

ANNUAL RESULTS PRESENTATION  
FOR THE YEAR ENDED 30 JUNE

2021

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# BUSINESS OVERVIEW

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# ABOUT ADAPT IT



The Adapt IT Holdings Limited (Adapt IT) group is Johannesburg Stock Exchange (JSE) listed and a Level 1 Broad-Based Black Economic Empowerment (B-BBEE) contributor that provides leading specialised software and digitally-led business solutions that assist clients across targeted industries to [Achieve more](#) by improving their customer experience, core business operations, business administration, enterprise resource planning and public service delivery.

1 079 employees

55 Countries served worldwide

10 000+ customers

Level 1 B-BBEE contributor

**National offices:** Johannesburg, Durban, Cape Town

**International offices:** Mauritius, Australia, Botswana, Singapore, Ireland, Kenya, Nigeria and New Zealand

**Strategic Partners:** SAP™ | Oracle™ | Microsoft™ | IBM™ | Moodle™ | Amazon Web Services (AWS)

# DIRECTORATE



## NON-EXECUTIVE DIRECTORS



**Craig Chambers**  
*Independent Chairman*



**Oliver Fortuin**  
*Lead Independent Director*



**Catherine Koffman**  
*Independent Director*



**Zizipho Nyanga**  
*Independent Director*



**Tiffany Dunsdon**  
*Chief Executive Officer*  
(Appointed 6 September 2021)



**Nombali Mbambo**  
*Chief Financial Officer*



**Tony Vicente**  
*Chief Operating Officer*  
(Appointed 6 September 2021)

## EXECUTIVE DIRECTORS

**CFA, PDM, BCom**

Appointed to the Board  
3 May 2011

**Chairperson**  
Nominations Committee

**Member**  
Remuneration Committee

**MBA**

Appointed to the Board  
8 February 2013

**Chairperson**  
Social and Ethics Committee

**Member**  
Audit and Risk Committee

**BA, LLB, LLM Admitted Attorney**

Appointed to the Board  
9 February 2015

**Chairperson**  
Remuneration Committee

**Member**  
Audit and Risk Committee  
Nominations Committee  
Social and Ethics Committee

**CA (SA), GEDP**

Appointed to the Board  
27 May 2019

**Chairperson**  
Audit and Risk Committee

**Member**  
Remuneration Committee  
Nominations Committee  
Social and Ethics Committee

**CA (SA)**

Appointed to the Board  
18 April 2002

**Member**  
Social and Ethics Committee

**CA (SA)**

Appointed to the Board  
18 August 2016

**CA (SA)**

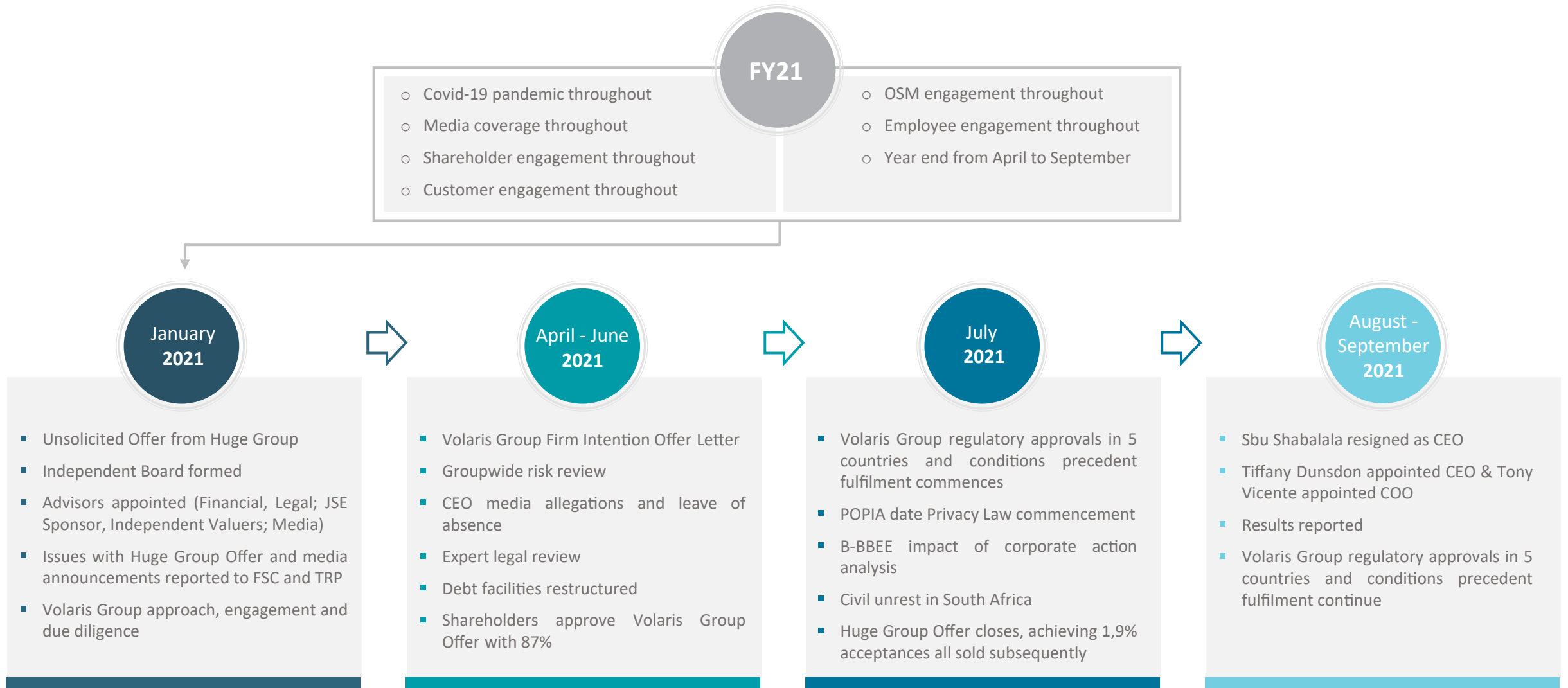
Appointed to the Board  
10 May 2021

# PERIOD REVIEW

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# THE YEAR IN REVIEW



## THE IMPACT OF COVID-19 ON ADAPT IT

Like much of the world Adapt IT continues to be affected by the impacts of the ongoing Covid-19 pandemic. It is expected that the effects will be felt well into the future. Adapt IT continues to follow a responsive plan to mitigating ongoing impacts of the pandemic.

Project delays, longer sales cycles due to customers being more cautious, as well as budget reductions have had an impact on some of the divisions. Divisions such as **Energy** and **Manufacturing** completed right-sizing exercises in order to ensure that they are fit for purpose.

**Real time risk management** remains a primary focus across the company's divisions.

## CONTINUOUS RISK MANAGEMENT



**Employee Health and Safety** – following the implementation of mitigation measures at Adapt IT offices, employee health and safety remain at the forefront of decision-making. Monitoring of the office and the broader environment is a key factor that informs decision-making.



**Employee Wellness** – employee support has been enhanced through a programme that offers support on various aspects of wellness, in response to the impact the pandemic has had on employees. This wellness programme includes emotional, mental, physical and financial health support.



**Company policies** – policies have been adjusted to accommodate necessary changes, including flexible work hours and remote work.



