to mimic human intelligences in terms of decision-making capabilities and problem solving, adjusting to new data inputs and experiences for specific tasks. While it can be publicised as talking robots and self-driving cars, AI can also cover more practical solutions such as detecting fraudulent activities, recommending products on ecommerce marketplaces and using computer vision to detect a particular element in a digital image.

While these trends are anticipated to continue gaining momentum in future, they have been countered by growing calls for enhanced data privacy, transparency, traceability and overall cybersecurity. Globally, ethical questions have been raised in terms of how some multinational organisations look to benefit off user data. In South Africa, regulation including the Protection of Personal Information Act No. 4 of 2013 has been implemented in order to govern how organisations process and use personal information in the country.

(d) **"as a Service" Models Spurring on the Industry**

Linking into cloud adoption is the move away from traditional operations to "as-a-Service" solutions. Terms often used in this context include XaaS, IaaS, SaaS and Platform-as-a-Service (**"PaaS"**). Key to all of these services is that it is based off the cloud and has led to further developments in multiple areas of the IT offering stack.

IaaS refers to hosting infrastructure on either the public or private cloud instead of a traditional on-premises data centre. The service allows users to access the latest infrastructure services without the cost and skills required to operate on-premises equipment. Outsourcing IaaS allows enterprises to tap into an experienced, 3rd party knowledge base when it comes to security and provides the opportunity to improve business continuity and disaster recovery.

On the other hand, SaaS and PaaS to services where a 3rd party provider host software or delivers platform-based services respectively, which are then delivered over the internet. Outside of cloud, these services have resulted in spurring other industry trends including Big Data, AI and machine learning, to name a few. IaaS, SaaS and PaaS are not mutually exclusive, with many mid to large size organisations using more than one (if not all three).

(e) **5G Technology Adoption**

5G represents a new cellular network technology, which will allow for enhanced connectivity speeds over more densified networks. The evolution of the technology is anticipated to create a greater number of use cases as it continues to emerge. With additional 5G spectrum bands having now been allocated in South Africa, proliferations of these networks are anticipated to speed up in the short- to medium-term, supported by continued fibre rollout. Two use cases often cited in a '5G World' are greater IoT adoption and the Metaverse.

IoT has emerged as an umbrella term to cover a variety of physical objects, pieced together in some form of network and embedded with sensors, software and other technologies, in order to monitor and exchange data. 5G is anticipated to spur the deployment and development of these networks given its more densified, consistent access to internet connectivity. Intelligent spaces and smart cities are some of the evolving trends emerging from the continued proliferations of IoT. These are areas which have a variety of IoT devices which do everything from offering AI driven security, monitor traffic and alert the population on potentially unsafe pollutant levels.

While the 5G technology adoption is important for IoT, this will not be a key impact for EOH in the short-term, however it will be a significant growth opportunity over the long-term.

12.6 Emerging technologies

The emerging technologies currently do not have a significant impact on the South African IT market dynamics, however they may have an increasing level of importance in the long-term for EOH.

(a) **Blockchain**

A blockchain is essentially a digital ledger of transactions that is duplicated and distributed across the entire network of computer systems on the blockchain. Each block in the chain contains a number of transactions, and every time a new transaction occurs on the blockchain, a record of that transaction is added to every participant's ledger. The decentralised database managed by multiple participants is known as Distributed Ledger Technology.

(b) **Web 3.0**

Web 3.0 represents the next iteration or phase of the evolution of the web/internet and potentially could be as disruptive and represent as big a paradigm shift as Web 2.0 did. Web 3.0 is built upon the core concepts of decentralisation, openness, and greater user utility.

(c) **Non-Fungible Tokens ("NFTs")**

An NFT is a digital asset that represents real-world objects like art, music, in-game items and videos. They are bought and sold online, frequently with cryptocurrency, and they are generally encoded with the same underlying software as many cryptos. NFTs exist on a blockchain, which is a distributed public ledger that records transactions.

(d) **Metaverse**

Meta defines the Metaverse as the "next evolution in social connection", "a set of digital spaces that you can move seamlessly between". It is seen to be an integrated, virtual platform of potentially infinite end use cases, including social connections, work, recreational activities, gaming and education, to name a few. From a technology standpoint, this form of live-action interfacing with a digital platform will require enhanced internet connectivity, data, and cloud capability.

13 TAXATION

The tax treatment of the purchase, subscription, renouncing, holding and disposal of the Letters of Allocation or Rights Offer Shares in the hands of Ordinary Shareholders is dependent on their individual circumstances and the tax jurisdiction applicable to those Ordinary Shareholders. No Ordinary Shareholder should construe the contents of this Circular and the documentation accompanying it as tax or other advice.

Ordinary Shareholders are advised to consult their tax and financial advisors regarding any taxation implications pertaining to them regarding the acceptance of their Rights in terms of the Rights Offer.

14 UNDERWRITING ARRANGEMENTS AND SHAREHOLDER COMMITMENTS

EOH has entered into Underwriting Agreements with the Underwriters, dated Wednesday, 18 January 2023, with respect to the Rights Offer Shares. Pursuant to the terms of the Underwriting Agreements, if there are any Remaining Shares, the Underwriters will subscribe severally (and not jointly or jointly and severally) for the Remaining Shares at the Rights Offer Price on behalf of the Underwriters themselves as principal or will procure that their clients or other nominees so subscribe for such shares, as the case may be, in the following proportions:

(a) Aeon: a maximum aggregate Rights Offer Price of R150 000 000;

(b) Anchor Capital: a maximum aggregate Rights Offer Price of R150 000 000; and

(c) Visio: a maximum aggregate Rights Offer Price of R50 000 000.

Pursuant to the terms of the Underwriting Agreements, a commitment fee equal to 2.0% of the underwriting commitments in (a) to (c) above will be payable by EOH to the Underwriters. The Underwriting Agreements provide that the commitment fees will not be paid until the closing date of the Rights Offer at 12:00 on Friday, 10 February 2023 or, if the Rights Offer lapses for any reason after the Finalisation Date for the Rights Offer, the date the Rights Offer so lapses.

The Underwriters have provided EOH with sworn affidavits required in terms of paragraph 5.16 of the JSE Listings Requirements confirming to EOH that the Underwriters can meet their commitments under the Underwriting Agreements.

The Underwriting Agreements are irrevocable and shall only lapse if EOH does not proceed with the Rights Offer.

Furthermore, EOH has obtained irrevocable undertakings from the following Shareholders to subscribe for all, or a portion, of their respective entitlements to Rights Offer Shares pursuant to the Rights Offer, having an aggregate value of ZAR at the Offer Price:

Shareholder	Current shareholding as at Last Practicable Date	Number of Rights Offer Shares to be taken up	Value of irrevocable commitment
Lebashe Networks Proprietary Limited	15 123 445	34 330 220	R44 794 058
Lebashe E Ords (RF) Proprietary Limited	7 371 704	16 733 768	R21 834 214
Mianzo Asset Management Proprietary Limited	15 975 323	36 263 983	R47 317 231
Anchor Capital Proprietary Limited	4 172 779	9 472 208	R12 359 335
The Biggles Trust	8 000 000	18 160 000	R23 695 161
Total	**50 643 251**	**114 960 179**	**R150 000 000**

15 SPECIFIC ISSUE AND A SHARE AMENDMENTS

15.1 Results of EGM

On 14 November 2022, EOH published the EGM Circular in terms of which EOH convened the EGM. The EGM Circular is available in electronic form on EOH's website (www.eoh.co.za/investor-relations).

The EGM was held at 10:30 on Tuesday, 13 December 2022. At the EGM, the Shareholders adopted resolutions approving:

(a) the increase of the authorised share capital of the Company to 7 500 000 000 Ordinary Shares;

(b) consequential changes to the MOI required by the increase in the Company's authorised share capital;

(c) the amendment of the A Share preferences, rights, limitations and other terms ("**A Shares Amendments**") contained in article 39 of the MOI;

(d) the consequential amendment of the transaction agreements of the 2018 Empowerment Transaction, to affect the A Share Amendments; and

(e) the allotment and issue of Ordinary Shares for purposes of the Rights Offer and the Specific Issue.

The results of the EGM were released on SENS on Tuesday, 13 December 2022 and are available in electronic form on EOH's website (www.eoh.co.za/investor-relations).

The A Shares Amendments: (i) extend the maturity date of the A Shares by five years; (ii) change the strike price in the formula to calculate the number of Ordinary Shares to be issued to the holder of the A Shares as capitalisation shares on maturity of the A Shares; and (iii) change the entitlement of the holder of the A Shares on winding up of the Company, as set out in more detail in paragraph 6 of the EGM Circular.

The independent expert, Nodus Capital TS Proprietary Limited (Registration number 2014/226782/07) a private company incorporated in accordance with the laws of South Africa, prepared and issued an opinion, in accordance with the JSE Listings Requirements, and which forms part of the EGM Circular, which found that the terms of the Specific Issue and the A Share Amendments are fair to Shareholders.

15.2 Lebashe's shareholding in EOH post the Rights Offer and the Specific Issue

It is expected that following a successful implementation of the Rights Offer and the Specific Issue Lebashe's shareholding in EOH will be as follows:

(a) Lebashe Networks Proprietary Limited: 126 376 741 Ordinary Shares which constitute 20 percent of the shareholding and 25% of the voting rights in EOH;

(b) Lebashe E Ords (RF) Proprietary Limited (a wholly owned subsidiary of Lebashe): 24 105 472 Ordinary Shares which constitute 4% of the shareholding and 4 percent of the voting rights in EOH;

(c) Lebashe E A Shares (RF) Proprietary Limited (a wholly owned subsidiary of Lebashe): 40 000 000 A Shares which constitute 100% of the A Share shareholding and 6% of the voting rights in EOH; and

(d) In aggregate the Lebashe Group will be entitled to exercise 34% of the voting rights in EOH.

15.3 Shareholders of Lebashe

As at the Last Practicable Date, the shareholders of Lebashe are as follows:

Shareholder	Ordinary shares in Lebashe	Percentage (%)
Pazomani Proprietary Limited	1 044	29.47
Little River Trading 305 Proprietary Limited	800	22.59
Tamibex Proprietary Limited	780	22.02
WGW Capital Proprietary Limited	358	10.11
Raphmab Proprietary Limited	280	7.91
JFF Venture Proprietary Limited	240	6.78
Mrs Fawzia Lucia Sidwell	40	1.13
Total	3 542	100.00

16 JOINT FINANCIAL ADVISORS' ARRANGEMENTS

EOH has engaged the Joint Financial Advisors to in respect of the Rights Offer.

EOH has agreed to indemnify the Joint Financial Advisors and their affiliates against certain losses and liabilities arising out of or in connection with the Rights Offer, including liabilities under the US Securities Act. In addition, EOH has agreed to reimburse the Joint Financial Advisors for their costs and expenses incurred in connection with the Rights Offer and the purchase and sale of any Rights Offer Shares.

EOH has agreed that it will not, for a period of 180 days following the execution of the Rights Offer, without the prior written consent of the Joint Financial Advisors (which consent shall not be unreasonably withheld), issue, offer, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal of): (i) any shares of EOH or securities convertible into, or exchangeable, or exercisable for, shares of EOH; (ii) warrants or other rights to purchase shares of EOH; or (iii) any security or financial product whose value is determined directly or indirectly by reference to the price of the underlying securities, including equity swaps, forward sales and options. This restriction does not apply to: (i) the issuance of Rights Offer Shares to be issued in the context of the Rights Offer; and (ii) issuances or trades from time to time pursuant to share option plans or other employee or management incentive plans of EOH.

The Joint Financial Advisors and their affiliates have from time to time engaged in, and may in the future engage in, various commercial banking, investment banking and financial advisory transactions and services in the ordinary course of their business with EOH. The Joint Financial Advisors and Underwriters have received and will receive customary fees and commissions for these transactions and services.

17 ADDITIONAL INFORMATION

17.1 Information on the directors and senior management of EOH

The directors of EOH (including directors of major subsidiaries) are set out below:

Name	Title
Andrew Mthembu	Chairperson
Nosipho Molope	Independent non-executive director
Bharti Harie	Independent non-executive director
Andrew Marshall	Independent non-executive director
Mike Bosman	Independent non-executive director
Jesmane Boggenpoel	Independent non-executive director
Sipho Ngidi	Independent non-executive director
Jabu Moleketi	Non-independent, non-executive director
Stephen van Coller	Group Chief executive officer
Megan Pydigadu	Group Chief financial officer
Fatima Newman	Group Chief risk officer

Despite the challenges facing EOH since 2018, EOH has attracted high quality individuals to its management team who have been instrumental in implementing the turnaround strategy to date. The executive management team, together with the Board, is committed to delivering long-term, sustainable value to EOH, its employees, stakeholders, shareholders and partners, always guided by a common purpose, philosophy and value system.

The EOH executive management team comprises:

(a) Stephen van Coller (Chief Executive Officer);

(b) Megan Pydigadu (Chief Financial Offer);

(c) Fatima Newman (Chief Risk Officer);

(d) Natasha Andrykowsky (Group Executive, Strategy and Change);

(e) Ziaad Suleman (Chief Commercial Officer, iOCO and Software Reseller Executive);

(f) Brian Harding (Group Executive, iOCO Digital and Platforms); and

(g) Marius de la Rey (Group Executive, Nextec, Operational Technology, iOCO IS and Enterprise Applications).

The current management team arrived at staggered times with the Chief Executive Officer joining on 1 September 2018. Detailed curriculum vitae in respect of the members of the executive management team and the Board are set out in Schedule 5.

None of the directors or senior executives mentioned above have:

(a) ever been convicted of an offence resulting from dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement;

(b) ever been adjudged bankrupt, insolvent or sequestrated in any jurisdiction;

(c) at any time been a party to a scheme or arrangement or made any other form of compromise with their creditors;

(d) ever been involved, as a director with an executive function, in any business rescue plans and/or by any entity to commence business rescue proceedings, application having been made for any entity to begin; business rescue proceedings, notices having been delivered in terms of section 129(7) of the Companies Act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangement with the creditors generally or any class of creditors of any company at the time of, or within the 12 months preceding, any such event(s);

(e) ever been found guilty in disciplinary proceedings by an employer or regulatory body due to dishonest activities;

(f) ever been involved in any receiverships, compulsory liquidations, administrations or partnership voluntary arrangements of any partnership where they were partners at the time of, or within 12 months preceding, any such event(s);

(g) ever received public criticisms from statutory or regulatory authorities, including professional bodies, and none has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;

(h) ever been barred from entry into a profession or occupation;

(i) ever been convicted in any jurisdiction of any criminal offence or an offence under legislation relating to the Companies Act, and no company of which he or she was a director, alternate director or officer at the time of the offence has been convicted in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act;

(j) ever been removed from an office of trust on the grounds of misconduct and involving dishonesty; or

(k) ever been declared delinquent or placed under probation in terms of section 162 of the Companies Act or disqualified from taking part in the management of a corporation in terms of section 47 of the Close Corporations Act, or disqualified to act as a director in terms of section 219 of the 1973 Companies Act or section 69 of the Companies Act.

The business address for all Directors and senior managers of EOH is Pinmill Office Park Office, First Floor, Block E, 164 Katherine Street, Sandton 2148.

There will be no changes to the Board of EOH as a result of the Rights Offer.

The Directors' remuneration will not be varied as a consequence of the Rights Offer or any related transaction.

