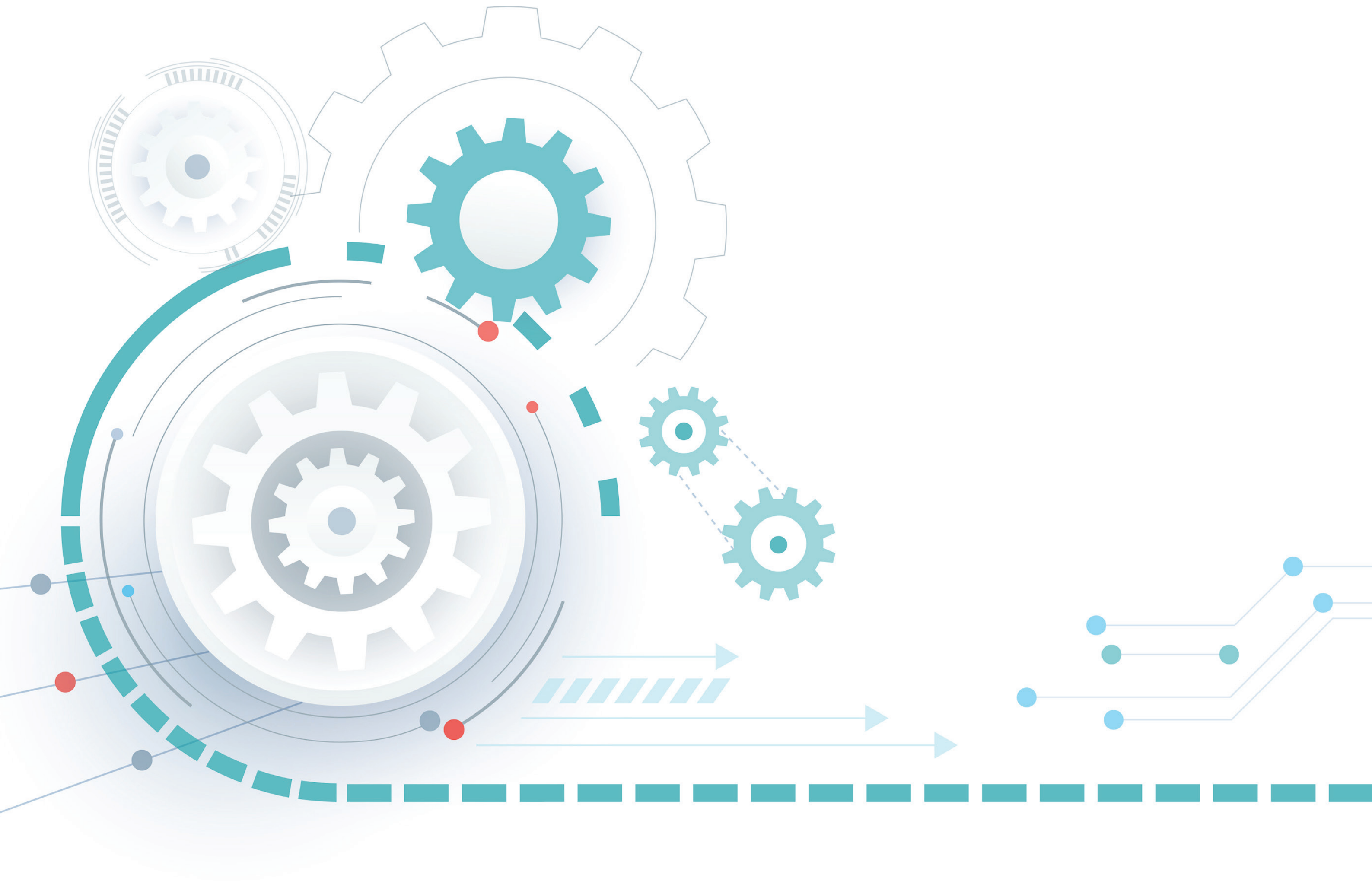
adapt IT



UNAUDITED CONDENSED CONSOLIDATED INTERIM GROUP RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER

2020

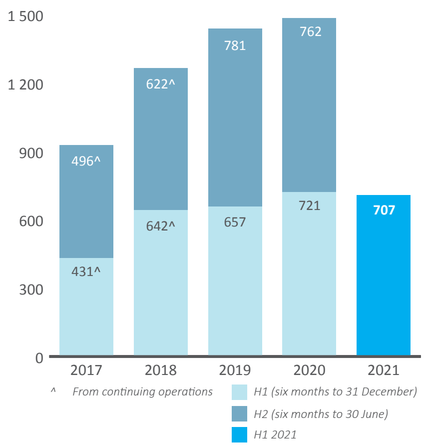
FINANCIAL HIGHLIGHTS

Net gearing	**42%, down from 69%**
Cash generated from operations	**Up 67% to R124 million**
Cash conversion ratio	**1,55 times**

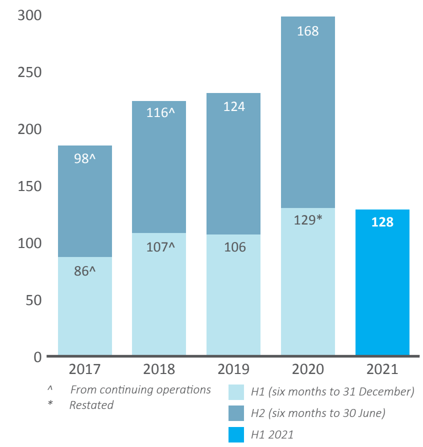
		2020	2019*	% Change
Revenue	(R'000)	**707 394**	721 249	(2)
Annuity revenue	(%)	**65,60**	60,47	8
EBITDA	(R'000)	**127 682**	129 189	(1)
Operating profit	(R'000)	**79 828**	79 132	1
EBITDA margin	(%)	**18,05**	17,91	1
Operating profit margin	(%)	**11,28**	10,97	3
Basic earnings per share	(cents)	**20,06**	14,64	37
Headline earnings per share	(cents)	**20,69**	14,40	44