# CORPORATE ACTIVITY UPDATE



## **VOLARIS OFFER:**

- The Volaris Group all cash Offer or continuation option in a delisted business received an 87% shareholder vote in favour
- In the final stages of regulatory approval in 5 countries and fulfilment of remaining conditions precedent, anticipated in December 2021
- If the Volaris Group deal becomes unconditional, this will likely be our last report to shareholders as a listed business
- We will retain our name, brand and continue to run the business based on the Volaris Group federated operating model



## **HUGE GROUP OFFER:**

- The Huge Group general Offer of a share swap, culminated with 1,9% of Adapt IT shareholders accepting it
- The Huge Group has since divested of these shares

# TRANSFORMATION



## LEVEL 1 B-BBEE CONTRIBUTOR

SCORECARD	TARGET SCORE	2021 Actual Level 1
Ownership	25	19,95
Management & Control	23	15,34
Skills Development	25	16,11
Enterprise Development	55	53,00
Socio-Economic Development	12	12,00
OVERALL SCORE	140	116,40

Through Adapt IT (Pty) Ltd’s continued investment in the Youth Employment Service (“YES”) Programme, the company has maintained a Level 1 B-BBEE status with a score of 116,40 points (FY20 : 115,63).

# SOCIAL RESPONSIBILITY

2021 ADOPT-A-SCHOOL FOUNDATION



© 2021 Adopt-a-School Foundation.



Adapt IT has a long track record of investing in the upliftment of disadvantaged South African communities and remains committed to continuing with this practice through its sustainable finance practices and policy of extending the impact of projects to embrace more beneficiaries.

The company continues to invest in larger longer-term initiatives that are sustainable and provide the most benefit for disadvantaged South African communities.

**Supporting 622 schools | Benefitting 1 409 713 learners | Adapt IT donation R 9 258 500**

# FY21 FINANCIAL PERFORMANCE

## REVENUE



Revenue up 1% to R1,5bn ▲

Annuity revenue 66%

Foreign revenue 24%



## EBITDA



EBITDA before corporate activity costs and STI provision up 4% to R309m ▲

EBITDA margin before corporate activity costs and STI provision up 1% to 21%



## CASH AND NET DEBT



Cash generated from operations up 39% to R382m ▲

Cash conversion ratio of 2,25 times



Net gearing down to 17% from 45%



# FINANCIAL RESULTS

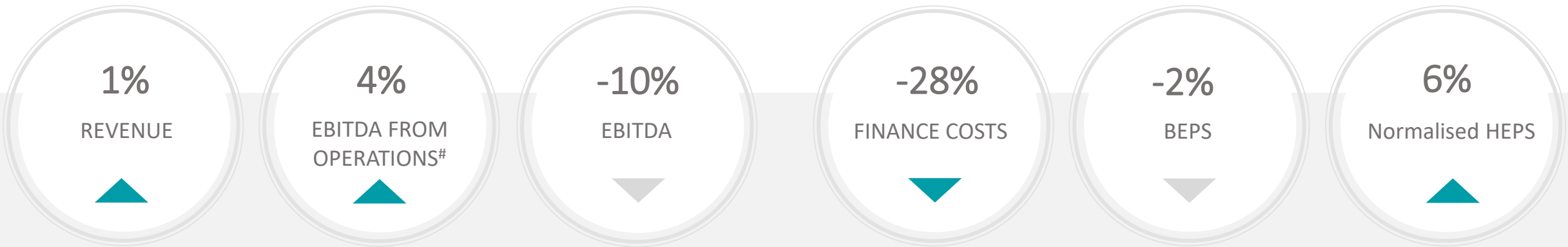
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# ANNUAL RESULTS 30 JUNE 2021



## FINANCIAL HIGHLIGHTS

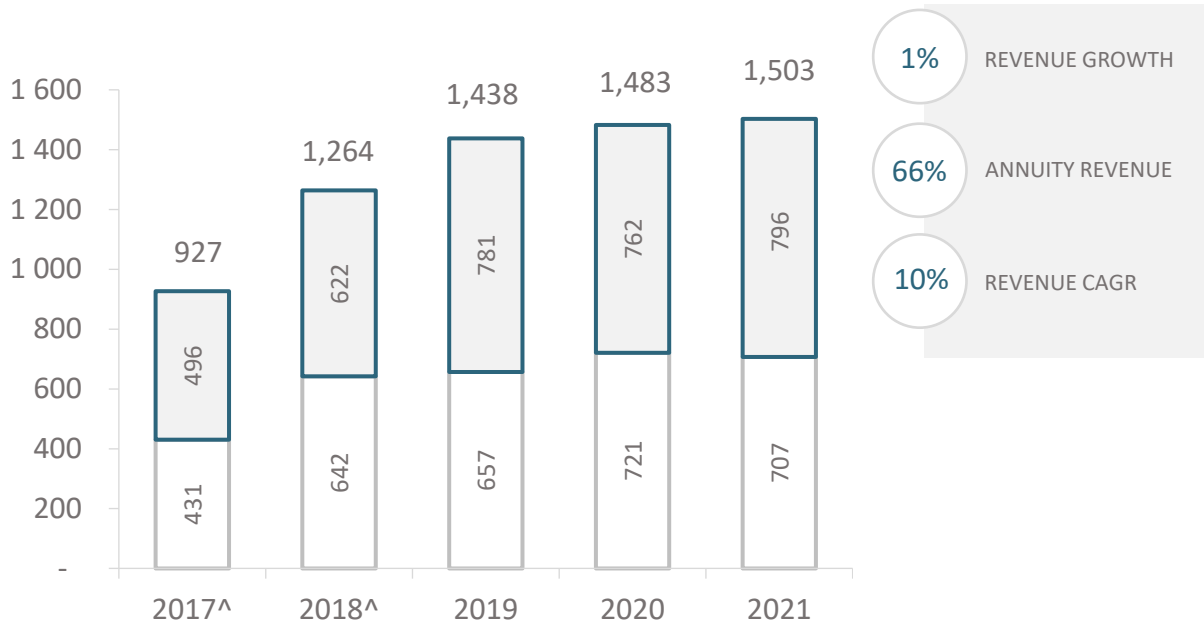


<sup>#</sup>before corporate activity costs and STI provision

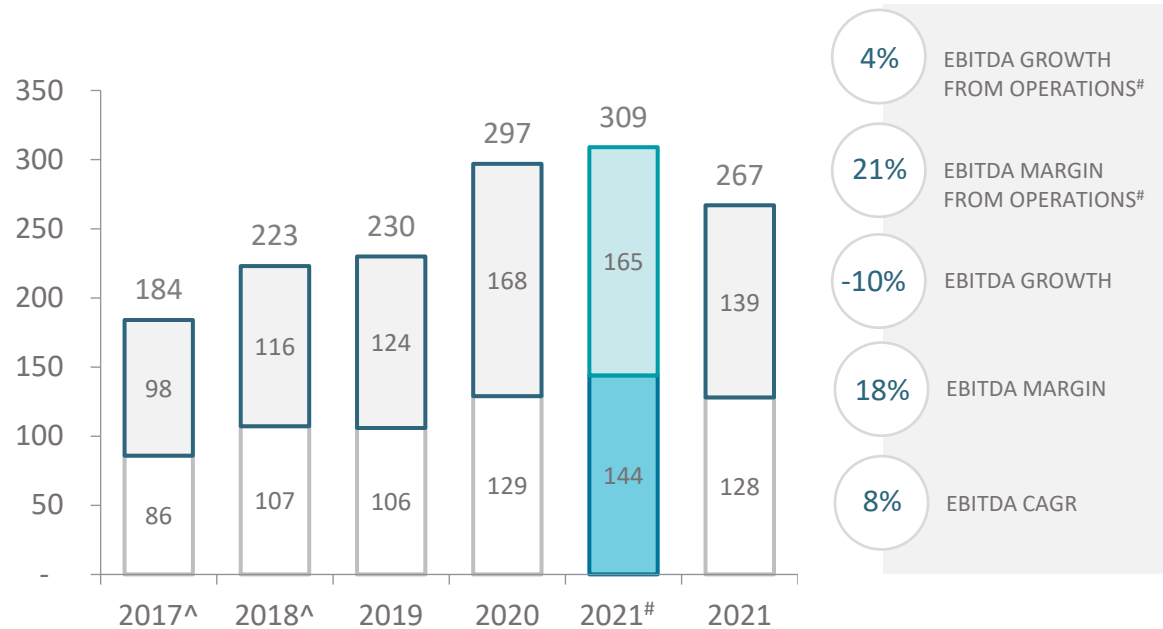
# ADI 5 YEAR REVIEW



## REVENUE (R'm)



## EBITDA (R'm)



^ From continuing operations  
#before corporate activity costs and STI provision