The direct and indirect beneficial interests in Ordinary Shares held by all the Directors (including Directors who have resigned in the last 18 months) and their associates as at the Last Practicable Date are shown below:

Director	Number of shares held directly	Number of shares held indirectly	Total	Percentage of issued share capital (%)
Stephen van Coller	264 000	–	264 000	0.15%
Megan Pydigadu	17 705	–	17 705	0.01%
Fatima Newman	–	–	–	–
Andrew Mthembu	–	–	–	–
Andrew Marshall	–	–	–	–
Sipho Ngidi	–	–	–	–
Nosipho Molope	–	–	–	–
Bharti Harie	–	–	–	–
Jabu Moleketi	–	–	–	–
Mike Bosman	–	–	–	–
Jesmane Boggenpoel	–	–	–	–

Other than as set out below, the interests of the Directors remained unchanged between the end of the immediately preceding financial year of EOH and the Last Practicable Date:

Director	Number of shares held directly	Number of shares held indirectly	Total	Percentage of issued share capital (%)
Stephen van Coller	–	–	–	–
Megan Pydigadu	–	–	–	–
Total	–	–	–	–

All of the Directors that have an interest in the Ordinary Shares intend to follow their Rights in respect of their current shareholding to subscribe for Rights Offer Shares pursuant to the Rights Offer. The Directors that have an interest in the Ordinary Shares may at a future date consider applying for excess Rights Offer Shares. These Directors may, however, sell sufficient Rights to raise funds to subscribe for Rights Offer Shares. The Board granted these Directors clearance to exercise their Rights and to acquire excess Rights Offer Shares in aggregate by resolution on 1 December 2022. The Board has provided each of Stephen van Coller and Megan Pydigadu with clearance to deal in securities of EOH in accordance with paragraph 3.66 of the Listings Requirements for purposes of (i) exercising their rights under the Rights Offer; and/or (ii) acquiring additional Rights in the market. On the basis of the ordinary shares held by each of Stephen van Coller and Megan Pydigadu at the Last Practicable Date, the number of Rights Offer Shares that they will be entitled to subscribe for shall be as set out below:

Director	Number of Rights Offer Shares entitled to subscribe for
Stephen van Coller	599 280
Megan Pydigadu	40 190

17.2 Stated capital and major shareholders

(a) The only major subsidiary, as defined in the JSE Listing Requirements, of the Group is EOH Mthombo Proprietary Limited.

(b) Share capital

The authorised and issued share capital of EOH, at the Last Practicable Date before giving effect to the Rights Offer, is set out below:

R'000	Stated capital
Authorised	
7 500 000 000 ordinary shares of no par value	–
40 000 000 EOH A shares of no par value	–
Issued	
176 544 961 ordinary shares of no par value	4 217 285
Excluding 7 796 607 ordinary shares, which are treasury shares	
EOH A shares	
40 000 000 EOH A shares of no par value	–

The treasury shares are held by V55 Investment Proprietary Limited, a wholly owned subsidiary of EOH as to 5 445 661 Ordinary Shares, the EOH Mthombo Trust as to 2 341 508 Ordinary Shares, the EOH Share Trust as to 62 484 Ordinary Shares and EOH Consulting Proprietary Limited as to 9 438 Ordinary Shares (EOH Mthombo Trust, the EOH Share Trust and EOH Consulting Proprietary Limited hold Ordinary Shares in respect of employee share schemes).

Assuming that all of the Rights Offer Shares will be subscribed for, the authorised and issued share capital of EOH after the Rights Offer and Specific Issue will be:

R'000	Stated capital
Authorised	
7 500 000 000 ordinary shares of no par value	–
40 000 000 EOH A shares of no par value	–
Issued	
561 160 345 ordinary shares of no par value	4 717 285
Excluding 7 796 607 ordinary shares, which are treasury shares	–
EOH A shares	
40 000 000 EOH A shares of no par value	–

The Ordinary Shares held in treasury are held by V55 Investments Proprietary Limited and EOH share trusts will not be following the Rights associated with those Ordinary Shares.

In so far as it is known to the Directors, the Ordinary Shareholders that are, directly or indirectly, beneficially interested in 5% or more of the issued Ordinary Shares, together with the amount of each such Ordinary Shareholder's interest as at the Last Practicable Date are as follows:

Shareholder	Total number of shares held	Percentage of issued share capital (%)
Lebashe Group	23 062 458	13.06%
Mianzo Asset Management	15 975 323	9.05%
Foord Asset Management	9 577 998	5.43%
Total	**48 615 779**	**27.54%**

17.3 Estimated expenses in relation to the Rights Offer

It is estimated that EOH's expenses relating to the Rights Offer will amount to approximately R29.8 million. The expenses (excluding value-added tax, if applicable) relating to the Rights Offer are detailed below:

Nature of expense	Paid/payable to	R'000
Underwriting fee	Underwriters	7 000
Transaction Sponsor	The Standard Bank of South Africa Limited	400
Joint Financial Advisors fees	Rand Merchant Bank	13 833
	The Standard Bank of South Africa Limited	9 833
Legal advisor to EOH as to South African law	DLA Piper Advisory Services Proprietary Limited	2 500
Legal advisor to Joint Financial Advisors	Bowmans Gilfillan Incorporated	1 200
Fair and reasonable appointment	Nodus Capital TS Proprietary Limited	1 250
Printing, publication and distribution	Oaktree	300
Transfer Secretaries	Computershare	100
Listing fee	JSE Limited	243
JSE Documentation inspection fee	JSE Limited	105
Total		**36 764**

17.4 Disclosure of conflict

Shareholders are advised that SBSA acts as Transaction Sponsor in relation to this Circular.

SBSA will furthermore act as Joint Financial Advisor and Transaction Sponsor in relation to the Capital Raise.

In its capacity as transaction sponsor, SBSA has confirmed to the JSE and EOH that there is no matter that would impact on its ability to exercise reasonable care and judgement to achieve and maintain independence and objectivity in professional dealings in relation to EOH, and that would impact on its ability to act within the code of conduct as set out in the JSE Listings Requirements.

SBSA has various stringent internal procedures in place to ensure that its ability to act independently as JSE sponsor, is not compromised. It furthermore identifies and manages any conflicts of interest in relation to its role as sponsor and its and its approved executives which could be expected to impair their independence and objectivity in relation to an applicant issuer for a transaction or corporate action.

Pursuant to these internal procedures, SBSA has a Compliance Control Room function that identifies and manages conflicts risks and ensures that strict "Chinese Walls" are maintained to ensure that as JSE sponsor, it is able to act independently from other divisions within the bank. SBSA also enforces and implements physical and logical access restrictions to information, which is limited to deal teams for whom the information is relevant, for the purpose of fulfilling the client mandate.

17.5 Litigation and Legal risk statement

Litigation Matters

EOH is aware of the following material matters that may result in liability for the Group:

Department of Water and Sanitation SAP Roll-Out to Catchment Management Agencies ("CMA") and 2016 license sale ("License Sale")

The contracts to which this matter relates form part of the scope of investigation conducted by the SIU into certain elements or deliverables in relation to the CMAs and License Sale which it alleged were either not delivered or were not for value. On 11 November 2022, this matter was resolved by EOH concluding a settlement agreement with the SIU. The salient terms of the settlement agreement are that EOH agreed to pay to the SIU an amount of R178.4 million, of which R65.7 million would be paid on 30 November 2022. The balance of the settlement amount plus interest will be paid over a period of 36 months at a rate of 7.5% per annum.

DHA ABIS Biometric

The dispute between the DHA and EOH Mthombo pertains to contended for claims arising in delays in the execution of the terms of the master services agreement (**"MSA"**) concluded between EOH and DHA for the migration of the population database from the HANIS system to the new ABIS system. The delays, according to EOH, were due to DHA's failure to deliver on certain dependencies, and in particular the data which formed the subject matter of the MSA. EOH sought compensation for the costs incurred in consequence of such delays. By contrast, DHA contends that it was not obliged to compensate for such claims, and that the fault for the delays was broadly attributable to EOH, and in turn claims penalties in the terms of the MSA from EOH which roughly equate to the claims of EOH.

Based on legal advice, the Group does not consider an outflow to be probable.

SARS – pay as you earn ("PAYE") dispute and other matters in relation to EOH Abantu

On 14 February 2020, SARS issued additional PAYE and SDL assessments against EOH Abantu for the tax periods March 2011 to February 2016, which consisted of PAYE and SDL assessments, including admin and understatement penalties. At 31 July 2022, the Group had provided for R179 million on the PAYE liability assessed and potential future assessments and is in ongoing discussions with SARS, regarding the potential settlement of this matter, in line with the requirements of the Tax Administration Act 28 of 2011. To date, the settlement discussions with SARS have not been successful. The EOH Group has made six different settlement offers to date that have all been declined by SARS and the Group has subsequently filed an application in the High Court to have the SARS decisions set aside, on the basis of irrationality. The Group remains confident that it has a strong legal case to contest the remaining exposure, based on internal and external legal and technical advice obtained. A total of R98 million of the initial provision of R277 million was repaid in the period 2020 up to 31 July 2022.

Mehleketo Resourcing Proprietary Limited ("Mehleketo") in liquidation – claims against certain EOH companies

In November 2019, Mehleketo, a wholly owned subsidiary of EOH, was placed into provisional liquidation, whose winding up order was subsequently confirmed in May 2020. The liquidation proceedings were instituted by Impact Human Resources Proprietary Limited which is another wholly owned subsidiary of EOH. Mehleketo was put into liquidation due to various concerns including, *inter alia*, its ability to settle its debts as they became due, amounts due to creditors, its inability to deliver on existing contracts, and the fact that it needed substantial funding from the EOH Group in order to meet its obligations (operationally and contractually) with generating any significant profit or return on investment.

In June 2022, Cloete Murry and Ralph Lutchman as joint liquidators of Mehleketo (under Sechaba Trust Proprietary Limited), (collectively **"Liquidators"**), instituted litigious action against certain companies within the EOH Group, for an aggregate amount of R136 million, pursuant to sections 26, 31 and 32 of the South African Insolvency Act, 24 of 1936. The transactions that form the subject matter of the summons were undertaken by EOH pursuant to external expert legal advice. EOH disagrees with the assertions made by the Liquidators and has defended the court action instituted by the liquidators. EOH has lodged a legitimate creditors counterclaim of R136 million.

Cornastone Enterprise Systems Proprietary Limited ("Cornastone") // Cell C Limited ("Cell C") – Alleged Tender Fraud

Cornastone is a wholly owned subsidiary of EOH which was acquired in 2016. In February 2020, EOH was made aware of irregular activities relating to Cornastone's supply of goods and services to Cell C. The leadership of EOH immediately conducted an internal investigation and uncovered collusive activities between certain senior executives at both Cornastone and Cell C (**"Perpetrators"**) dating as far back as 2012. E Criminal cases were lodged and warrants of arrest were issued against the Perpetrators.

In May 2022, Cornastone received a section 345 (in terms of the Companies Act) letter from attorneys purporting to represent Cell C. Cell C was claiming an amount of approximately R62 million from Cornastone alleging that it was defrauded of these amounts pursuant to the collusive conduct of the Perpetrators, one of which was a Cell C executive. EOH appointed external legal experts to respond to Cell C's attorneys advising them that Cornastone disputes Cell C's alleged claim.

Alteram Municipal Services Proprietary Limited ("Alteram") // EOH Mthombo

In 2017, EOH and Alteram concluded an agreement in terms of which EOH subcontracted certain services to Alteram in relation to EOH's Department of Water and Sanitation contract. It was subsequently established that the ultimate beneficial owner of Alteram was the same individual who helped facilitate the historic fraud and corruption within EOH. EOH, upon seeking external expert legal advice on the matter, terminated the aforementioned contract with effect from February 2020. Alteram has since issued a summons against EOH for approximately R35 million claiming unlawful termination. EOH defended Alteram's action, which was partly heard in October 2022, with the matter being set down for further hearing in mid 2023. It has been assessed in light of the Alteram's claim that a contingent liability exists. Based on legal advice, the Group does not consider an outflow to be probable.

Other Litigation Matters

Msunduzi Municipality ("Msunduzi") // EOH Mthombo

In November 2021, EOH received a notification from Msunduzi in respect of EOH's alleged repudiation of the service level agreement concluded between both parties on or about April 2016. Msunduzi claims that EOH failed to deliver the contractual deliverables and that it wilfully misrepresented its qualification and ability to deliver on the contractual deliverables.

Msunduzi also claims that it incurred damages in having to appoint additional service providers to complete the deliverables and that it had no handover from EOH. EOH contends that delays in the contract were attributable to both parties. In 2019, Msunduzi was placed under administration and did not pay any further invoices to EOH. EOH's suspension of services were as a result of Msunduzi not paying EOH. EOH is in the process of assessing the claims of Msunduzi and EOH's counterclaims.

Mehleketo Resourcing Proprietary Limited ("Mehleketo") // HAWKS Investigation

Subsequent to the liquidation of Mehleketo the Hawks received allegations that, between 13 and 15 November 2019, EOH allegedly concluded various suspicious transactions with Mehleketo for approximately R130 million. The Hawks are attempting to establish the legitimacy of the referenced transactions and have requested further information from EOH in order to further its investigation. EOH has appointed ENS Forensics and Fasken Inc to assist in resolving the matter. EOH is of the opinion that there was no fraudulent or inappropriate conduct in the transactions referenced.

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

EOH concluded an agreement with SPLK for certain services, goods and equipment to be delivered to SPLK's site in Rwanda. SPLK's allegation is that EOH was deficient and failed to provide proper advice and to properly install the equipment ordered, resulting in the equipment being improperly installed and rendered unfit for purpose. SPLK instituted this action in the High Court. The claim equates to approximately R53 million. EOH has instituted a counter-claim against SPLK.

iOCO Infrastructure Services Proprietary Limited ("IIS") (previously known as EMID Proprietary Limited and Scan RF Proprietary Limited ("ScanRF") // ICASA Licences

IIS and ScanRF were acquired by EOH in 2015 and 2017 respectively, and there was, accordingly, a change of control of the individual licenses that they hold. Changes of control of licensees ordinarily require approval from ICASA, which was not obtained. EOH is currently engaging with ICASA to resolve the issue.

17.6 Directors' responsibility statement

The Directors, whose names are given in *"Corporate information and advisors"*, collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by the JSE Listings Requirements.

17.7 Consents

Each of the advisers whose names appear on page 2 of the Circular have consented to, and have not, prior to the Last Practicable Date, withdrawn their written consent to, the inclusion of their names and, where applicable, reports in the form and context in which they appear in this Circular.

17.8 Documents available for inspection

Copies of the following documents will be available for inspection at the registered offices of EOH and the Joint Financial Advisor and Transaction Sponsor during normal business hours (**SAST**) (excluding Saturdays, Sundays and official South African public holidays) from the date of this Circular, Monday, 23 January 2023 to Thursday, 16 February 2023, both days inclusive, such copies will also be made available on EOH's website (www.eoh.co.za/investor-relations/shareholder-meetings):

(a) a signed copy of this Circular and a Form of Instruction, as approved by the JSE;

(b) a copy of the EGM Circular;

(c) the documents incorporated by reference into this Circular as listed in *"Important numerical and other information – Information incorporated by reference"*;

(d) the MOI as well as the memorandum of incorporation of EOH Mthombo Proprietary Limited;

(e) the audited annual financial statements of EOH for the three financial periods ended 31 July 2020, 31 July 2021 and 31 July 2022, respectively;

(f) copies of service agreements with Directors, managers of EOH or secretaries of EOH for the last three years;

(g) the letters of consent referred to in paragraph 17.7 *"Consents"*; and

(h) signed copies of the Underwriting Agreements together with irrevocable commitments issued by Shareholders.

Signed at **Sandton** by M Pydigadu for and on behalf of each of the Directors of EOH in terms of a round robin resolution of the Board authorising M Pydigadu to sign on their behalf.

