



Media Release

Adapt IT reduces debt, proves resilient in the face of Covid-19

Results for 6 Months to 31 December 2020

- **Attributable profit after tax** increased 37% to R28 million
- **Cash generated from operations** increased 67% to R124 million
- **Headline earnings per share (HEPS)** increased 44% to 20,69 cents
- **Normalised HEPS** increased 16% to 32,00 cents
- **Net debt** reduced year on year by R140 million to R324 million
- **Net gearing ratio** down to 42% from 69% in the prior comparative period

Johannesburg, 09 March 2021. JSE-listed technology company Adapt IT Holdings Limited (“Adapt IT”), which provides specialised software and digitally-led business solutions to the education, manufacturing, financial services, energy, communications and hospitality sectors, today announced interim results for the six months ended 31 December 2020.

Adapt IT CEO Sbu Shabalala commented, “It is pleasing that Adapt IT maintained revenues comparable to those of the previous period, against notably weaker trading conditions caused by the global pandemic. We recognise that our people and customers have worked together through this challenging period to ensure delivery and performance of mission-critical systems. This demonstrates our aspiration to [Achieve more](#) for our customers and proves our sustainability and commitment to them through all business cycles.”

Virtual ways of working during the pandemic, using cloud platforms and collaboration tools, have proved highly effective for Adapt IT.

Shabalala added: “Annuity revenue improved to 66% from 60% in 2019, while offshore revenue remained at 27%, enabled by Adapt IT’s geographic diversification efforts.”

Highlights included the following:

Earnings before interest, tax, depreciation and amortisation (EBITDA) was R128 million (2019: R129 million). This was affected by reduced project volumes, however an EBITDA margin of 18% was maintained.



Cash generated from operations in the six-month period improved significantly, by 67%, to R124 million (2019: R74 million) as the company focused on effective cash management.

Net debt reduced year on year by R140 million, to R324 million (2019: R464 million), decreasing the net gearing ratio to 42% from 69% at the prior comparative period end, and interest paid on borrowings decreased by R8 million. The debt was serviced in the ordinary course of business with no capital restructure required.

Earnings per share (EPS) and HEPS increased by 37% and 44% to 20,06 cents and 20,69 cents, respectively. Normalised HEPS increased by 16% to 32,00 cents.

Return on equity for the 12 months to 31 December 2020 improved to 10,84% (12 months to 31 December 2019: 8,18%). Attributable profit after tax increased 37% to R28 million.

Shabalala concluded, "Adapt IT continues to focus on leveraging its underlying diversification to Offer enhanced value to the current client base more effectively, focusing on sales in a cohesive manner, driving efficiencies and carefully expanding on the Pan Africa and Asia Pacific diversification strategy."

As Adapt IT shareholders have been made aware, the board received an unsolicited Share Swap Offer from Huge Group Limited. The process which must be followed by Adapt IT is regulated by the Companies Act and supervised by the Takeover Regulations Panel (TRP). Adapt IT is duly following this regulated process and the Independent Expert (Nodus Capital TS (Pty) Ltd) and Independent Board will in due course advise shareholders of their opinions as to whether or not the Share Swap Offer from Huge Group is fair and reasonable to Adapt IT shareholders.

Adapt IT's Independent non-executive Chairman, Craig Chambers added, "Adapt IT has cautioned its shareholders to not make any decisions, take any actions or provide any undertakings in relation to the Huge Group Offer until they have the benefit of the opinions of the Independent Expert and the Independent Board."

Shareholders are not obliged to respond to the Huge Group Offer. If shareholders do not respond they will automatically retain their Adapt IT shares.

An indicative timeline of the process we are following is available in the interim results presentation that is available here: [<https://www.adaptit.com/hubfs/investor/Interim%20Results%20FY2020-2021%20Presentation.pdf>]. Shareholders are advised to refer to slide 34 and 35.





Chambers also notes, "Adapt IT has already begun drafting the Adapt IT Response Circular, in order to issue this as soon as practicably possible after the publication of the Huge Group Offer Circular."

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About Adapt IT

Adapt IT is a provider of leading specialised software and digitally-led business solutions that assist clients across the targeted industries to **Achieve more** by improving their Customer Experience, Core Business Operations, Business Administration, Enterprise Resource Planning and Public Service Delivery. Adapt IT is a Level 1 B-BBEE contributor.

For more information, visit: www.adaptit.com

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