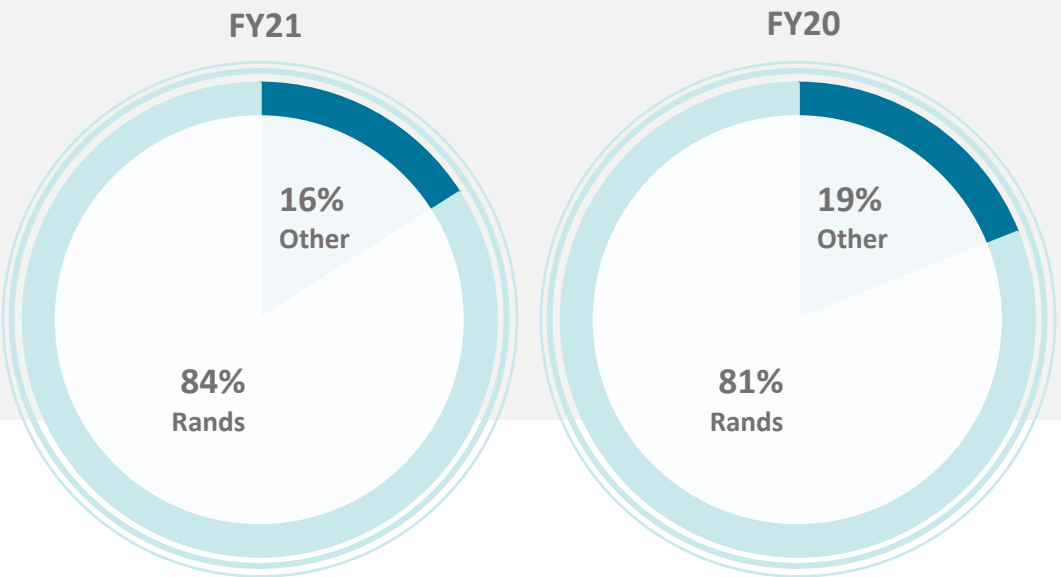
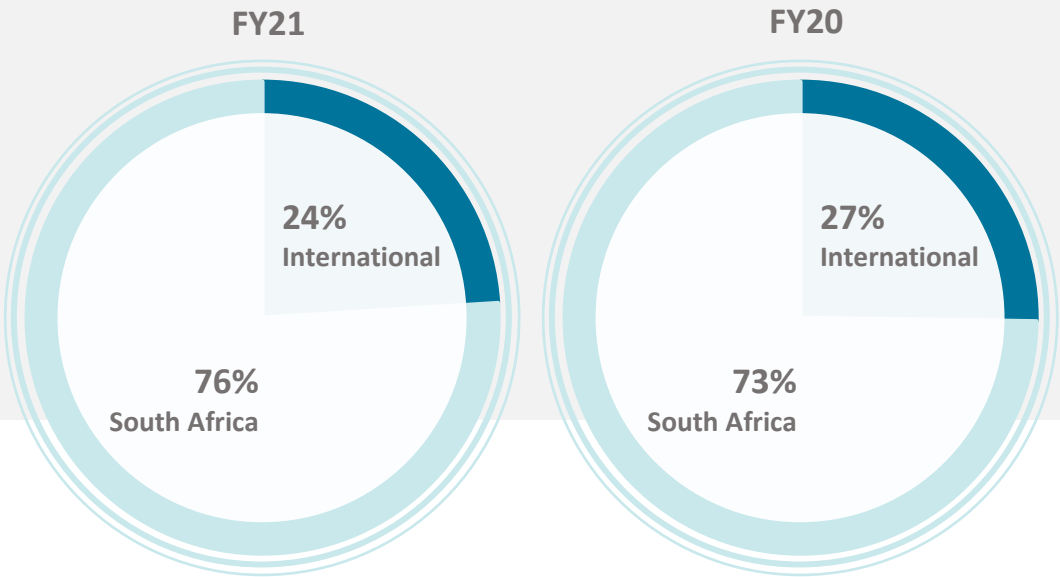


# REVENUE DIVERSIFICATION



## GEOGRAPHY

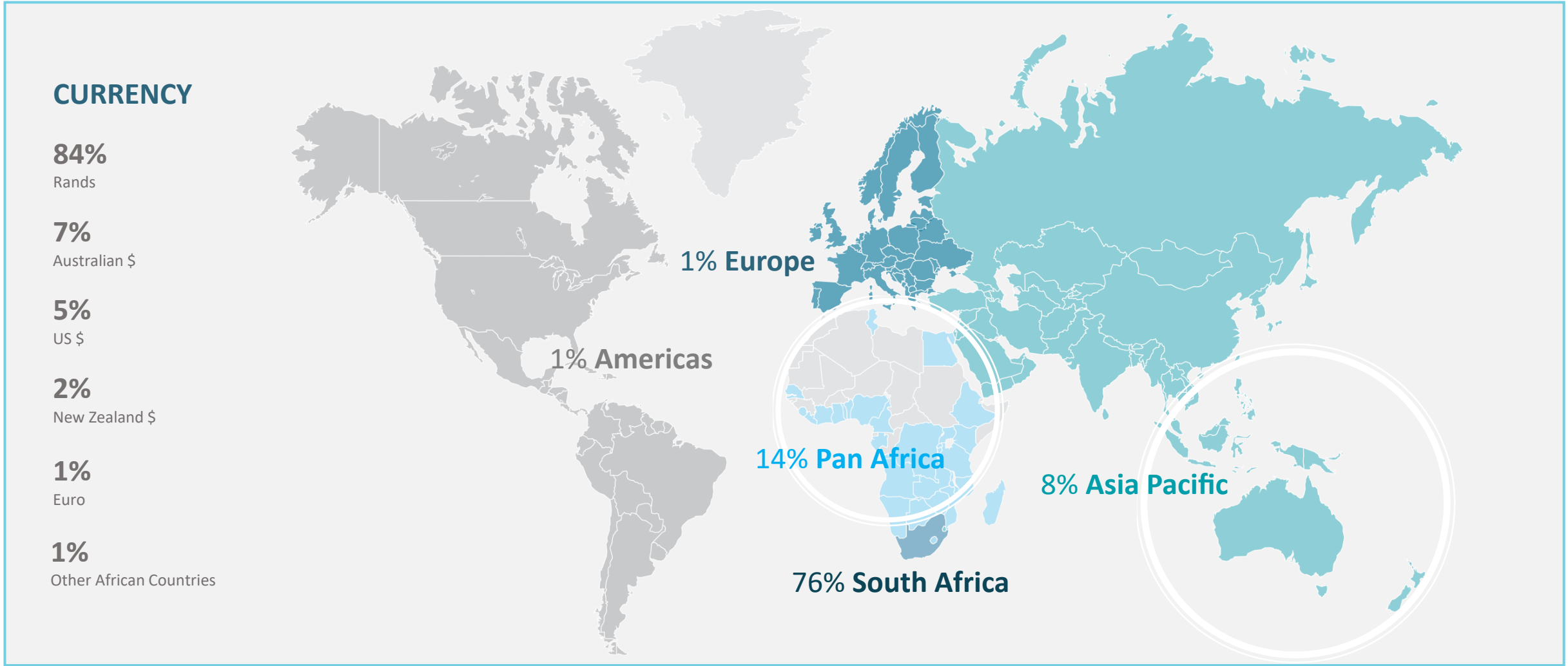
## CURRENCY



Adapt IT has selected specific markets for diversification, these being the Pan African market where Adapt IT currently services 38 other African countries and the Asia Pacific markets.