By order of the Board:

M Pydigadu

Group Chief Financial Officer

18 DEFINITIONS AND INTERPRETATIONS

Throughout this Circular and the schedules hereto, unless the context indicates otherwise, the words in the column on the left below shall have the meanings stated opposite them in the column on the right below, reference to the singular shall include the plural and *vice versa*, words denoting one gender include the other and words and expressions denoting natural persons include juristic persons and associations of persons:

"2018 Empowerment Transaction"	the transaction set out in the circular to Shareholders dated 20 August 2018, in terms of which various Specific Issues of Ordinary Shares and A Shares to entities in the Lebashe Group were implemented;
"30% Black Women Owned"	has the meaning given to it in Schedule 1 of the Codes of Good Practice published under the B-BBEE Act;
"51% Black Owned"	has the meaning given to it in Schedule 1 of the Codes of Good Practice published under the B-BBEE Act;
"A Shares"	unlisted redeemable A shares in the authorised share capital of EOH (of which 100% is held by Lebashe E A Shares (RF) Proprietary Limited, an indirect wholly-owned subsidiary of Lebashe Investment Group), having the preferences, rights, limitations and other terms set out in clause 39 of the MOI;
"A2X"	A2X Markets, a secondary listing stock exchange regulated by the financial sector conduct authority and the prudential authority of SARB;
"Adjusted EBITDA"	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;
"Aeon"	Aeon Investment Management Proprietary Limited registration number 2005/013315/07, a private company incorporated with limited liability in accordance with the laws of South Africa and an authorised financial services provider (FSP no: 27126) under the Financial Advisory and Intermediary Services Act, No. 37 of 2002;
"Afiswitch"	Afiswitch Proprietary Limited registration number 2001/023465/07, a private company incorporated with limited liability in accordance with the laws of South Africa which prior to its disposal was ultimately wholly owned by EOH and was sold to Morpho Investment Company One Proprietary Limited and Morpho Investment Company 2 Proprietary Limited;
"AI"	artificial intelligence;
"Amended ICT Sector Code"	the amended information and communication technology sector codes issued by the Minister of Trade and Industry and Competition in terms of section 9(1) of the South African Broad-Based Black Economic Empowerment Act 53 of 2000;
"Anchor Capital"	Anchor Capital Proprietary Limited registration number 2009/002925/07, a private company incorporated with limited liability in accordance with the laws of South Africa and an authorised financial services provider (FSP no: 39834) under the Financial Advisory and Intermediary Services Act, No. 37 of 2002;
"Authorised Dealer"	a person authorised by the financial surveillance department of SARB to deal in foreign exchange;
"Bargaining Council"	the bargaining council referred to in section 5(1) of the South Africa Public Service Labour Relations Act 105 of 1994, as amended;
"B-BBEE"	Broad-Based Black Economic Empowerment;
"B-BBEE Act"	means the South African Broad-Based Black Economic Empowerment Act, 53 of 2003, as amended from time to time;
"Biggles Trust"	the Biggles Trust TAN registration number 27953541, a trust representing the Dennis Venter family who are the trustees and beneficiaries of the trust, incorporated in accordance with the laws of Mauritius;
"BMIT"	BMIT TechKnowledge Group Proprietary Limited, registration number 1996/017899/07, a private company incorporated with limited liability in accordance with the laws of South Africa which is a research and consulting firm based in Johannesburg, and has a specific focus on providing information and advice to organisations that wish to transform digitally or those that wish to compete in the highly competitive technology industries;

"Board" or "Directors"	the board of directors of EOH, which, as at the Last Practicable Date, comprised the persons whose names appear in *"Corporate information and advisors"*, which, for the avoidance of doubt, excludes alternate directors for purposes of the Directors' responsibility statement;
"Broker"	any person registered as a broking member (equities) in terms of the rules of the JSE made in accordance with the provisions of the Financial Markets Act;
"CAGR"	Compound Annual Growth Rate;
"Capital Raise"	collectively the Rights Offer and Specific Issue;
"CCMA"	Commission for Conciliation, Mediation and Arbitration;
"CCS"	Construction Computer Software Proprietary Limited, registration number 1982/007709/07, a private company incorporated with limited liability in accordance with the laws of South Africa including its subsidiaries and which prior to their disposal were ultimately wholly owned by EOH and was sold to RIB Limited as announced in the SENS announcements dated, 2 July 2019 and 20 April 2020 which is available in electronic form on EOH'S website (https://www.eoh.co.za/investor-relations/sens/);
"Certificated Shareholders"	holders of Certificated Shares;
"Certificated Shares"	Ordinary Shares that have not been Dematerialised, the title to which is represented by a share certificate or other Document of Title;
"CIPC"	the South African Companies and Intellectual Property Commission;
"Circular"	this document, dated 23 January 2023, including a Form of Instruction, where applicable;
"Code of Conduct"	a code of conduct setting out guidelines and ethical direction in which EOH operates its business;
"Common Monetary Area"	collectively, South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Eswatini;
"Companies Act"	the South African Companies Act 71 of 2008, as amended;
"Computershare" or "Transfer Secretaries"	the transfer secretaries of EOH, namely Computershare Investor Services Proprietary Limited, a private company incorporated with limited liability in accordance with the laws of South Africa;
"CPI"	consumer price index;
"CSDP"	a central securities depository participant, being a "participant" as defined in section 1 of the Financial Markets Act, appointed by a shareholder for purposes of, and in regard to, Dematerialisation and to hold and administer securities or an interest in securities on behalf of a shareholder;
"CTA"	common terms agreement entered into on 1 April 2022 between EOH Treasury (as borrower), EOH and various other entities within the Group (as guarantors) and a consortium of senior lenders governing the terms and conditions under which the Senior Bridge Loan and Senior Term Loan are made available to EOH Treasury;
"Dematerialisation" or "Dematerialised"	the process by which Certificated Shares are converted to or held in electronic form as uncertificated securities and recorded in an uncertificated securities maintained by a CSDP, after the Documents of Title have been validated and cancelled by the Transfer Secretaries and captured onto the Strate system by the selected CSDP or Broker, and the holding of securities is recorded electronically;
"Dematerialised Shareholders"	holders of Dematerialised Shares;
"Dematerialised Shares"	Ordinary Shares that have been Dematerialised process;
"Denis"	Dental Information Systems Holdings Proprietary Limited, registration number 2003/006396/07, a private company incorporated with limited liability in accordance with the laws in South Africa which prior to its disposal was ultimately wholly owned by EOH and was sold to Afrocentric Health (RF) Proprietary Limited as announced in the SENS announcement dated, 13 December 2019 which is available in electronic form on EOH'S website (https://www.eoh.co.za/investor-relations/sens/);
"DHA"	Department of Home Affairs;
"Documents of Title"	share certificates, certified transfer deeds, balance receipts, or any other documents of title to Ordinary Shares;
"EBITDA"	earnings before interest, taxes, depreciation and amortisation;

"EEA"	the European Economic Area;
"EFT"	electronic funds transfer;
"EGM"	the general meeting of Shareholders held on 10:30 on Tuesday, 13 December 2022;
"EGM Circular"	the circular to Shareholders dated, 14 November 2022, convening the EGM;
"EMEA"	Europe, Middle East and Africa;
"Enterprise Risk Management Framework"	the EOH Enterprise Risk Management Framework which is set out in Schedule 6;
"EOH or Company"	EOH Holdings Limited, registration number 1998/014669/06, a public company incorporated with limited liability in accordance with the laws of South Africa;
"EOH Abantu"	EOH Abantu Proprietary Limited, registration number 2006/024041/07, a private company incorporated with limited liability in accordance with the laws of South Africa and ultimately wholly owned by EOH;
"EOH Mthombo"	EOH Mthombo Proprietary Limited, registration number 1998/000103/07, a private company incorporated with limited liability in accordance with the laws of South Africa and ultimately wholly owned by EOH;
"EOH Treasury"	EOH Treasury Proprietary Limited, registration number 2019/198091/07, a private company incorporated with limited liability in accordance with the laws of South Africa and ultimately wholly owned by EOH;
"EPLMS"	extended product liability management solutions;
"EU"	European Union;
"Exchange Control Regulations"	the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the South African Currency and Exchanges Act, 9 of 1933, as amended;
"FAIS Act"	the South African Financial Advisory and Intermediary Services Act, 37 of 2002, as amended;
"Financial Markets Act"	the South African Financial Markets Act, 19 of 2012, as amended;
"FinSurv"	the Financial Surveillance Department of the SARB;
"Form of Instruction"	a printed, personalised form of instruction in respect of Letters of Allocation reflecting the Rights of Qualifying Certificated Shareholders and on which Qualifying Certificated Shareholders are entitled to indicate whether they wish to exercise their Rights or sell or renounce all or a portion of their Rights;
"FY"	financial year;
"General Meeting"	the meeting of the Shareholders that was held electronically only at 10:30 on Tuesday, 13 December 2022 for the purposes of the Shareholders (including the A Shares) considering and adopting the resolutions that were set out in the Notice of General Meeting;
"GDP"	growth domestic product;
"Group"	EOH and its subsidiaries;
"IaaS"	infrastructure-as-a-service;
"ICASA"	the Independent Communications Authority of South Africa, a juristic person established in terms of section 3 of the Independent Communications Authority of South Africa Act, 13 of 2000;
"ICT"	information communication technology;
"IDC"	Industrial Development Corporation of South Africa Limited;
"IFRS"	the International Financial Reporting Standards, as adopted from time to time by the board of the International accounting Standards Committee, or its successor body;
"Information Services Group"	collectively, Hoonar Tekwurks Consulting South Africa Proprietary Limited, Managed Integrity Evaluation Proprietary Limited, Xpert Decision Systems Proprietary Limited and ZenAptix Proprietary Limited and their subsidiaries which were, prior to their disposal, ultimately wholly owned by EOH and were sold to Bachique 842 Proprietary Limited as announced in the SENS announcement dated, 11 March 2022 which is available in electronic form on EOH'S website (https://www.eoh.co.za/investor-relations/sens/);
"iOCO IS"	iOCO infrastructure services;
"IoT"	internet of things;

"IP"	intellectual property;
"IT"	information technology;
"JIBAR"	Johannesburg Interbank Average Rate;
"Joint Financial Advisors"	collectively, SBSA and RMB;
"JSE"	the securities exchange operated by JSE Limited;
"JSE Limited"	JSE Limited, registration number 2005/022939/06, a public company incorporated with limited liability in accordance with the laws of South Africa and which is licensed to operate an exchange in terms of the Financial Markets Act;
"JSE Listings Requirements"	the JSE Listings Requirements, as amended;
"King IV"	the King IV Code on Corporate Governance for South Africa;
"Last Practicable Date"	Monday, 16 January 2023, being the last practicable date prior to the finalisation of this Circular;
"Lebashe Group"	Lebashe Investment Group and its subsidiaries from time to time;
"Lebashe Investment Group" or "Lebashe"	Lebashe Investment Group Proprietary Limited registration number 2015/032440/07, a limited liability private company incorporated in accordance with the laws of South Africa which is owned by the entities listed in paragraph 15.2(a) of section 15 "Specific Issue";
"Letter of Allocation"	a renounceable (nil paid) letter of allocation issued by EOH to Qualifying Shareholders in Dematerialised form, conferring a Right on the holder thereof;
"Mianzo"	Mianzo Asset Management Proprietary Limited registration number 2009/021221/07, a limited liability private company incorporated in accordance with the laws of South Africa and an authorised financial services provider (FSP no: 43114) under the Financial Advisory and Intermediary Services Act, No. 37 of 2002;
"MOI"	the memorandum of incorporation of EOH in force as at the Last Practicable Date;
"Network Solutions"	the Network Solutions business previously operated by EOH, which business included Hymax SA Proprietary Limited and which business was sold to Seacom South Africa Proprietary Limited as announced in the SENS announcement dated, 7 April 2022 which is available in electronic form on EOH'S website (https://www.eoh.co.za/investor-relations/sens/);
"Notice of General Meeting"	the notice of General Meeting forming part of the EGM Circular;
"OEM"	original equipment manufacturer;
"OHSA"	the Occupational Health and Safety Act, 85 of 1993, as amended;
"Order"	the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005;
"Ordinary Shareholder" or "Shareholders"	a registered holder of Ordinary Shares;
"Ordinary Shares" or "EOH Shares"	ordinary shares of no par value in EOH's capital;
"OT"	operational technology;
"Overseas Shareholder"	an Ordinary Shareholder resident in, or a citizen of, jurisdictions outside South Africa;
"PaaS"	platform-as-a-service;
"PAYE"	pay-as-you-earn;
"Permitted Restricted Territory Shareholders"	Shareholders with registered addresses in, or who are resident in any of, the Restricted Territories who have warranted, represented and certified to EOH's satisfaction, in its sole and absolute discretion, by no later than 24 January 2023 that their exercise, sale or renunciation of the Rights and/or subscription for the Rights Offer Shares will not result in the contravention of any registration or other legal requirement in such jurisdiction;
"Permitted Transferee"	a renouncee or purchaser of Letters of Allocation who is not a Restricted Transferee;
"Prospectus Regulation"	Regulation (EU) 2017/1129;
"Qualified Investors"	persons in member states of the EEA who are *"qualified investors"* within the meaning of Article 2(e) of the Prospectus Regulation;

"Qualifying Certificated Shareholders"	Qualifying Shareholders who hold Certificated Shares;
"Qualifying Dematerialised Shareholders"	Qualifying Shareholders who hold Dematerialised Shares;
"Qualifying Shareholder"	a holder of Ordinary Shares registered as such on the Register on the Record Date (excluding holders of Ordinary Shares in Restricted Territories other than Permitted Restricted Territory Shareholders);
"Rand" or "R" and "cents"	South African Rand and cents, the official currency of South Africa;
"Ratio of Entitlement"	the ratio on the basis of which the Rights Offer will be made, being 227 Rights Offer Shares for every 100 Ordinary Shares held as at the Record Date by Qualifying Shareholders and/or such proportionate lower number of Rights Offer Shares in respect of a holding of less than 100 Ordinary Shares;
"Record Date"	means the last time and date for Ordinary Shareholders to be recorded in the Register in order to participate in the Rights Offer, being 17:00 (SAST) on 27 January 2023;
"Register"	the register of Certificated Shareholders maintained by the Transfer Secretaries and the uncertificated securities register of Dematerialised Shareholders maintained by the relevant CSDPs in accordance with section 50 of the Companies Act;
"Regulation S"	Regulation S under the US Securities Act;
"Relevant Member State"	each member state of the EEA;
"Relevant Persons"	(i) persons who are outside the United Kingdom; or (ii) investment professionals falling within Article 19(5) of the Order; (iii) high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iv) persons to whom it may otherwise lawfully be communicated;
"Remaining Shares"	any Rights Offer Shares not subscribed and paid for by Qualifying Shareholders or other persons pursuant to the exercise of Rights and any excess allocations;
"Restricted Shareholders"	Ordinary Shareholders on the Record Date with a registered address or who are resident or located in any Restricted Territory (but excluding Permitted Restricted Territory Shareholders);
"Restricted Territories"	subject to certain exceptions, the United States, Australia, Canada, Hong Kong and Japan and any other jurisdiction where the extension or making of the Rights Offer would be unlawful or in contravention of certain laws or regulations;
"Restricted Transferee"	renouncees or purchasers of Letters of Allocation with a registered address or who are resident or located in any Restricted Territory (subject to certain exceptions);
"Right/s"	the right/s to subscribe for Rights Offer Shares at the Rights Offer Price pursuant to the Rights Offer under the Letter/s of Allocation;
"Rights Offer"	the fully committed and underwritten renounceable offer to Qualifying Shareholders on the Record Date to subscribe for the Rights Offer Shares at the Rights Offer Price in the Ratio of Entitlement;
"Rights Offer Price"	the subscription price payable per Rights Offer Share, being R1.30;
"Rights Offer Shares"	384 615 384 new Ordinary Shares to be issued pursuant to the Rights Offer at the Rights Offer Price to raise in aggregate up to R500 million;
"RMB"	Rand Merchant Bank, a division of FirstRand Bank Limited, registration number 1929/001225/06, a public company incorporated with limited liability under the laws of South Africa;
"SaaS"	software-as-a-service;
"SARB"	the South Africa Reserve Bank;
"SARS"	the South African Revenue Services;
"SAST"	South African Standard Time;
"SBSA"	the Standard Bank of South Africa Limited, registration number 1962/000738/06, a public company incorporated with limited liability under the laws of South Africa;
"SDL"	skills development levy in terms of the Skills Development Act, 97 of 1998;
"Senior Bridge Loan"	the senior bridge loan in an amount of R1 442 554 241 advanced to EOH Treasury by a consortium of lenders on 1 April 2022;