Normalised headline earnings per share	(cents)	**32,00**	27,70	16
Return on equity	(%)	**10,84**	8,18**	33
Total equity	(R'000)	**763 790**	676 715	13
Liquidity ratio	(times)	**1,71**	1,44	19
Net gearing	(%)	**42,40**	68,58	(38)
Cash generated from operations	(R'000)	**123 829**	74 337	67
Cash conversion ratio	(times)	**1,55**	0,94	65

* *Restated.*
** *Based on reported results, 2018 not restated for IFRS 16.*

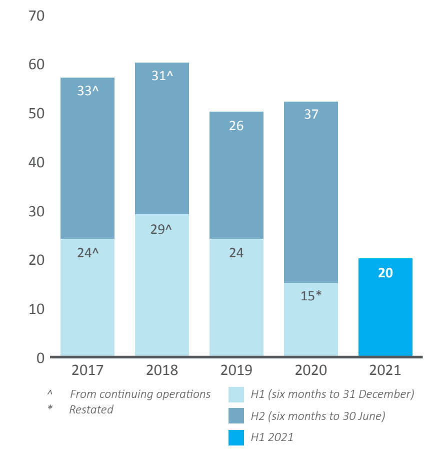
Revenue (R'm)



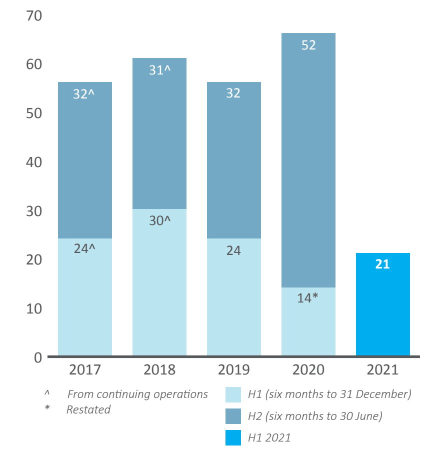
EBITDA (R'm)



Basic earnings per share (cents)



HEPS (cents)



BUSINESS OVERVIEW

Adapt IT Holdings Limited (Adapt IT) is a Johannesburg Stock Exchange (JSE) listed entity 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.