# GEOGRAPHIC REVENUE DIVERSIFICATION

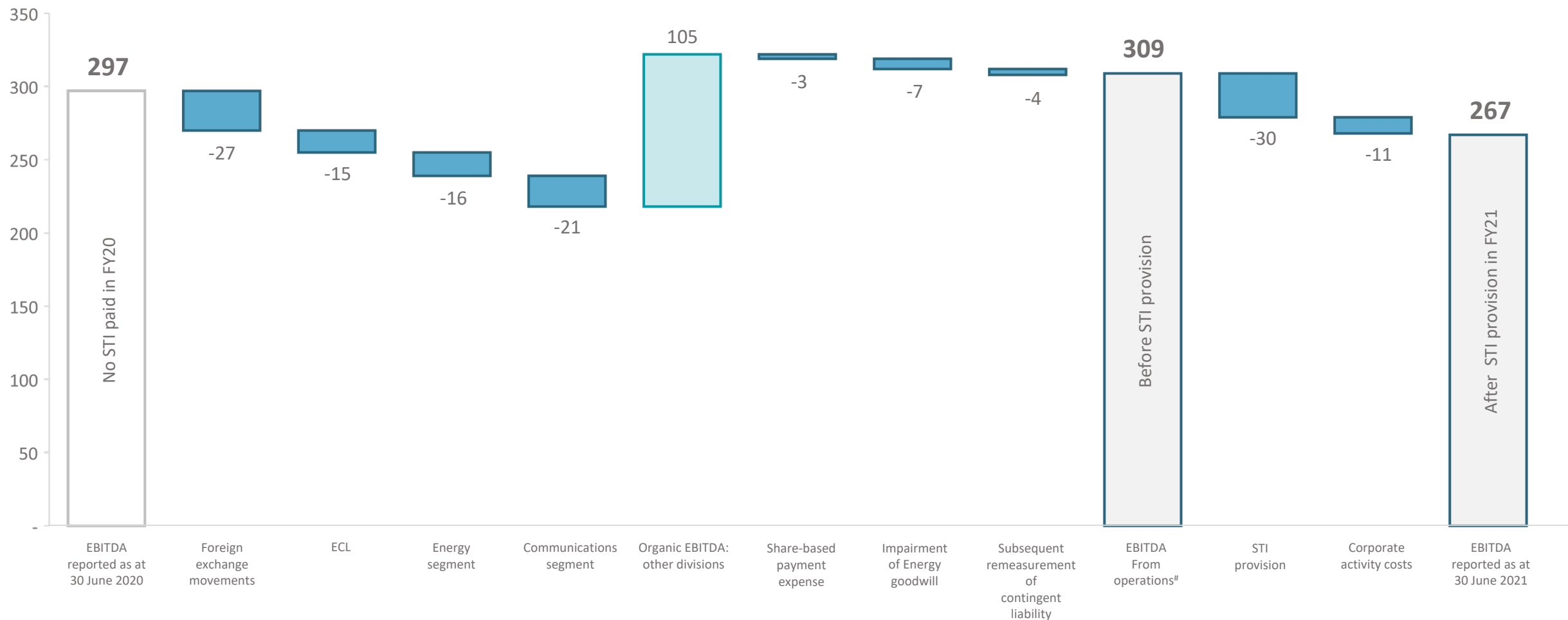


# ADI ABRIDGED CONSOLIDATED STATEMENTS

## COMPREHENSIVE INCOME

	Consolidated 2021 R'000	Consolidated 2020 R'000	% Change
Revenue	1 503 378	1 483 347	1
Cost of sales	(631 403)	(661 285)	(5)
Gross profit	871 975	822 062	6
Operating expenses	(604 538)	(524 798)	15
EBITDA	267 437	297 264	(10)
Depreciation and amortisation	(57 317)	(56 502)	1
Amortisation of intangible assets acquired	(40 240)	(43 574)	(8)
Profit from operations	169 880	197 188	(14)
Net finance cost	(58 822)	(82 367)	(29)
Profit before taxation	111 058	114 821	(3)
Income tax expense	(42 040)	(44 029)	(5)
Profit for the year	69 018	70 792	(3)
Headline earnings	77 157	91 807	(16)
Amortisation of intangible assets acquired net of deferred tax	30 245	32 663	(7)
Fair value adjustment to financial liability	311	3 286	(91)
Subsequent remeasurement of contingent liability	4 305	(22 017)	(120)
Normalised headline earnings	112 018	105 739	6
Weighted average number of ordinary shares in issue	137 262	137 262	-
HEPS (cents)	56,21	66,88	(16)
Normalised HEPS (cents)	81,61	77,03	6

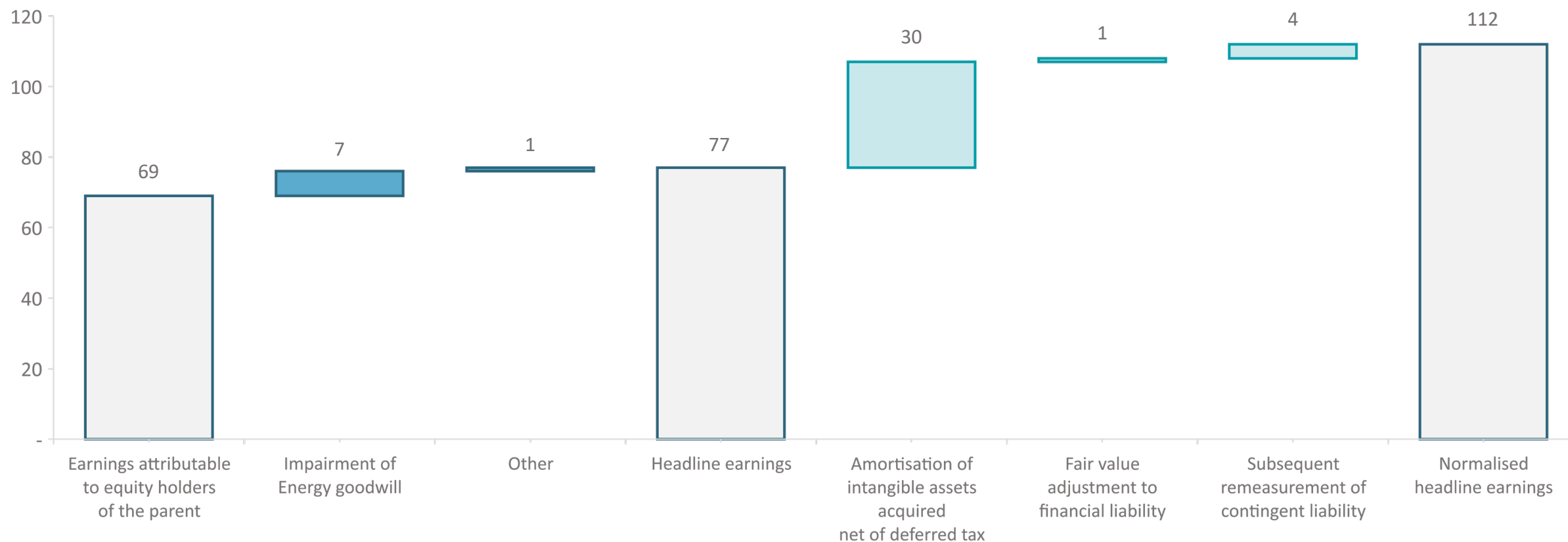
# EBITDA BRIDGE (R'm)