“Senior Term Loan”	the senior term loan in an amount of R500 000 000 advanced to EOH Treasury by a consortium of lenders on 1 April 2022;
“SENS”	the Stock Exchange News Service of the JSE;
“SIU”	Special Investigating Unit;
“South Africa”	the Republic of South Africa;
“Specific Issue”	the Specific Issue of EOH Shares for cash in terms of which a subsidiary of Lebashe Investment Group will subscribe for, and EOH will issue 76 923 076 Ordinary Shares to it for an aggregate cash consideration of R100 000 000 at the Rights Offer Price;
“Strate system”	the electronic clearing and settlement system for transactions that take place on the JSE as well as off- market trades, managed by Strate Proprietary Limited, registration number 1998/022242/07, a private company incorporated with limited liability in accordance with the laws in South Africa and which is a registered central securities depository in terms of the Financial Markets Act;
“Sybrin”	collectively Sybrin Limited (Guernsey), registration number 49521, a company incorporated in accordance with the laws of Guernsey and Sybrin Systems Proprietary Limited, registration number 2005/021840/07, a private company incorporated with limited liability in accordance with the laws of South Africa, which prior to their disposal were both ultimately wholly owned by EOH and which were sold to K2020893770 South Africa Proprietary Limited as announced in the SENS announcement dated, 8 June 2021 which is available in electronic form on EOH’S website (https://www.eoh.co.za/investor-relations/sens/);
“Syntell”	Syntell group being Mars Holdings Proprietary Limited, registration number 2003/022449/07, a private company incorporated with limited liability in accordance with the laws of South Africa including its subsidiaries and which prior to their disposal were collectively ultimately wholly owned by EOH and were sold to K2020776145 South Africa Proprietary Limited as announced in the SENS announcement dated, 18 November 2020 which is available in electronic form on EOH’S website (https://www.eoh.co.za/investor-relations/sens/);
“System Infrastructure Software”	programmes or software that uses IT infrastructure such as server farmers and networks, the different types of programmes in this software run different functions such as load balancing, provisioning and security protocols;
“UAT”	user acceptance testing;
“Underwriters”	Aeon, Anchor Capital and Visio;
“Underwriting Agreements”	the agreements entered into between EOH and the Underwriters dated 18 January 2023, pursuant to which the Underwriters have agreed, acting severally (and not jointly or jointly and severally), to underwrite the Rights Offer Shares;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland;
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
“US Securities Act”	the US Securities Act of 1933;
“Visio”	Visio Fund Management Proprietary Limited registration number 2014/055541/07, a private company incorporated with limited liability in accordance with the laws of South Africa and an authorised financial services provider (FSP no: 27126) under the Financial Advisory and Intermediary Services Act, No. 37 of 2002;
“XaaS”	anything-as-a-service;
“Y.E.S. Initiative”	Youth Employment Service programme, which is a business-led B-BBEE driven collaboration with the South African government to provide youth employment opportunities and enhance youth employability; and
“Zondo Commission”	the Judicial Commission of Inquiry into Allegations of State Capture and Fraud in the Public Sector including organs of state.

SCHEDULE 1 TABLE OF RIGHTS

Qualifying Shareholders will be entitled to 227 Rights Offer Shares for every 100 Ordinary Shares held. Qualifying Shareholders holding less than 100 Ordinary Shares, or not a whole multiple of 100 Ordinary Shares, will be entitled, in respect of such holdings, to participate in the Rights Offer in accordance with the table of entitlement set out below (*mutatis mutandis* in the case of Qualifying Shareholders who do not hold a whole multiple of 100 Ordinary Shares). Qualifying Shareholders' entitlements will be rounded up or down, as appropriate, in accordance with the standard rounding convention with fractions of 0.5 and above being rounded up and fractions of less than 0.5 being rounded down, and only whole numbers of Rights Offer Shares will be issued, in accordance with the JSE Listings Requirements.

Number of Ordinary Shares held	Number of Rights entitlement	Number of Ordinary Shares held	Number of Rights entitlement	Number of Ordinary Shares held	Number of Rights entitlement	Number of Ordinary Shares held	Number of Rights entitlement
1	2	26	59	51	116	76	173
2	5	27	61	52	118	77	175
3	7	28	64	53	120	78	177
4	9	29	66	54	123	79	179
5	11	30	68	55	125	80	182
6	14	31	70	56	127	81	184
7	16	32	73	57	129	82	186
8	18	33	75	58	132	83	188
9	20	34	77	59	134	84	191
10	23	35	79	60	136	85	193
11	25	36	82	61	138	86	195
12	27	37	84	62	141	87	197
13	30	38	86	63	143	88	200
14	32	39	89	64	145	89	202
15	34	40	91	65	148	90	204
16	36	41	93	66	150	91	207
17	39	42	95	67	152	92	209
18	41	43	98	68	154	93	211
19	43	44	100	69	157	94	213
20	45	45	102	70	159	95	216
21	48	46	104	71	161	96	218
22	50	47	107	72	163	97	220
23	52	48	109	73	166	98	222
24	54	49	111	74	168	99	225
25	57	50	114	75	170	100	227

SCHEDULE 2 INFORMATION ON THE UNDERWRITERS

The Rights Offer Shares are underwritten by the Underwriters.

Details pertaining to the Underwriters, as required by the JSE Listings Requirements, are set out below:

Aeon Investment Management Proprietary Limited

Directors	Nocamagu Nomfundo Mbulawa; Thulani Dumisani Success Madinginye; Asief Mohamed; and Retshegofadicoe Mmaebop Modise
Company secretary	Asief Mohamed
Date and place of incorporation	6 May 2005; South Africa
Registration number	2005/013315/07
Bankers	Investec Bank Limited
Authorised share capital	1 000 ordinary shares of R1 each
Issued share capital	10 ordinary shares of R1 each

Anchor Capital Proprietary Limited

Directors	Peter Graham Armitage; Omair Zafar Khan; and Nadeem Ahmed
Company secretary	Computershare
Date and place of incorporation	5 October 2009; South Africa
Registration number	2009/002925/07
Bankers	Investec Bank Limited
	Rand Merchant Bank, a division of FirstRand Bank Limited
Authorised share capital	1 000 000 000 ordinary shares
Issued share capital	134 641 718 ordinary shares

Visio Fund Management Proprietary Limited

Directors	Alida DeSwart; Patrice Moyal; and Althea Modiselle
Company secretary	Koketso Moepeng
Date and place of incorporation	30 June 2014; South Africa
Registration number	2014/055541/07
Bankers	Investec Bank Limited
Authorised share capital	1 000 000 “A” Class Ordinary No Par Value shares 2 000 000 “B” Class Ordinary No Par Value shares 1 500 000 “C” Class Ordinary No Par Value shares 1 500 000 “D” Class Ordinary No Par Value shares 1 000 000 Ordinary No Par Value shares
Issued share capital	353 208 “A” Class Ordinary No Par Value share(s) 593 548 “B” Class Ordinary No Par Value share(s) 1 104 855 “C” Class Ordinary No Par Value share(s) 1 000 000 “D” Class Ordinary No Par Value share(s) 158 100 Ordinary No Par Value share(s)

SCHEDULE 3 TRADING HISTORY

A table of the aggregate volumes and values traded and the highest and lowest prices traded in EOH Shares for each month over the 12 months prior to the Rights Offer and for each day over the 30 days preceding the Last Practicable Date prior to the date of the circular is set out below.

Monthly trading history

Date	High (Rand per share)	Low (Rand per share)	Volume	Value (R'000)
January 2023 (to Last Practicable Date)	3.90	3.32	1 295 382	4 717
December 2022	4.03	3.40	3 330 961	12 683
November 2022	4.27	2.99	5 379 395	19 652
October 2022	4.76	4.01	4 062 683	17 661
September 2022	5.60	4.35	4 524 380	22 507
August 2022	5.67	4.90	4 499 700	25 103
July 2022	5.50	4.86	4 213 797	22 734
June 2022	5.80	4.87	10 733 598	57 201
May 2022	6.05	5.11	4 592 612	25 864
April 2022	6.55	5.35	8 547 828	51 260
March 2022	5.91	4.65	8 531 010	43 355
February 2022	5.62	4.60	17 320 149	90 987

Daily trading history

Date	High (Rand per share)	Low (Rand per share)	Volume	Value (R'000)
16 January 2023	3.51	3.32	257 303	880
13 January 2023	3.51	3.42	17 538	61
12 January 2023	3.51	3.45	44 941	158
11 January 2023	3.70	3.46	199 520	701
10 January 2023	3.70	3.57	86 347	314
9 January 2023	3.68	3.57	36 758	133
6 January 2023	3.80	3.62	40 088	151
5 January 2023	3.75	3.65	8 416	31
4 January 2023	3.90	3.51	133 617	498
3 January 2023	3.89	3.76	470 854	1 790
30 December 2022	3.85	3.80	584 422	2 222
29 December 2022	3.90	3.85	11 418	44
28 December 2022	3.97	3.85	176 172	686
23 December 2022	3.89	3.79	16 968	65
22 December 2022	3.80	3.60	124 957	453
21 December 2022	3.59	3.56	47 735	171
20 December 2022	3.77	3.40	300 648	1 039
19 December 2022	3.80	3.60	46 646	172
15 December 2022	3.90	3.70	59 897	226
14 December 2022	3.89	3.75	61 328	235
13 December 2022	3.90	3.84	280 594	1 091
12 December 2022	3.99	3.81	397 075	1 568
9 December 2022	3.99	3.87	305 809	1 195
8 December 2022	3.95	3.83	44 943	175
7 December 2022	3.94	3.85	121 295	470
6 December 2022	4.03	3.76	280 028	1 093
5 December 2022	3.89	3.70	75 843	291
2 December 2022	3.78	3.65	64 527	240
1 December 2022	3.85	3.63	330 656	1 245
30 November 2022	3.80	3.62	277 097	1 037

SCHEDULE 4 EOH DEBT POSITION

The terms of the refinancing agreement are set out below:

Senior Bridge Loan

Senior bridge amount	R1 442 554 241 (subsequently repaid down to R728 million outstanding)
Term	Maturity date – 1 April 2023 (effective from 12 October 2022, the lender group amended the repayment period to on or before 21 December 2023)
Pricing margin	one month JIBAR + 842 bps – from 1 April 2022 The margin will be increased by 2% upon the occurrence of a default. Lenders consider the balance of the Senior Bridge Loan, after the disposal of the IP assets as being equity risk, resulting in the high margins and fee. The above interest may be capitalised for two months with prior written notice to lenders and if no default has occurred and covenants are met.
Obligors	Guarantor threshold test – 90% of Group EBITDA, gross assets and consolidated turnover The following members of the Group are required to be guarantors: • entities specified as such in the senior funding agreements; • any wholly-owned subsidiary (whether direct or indirect) of EOH Treasury; • any member of the Group which has earnings before interest, tax, depreciation and amortisation representing 5% or more of the EBITDA of the Group or gross assets representing 5% or more of the gross assets of the Group.
Bridge take out	Disposal proceeds
Equity Raise proceeds	Refinancing in full of the Senior Bridge Loan provided by third party lenders (on terms to the satisfaction of lenders and structurally subordinated)
Equity raise milestones	Equity issue of EOH Shares (including, without limitation, by way of a rights offer; an issue to a strategic equity investor(s); or an issue for cash.

Senior term loan

Senior Term amount	R500 million
General banking facility	Overdraft facility of R250 million and indirect facilities of R250 million
Term	3-year bullet
Pricing margin	3-month JIBAR + 545 bps (whilst senior bridge is outstanding) and 3-month JIBAR + 545 bps (if senior bridge is fully discharged and Gross Debt/EBITDA is greater than or equal to 2X) 3-month JIBAR + 449 bps (if senior bridge is fully discharged and Gross Debt/EBITDA is less than 2X)
Obligors	Guarantor Threshold test – 90% of Group EBITDA, gross assets and consolidated turnover The following members of the Group are required to be guarantors: • entities specified as such in the senior funding agreements; • any wholly-owned subsidiary (whether direct or indirect) of EOH Treasury Proprietary Limited; any member of the Group which has earnings before interest, tax, depreciation and amortisation representing 5% or more of the EBITDA of the Group or gross assets representing 5% or more of the gross assets of the Group
Financial covenants	• Gross Total Senior Debt (Excluding the Senior Bridge Loan)/EBITDA • Gross Total Senior Debt (Excluding the Senior Bridge Loan)/FCF • EBITDA/(Gross Interest Expense excluding Senior Bridge Loan Interest) • Any amount which EOH is liable to pay as a result of the EOH Abantu tax dispute will be included in Gross Total Senior Debt for calculation of the covenants **Year 1** / **Year 2** / **Year 3** 2.75x < / 2.25x < / 1.5x < 10.0x < / 6.0x < / 3.0x < > 3.0x / > 3.5x / 4.0x
Allocation of net disposal proceeds	• Proceeds from Sybrin, Information Systems and any Nextec disposals (and, if designated as such, any other disposal of shares in any other member of the Group) to be allocated to repay interest and capital on the bridge first before applied to the senior loan • Any other asset sales to repay the bridge and senior term loan on a pro rata basis • 4% of disposal proceeds allocated to cater for costs of disposals
Permitted capex	Permitted up to approved management base case of 110%. Any excess will require lender approval.
Default interest rate	2%
Permitted transferees	Includes: SA banks, certain non-SA Banks and other financial institutions – largely SA asset managers and mezzanine funds

In addition, EOH has R500 million in facilities comprising of R250 million overdraft facility and R250 million in indirect facilities including guarantees and credit cards.

SCHEDULE 5 CURRICULUM VITAE OF THE EOH EXECUTIVE MANAGEMENT TEAM

The curriculum vitae of each member of the EOH executive management team and board of directors is set out below:

EOH EXECUTIVE MANAGEMENT TEAM

Stephen van Coller (Chief Executive Officer)

BCom (Management Accounting) HDip Acc, CA(SA), ACMA (UK)

Appointed 1 September 2018

Prior to joining EOH, Stephen was with the MTN Group and served as Vice President: Digital Services, Data Analytics and Business Development. He was a member of the MTN Group Executive Committee, Group Transformation Board and the Group Operations Committee. Stephen has over 20 years' experience within the banking sector; at Deutsche Bank South Africa from 1996-2006, he was Managing Director, Head of Investment Banking, a member of the Executive Committee and a trustee on the foundation; at Barclays Africa Group from 2006-2016, he was Chief Executive of Corporate and Investment Banking (CIB), a member of the Executive Committee and chaired the Citizenship and Innovation Committees across Africa, a member of the Barclays Plc Global Investment Committee, the Barclays Social Innovation Fund and was Chairman of The Absa Foundation Trust.

Megan Pydigadu (Chief Financial Officer)

BCom (Accounting), Hdip Acc, CA(SA)

Appointed 15 January 2019

Megan qualified as a Chartered Accountant in 1999 and completed her Articles at Deloitte. She stayed on as a manager for a further two years. In 2002 she joined De Beers as a Senior Divisional Financial Manager in the head office function. In 2005 she joined Bateman Engineering Group which had recently listed on the AIM exchange in London serving as Group Financial Controller until 2010. From August 2010 to January 2017, she served as Group Chief Financial Officer at MiX Telematics Limited where she was involved in the successful listing of MiX Telematics Limited on the New York Stock Exchange including a USD100 million capital raise.