The organisation has deep sector knowledge and experience, predominantly in the education, manufacturing, financial services, energy, communications and hospitality industries. Adapt IT serves over 10 000 global customers, with headquarters in Johannesburg, South Africa, and regional offices in Durban and Cape Town. To service international customers, Adapt IT focuses on the Pan African market through a presence in Mauritius, Botswana, Kenya and Nigeria, as well as in the Asia Pacific market, where the group has a presence in Australia, New Zealand and Singapore. Through its presence in Ireland, Adapt IT is able to service customers in Europe.

STRATEGIC INTENT

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

The company executes this strategy primarily through vertical market structures, augmented by horizontal capabilities, to provide value adding and mission critical software and digitally-led solutions.

Adapt IT, however, acknowledges that it must be even more strategic and value adding to its customer base both now and into the future in order to maintain its market leadership position.

PROGRESS MADE

Adapt IT has successfully navigated the reporting period despite the challenging economic and social environment present in the marketplaces it serves. This was achieved primarily by safeguarding the wellbeing of employees, driving the company's value based culture, restructuring divisions where the market had permanently shifted, and providing best practices and support where required.

Organic growth remains Adapt IT's primary objective and sustained effort is made to ensure that the company's market approach is aligned to areas of opportunity that have been identified for further growth.

Significant emphasis is being placed on identifying and investing in strategic growth initiatives. This includes identifying and supporting new startups and internal green shoot projects, leveraging Adapt IT's significant client base, and starting to rebuild the pipeline of potential acquisitions for consideration in the next financial year.

Adapt IT's focus on innovation and product development remain key priorities. Beyond this, the company continues to drive expansion into new geographies and to build its portfolio of offerings to the industries it serves. This approach is focused on being able to realise any suitable opportunity to expand the scope of services and products to Adapt IT's existing client base.

The restructuring of certain divisions, which was precipitated by permanent changes to the market, has delivered increased profitability off lower revenues and the divisions are now stable and poised for growth.

Cash generation has been a priority for Adapt IT and concerted efforts have resulted in a significant improvement in cash generated and the consequent reduction in net debt levels. This was achieved by providing central support to the divisions in terms of debt collection measures and related best practices.

These initiatives, together with robust risk management, supported Adapt IT's results by providing an uplift in efficiency and defending overall profit margins while reducing business risk.

THE IMPACT OF COVID-19 ON ADAPT IT

Adapt IT, like many other corporates, has been impacted by the Covid-19 pandemic and related regulations and lockdowns, with some divisions being more affected than others. The majority of the impact was felt across the Hospitality and Manufacturing divisions, where project delivery was not possible due to the lockdown regulations. This required a structured response, which regrettably included the retrenchment of approximately 6% of employees.

Project delays and the inability of Adapt IT to be on site negatively impacted several divisions, in particular the Energy division, which is facing a slower recovery as a result of projects being postponed or cancelled. All divisions have delivered ongoing value add to clients throughout the period, with some divisions showing improved performance compared to the pre Covid-19 environment.

Overall, Adapt IT is satisfied with its management of the pandemic effects. To effectively deal with the Covid-19 landscape and its impact on the company, Adapt IT established a CEO led project management office to monitor and report on any impacts on finance, risk, the operations as well as employee and customer engagement.

BUSINESS PERFORMANCE

Adapt IT has deep sector knowledge and experience, which enables it to provide high value-add, specialised systems, digital solutions and advisory services across six client sectors. Performance is driven and reported on by these six segments, namely: Education, Manufacturing, Financial Services, Energy, Communications and Hospitality. The focus of each division is split across either a vertical approach, where specialised solutions are offered into a narrow industry segment, or a horizontal approach, where the product and solution offering is offered across multiple industries.

SECTOR OVERVIEW

EDUCATION

Adapt IT has an in-depth understanding of the challenges faced by the education and training sectors, enabling it to design, develop, implement and maintain a range of education software products and services. The company's solutions enable effective student lifecycle management, including application and management, timetabling, eLearning platforms and content, optimisation of infrastructure resources and detailed budgeting and reporting for institutions.

