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

TRADING STATEMENT FOR THE SIX MONTHS ENDED 31 JANUARY 2021

Salient features

- Generation of positive EBITDA and operating profit for the half year before normalisation adjustments.
- Continued improvement in gross profit and normalised EBITDA margins in spite of a constrained economic environment.
- A further improvement of between 83% and 86% to the previously reported total headline loss per share.

Trading statement

Shareholders are advised that, EOH expects an improvement of between 83% and 86% to the loss per share ("**LPS**") and an improvement of between 83% and 86% to the headline loss per share ("**HLPS**") for the Group for the six months ended 31 January 2021 ("**H1 2021**") compared to the previous corresponding period, being the six months ended 31 January 2020 ("**H1 2020**"), as further detailed in the table below.

	H1 2021	**H1 2020 (reported)**
LPS: Total operations	Loss of between 96 cents and 118 cents per share	Loss of 687 cents per share
HLPS: Total operations	Loss of between 54 cents and 66 cents per share	Loss of 395 cents per share

Operational overview

COVID-19 has placed immense pressure on the South African economy as the national lockdowns compromised business continuity and led to an increase in the unemployment rate to 32,5% in the fourth quarter of 2020. Despite government support schemes, local businesses' liquidity positions took strain leading to reduced spend and project delays. There was however, an increased drive towards digital adoption and transformation which gave rise to new areas of potential growth.

Against this backdrop, EOH has seen progress in its key strategic initiatives including optimising the cost structure and capital structure as well as focusing on quality of earnings as it has evolved the business model.

Deleveraging and proactively engaging with lenders remains a strategic priority for EOH. Year-to-date, the Group has repaid the lenders a further R409 million principally from disposal proceeds. This brings the total legacy debt repayment since July 2018, including vendors for acquisition liabilities (VFAs), to R2 billion leaving current debt levels at c.R2 billion.

Significant progress has been made in settling and closing out the previously disclosed legacy contracts. At the date of publishing this trading statement, five of the eight problematic public sector contracts have been settled, one is currently in arbitration, one is concluding at the end of April 2021 and one is in the process of being terminated with handover discussions now underway. The public sector remains a valuable segment for the Group and now forms part of our centres of excellence. Following our settlement with the SIU on the Department of Defence contracts, we are in final negotiations with the SIU on the Department of Water and Sanitation contracts and anticipate this to be settled in H2 2021. This will bring to a conclusion the legacy contracting issues.

iOCO

The overall iOCO business has benefitted from customers' increased Cloud take-up, spend on Automation and App Dev as well as the focus on operational technology as Digital Industries continues to yield significant growth. Hardware revenue was muted falling short of prior year as a result of customers delaying spend on hardware or considering cloud alternatives. Gross profit margins for iOCO remained in the mid-20% range.

NEXTEC

NEXTEC has experienced improved operating performance year-on-year with a strong result from the Digital Infrastructure cluster off the back of customer investment in digital technologies, particularly in the mining industry. While a smaller contributor to the overall result, the people businesses have also performed well against expectations. The positive performance from NEXTEC is as a result of the sale or closure of underperforming businesses over the past 12 months and the strategic interventions put in place by the new management teams. The focus remains on quality of earnings, cash conversion and profitable growth as low margin projects are phased out.

IP

The IP cluster also performed well over the period and has recovered from the low levels seen over April and May 2020 where the negative impact of the national lockdown was most severe. Following the sale of Syntell post-year end, the disposal processes of the two remaining IP assets, namely: Sybrin and Information System have advanced significantly post their COVID-19 recovery.

Interim results

EOH will publish the H1 2021 results on or about 14 April 2021.

The financial information on which this trading statement is based has not been reviewed and reported on by the Group's external auditors.

25 March 2021

Sponsor

JAVA CAPITAL