Fatima Newman (Chief Risk Officer)

BA (Law, Criminology and English Majors), Certificate in Compliance Management, Leadership Programme (Singularity University)

Appointed 1 August 2019

Fatima has a diverse career with experience across a range of industries including Stockbroking, Asset Management and Private Banking, Financial Services, Investment Banking and Telecommunications in both front office and infrastructure functions.

Fatima has held a number of strategic and operational roles, specifically focused on the build out of new businesses, establishing professional partnerships and joint ventures and business turnarounds. Fatima's career started with a stockbroking firm called G. O'Flaherty. She later joined Regal Treasury Private Bank, spent time in M&A with Arcay Group Limited, then joined Macquarie First South in an executive management position, then joined Barclays (Absa) Africa Group in 2012 with her most recent role at MTN Group as the executive for Risk Management and Compliance, prior to joining EOH.

Natasha Andrykowsky (Group Executive, Strategy & Change)

BSc Engineering in Chemical Engineering (UCT)

Appointed 20 May 2019

Natasha is a business strategist and strategy execution professional. Starting her career in 2000 with a global strategy consulting firm (Monitor Group) where she spent several years developing growth and competitive strategy for large blue-chip clients both in South Africa and internationally.

She joined the Barclays (Absa) Africa Group in 2006, initially focused on development of strategy within Investment Banking. During her 13-year tenure with the group she held a number of strategic and operational roles within the Corporate & Investment Banking division, including COO roles within Trading and the Investment Bank; leading business turnarounds in Custody; Head of Strategy and large strategic project execution. Her most recent role prior to joining EOH was heading up International Banking in South Africa.

Ziaad Suleman (Chief Commercial Officer, iOCO & Software Reseller Executive)

Postgraduate honours degree in Law with distinction (University of Natal), Management Development Programme (MDP) with distinction (GIBS Business School)

Appointed 1 July 2021

Ziaad spent 13 years at IBM, with the initial seven years as the Head of Legal and the last six years as the Chief Operations Officer across Southern Africa, being on both IBM South Africa's Board of Directors and Executive Committee. In addition, Ziaad chaired the IBM's Social and Ethics committee as well as the disciplinary board. In his role, he was integral to the successful growth and development of IBM's business in the region. Ziaad's core areas included Transformation and Operations, Strategy, Special Projects and Investments, Sales Transaction Support, BEE, and the establishment of a Local Delivery Centre and Digital Lab.

Brian Harding (Group Executive, iOCO Digital & Platforms)

Appointed 1 December 2004

Brian started out his career as a software engineer and progressed through various roles within IT, moving into business management and leadership over time. He started his own company, Airborne Consulting in 2004, along with a partner, and sold it to EOH in 2012. Brian is a passionate entrepreneur at heart and has played many different roles throughout his career. His most recent formal position prior to Airborne Consulting was that of marketing director for Software Futures. He brings a wealth of experience and nous for developing and growing tech led businesses in the digital age, and is ideally placed to lead EOH's Digital & Platform businesses and international expansion.

Marius de la Rey (Group Executive, Nextec, Operational Technology, Enterprise Applications and iOCO IS)

CA (SA) Hdip Tax

Appointed 9 April 2019

Marius is by nature an entrepreneur with extensive experience as an owner and operator of retail operations including diverse businesses such as Mugg & Bean and King Pie where he joined the founders and helped establish the international expansion strategy. Marius's corporate career started at SBSA where he served as the Head of channel development where he spearheaded an optimisation exercise aimed at unprofitable branches. While at SBSA, he was also appointed to the role of Head of Group Real Estate. Prior to joining EOH, he worked for the Absa Group where he served as Chief Executive: Customer channels, distribution.

EOH BOARD OF DIRECTORS

In addition to Stephen van Coller, Megan Pydigadu and Fatima Newman detailed above, the EOH board of directors comprises:

Andrew Mthembu (Chairman and independent non-executive director)

BSc (Chemistry, Biology), BSc Civil Engineering, MSc Construction Management, Wharton Executive Management Program, Executive Management Programme

Appointed 20 June 2019

Andrew started his career in the Ministry of Works and Communications, went on to work for Otis Elevators, He later moved on to become Managing Director of Murray & Roberts in their toll roads concession business. He was subsequently appointed as MD of Vodacom SA. Andrew now manages his investment company and consults to various clients on ICT strategies, he also sits on various boards.

Nosipho Molope (Independent non-executive director)

B Science, B Accounting Sciences (Hons), CTA, CA(SA)

Appointed 1 January 2021

Nosipho is an independent non-executive director of the company. She currently serves as director on various other company boards including Engen Limited, Mobile Telephone Networks Proprietary Limited (MTNSA), Old Mutual Limited and Old Mutual Life Assurance Company South Africa Limited joint board, South32 Coal Holdings Proprietary Limited, and various other subsidiaries of MTN Group Limited in the rest of Africa, including MTN Uganda, MTN Rwandacell, MTN Zambia and MTN Eswatini. She previously worked at WipCapital Proprietary Limited as part of the Specialised Funds Management team, after which she joined Viamax Proprietary Limited, a subsidiary of Transnet, as a Group Finance Executive. She then became the Finance Director at ZICO Proprietary Limited and later became the Chief Financial Officer at the Financial Services Board. She also previously served on the Boards of, *inter alia*, Bidvest Limited, Nampak Limited, Illovo Sugar Limited, Toyota Financial Services South Africa Proprietary Limited and various subsidiaries of MTN Group Limited in the rest of Africa, including MTN Cameroon, MTN Ivory Coast, MTN Liberia, MTN Benin and MTN South Sudan.

Bharti Harie (Independent non-executive director)

BA LLB, LLM, Admitted Attorney, Notary and Conveyancer

Appointed 1 January 2021

Bharti is a seasoned director with over 10 years of experience gaining valuable insights into shareholder/stakeholder relations, corporate governance and of late traversing tough economic challenges. She is an independent non-executive director on the boards of Lenmed Investments Limited, Ascendis Health Limited, Stefanutti Stocks Limited, also serving on Bell Equipment Sales Southern Africa Limited and St Davids Marist School, Inanda. She has also previously served on the boards of Bell Equipment Limited, Mineworkers Investment Company and the Lenmed Ethekwini Hospital and Heart Centre. She also spent 14 years at the IDC having headed the International Finance and Corporate Funding departments.

Jabu Moleketi (Non-executive director)

Post-graduate diploma in Economic Principles (University of London); MSc in Financial Economics (University of London); Advanced Management Program (Harvard Business School)

Appointed 1 September 2020

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

Andrew Marshall (Independent non-executive director)

BCom (Honours)

Appointed 21 May 2020

Andrew is currently the Chairman of Ster Kinekor Theatres (Pty) Ltd. Prior to that he was the CEO of Nampak Limited from 2009 to 2014 and the CEO of Oceana Group from 1999 to 2009.

Sipho Ngidi (Independent non-executive director)

B Administration, B Com Economics (Honours)

Appointed 20 February 2020

Sipho brings over twenty years of HR experience spanning across a broad range of industries due to his roles at various companies including Nampak, South African Breweries and SBSA. He has held several prominent board and board subcommittee roles and is currently the chairman of the Fibre Processing and Manufacturing Seta and Ithala SOC Limited boards as well as a member of the Toyota South Africa Board, where he serves as a member of the audit committee.

Mike Bosman (Independent non-executive director)

BCom (Hons) LLM Cape Town AMP Harvard CA(SA)

Appointed 20 June 2019

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

Jesmane Boggenpoel (Independent non-executive director)

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

Appointed 1 July 2018

Jesmane has over 16 years' experience mainly in investments and private equity, she has international work and study experience living on three continents (Africa, US and Europe). Jesmane was former Head of Business Engagement Africa, World Economic Forum based in Switzerland. She has served on various boards including Land Bank, Cell C, Senwes and Adcorp. She presently serves on the boards of Murray & Roberts and ETG Input holdings (largest African fertilizer distributor). Jesmane is a Young Global Leader of the World Economic Forum and a member of the digital economy working group of BRICs (South African chapter). She is also a founding board member of a women's investment company called African Women Chartered Accountants Investment Holdings. She has authored the published book *"My blood divides and unites"* focusing on identity and building trust across communities.

SCHEDULE 6 EOH ENTERPRISE RISK MANAGEMENT FRAMEWORK

CONTENTS

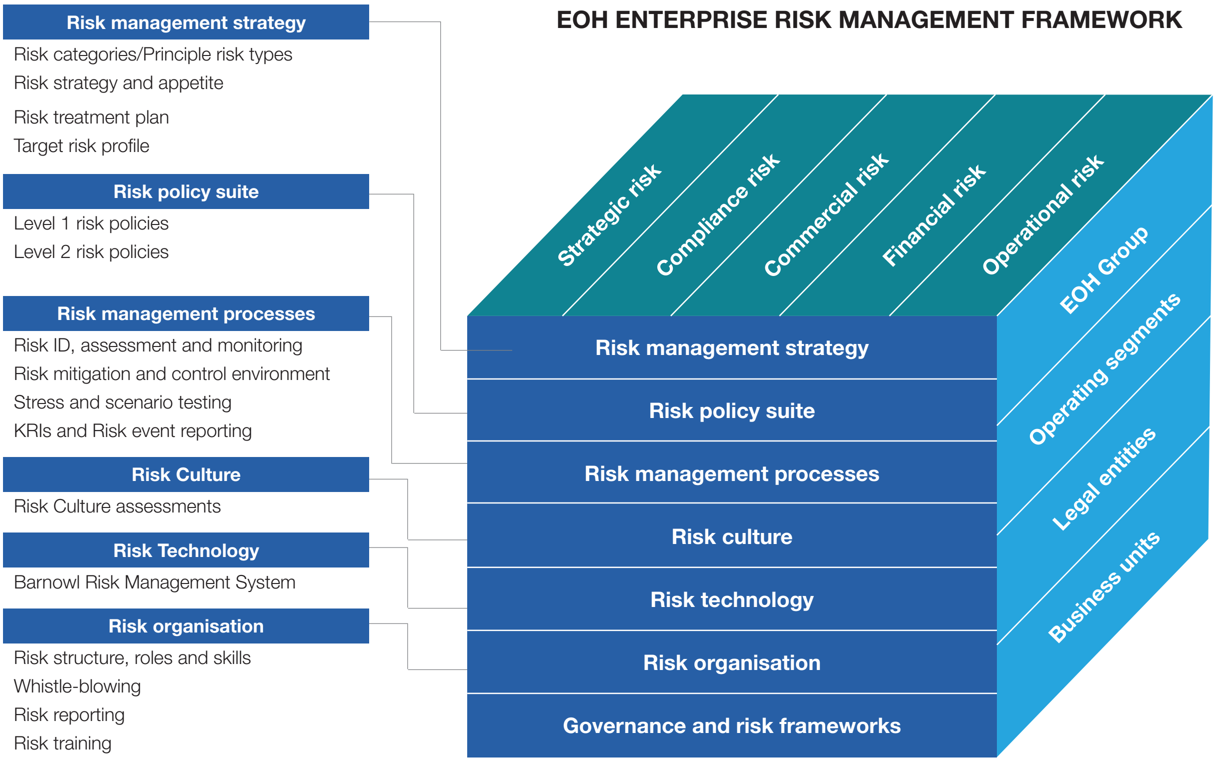
1 INTRODUCTION

This document is designed to set out the Enterprise Risk Management Framework (**"ERMF"**) including applicable principles and minimum requirements set by the EOH Holdings (**"EOH"**), King IV, and related risk management best practices to enable EOH to fulfil its legal and fiduciary duties in relation to risk governance.

EOH implements the ERMF in the context of the Group Operating Model (**"GOM"**), while taking into account the local regulatory environments and operating conditions and the varying levels of materiality and maturity of the constituent businesses.

The EOH Group is defined as including all the functional reporting entities and statutory subsidiaries including Business Units over which EOH has effective management control. The EOH Chief Risk Officer (**"CRO"**) is responsible for supporting the Group CEO and Board Governance and Risk Committee in the effective development, implementation and review of the ERMF.

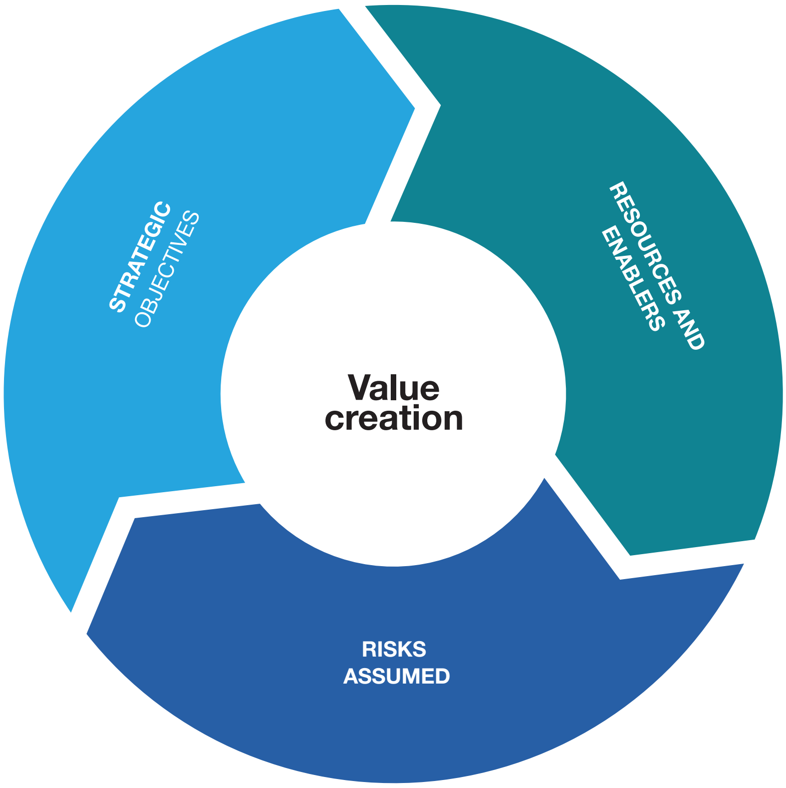
This ERMF will be reviewed regularly and updated as necessary in order to meet changing demands. To ensure its acceptance within EOH, the document will be signed by the Group CEO and Chairman of the Governance and Risk Committee, together with all future material updates.



Risk Management Vision for EOH

The objective of Enterprise Risk Management (**"ERM"**) is to align strategy, value drivers and key enablers (processes, people, technology and knowledge) to evaluate and manage business opportunities, uncertainties and threats in a structured, disciplined manner, ensuring that management considers risk and capital implications when making strategic and operational decisions.

The ERMF is designed to increase the understanding of the risks inherent in the business to facilitate and improve decision-making; it does not aim to eliminate risk from the business. Effective decision-making requires an understanding of the relationship between risk assumed, capital required and value created, as illustrated in the following diagram:



Risk Management has evolved over several years and has become an important enabler for companies in the process of value creation. The ERMF and its constituent parts articulate how the different elements in the ERMF are arranged and inter-relate to support management in the achievement of their objectives.

We will know that we have achieved our risk end vision when:

- Risk management is part of everyone's job;
- Risk management is accepted by all as a dynamic and evolving process;
- Managers can demonstrate how risk management is applied in their area;
- We have fostered a 'Risk Aware' culture with the Board, management and staff;
- We measure our risks and compare the results to Risk Appetite limits;
- We have processes in place to identify, assess, manage, monitor and report all risks;
- There is consistent and regular reporting and escalation of risks to the different stakeholders;
- Management is held accountable for the risks they manage;
- Nasty surprises are few and far between, i.e. our proactive approach to risk management helps us to identify and proactively manage our risks;
- Clients and our external stakeholders, i.e. investors, rating agencies, analysts and regulators have confidence in our risk management capabilities as a means to manage the business better.