MANUFACTURING

Adapt IT provides specialised software products for sugar producers, agribusinesses, security providers, power stations, mines and other heavy industry. The software products enable efficiencies across shift rostering, safety and operational risk management and process manufacturing.

FINANCIAL SERVICES

Adapt IT specialises in the design, development and deployment of software solutions for financial professionals, focusing on audit enablement, financial reporting, regulatory requirements and compliance automation.

ENERGY

Adapt IT has deep sector expertise in providing niche solutions and services within the oil and gas industry. The company has a proven track record in large scale SAP™ and supply chain solution implementations and is the lead terminal automation software provider and implementer in Africa. The value of the growing supply chain and SAP™ competencies extends beyond the oil and gas industry.

COMMUNICATIONS

Adapt IT has international expertise in technology expense management, customer experience, self-service, next generation value added services (VAS) and advanced telecommunications analytics. It offers innovative solutions to support Tier 1 mobile network operators and internet service providers.

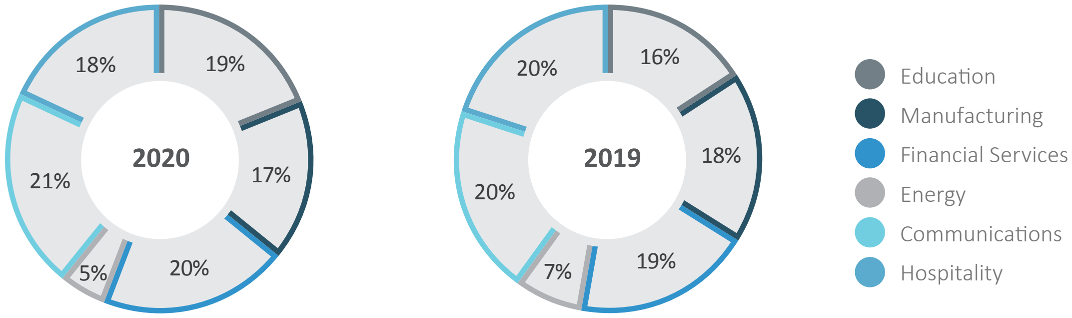
HOSPITALITY

Adapt IT has over 22 years of experience in the hospitality, retail, and food and beverage industries. It provides best of breed, critical technology to the hospitality sector to enable efficiencies across ordering, reporting, point of sales, and the effective management of hospitality and retail spaces.

REVENUE CONTRIBUTION

Revenue was maintained very close to the prior period level throughout the global pandemic in 2020, which affected the entire interim period. The diversification and existing Cloud based and remote service operating models meant that the business was quite resilient.

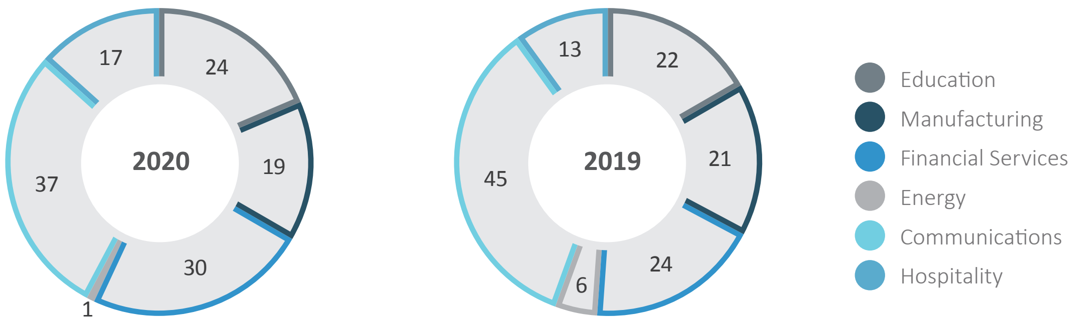
Revenue contribution



SECTOR PERFORMANCE

Adapt IT is positioned to leverage specialised technology platforms and related digitally-led solutions across its chosen market sectors. The company's focus is on improving the ability of the existing divisions to drive growth and efficiencies, improve profitability and to develop new capabilities in their key markets. This approach has assisted in securing new customers, diversifying products and services and the move up the services value chain. The broad sector focus has further allowed Adapt IT to diversify its risk and specific market exposure, enabling it to effectively weather market contractions, resulting in minimal business impact.