#before corporate activity costs and STI provision

# EARNINGS BRIDGE (R'm)

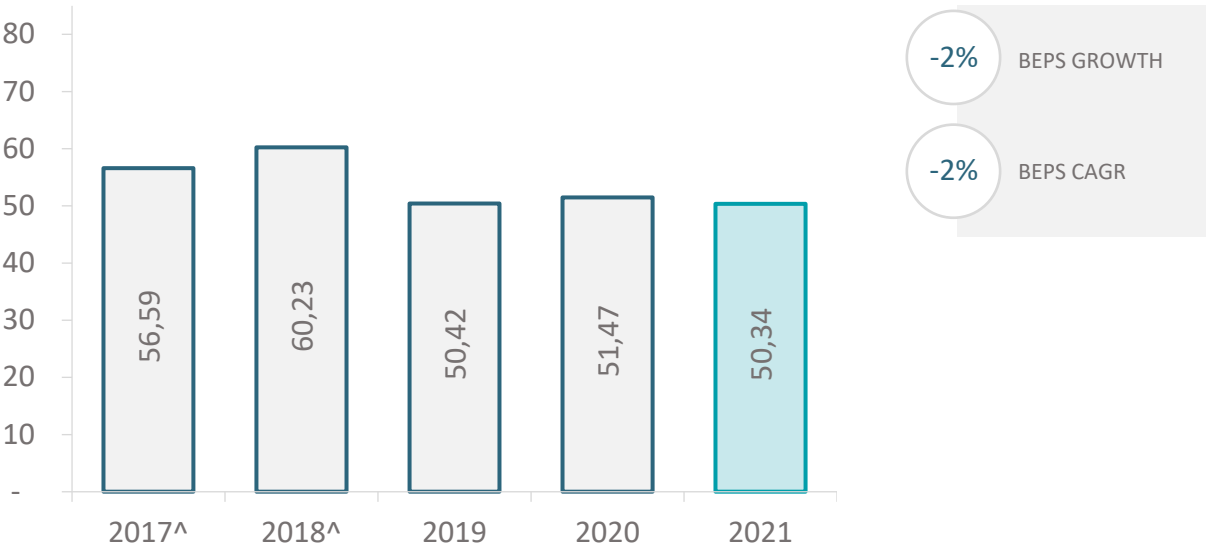
EARNINGS, HEADLINE EARNINGS AND NORMALISED HEADLINE EARNINGS  
**30 JUNE 2021**



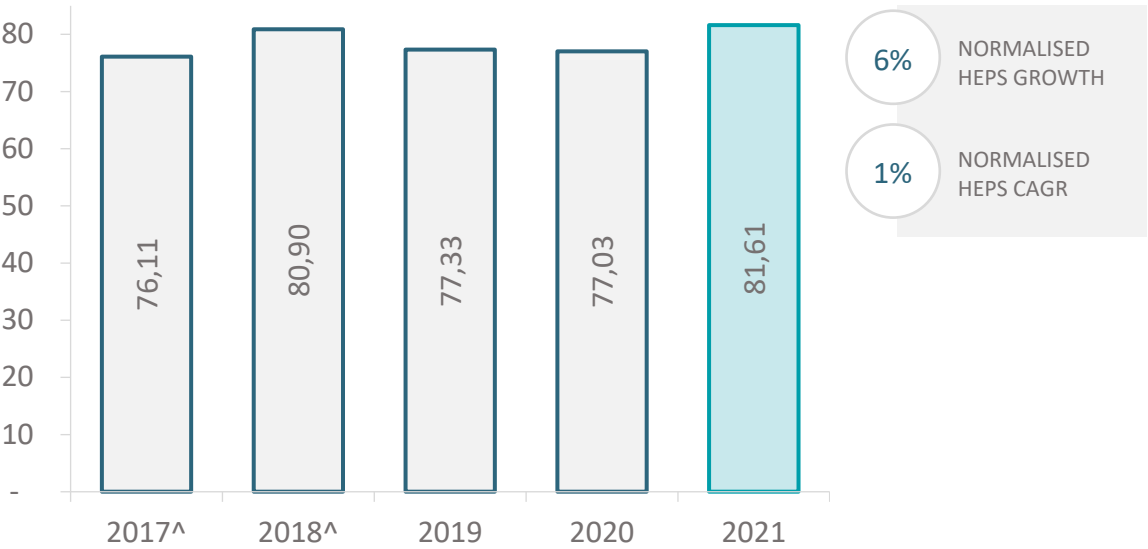
# ADI 5 YEAR REVIEW



BEPS (cents)



NORMALISED HEPS (cents)



^ From continuing operations

Before corporate activity costs of R11 million, BEPS grew by 14% to 59 cents and Normalised HEPS grew by 17% to 90 cents.

Operational efficiency projects implemented in the previous periods, which were precipitated by changes to the market, has delivered increased profitability off lower revenue bases. Stringent focus was placed on cost and working capital management.

# ADI ABRIDGED CONSOLIDATED STATEMENTS

## FINANCIAL POSITION

	Consolidated 2021 R'000	Consolidated 2020 R'000
Goodwill	688 450	705 099
Intangible assets acquired	157 565	205 628
Other non-current assets	425 666	427 794
Total non-current assets	1 271 681	1 338 521
Current assets	442 649	589 797
Non-current assets classified as held for sale	-	9 500
<b>Total assets</b>	<b>1 714 330</b>	<b>1 937 818</b>
Total equity	802 924	746 494
Non-current liabilities	471 207	806 040
Current liabilities	440 199	385 284
Total liabilities	911 406	1 191 324
<b>Total equity and liabilities</b>	<b>1 714 330</b>	<b>1 937 818</b>
Net gearing ratio	17,25%	45,21%