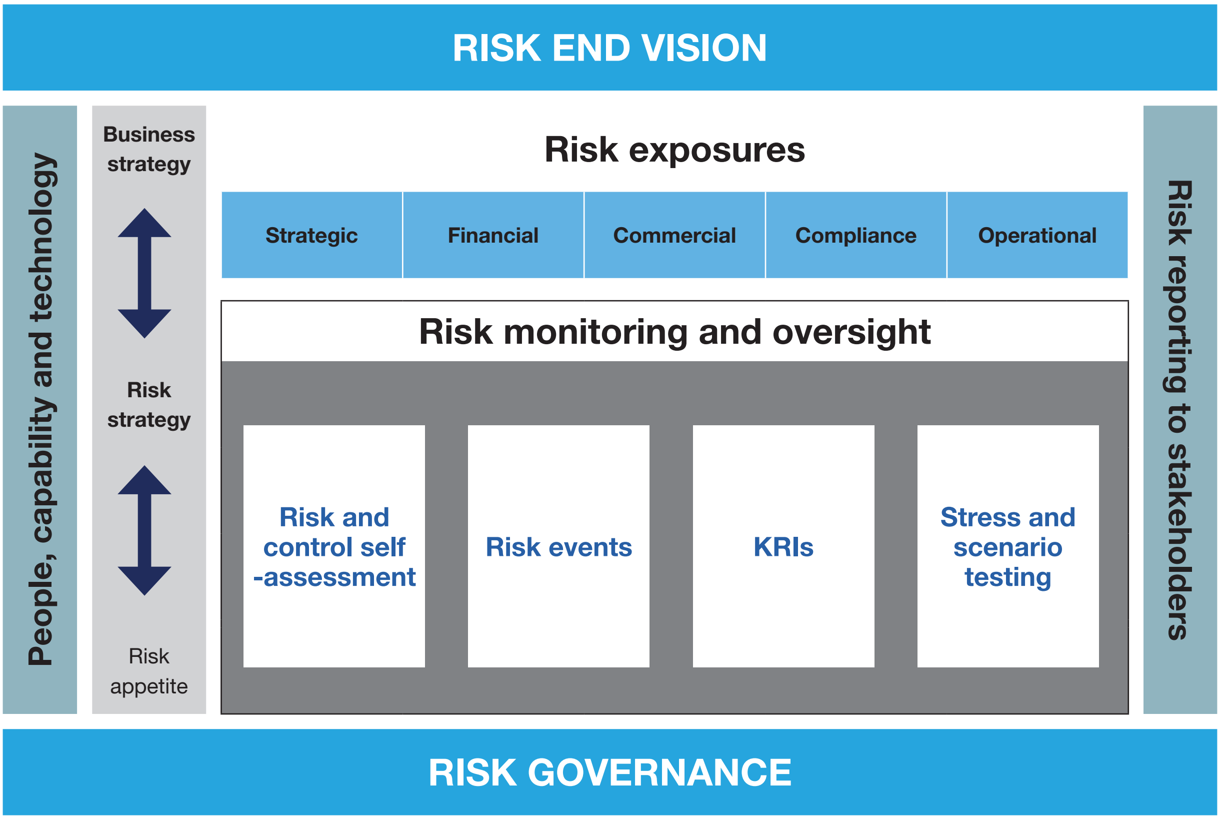
The ERMF is made up of the related practices, processes and methodologies that support the Risk Management function and the targeted end-vision. The ERMF operates within the principals and minimum requirements of the Risk Governance system.

2 RISK MANAGEMENT APPROACH

2.1 Objectives of the Risk Management Approach

EOH recognises that its ability to manage risk from an enterprise perspective is central to the success of the business and the continuous delivery of value to its stakeholders. In this context EOH defines risk as "the threat of an event that will limit the organisation's ability to achieve its business objectives or result in missed opportunities". ERM thus aims to reduce the uncertainty surrounding expected outcomes, balanced with the creation of value for key stakeholders.

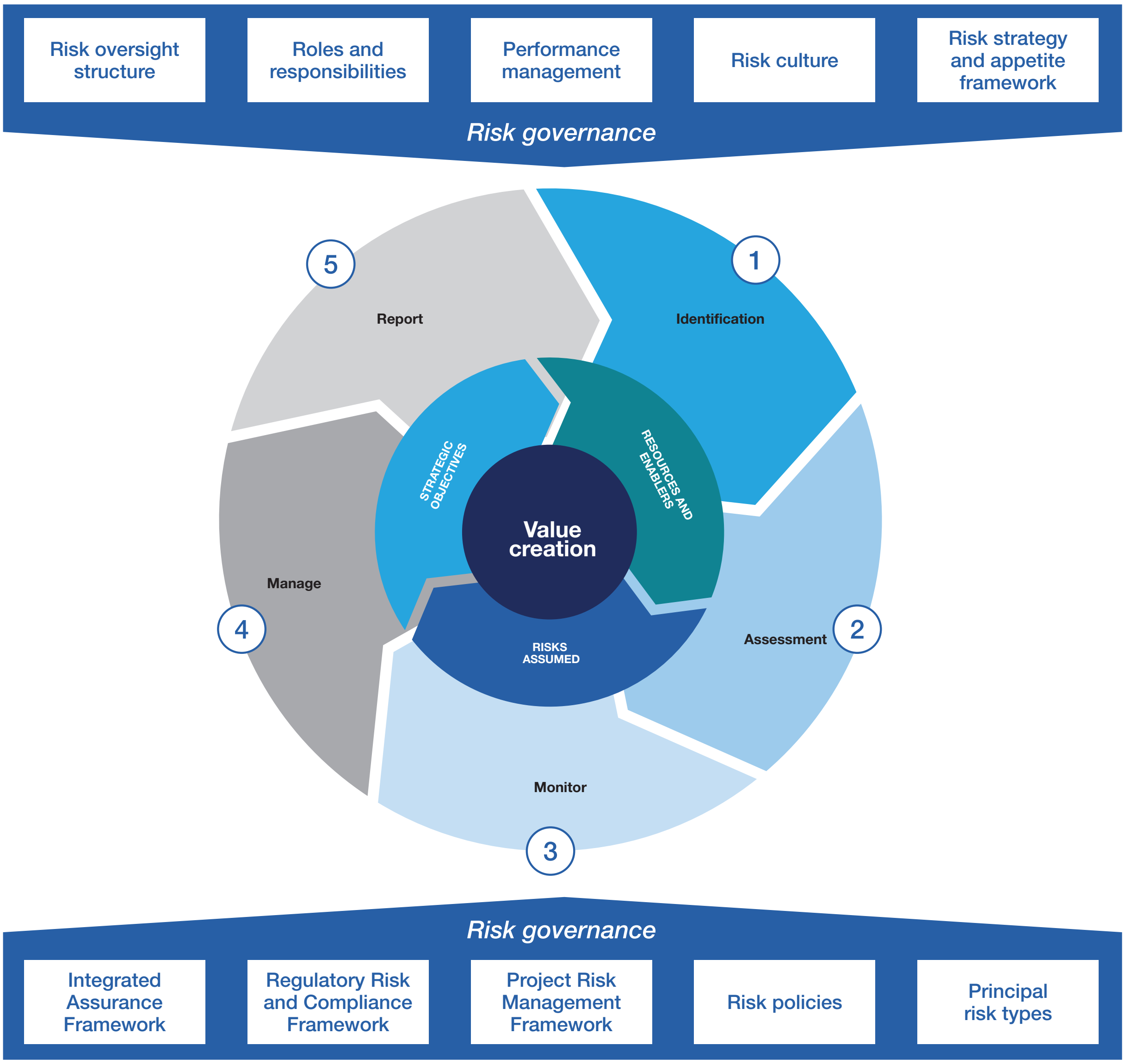
EOH considers a formal approach to the management of risk as sound management practice and the Board and management regularly re-evaluate strategies and the adequacy of resources required to deliver those strategies. Allocation of responsibility, implementation of adequate control measures and ongoing reporting of risks at the appropriate level are fundamental activities incorporated into EOH's systematic approach to ERM, which ensures a shared understanding of risk, a consistent response to unacceptable levels of risk and a balance between the cost of risk and anticipated benefits/returns.



EOH aims to manage risk in a manner which maximises value and minimises potential negatives by focusing on:

- Pro-active risk management to prevent nasty surprises and to identify business opportunities;
- Improved Risk Management information that should facilitate better and more informed management decision-making;
- Meeting regulatory requirements with respect to risk management;
- Better managed businesses with improved prospects of achieving Group and business objectives;
- The provision of an enterprise-wide view of the risks faced by the business.

The ERMF has three key components, namely the system of governance (Section 3) within which it operates, the risk management processes (Section 4) used to identify, assess, monitor, manage and report risks and the key capabilities and enablers (Section 5) needed to implement and sustain the ERMF. The diagram on the next page illustrates the Risk Governance and Risk Management process.



2.2 Benefits of the Enterprise Risk Management Framework

The embedding of the ERMF should deliver and enable the following benefits:

- Evidence of a strong management culture that ensures that risks are understood, controlled and effectively and meaningfully communicated to business decision-makers;
- Clarity of individual responsibility in the management of risk, thus producing an organisational culture which supports well thought-through risk taking and innovation;
- Management of risk is closely linked to achievement of business objectives and fully embedded in operational processes and evidence that these are consistently applied;
- Risks are actively monitored and reviewed on a constructive ‘no blame’ basis with continuous sharing of lessons learned, which allows for effective decision-making and shareholder value creation;
- A positive impact on value and reputation protection;
- Reduced losses where risks do materialise due to effective risk mitigating plans and tools.

3 RISK GOVERNANCE

3.1 Governance approach

Risk Governance is a systemic approach to decision-making associated with enterprise risks, based on the principles of co-operation, participation, mitigation and sustainability, adopted to achieve more effective risk management. This means that the principles of good governance are applied to the identification, assessment, management and communication of risks in a broad sense. It incorporates such criteria as accountability, participation and transparency within the structures and processes by which risk-related decisions are made and implemented. Risk governance includes the totality of role players, standards, processes and mechanisms and is concerned with how relevant risk information is collected, analysed and communicated, and how management decisions are taken.

The ERMF for an entity should be adequate to the nature, scale and complexity of the business and the risks. The ERMF is reviewed annually and adapted as the business and environment change. The ERMF is independently reviewed annually and approved by the Board.

In the context of risk governance, the governance model is the construct of how the organisation's structures, processes and people relate to each other to enable optimal risk intelligent decisions. Risk Governance provides assurance to EOH's stakeholders that the organisation is being prudently managed in the context of the value that stakeholders are seeking.

EOH's approach to risk governance is aligned with the Group Operating Model. The key elements of EOH's risk governance include:

- Risk Universe defining the full suite of risks that the organisation are exposed to;
- Clearly defined risk policies for the principal risk types setting the principles and standards for the management of the principal risk types;
- The five lines of defence model and key roles and responsibilities associated with each line of defence. This is provided in the context of EOH's organisational structure, legal entity structure, the structure of the ERM function and the role of the Chief Risk Officer as well as the reporting lines of risk officers;
- Risk Committees and oversight structures;
- Risk Culture, the set of attributes and desired organisational behaviours that promote good risk management;
- Performance management and the structuring of incentives to promote balanced stakeholder management;
- The Risk strategy and risk appetite framework define the organisation's tolerance for the principal risk types and risk appetite limits within which risk exposures should be managed in support of the business strategy and the pursuit of value-creation;
- Integrated Assurance Framework aims to provide assurance to management and the Board that an adequate and effective control environment is in place to mitigate the key risks of the organisation;
- The Regulatory Framework defines the primary legislation and regulatory considerations that define the context and constraints within which the business operates.

3.2 Risk Governance Elements

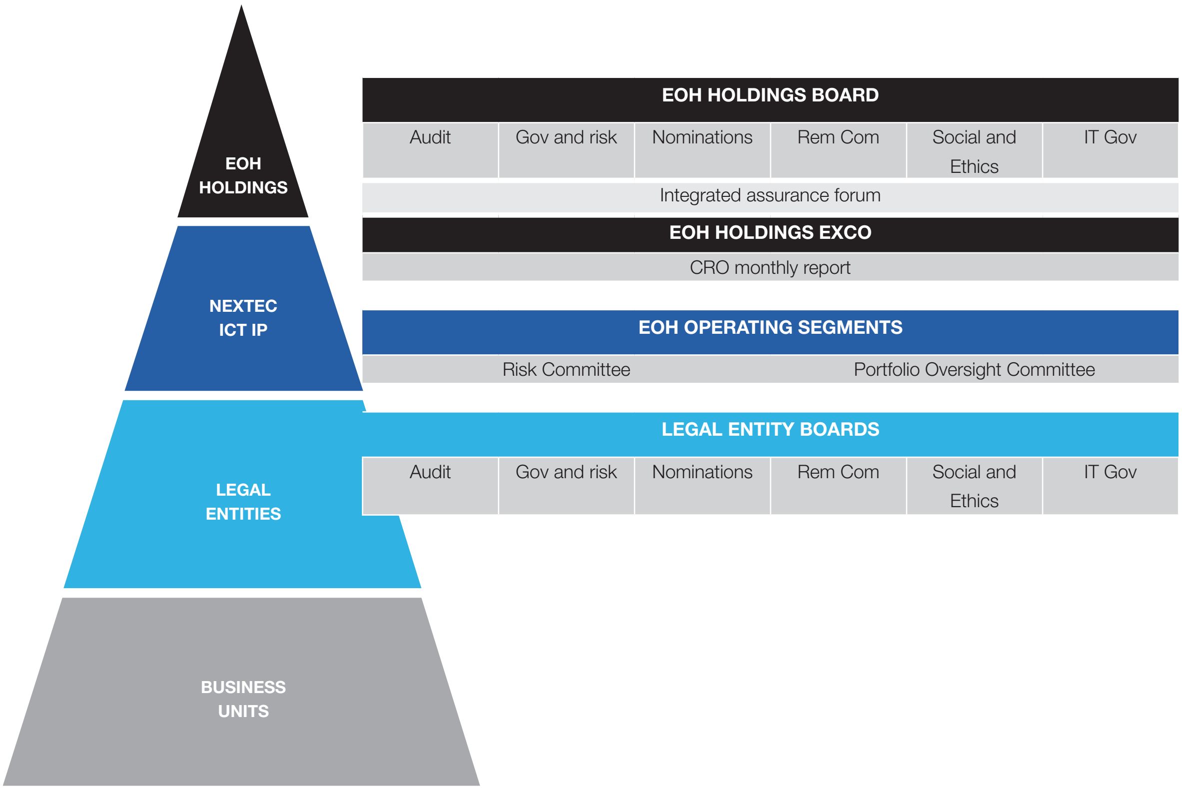
The Risk Governance elements articulate the role and purpose of each Risk Governance element and its contribution in providing the right level and quality of oversight in the management and mitigation of risks.

3.2.1 Risk Oversight

Risk Management Function

A diagram illustrating the key functions and incumbent individuals that form part of EOH's Overall Risk Management Structure, and how these functions and individuals inter-relate, is presented below:

Risk Governance Structure



3.2.2 Roles and responsibilities

The risk governance model is based on a strategy of "**Five Lines of Defence**" that distinguishes between functions owning and managing risks, functions overseeing the risk and compliance processes, and functions providing independent assurance that the system of internal control to manage and control risks is functioning adequately and effectively.

The First Line of Defence

The Group Chief Executive Officer (**"CEO"**), supported by the Executive Management Committee (**"Exco"**), has overall responsibility for the identification and management of all risks facing EOH. The respective functional and statutory management teams in turn support the CEOs.

The Exco members manage the execution of strategic objectives; are responsible for the setting of risk appetites and risk limits; approve the strategy for managing risk, and are responsible for the system of internal control.

Detailed business planning takes place at a business level under the auspices of the Finance Director, and is monitored within the Finance Division, which also co-ordinates the annual business planning process.