EBITDA R'm



GEOGRAPHIC EXPANSION

The company is well diversified across sectors and geographies and continues to extend geographic reach across Africa and global markets. Foreign markets represent 27% of revenue, with software and services delivered to 32 other African countries. Geographic expansion is a key factor in diversifying market risk and growing hard currency revenue streams.

While most of the group's revenue is generated in South Africa, the outlook is to continue to diversify the business into the rest of Africa and international markets.

FINANCIAL REVIEW

FINANCIAL PERFORMANCE

Revenue for the six months ended 31 December 2020 was R707 million (2019: R721 million). The decline of 2% on the prior comparative period is due to ongoing challenging and weaker trading conditions particularly in South Africa, which remains Adapt IT's primary market, constituting 73% of total revenue. The Covid-19 global pandemic caused repeated shutdowns or slowdowns in certain of our client segments resulting in project volume decline and delays, with project based revenue suffering longer lead times. The prior comparative period was not affected by Covid-19.

Annuity revenue remains healthy at 66% and represents an increase on the previous reporting period (2019: 60%) with the five year compound annual growth rate for revenue being 10%. This is also due to the decline in project based revenue.

Earnings before interest, tax, depreciation and amortisation (EBITDA) was R128 million (2019: R129 million* (restated)). EBITDA margin was maintained at 18% as cost containment remained a focus through operational efficiency projects, particularly in divisions most impacted by Covid-19. It is encouraging that in spite of these conditions, three segments delivered double digit EBITDA growth, however, the segments with project based revenue were negatively impacted. The impacts on earnings in the current period included an increase in bonus provision of R16 million (2019: Rnil), a negative foreign exchange movement of R10 million (2019: R1 million) and an increase in the allowance for expected credit losses of R7 million resulting from client segments most impacted by Covid-19 (2019: R0,4 million), notwithstanding the average debtors' days outstanding improving to 68 days (2019: 70 days). The interest expense on borrowings decreased by 30% to R18 million (2019: R25 million), with capital repayments of R57 million made during the six month period to 31 December 2020.

Earnings per share (EPS) for the six months to 31 December 2020 increased by 37% to 20,06 cents from 14,64 cents*, Headline earnings per share (HEPS) increased by 44% to 20,69 cents from 14,40 cents* and Normalised HEPS increased by 16% to 32,00 cents from 27,70 cents* as reconciled on page 13.

Adapt IT provides leading, specialised software and digitally-led business solutions and has deep sector knowledge and experience predominantly in the education, manufacturing, financial services, energy, communications and hospitality industries. Sector and geographic diversification have served Adapt IT well as some divisions have outperformed while others have been significantly impacted in the circumstances, most notably the segments with project revenue, as mentioned above. Segment contribution was as follows:

- The Education division delivered revenue growth of 15% compared to the prior comparative period. This was driven primarily through increased demand for eLearning solutions. This division contributed 19% to total revenue and delivered EBITDA margin of 18%, consistent with the prior comparative period.
- The Manufacturing division experienced a 7% decrease in revenue due to project volume declines and delays, however delivered an EBITDA margin of 16%, consistent with the prior comparative period resulting from operational efficiency projects undertaken. The Manufacturing division contributed 17% to total revenue.
- Financial Services achieved revenue growth of 8%, contributing 20% to total revenue and delivered a 20% EBITDA margin (2019: 18%).
- The Energy division experienced a 32% decrease in revenue as a result of the drop in project revenue, contributing 5% to total revenue. EBITDA margin was 1% (2019: 12%) with further operational efficiency projects currently underway. Business development capability will be maintained to drive the sales pipeline.
- The Communications division grew 3%, achieving an EBITDA margin of 25% (2019: 31%) and contributing 21% to total revenue.
- The Hospitality division was significantly impacted by the measures implemented by government in this industry to respond to Covid-19, consequently revenue declined by 14%. EBITDA margin improved considerably to 14% (2019: 9%) with the acceleration of the operational efficiency projects to respond to Covid-19. The Hospitality division contributed 18% of total revenue.