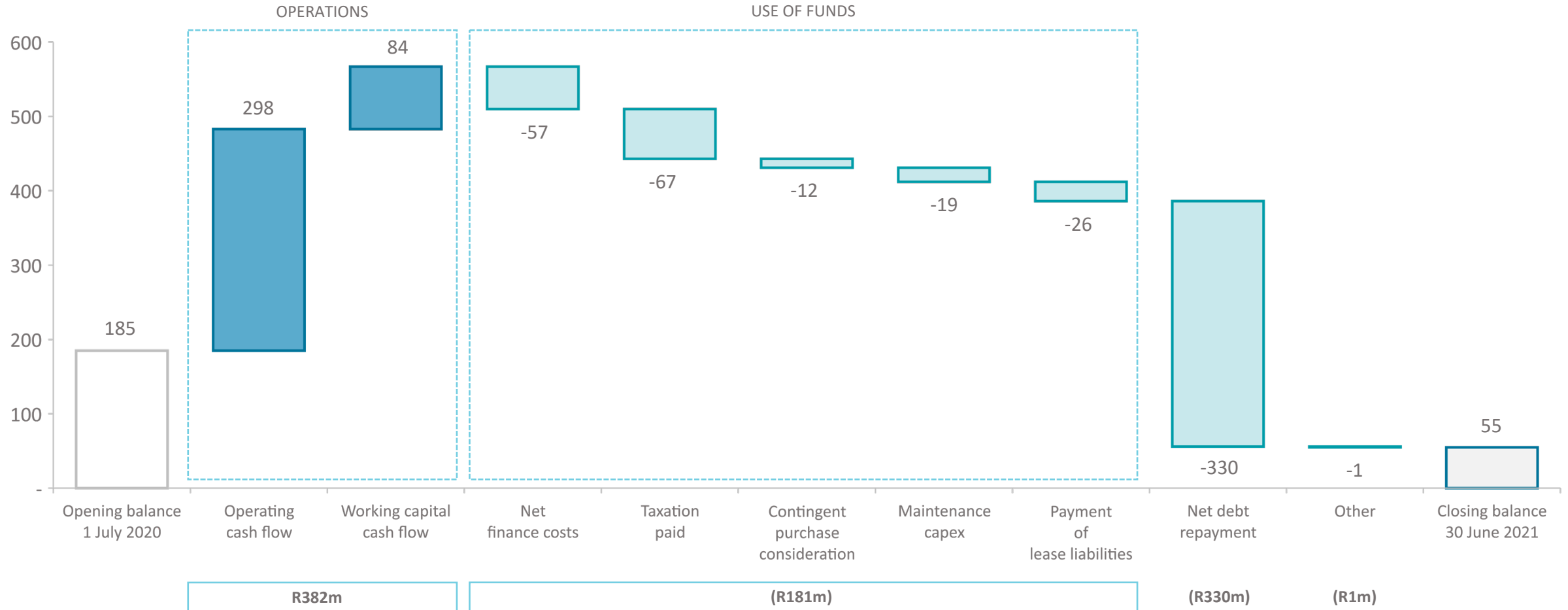
# ADI ABRIDGED CONSOLIDATED STATEMENTS

## CASH FLOWS

	Consolidated 2021 R'000	Consolidated 2020 R'000
OPERATING ACTIVITIES		
Operating cash flow	297 527	305 383
Working capital inflow/(outflow)	84 033	(31 022)
Cash generated from operations	381 560	274 361
Finance income	2 034	2 332
Finance costs	(59 177)	(79 980)
Taxation paid	(66 953)	(55 582)
Net cash flows generated from operating activities	257 464	141 131
Net cash flows utilised in investment activities	(25 867)	(22 706)
Net cash flows from financing activities	(353 955)	1 683
Net (decrease)/increase in cash resources	(122 358)	120 108
Exchange differences on translation of cash	(7 748)	6 050
Cash and cash equivalents at the beginning of the period	184 563	58 405
Cash and cash equivalents at end of period	54 457	184 563

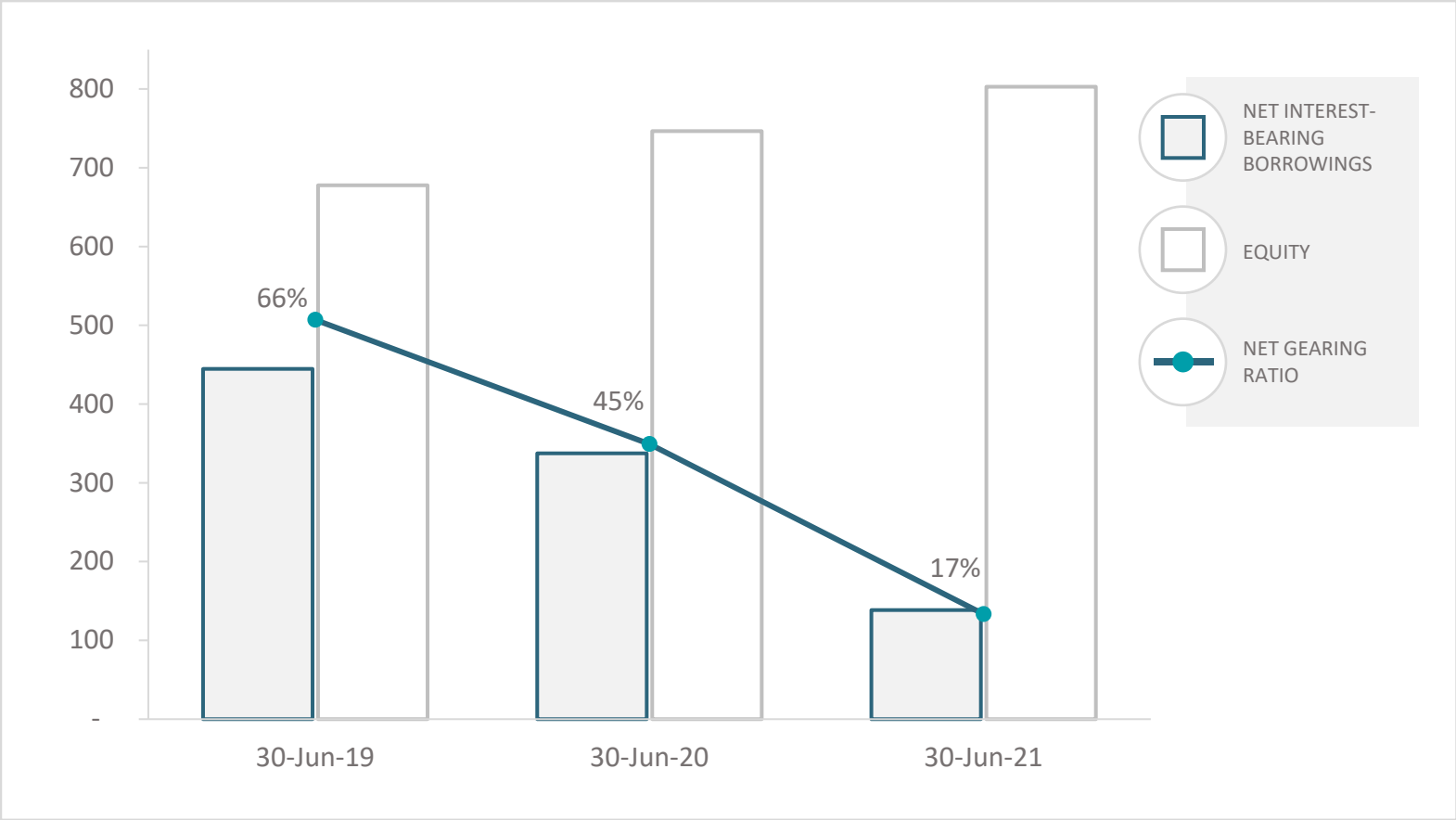
Cash generated from operations amounts to **R 382 million** (2020: **R 274 million**). The cash conversion ratio achieved was **2,25 times** (2020: 1,39 times).

# CASH FLOW BRIDGE (R'm)





# NET DEBT



## INTEREST- BEARING BORROWINGS

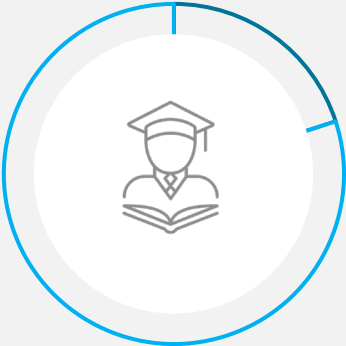
Net interest-bearing borrowings decreased by R198 million (59%) to R139 million (2020: R337 million).

Interest expense on borrowings decreased by 41%.

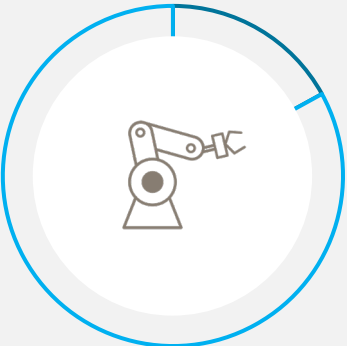
Net debt capital repayments of R330 million made during the financial year.

Committed debt capital repayments for FY22 are R23 million under the restructured Standard Bank of South Africa facilities.

