**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 YEAR ENDED 31 JULY 2021**

**Salient features**

- EOH generated an operating profit between R125 million to R175 million from continuing and discontinued operations for the year ended 31 July 2021 ("**FY2021**") following a R1.3 billion operating loss for the year ended 31 July 2020 ("**FY2020**").

- An improvement of between 93% and 99% to the previously reported total headline loss per share ("**HLPS**") (FY2020: 495 cents).

- Significant improvement in adjusted EBITDA of over R500 million compared to previously reported (FY2020: R72 million) and an improvement in the adjusted EBITDA margin to between 7.6% and 9.3% compared to 0.6% in FY2020.

- Net cash balance at 31 July 2021 of R537 million. The Group had gross leverage of c. R2 billion with unutilised short-term facilities of R400 million.

**Trading statement**

Shareholders are advised that, EOH anticipates an improvement of between 79% and 86% to the total loss per share ("**LPS**") and an improvement of between 93% and 99% to HLPS for the Group for FY2021 compared to FY2020. In addition, EOH wishes to provide shareholders with guidance with regards to adjusted EBITDA in FY2021 compared to FY2020 as detailed in the table below:

| **Total operations** | **FY2021 Anticipated** | **FY2020 Reported** |
|---|---:|---:|
| LPS | Between 133 cents to 199 cents per share | 961 cents per share |
| HLPS | Between 7 cents to 37 cents per share | 495 cents per share |
| Adjusted EBITDA* | Between R600 million to R734 million | R72 million |

**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 nonfinancial 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.*

## Operational overview

The 2021 financial year was characterised by the ongoing impact of COVID-19, load shedding and the devastating rioting and looting that occurred in July. Despite this challenging backdrop, EOH was able to achieve an operating profit between R125 million to R175 million for FY2021 compared to a c.R1.3 billion operating loss in FY2020. The Group further delivered on its strategic objectives through progress made in its disposal strategy as well as driving continued cost optimisation across the organisation

The EOH business is now stable, following the reorganisation of the Group's operating structure and rationalisation of its operating areas, and the impact is reflected in the Group's significantly reduced normalisation adjustments, resulting in a negligible difference between adjusted EBITDA and normalised EBITDA – as a result, going forward, EOH will guide the market on adjusted EBITDA as a performance measure. The realisation of the Group's turnaround strategy can be seen in the meaningful improvement in the adjusted EBITDA margin from 0.6% in FY2020 to between 7.6% and 9.3% in FY2021. The improvement in adjusted EBITDA margin is tracking strongly with management's long-term goal of 10%.

Cash management and deleveraging remain a strategic priority for the Group and the management team as evidenced by the proactive and positive engagement with lenders.

Over the past two years, EOH has actively focused on its turnaround strategy, which was focused on credibility, liquidity and transparency. The management team has closed out inherited legacy issues, refined and revised the corporate structure and positioned the business for growth. EOH's growth profile is underpinned by the ability to continually meet the evolving technology needs of 5 000 + clients across its growing international footprint.

EOH will further update shareholders on the progress made to date with its reorganisation and optimisation plans, post the release of the full year results.

## Deleverage plan and liquidity

The Group continues to closely manage its working capital and liquidity and reported a net cash balance of R537 million as at 31 July 2021. Cash generation from business as usual (before finance costs and once off legacy costs) for the full year remains positive with a significant reduction in one-off legacy costs in H2 FY2021 compared to the first six months of FY2021.

Following the disposal of Syntell in November 2020 for a consideration of R211 million, EOH concluded the disposal of Sybrin in June 2021 for a base cash consideration of R334 million. The deal is currently awaiting competition approvals in various African countries and is expected to be concluded by December 2021.

The delay in the disposal of Sybrin, due to COVID-19, has resulted in the Group's current gross debt balance remaining at c. R2 billion, which is similar to that reported at H1 FY2021. The Group's interest burden has adversely impacted the Group's cash resources, however, the proceeds from the Sybrin disposal will be used to immediately reduce leverage, cut interest costs and contribute to the strengthening of the capital structure.

The EOH Board and management team are actively engaged with stakeholders to reduce the Group's legacy debt quantum and optimise the capital structure. This will allow EOH to execute on its growth strategy and unlock it's long term intrinsic value for shareholders.

**Annual results**

EOH will publish its results for FY2021 on or about 28 October 2021.

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

5 October 2021

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Sponsor

JAVACAPITAL