CASH FLOW AND BORROWINGS

Cash generated from operations after working capital changes amounted to R124 million (2019: R74 million) and the cash conversion ratio improved to 1,55 times (2019: 0,94 times). Cash and cash equivalents of R142 million (2019: R73 million) were available at the end of the period.

In response to uncertainties with respect to cash flow due to Covid-19, cost containment and cash preservation controls continue to be applied. These include operational efficiency projects, particularly in divisions impacted by Covid-19, capital spend and recruitment being subject to approval at senior levels, and the monitoring of trade debtor collections through the finance credit committee.

Net interest bearing borrowings decreased by R140 million (30%) to R324 million from the prior comparative period end (2019: R464 million). The net gearing ratio at 31 December 2020 was 42%, representing an improvement from 69% gearing at the end of the prior comparative period. During the 2019 financial year acquisitions concluded were funded exclusively with cash (no shares issued), once-off capital expenses of R44 million for software hosting licenses in the hospitality segment (lasting for an average of five years) were incurred and a share buyback programme was undertaken. Adapt IT continues to prioritise the reduction of net interest bearing debt and targets to maintain net gearing below 50%.

The debt covenants relating to the Standard Bank of South Africa borrowings were all met with sufficient headroom for the period ended 31 December 2020.

RESTATEMENT

Prior year comparatives for the six months ended 31 December 2019 have been restated, consistent with the restatements disclosed in the annual financial statements for the year ended 30 June 2020, mainly for the measurement period adjustment with regards to the acquisition of Wisenet, provisionally accounted for in the previous results in terms of the allowance per IFRS 3 Business Combinations and correction of an error related to capitalisation of lease incentives identified during the adoption of IFRS 16. The total impact on revenue was nil and the decrease in profit after tax was R2 million. The components of the restatement are set out in note 10 on page 16.

The commentary in this report is therefore presented against the restated 31 December 2019 results. All restated figures are indicated with an asterisk (*).

GOING CONCERN

The board has formally considered the going concern assertion for Adapt IT and is of the opinion that it is appropriate.

EVENTS AFTER THE REPORTING DATE

Adapt IT shareholders are referred to the announcement published on 3 February 2021 regarding an unsolicited firm intention by Huge Group Limited to make a general offer to acquire up to 100% of the entire issued share capital of Adapt IT Holdings Limited. Additional information on the matter can be referenced on the Adapt IT website as communicated through SENS announcements.

No other matters occurred between the reporting date and the date of approval of the interim financial statements which would have a material effect on these financial statements.

OUTLOOK

The South African economy has been hard hit by the Covid-19 pandemic and the associated regulations. The impact on Adapt IT's segments is mixed, with some presenting new opportunities, such as the increased drive to eLearning, amongst others.

The group continues to take advantage of its underlying diversification. This is done by assisting the current client base more effectively, focusing on sales in a cohesive manner and carefully expanding on the Pan Africa and Asia Pacific strategy.

BOARD

There were no changes to the directorate since the last report.

TRANSFORMATION

Adapt IT (Pty) Ltd achieved a Level 1 B-BBEE contributor status effective 29 September 2020.

APPRECIATION

Adapt IT thanks its customers, business partners, service providers and shareholders for their continued support and all employees for their dedication, which underpins the group's success.