# SECTOR CONTRIBUTION - REVENUE



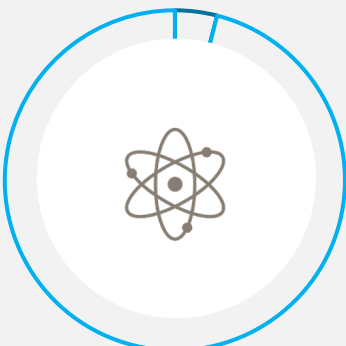
**EDUCATION**  
20%



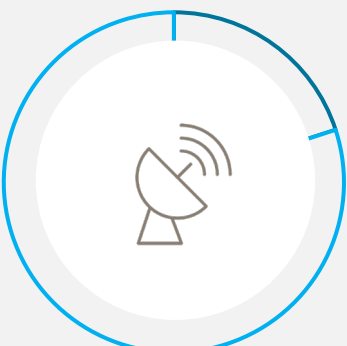
**MANUFACTURING**  
17%



**FINANCIAL SERVICES**  
22%



**ENERGY**  
4%

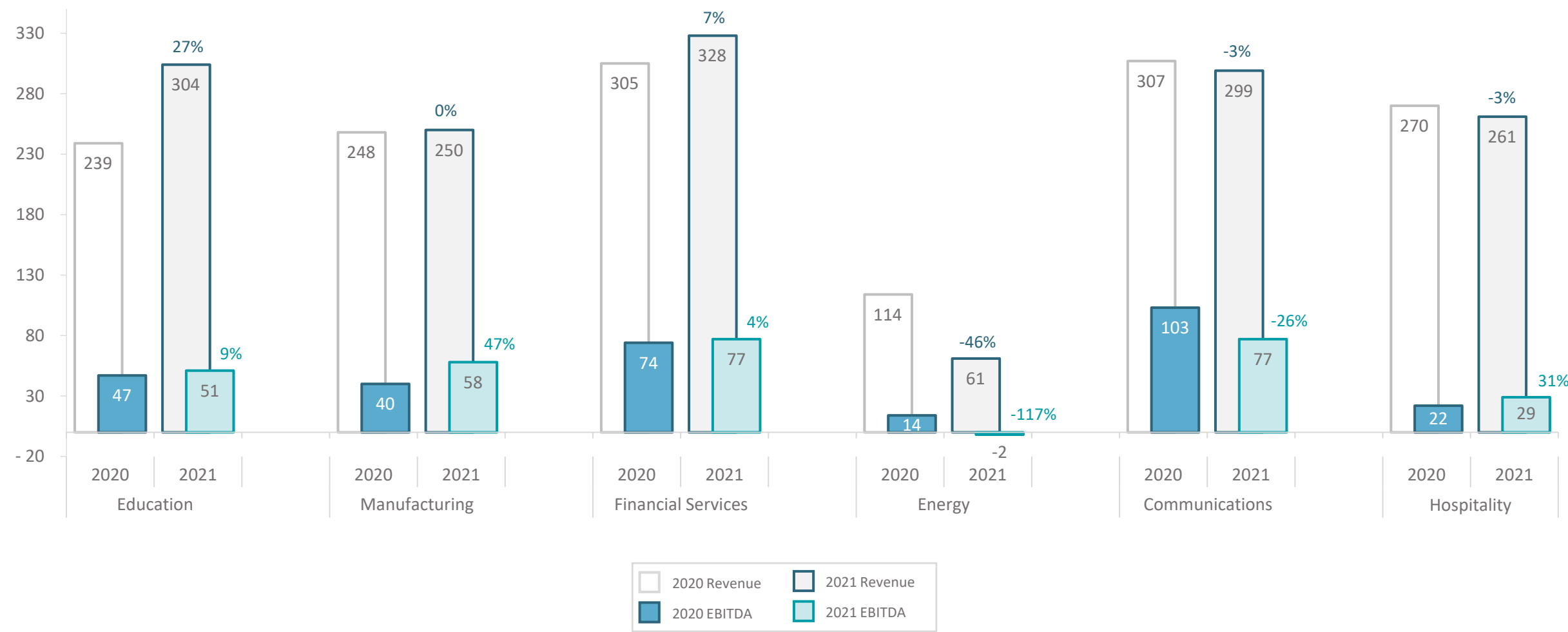


**COMMUNICATIONS**  
20%



**HOSPITALITY**  
17%

# SECTOR REVENUE AND EBITDA (R'm)



# SECTOR EBITDA MARGIN



# DRIVING THE STRATEGY

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# FACTORS INFLUENCING STRATEGIC DIRECTION AND FOCUS



Corporate Activity



Market conditions



Covid-19



Talent war



Changing Public Sector



Hospitality Sector



Project Revenues



Need to innovate and increase value add



Continuously adjust Africa Growth Strategy



Prepare for M&A

Adapt IT's strategy is to create sustainable long-term shareholder value by providing specialised software and digitally-led business solutions.

# STRATEGIC OVERVIEW

## STRATEGIC PROGRESS



**New products, solutions and partnerships** launches such as Thomson Reuters product range and a new Retail POS solution



**Restructuring of Manufacturing and Hospitality** Divisions resulted in better than expected results



A **customer satisfaction annual survey** was launched and a “**Very Good**” score of 80% was achieved



Annualised **employee attrition** was a low 11%



Annual **Employee Engagement** Survey was **better than market benchmark** with Engaged and Fully Engaged employees amounting to 83%



A **Level 1 B-BBEE** was retained



**Risk** was managed effectively with **no material loss**

## LOOKING AHEAD



**Transition business** as required – Corporate Activity



**Drive Organic Growth**

- Innovation
- Strategic pricing
- Client focus
- Quality service
- Rest of Africa



Enhance **M&A** activity, **build pipeline** and **acquire new businesses**



**Restructuring** focus and support to:

- Every division
- Public Sector focus
- Communications division



Continue to drive **transformation**



Continue to drive **customer satisfaction** levels



Attract **best people**



Continuous drive of **Values-based culture**



Continuous focus on **risk management**



# IN CONCLUSION

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# WHERE TO NEXT



Close out  
Corporate  
Activity



Drive Organic and  
Acquisitive Growth



Drive Organic Efficiencies



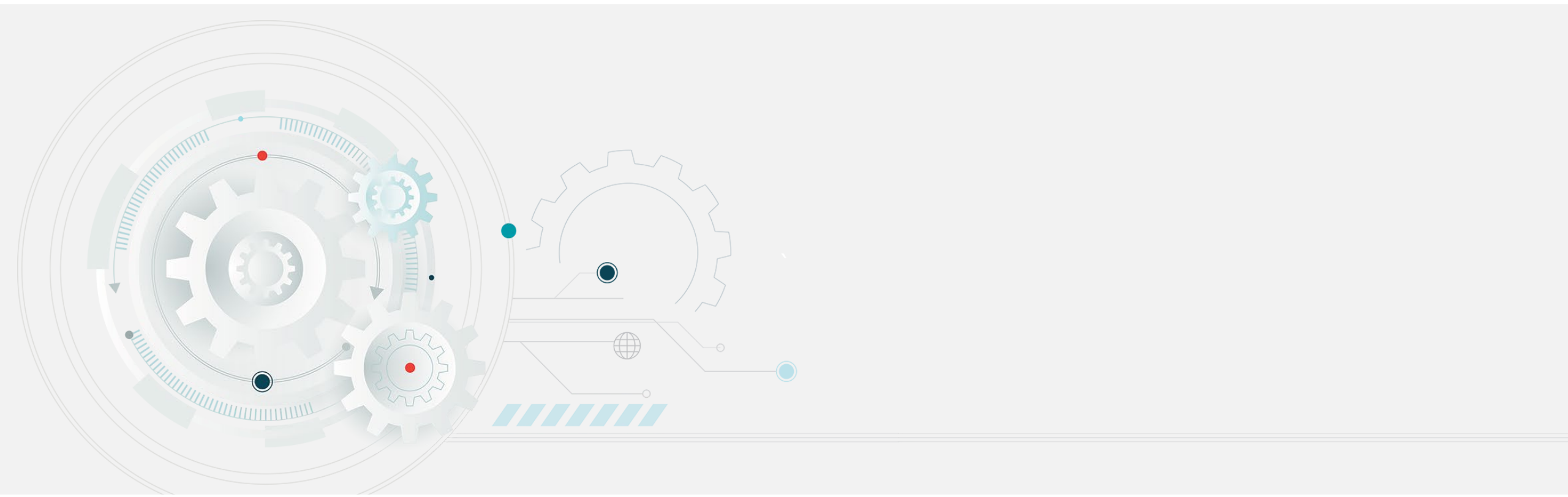
Innovate



Quality  
Service for  
our Clients

# Q&A SESSION

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# THANK YOU

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A large, high-quality portrait of a woman with dark hair, smiling warmly at the camera. She is wearing a light-colored blazer. The background is a soft-focus office interior with blue tones.