The monthly EOH Group Exco monitors the delivery progress of the business strategy and plans, including any material risks to the delivery of the strategy, objectives and plans. Operating Segment Excos also meet monthly to monitor progress against the business plan.

Management and staff within each constituent business have the primary responsibility for risk management and the system of internal control. They take ownership of identification, assessment, measuring, monitoring, reporting and management of financial and non-financial risks arising within their areas of responsibility, as part of their day-to-day management responsibilities and processes.

Business management teams formally review the status of key risks to their business, their control environment, co-ordinate the interaction with the second and third lines of defence, and review the reporting to the EOH Group Governance and Risk Committee (**"GRC"**) of the EOH Holdings Board at six-monthly Governance and Risk Committee meetings. Business management teams are assisted by risk champions within the business.

The Governance and Risk Committees function at EOH Holdings Level (six-monthly) and also at Operating Segment level (quarterly) for the following businesses:
- Nextec;
- Newco ICT;
- IP.

Functional and statutory management teams that do not have specific Governance Committees formally consider key risks to their business and the status of their control environment at least quarterly at executive management meetings, and/or as part of their formal regulatory structures, and include Legal Entities that report into Operating Segments.

Senior executives have been appointed to the Boards of all subsidiary statutory entities, including those entities that are resident in countries other than South Africa, in order to ensure that the shareholder interests of the EOH Group are represented at the deliberations of those Boards.

Risk forms an integral part of the EOH strategy. Consequently implementation of the ERMF will focus on seamless integration of risk management in strategic and business planning, bidding, procurement and project delivery.

The Second Line of Defence

This function comprises the Chief Risk Officer (**"CRO"**), supported by:
- Senior risk officers in the Group Risk Function;
- The Group Compliance Officer;
- Risk champions in Legal Entities and Business Unit;
- Specialist committees with formal terms of reference (Portfolio Oversight Committee and Risk committee);
- Specialist functions at the Corporate level with risk oversight responsibility (Legal, Forensics, Corporate Insurance, CIO);
- Integrated Assurance Forum.

The Group Risk management function is responsible for the provision and oversight of the overall Governance, Risk Management and Regulatory/Compliance Frameworks containing the risk strategy, policies, processes, methodologies and systems required for effective risk management. Further responsibilities include the continuous review, challenge, monitoring and reporting of key risks to EOH Group Governance and Risk Committee and Executive Committee. Furthermore, it is also responsible for providing technical support and advice to the EOH Group Exco and business management teams to assist them with the identification, assessment, measuring, monitoring, reporting and management of financial and non-financial risks.

The Group Risk Function and risk champions are not responsible for the day-to-day management of risks to the business, nor the adequacy and effectiveness of the internal control environment, both of which are the direct responsibility of executives and line management in the First Line of Defence function.

The Third Line of Defence

The "Third Line of Defence" is independent assurance, provided through the Group's Internal Audit function. This includes evaluating whether the financial statements comply with the relevant statutory and regulatory requirements and assessing the extent to which risk management and governance practices are effective and that systems of control are functioning as intended.

None of the parties in the Third Line of Defence function has responsibility for the day-to-day management of risks to the business, nor the adequacy and effectiveness of the internal control environment, both of which are the direct responsibility of line management in the first line of defence function.

Internal Audit provides independent, objective assurance on the adequacy and effectiveness of internal controls across the organisation. Internal Audit (**"IA"**), external audit, and the Audit Committee of the EOH Group Board are tasked to carry out this function. The scope of IA covers all territories in which EOH has effective management control of legal entities.

The Fourth Line of Defence

External assurance – made up of external assurance providers, such as External Audit, Environmental Auditors, Regulatory Inspectors and other external parties. These structures are largely independent of the operational activities of the company and provide assurance to the Board.

The Fifth Line of Defence

Made up of the over-arching oversight structures in the Group including the Board of Directors and Sub-Committees. *The fifth is included level predominantly as a level of defence given its oversight role and not as a line of assurance*.

The EOH Holdings Audit Committee comprises a majority of independent directors who meet at least quarterly during the year with senior management, including the Group CEO, Group Finance Director, Chief Audit Executive, and external auditors. The external and internal auditors have unrestricted access to the Audit Committee and to its chairman.

The Audit Committee serves in an advisory capacity to the EOH Group Board and assists the directors to discharge their duties relating to the safeguarding of assets, the operation of adequate systems of internal control, risk management, the review of financial information and the preparation of the annual financial statements. This includes satisfying the Board that adequate internal, operating and financial controls are in place and that material risks have been identified and are being effectively managed and monitored.

The Board

The Board of EOH Group has mandated the Group's commitment to the King IV Report on Governance for South Africa.

The Board is responsible for the Governance of Risk, as stipulated in King IV, and for ensuring that effective risk management is practised across the Group and that there are adequate systems of internal control. To this end the Board endorses the ERMF and delegates responsibility for implementing systems of risk management and internal control, contained in the ERMF to EOH executives.

3.2.3 Risk Strategy and Appetite Framework

The Risk Strategy and Appetite Framework supports the business strategy, as such it considers the principal risk types that the organisation is exposed to and the organisation's appetite and ability to take on and manage the various risks in the pursuit of value-creation for its stakeholders. It provides an integrated and systematic approach to the management of risks that threaten the business from achieving the business objectives. The identification and assessment of risk are recorded, escalated and monitored against risk tolerance limits. The Risk Strategy and Appetite Framework also provide further context for the escalation of risk tolerance breaches at the various organisational levels.

Risk Strategy

The main purpose of the EOH Risk Strategy is to:

- Clearly articulate EOH's Risk Strategy, and hence provide a common starting point for risk strategy discussions within the organisation;
- Act as guidance to Legal Entities and Business Units when taking on or managing risk or restructuring operations to optimise their risk-taking;
- Demonstrate that EOH has a structured, organised and formalised way of thinking about risk and value-creation within appropriate risk limits;
- Help demonstrate that EOH is well positioned to deliver on its strategic objectives.

Target Risk Profile and Risk Appetite

Risk preferences, target risk profiles and risk appetite limits are expressed in terms of each risk type or category that the organisation is exposed to.

Risk profile reflects the relative size of each principal risk type as a proportion of the total risk exposure. Target risk profile is the risk profile we wish to target over the three-year business planning time horizon. Risk Appetite means the appetite we have for risk based on available funds, total risk limits and the Target Risk Profile.

Factors taken into account in setting the Target Risk Profile are as follows:
- Alignment with EOH Group risk preferences and return expectations;
- Takes into account the practicalities of the business, which means that for some risk types there is a minimum level of risk which we must take on (e.g. Operational Risk).

Risk Strategy Action Plan

The Risk Strategy Action Plan is developed in the following way:
- Validate the target risk profile against the current risk profile in order to identify areas where risk exposures should be altered;
- Align management actions being undertaken as part of improving ERM maturity levels and actions required to close any differences due to data quality, the impact of the process on risk coverage and tolerance levels;
- Develop management actions to bring the current risk profile in line with the target risk profile, including qualitative risk appetite statements for each risk type including changes to EOH's business strategy;
- Assess the economic efficiency of each proposed management action and adjust the target risk profile as necessary;
- Seek approval and report on the Risk Strategy Action Plan where required.

The Group Operating Model (**"GOM"**) is the internal operating framework and governance structure for the Group. It reflects the Group's decision to operate the "Strategic Controller" model and provides the overall context for the Risk Strategy and Appetite Framework.

The Risk Strategy and Appetite Framework applies to the Group and to any company or affiliate in which EOH holds a controlling interest.

The Board has approved a comprehensive Delegated Authority Matrix governing all decisions made within the Group, which is reviewed annually. The detailed Group Delegated Authority Matrix guides the formulation of risk appetite limits.

3.2.4 Performance Management

The arrangement by which the Board and senior management provides long and short-term incentives for the achievement of organisational objectives and the process of managing it through performance contracting that includes a weighting for risk management as appropriate.

3.2.5 Principal Risk Types

The risk categorisation model is designed to provide a common framework within which to identify, collate, aggregate and report on risks, both from a bottom-up and top-down perspective and to assess risk quantitatively and qualitatively, at various levels within the organisation, including Internal Audit.

To achieve these objectives, all lines of defence are required to use the same categorisation model, and the model is designed to ensure that there is appropriate detail for it to be meaningful at all levels within the organisation, and also to enable aggregation and escalation of material items to the correct level.

Level 1 Risk categories comprise the following and will be further supported by level 2 (sub-categories) that enable more precise risk measurement and also enable the setting of appropriate risk-appetite limits.
- Operational;
- Financial Risk;
- Strategic Risk;
- Commercial Risk;
- Compliance Risk.

3.2.6 Risk Policies

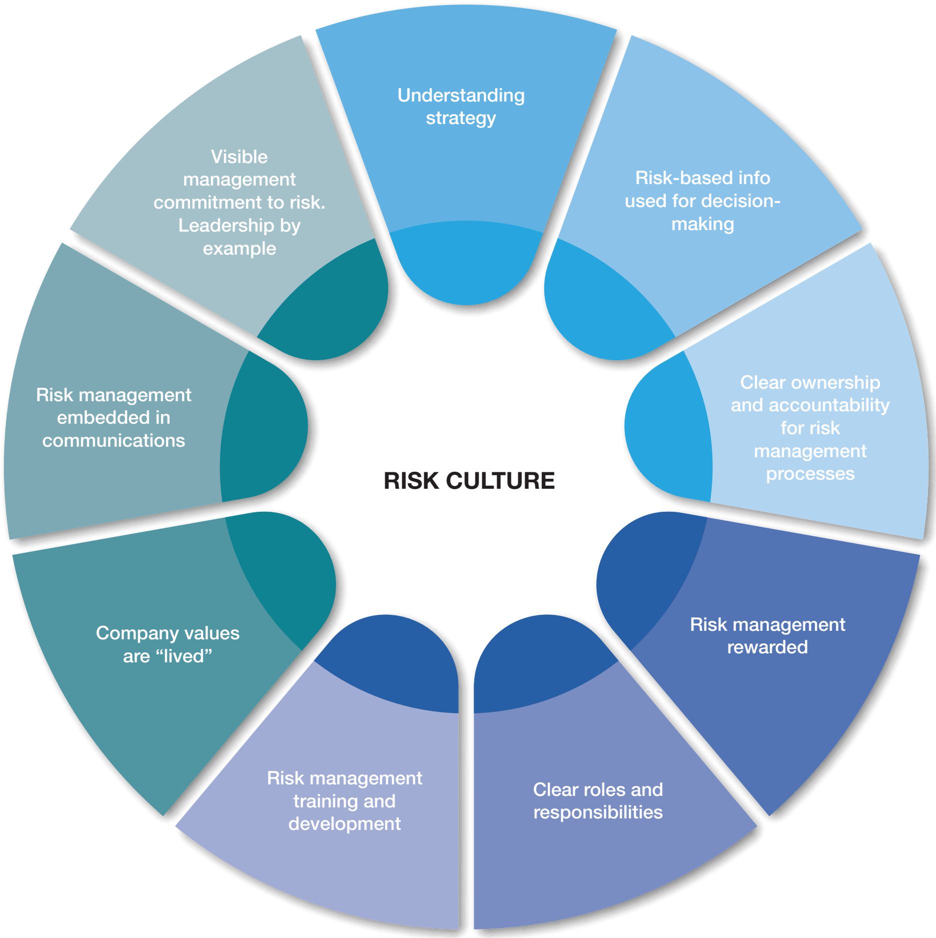
Risk policies define the principles and standards for the management of the principal risk types that EOH is exposed to, ensure appropriate accountability and provide for escalation of breaches to appropriate management and ultimately the Board. It considers and also requires the formulation and implementation of risk appetite statements and metrics so that risk can be managed appropriately in the pursuit of value creation.

3.2.7 Risk Culture

A risk-based culture implies neither risk aversion nor unwise risk taking. Rather, it means a balanced approach that strives for informed risk taking in the pursuit of value creation. It cultivates risk responsiveness at all organisational levels, values and demands transparency, and evokes behaviour aligned with sound business growth.

Risk culture is defined as 'how we think about things and the way we do things around here'. It is created by how people behave and what behaviour is consistently accepted within the organisation. Risk management culture, therefore, is related to the set of shared attitudes, values, goals and practices that characterise how EOH's people consider risks in their day-to-day activities. It is consistent with EOH's corporate values and people principles that encourage identifying, reporting and managing risks appropriately and in a timely manner. EOH is looking for a cultural shift from reactive to proactive risk management. The following table highlights EOH's view of what a good risk management culture looks like.

"Good" Risk Management Culture:



3.2.8 Integrated Assurance Framework

The implementation of a robust integrated assurance framework helps support corporate governance guidelines to provide appropriate assurance to the Board and senior management that the organisation has an effective internal control framework and that it effectively mitigates the key risks of the organisation. Integrated Assurance works across all lines of defence and is a key input for risk-based audit plans. Implementing an integrated assurance model, in accordance with corporate governance objectives, optimises assurance obtained from management, corporate functions, internal and external audit on the risks affecting the business.

3.2.9 Regulatory Risk and Compliance Framework

The regulatory framework defines the legislative environment and regulatory requirements and how EOH arranges itself to meet these requirements in a systematic, disciplined, risk-based and prioritised manner so that the risks associated with it are mitigated and so that assurance can be provided to its stakeholders that it is a responsible corporate citizen and that reputational risk is minimised.

3.2.10 Project Risk Management Framework

Project risk relates to delivering the contracted scope against cost, time and technical performance targets, while maintaining applicable laws and regulations. Due to the projects being a key conduit for the introduction of risk to the organisation a specific project management risk framework has been developed to provide specific guidance to the identification, assessment, monitoring, management and reporting of risks in this environment. The scope of this framework includes both the pre-tender, tender and commercial phases and also elaborates on other elements of the ERMF for example specific risk oversight structures and customised Risk Tolerance setting. (Filtering project opportunities against a pre-defined risk tolerance that is derived from an Opportunity Management System that considers relevant criteria including authorisation, risk exposure, alignment with Strategic objectives etc.)

4 RISK MANAGEMENT PROCESS

Risks are always considered in the context of pre-defined business objectives, firstly at an inherent (gross) level, i.e. in the absence of any specific controls, and secondly at a residual (net) level, i.e. based on the adequacy and effectiveness of specific controls.

4.1 Identify

Risk identification is the responsibility of Line 1, including the completeness, validity and accuracy thereof, with oversight thereof, the responsibility of Line 2. Risks that threaten business objectives are identified using various sources of information:

- Internal and external environment analysis;
- Control breakdowns;
- Internal risk events;
- Audit reports;
- Regulatory environment etc.;
- Management experience and institutional knowledge bases.

Risks will always be present and rarely entirely mitigated. What does change is the business exposure to the risk and the risk appetite of the EOH. Risk identification is performed annually and quarterly updated.

Reporting scope

Risk identification and reporting are required at Group, operating segment, legal entity and business unit level.

4.2 Assess

Risk and Control Self-Assessment is the primary process applied to measure/assess risks. Risk and Control Self Assessments (**"RCSA"**) are defined as including material risks that meet the minimum criteria for logging on a risk register.

It is the primary responsibility of the first line of defence to identify, evaluate and place items on risk registers. Where items are identified by the representatives of the second or third lines of defence, these items should be raised with the management of the relevant first line of defence area, and an agreement reached on who will formulate and place the item.

The first line of defence always retains ownership for all items applicable to their area of responsibility, notwithstanding who raised the item. Items deemed to have been resolved can only be removed with the express authority of the executive manager responsible for that particular area.

The objective of applying a consistent methodology to measure the impact and likelihood of identified risk is to facilitate the aggregation and escalation of such items, including comparison to risk appetite limits and tolerances.

RCSAs are designed to reflect the material risks at a gross (inherent) and net (residual) level that impact the business objectives and business-as-usual activities.