SHARE CODE – ADI | SECTOR - Software and Services | Investor Contact: [investors@adaptit.com](mailto:investors@adaptit.com) | Website: [www.adaptit.com](http://www.adaptit.com)

# ANNEXURE SLIDES

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# SECTOR FOCUS



## EDUCATION

### SOFTWARE SOLUTIONS

- Student Lifecycle Management
- Campus Administration
- eLearning
- Compliance Training
- Timetabling Solutions
- Corporate Training

Education's student management solutions allows the team to solve complex problems for the Higher Education (HE) and Technical Vocational Education and Training (TVET) sectors.

The division assists students, institutional administrators, lecturers and management, to effectively manage the entire student lifecycle through customised solutions including, financial management, timetabling, human capital and resource management efficiencies.



## MANUFACTURING

### SOFTWARE SOLUTIONS

- Resource Management
- Logistics Management
- Anti-Fraud
- Safety and Maintenance
- Operations Management
- Shift Management

Manufacturing solutions improve the safety, compliance and efficiency of maintenance activities through - permit to work, operational risk and energy isolation management software.

Within the sugar industry, the division provides ongoing support and maintenance of custom-built ERP's, warehousing and management systems. The division also has cost-effective business management tools that provide control, enforce compliance and automate tedious processes.



## FINANCIAL SERVICES

### SOFTWARE SOLUTIONS

- Financial Statements
- Auditing Solutions
- Regulatory Technology Solutions
- All-in-one Tax Solution
- Secretarial Management
- Time and Billing

Financial services solutions automate the production of financial statements, and streamline assurance engagements, practice management, secretarial work and tax management.

The division ensures that finance professionals are equipped with innovative software that is compliant with all country specific disclosure requirements.

# SECTOR FOCUS



## ENERGY

### SOFTWARE SOLUTIONS

- A full spectrum SAP™ Partner
- Oil & Gas Business Management Solution
- Advanced Human Capital Management and Payroll
- Terminal Automation and Control Solutions
- Infrastructure and Applications for Fuel Marketers
- Advanced Planning, Transport and Distribution
- Fuel POS Technology, Software and Retail Automation

Energy's Supply Chain professionals design, implement and support SAP and leading supply chain solutions within the Oil and Gas sector.

The division's solutions seamlessly integrate between ERP, Terminal Automation and Management, Fleet Management and Routing, Warehousing and Fuel Retail Network Management.



## COMMUNICATIONS

### SOFTWARE SOLUTIONS

- Customer Experience & Mobility
- Advanced Analytics
- Next-Gen VAS & Internet of Things (IoT)
- Fraud Prevention
- Fintech
- Data Management

Communication's provides products and solutions across an MNO's Core Network, from Next-Gen Value Added Services through to Data Analytics and IoT Management. The divisions solutions are cloud and security ready, dynamic and flexible with our modules able to operate independently or harmoniously with other third-party solutions.

The technology expense solutions provide customers with strategic insight and recommendations on their technology and vendor spend and integrate disparate financial data to improve budgeting and forecasting year on year.



## HOSPITALITY

### SOFTWARE SOLUTIONS

- On-premise and Cloud Restaurant Management Solutions
- Cloud and Mobile Restaurant POS Platform
- Hotel Management System
- Enterprise platform for Hotel Operations and Distribution

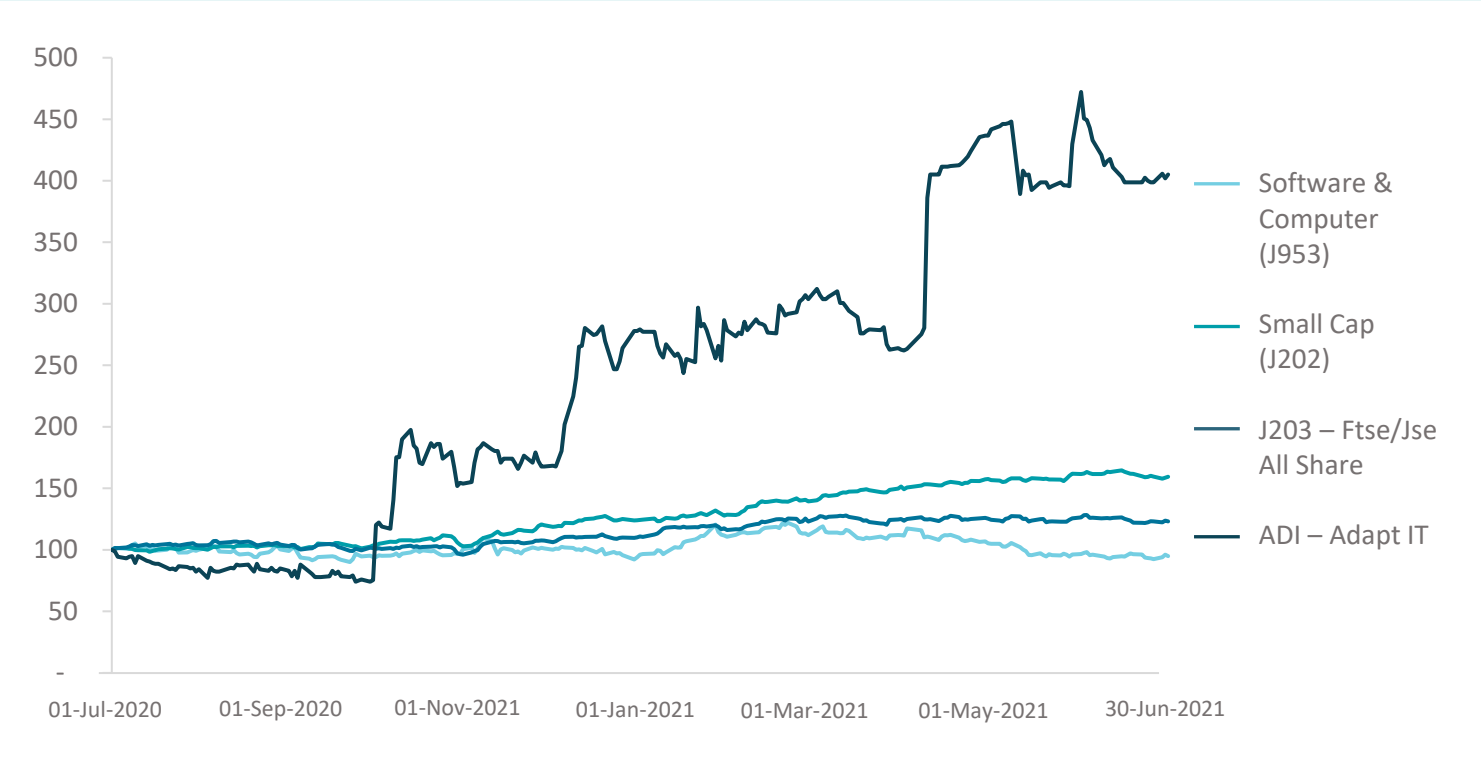
Hospitality's team offers cloud and on-premise food and beverage and hospitality solutions, that improve control through offering a single view into multi-site, multi-concept and varying locations.

The divisions stable technology platform enables clients to utilise reporting to see what is happening at each location, further providing support for delivery as well as user revenue-generating options.

# SHARE STATISTICS



## SHARE MOVEMENT BASED TO 100



SHAREHOLDER DISTRIBUTION	30 JUNE 2021
Free Float	81%
Directors, Management and Employees	19%
Treasury Shares	0,4%
Share Liquidity	71%