The RCSA focus is on the primary objectives as defined in the strategic objectives and business plans of the business, and/or the primary nature of the function of the business.

RCSAs are reviewed and updated quarterly to ensure that all key risks are incorporated into the risk profile/risk registers, that the level of risk is within appetite, that sufficient progress is being recorded against management actions and to enable IA to plan its audit work based on the updated profiles.

The risk assessment has two dimensions being "impact" and "likelihood" and is done over a 12-month forward-looking time horizon.

The gross (inherent) rating of the risk is obtained by considering the exposure of risk in the absence of any specific controls or management action in place to manage that particular risk.

The net (residual) rating of the risk is obtained by considering the exposure of the risk remaining, taking into account the specific controls in place and/or the management action that has successfully been taken in relation to that particular risk at the time that the rating is performed.

The following inputs inform the net (residual) rating of the risk:

- Risk and performance indicator reporting linked to the identified key risks to the business objectives and the business as usual activities;
- The level of operational losses/internal risk events experienced and reported via the formal loss data collation/internal risk events process;
- The materiality of the risk items on the applicable Risk log for tracking and escalation;
- The adequacy and effectiveness of the internal control environment as evidenced by control self-assessments, as well as formal IA and external audit reports;
- The level of fraudulent activity identified by the business, as well as the number and complexity of investigations conducted and reported on by Forensics services.

Each risk is linked to the relevant objectives and risk category to enable aggregation of risks that are similar in nature.

Risks are assessed utilising a risk assessment matrix which consists of a likelihood and impact scale.

Assessing risk status

Management actions are based on an assessment of the level of urgency and importance associated with any particular risk. Net (residual) ratings must be compared to the Risk Tolerance ratings. Risk Tolerance ratings may be informed by risk tolerance limits that have been set.

At a risk level, when monitoring performance of the risk exposure versus risk tolerance limits a "RAGB" (Red, Amber, Green, Blue) status is used:

Red – Risk Exposure above Risk Tolerance

Amber – Risk Exposure between 90% to 100% of Risk Tolerance

Green – Risk Exposure between 50% and 90% of Risk Tolerance

Blue – Risk Exposure less than 50% of Risk Tolerance

Risk aggregation will be done from the lowest level up to the Operating Segment level and per risk type to be consistent with Risk appetite and tolerance limits.

4.3 Monitor

The objective of risk monitoring is to observe risk trends and consequently be in a position to proactively manage risk exposures so that it stays within risk appetite limits. Risk monitoring is a function of all five lines of defence, informed by the risk governance model and ERMF.

Monitoring is enabled through:

(1) Updates of risks, controls and risk mitigating actions as well as tracking Key Risk Indicators. (Facilitated through the RCSA process.)

(2) Internal Risk Event recording

Internal risk events are identified and captured for all operational losses above a pre-defined minimum threshold.

These events are the result of inadequate or failed internal processes, people and systems, or from external events, which give rise to one or more losses, gains or near misses.

The methodology, in addition to actual losses, also includes identifying and recording of near misses, defined as: Materialised risks and control breakdowns that did not result in an actual loss, due to chance or an unintended intervening event.

Internal Risk Events (losses and near misses) are collated in respect of events resulting directly from inadequate or failed internal processes, people, systems or external events, and are categorised into the following seven loss event sub-categories:

- Process failures – Due to control breakdowns, errors or omissions where there was no deliberate act of wrongdoing and no intention to harm or benefit the organisation or a third party.
- Internal fraud – Due to acts or omissions by an employee intended to defraud, misappropriate property or circumvent regulations, the law or company policy that harms the organisation.
- External fraud – Due to acts or omissions by an external party intended to defraud, misappropriate property or circumvent regulations, the law or company policy that harms the organisation.
- Accidents and natural disasters – Arising from workplace accidents or natural disasters affecting the organisation.
- Employment practices – Arising from acts or omissions inconsistent with prescribed employment laws or practices.
- Sales and business practices – Due to acts or omissions where an employee intended to benefit themselves or the organisation and intending to harm a third party.
- System failures – The risk of losses arising from system failures involving information technology hardware or software, telecommunications capabilities, or utility outages and disruptions.
- Malicious damage – The risk of losses arising from malicious damage caused by a third party to fixed assets of the organisation.

All business areas record and update risk events on the Barnowl risk management system.

(3) Key Risk Indicators (**“KRIs”**)

An effective tool for monitoring enterprise risks is the ongoing measurement of key risk indicators (**“KRIs”**). KRIs are metrics used to provide an early warning signal of increasing risk exposures in various areas of the organisation. In some instances, they may represent key ratios that management track as indicators of evolving risks, and potential opportunities, which signal the need for actions that need to be taken. Others may be more elaborate and involve the aggregation of several individual risk indicators into a multi-dimensional score about emerging events that may lead to new risks or opportunities. KRIs are distinct from KPIs which are designed to provide a high-level overview of the performance of the organisation and its major operating units. KPIs, generally, do not provide an adequate ‘early warning indicator’ of a developing risk because they mostly focus on results that have already occurred.

Each Business develops and monitors key risk indicators for its significant risks, being ‘high’ and ‘very high’ which target key enterprise risk exposures for the area of management enable management of the underlying causes of risk exposures; use thresholds aligned to risk appetite and enable risk-based decision-making; are monitored with a frequency that matches the nature of the risks; compliment the self-assessment and loss event collection processes; and are reported as part of monthly management reporting.

4.4 Manage

The main options for the management of risk include the following options:

The options to be taken will be informed by the Risk Strategy and Appetite Framework. The main risk treatment options available are:

- Treat (Risk exposure is greater than risk tolerance limits or control weaknesses have been identified);
- Tolerate (Risk exposure within risk tolerance limits);
- Terminate (Exit the business, product or project giving risk to the risk exposure);
- Transfer (Insurance, hedging or other risk transfer options).

For each of the risks identified through the RCSA process the key controls have to be identified that mitigate the identified risk to an acceptable level or within the target risk profile.

Internal Controls

Generally management and staff within each business have the responsibility for managing risks and the system of internal control. The conducting of periodic internal control self-assessments is therefore an integral part of the risk management process and is primarily a responsibility of the first line of defence.

Controls must be identified for each risk identified. Controls mitigate gross (inherent) risks to a level that is acceptable to the business. Controls may either be a single control activity that is capable of mitigating the risk, or a number of control activities that, in combination, mitigate risk to an acceptable level. Controls include all measures and steps taken to mitigate potential liabilities and exposure to risk. The capture of key controls in the Risk logs is critical in defining and understanding which controls are relied upon for effective risk management. Key controls are those controls that would be most effective and efficient in mitigating the particular risk. Post the recording and the assessment of the controls, management will be able to establish the net (residual) exposure of the risk.

Every quarter when the RCSA is updated, management is required to ensure that all material controls are recorded and assessed in respect of adequacy and effectiveness. Where IA or External audit find inadequate or ineffective controls, these will be recorded in the Risk registers and appropriate management action plans will be put in place.

Linking this information to risks provides control information at a granular level to management that assists them in more correctly assessing levels of risk and prioritising any corrective actions.

The key function of a control assessment is to ascertain the extent to which identified key controls contribute to the mitigation of the risk. An effective risk register will facilitate the identification of areas of missing controls (Design Adequacy) and poorly executed controls (Operating Effectiveness).

Design Adequacy considers how well the control should work in theory if it is always applied in the way it is intended to work.

Operating Effectiveness considers whether the control is performed as designed, in the required frequency and by the right person/function. If the performance of the control is not rated as effective, a Management Action to improve the control shall be implemented to address the control deficiency. The adequacy and effectiveness of the control environment are attested to via formal annual Management Letters of Representation which in turn includes formal policy attestation results.

Risk Escalation

Risk and policy breach escalations to management structures up to EOH Group Exco and ultimately the EOH Group – Governance and Risk Committee is determined by the Risk Strategy and Appetite Framework as well as the escalation policy.

Contingency and Crisis Planning

EOH has formal contingency and business continuity plans in place to ensure its ability to operate on an ongoing basis and limit losses in the event of severe business disruption. Management periodically reviews these plans so that they are consistent with EOH's current operations and business strategies. Moreover, these plans are tested periodically to ensure that management would be able to execute the plans in the unlikely event of a severe business disruption. The outputs of the stress and scenario testing provide the inputs for some of these tests and where EOH's ability to withstand a severe shock is questionable, a contingency and crisis plan is developed and added as an appendix to the Business Continuity plans.

4.5 Report

Risk Recording

The primary mechanism used by EOH for the collation and recording of risk information is a risk management tool known as Barnowl. All risk information as defined in the ERMF must be recorded in the Barnowl Risk Management system by all entities under the management control of the EOH Group.

Risk Reporting Content

The risk reporting framework considers the output of the various risk management processes and structures fit for the various stakeholders (Board, Risk Committees, Management, Regulators and Investors) in order for them to meet their management, oversight, regulatory and other responsibilities as defined in charters, terms of reference and the Target Operating Models.

Risk content for Boards and its sub-committees is structured to provide assurance that:
- Effective Governance, Risk and Regulatory risk frameworks, policies, processes and systems are in place to mitigate risk;
- That there is adherence to these frameworks and assurance regarding the continued relevance of the frameworks;
- Key risks are identified and mitigated;
- An effective control environment is in place to mitigate risks;
- Breaches to risk policies and risk appetite limits are communicated together with the corrective actions to address the breaches.

In principle risk reporting for management is designed to:
- Enhance risk-based decision-making that increases the attainment of operational and strategic objectives;
- Highlight risk exposures compared to risk appetite limits;
- Provide trend analysis and insights of risk exposures;
- Provide insight into factors in the external and internal environment that contribute to increased or decreased risk profiles;
- Highlight the effectiveness of risk mitigating actions;
- Effectiveness of the control environment;
- Breaches and management actions.

The content, frequency and format of risk reports will thus vary depending on the level in the Group structure and whether it is a management or oversight function.

The key stakeholders of risk management information are as follows:
- EOH Holdings Board and Governance and Risk Committee;
- Group Exco and Operating Segment Excos;
- EOH Board and Board sub-committees for Board structures below the EOH Holdings;
- Operating Segment Risk Committees;
- Portfolio Oversight Committees;
- Investors and general public;
- Regulators.

Frequency of risk reporting

The reporting process is cyclical and hierarchical. Formal risk reporting to EOH Holdings is six-monthly and starts with the Legal Entity/Operating Segment Risk Committees where senior management meets to review the risk profile, trends and mitigating actions. Operating Segment Risk Committee membership comprises Executive management as well as representatives from the second and third lines of defence.

An annual letter of representation inclusive of a risk policy attestation is submitted to EOH Group Audit Committee as well as the Governance and Risk Committee which asserts the effectiveness of controls, identification and management of risks and compliance to policies and the Group Operating Model.

Regulators

No formal regular reporting to regulators is required.

Public

A Risk and Governance report is included in the EOH Integrated Report and Annual Financial Statements. The Governance section sets out the ERMF of EOH and how this framework is used to identify, assess, manage, monitor and report on risks to which the business is exposed.

Report Ownership

To promote the delivery of high-quality and timely risk information to the different stakeholders, report owners have been identified for the key reports. The report owners have ultimate accountability for the production and delivery of the reports. Report owners are supported by report writers who have the responsibility to produce the report, co-ordinate the delivery of relevant input from functional units that have to provide information, integrate and edit the report.

The key reference points in the design of the reporting framework are regulatory requirements, the terms of reference of the various committees that have risk management oversight responsibilities, risk policies, Target operating model, Risk Categorisation model and the Risk Strategy and risk appetite frameworks that define the requirements for the Risk Reporting framework.

5 PEOPLE, CAPABILITY AND TECHNOLOGY

EOH's risk management progress depends on its people's skills and willingness to implement the ERMF. Therefore, a key step in its journey is to attract, grow and retain the right people. This is then maintained by having in place good people management practices, where staff are valued and understand their roles and responsibilities and how they fit in with EOH's business strategy and ERMF. EOH's human resources management framework supports this culture by providing:

- Position descriptions to outline role accountabilities;
- Performance plans to set expectations and measure achievement and compliance, where good risk behaviour is rewarded and consequences exist for non-compliance with expected standards of behaviour relating to risk management;
- Development plans to help people learn and grow;
- A learning framework to foster and track the skills and knowledge necessary for people to achieve their risk management potential.

5.1 Education and Training

A training plan that is customised to target a diversity of stakeholders and role players will be developed to enable the effective implementation of the ERMF and constituent parts. It includes general awareness, specific risk methodology and system based training; Board induction i.e. each according to the needs of the individual and the role they play in the organisation. A variety of delivery mechanisms are envisaged and include face to face, computer based training, role play and simulations. The intent is to make the training more meaningful and interesting so that messages are clear and knowledge is built in a way that it can be applied as appropriate. Ongoing awareness and training is supported by regular communication into the organisation.

5.2 Whistle-blowing and ethics

An overarching formal Code of Ethics has also been adopted by the EOH Group. The Code of Ethics is founded on the Group's values of "Respect"; "Integrity"; "Delivering Value"; Valuing Diversity"; "Excellence" and "Enterprising". It is the responsibility of all employees to act in accordance with the EOH Group values, and thereby to maintain and enhance the reputation of the Group.

- Within South Africa employees and staff are required once a year to affirm, via a formal Code of Conduct sign-off, that they are familiar with the Code of Ethics and all applicable employee policies, and that they agree to abide by the prescribed requirements as part of their conditions of employment;
- In accordance with the Code of Ethics, the organisation aims to create a climate where workplace concerns and irregularities including suspected fraud, and by implication organisational risks, can be reported by employees safely and without fear of retribution and victimisation. This is formalised in the Code of Ethics and other related employee policies such as the Financial Crime Prevention, Whistle-Blowing, Conflicts of Interest and Compliance Policies;
- EOH subscribes to an external independent anonymous reporting App – Expose-It moderated by LS Incorporated to ensure that employees can remain anonymous when reporting irregularities, and has designated the Risk Function as a dedicated team to investigate and follow up on all reports received.

5.3 Risk Management Technology

The Barnowl Risk Management system which embeds the Group's risk methodologies includes the following key components:

- A knowledge base reflecting the agreed risk categorisation model (EOH level 1 and 2 risk categories and risks). In order to ensure prescribed standards and methodology is followed, users cannot make changes to the Barnowl system other than via an agreed change process;
- A domain structure reflecting the functional organisational structure, cascading down to Operating Segment, and then in turn to each Legal Entity and Business unit. Barnowl functionality allows the structure to be taken down to further levels of granularity and for amendments and additions to be made by a certain category of users;
- A Risk and Control Self-Assessment module view at any level within the domain structure, with the objective of recording and escalating as per the agreed escalation criteria, all identified material risk and control events. The module allows management to record specific risk and control events on an ongoing basis, assign ownership and identify and assess controls mitigating the respective risk. Further modules include a Management Action Plan and supporting Actions to initiate appropriate action, record progress and monitor to completion;
- KRI module to identify and map KRIs to risks, manage exposures against threshold and determine risk trends with a view to mitigating before such exposures reach appetite;
- Internal Risk Event (**"IRE"**) module to identify and record risk events, both expected and unexpected with a view to managing risk and operational losses emanating from it down to an acceptable level.

SCHEDULE 7 CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF EOH

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 July 2022

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

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 July 2022

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 July 2022

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 July 2022

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

CONSOLIDATED SEGMENT RESULTS
For the year ended 31 July 2022

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

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

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

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

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

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

Revenue, gross profit and adjusted EBITDA

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

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

^ *Reconciliation comprises elimination of intersegment transactions.*

The above table comprises both continuing and discontinued operations.

Revenue, gross profit and adjusted EBITDA continued

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

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

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

The above table comprises both continuing and discontinued operations.

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

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

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

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

ΕΟΗ