For and on behalf of the board

Craig Chambers
Independent Non-Executive Chairman

Sbu Shabalala
Chief Executive Officer

Nombali Mbambo
Chief Financial Officer

9 March 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Notes	Unaudited Six months ended 31 December 2020 R'000	Unaudited Six months ended 31 December 2019* R'000	Audited year ended 30 June 2020 R'000	Period on period change %
Revenue		2	**707 394**	721 249	1 483 347	(2)
Cost of sales			**(321 117)**	(318 019)	(661 285)	1
Gross profit			**386 277**	403 230	822 062	(4)
Operating expenses			**(251 527)**	(273 644)	(501 421)	(8)
Impairment loss on trade receivables, contract assets and finance lease receivables			**(7 068)**	(397)	(1 243)	–
Impairment of non-current assets			**–**	–	(22 134)	–
Earnings before interest, tax, depreciation and amortisation (EBITDA)			**127 682**	129 189	297 264	(1)
Depreciation and amortisation			**(27 436)**	(27 741)	(56 502)	(1)
Amortisation of intangible assets acquired			**(20 418)**	(22 316)	(43 574)	(9)
Profit from operations			**79 828**	79 132	197 188	1
Finance income		4	**435**	621	2 332	(30)
Finance costs		5	**(33 996)**	(42 980)	(84 699)	(21)
Profit before taxation			**46 267**	36 773	114 821	26
Income tax expense			**(18 794)**	(16 780)	(44 029)	12
Profit for the period			**27 473**	19 993	70 792	37
Attributable to:						
Equity holders of the parent			**27 538**	20 097	70 653	37
Non-controlling interests			**(65)**	(104)	139	–
Items that may be reclassified subsequently to profit and loss			**(10 177)**	2 357	21 337	–
Exchange differences arising from translation of foreign operations			**(10 177)**	2 357	21 337	–
Total comprehensive income			**17 296**	22 350	92 129	(23)
Attributable to:						
Equity holders of the parent			**17 361**	22 454	91 990	(23)
Non-controlling interests			**(65)**	(104)	139	–
Basic earnings per share	(cents)	6	**20,06**	14,64	51,47	37
Diluted earnings per share	(cents)	6	**20,06**	14,64	51,47	37

* *See note 10.1 for details regarding the restatement for measurement period adjustment and note 10.2 for details of a restatement due to correction of prior period error.*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**Unaudited Six months ended 31 December 2020 R'000**	Unaudited Six months ended 31 December 2019* R'000	Audited year ended 30 June 2020 R'000
ASSETS				
Non-current assets		**1 282 764**	1 382 279	1 338 521
Property and equipment		**102 273**	118 189	108 423
Intangible assets		**215 740**	272 764	246 896
Right-of-use assets		**226 364**	238 519	239 840
Goodwill	7	**699 599**	703 998	705 099
Finance lease receivables		**23 362**	20 579	22 993
Loans receivable		**250**	5 750	500
Deferred taxation asset		**15 176**	22 480	14 770
Current assets		**488 572**	459 992	589 797
Inventories		**23 625**	34 742	31 686
Trade and other receivables		**235 139**	241 681	285 280
Contract assets		**27 826**	43 581	37 259
Current tax receivable		**49 917**	52 216	40 566
Finance lease receivables		**9 939**	14 031	9 901
Loans receivable		**492**	500	542
Cash and cash equivalents		**141 634**	73 241	184 563
Non-current assets classified as held for sale		**9 500**	7 826	9 500
Total assets		**1 780 836**	1 850 097	1 937 818
EQUITY AND LIABILITIES				
Equity				
Stated capital		**248 138**	248 139	248 138
Treasury shares		**(1)**	(2)	(1)
Equity compensation reserve		**–**	17 988	17 988
Business combination reserves		**(15 664)**	(15 664)	(15 664)
Foreign currency translation reserve		**14 250**	5 446	24 427
Retained earnings		**517 239**	421 158	471 713
Attributable to equity holders of the parent		**763 962**	677 065	746 601
Non-controlling interests		**(172)**	(350)	(107)
Total equity		**763 790**	676 715	746 494
Non-current liabilities		**731 844**	853 442	806 040
Interest-bearing borrowings	8	**430 640**	500 040	486 933
Financial liabilities		**5 741**	24 420	6 280
Lease liabilities		**263 409**	273 997	276 207
Deferred taxation liability		**32 054**	54 985	36 620
Current liabilities		**285 202**	319 940	385 284
Trade and other payables		**120 299**	142 730	141 571
Contract liabilities	3	**63 480**	52 009	131 519
Leave pay and provisions		**37 972**	26 100	23 434
Current tax payable		**3 127**	5 994	10 656
Current portion of interest-bearing borrowings	8	**34 131**	36 369	34 145
Current portion of financial liabilities		**–**	34 817	18 469
Curent portion of lease liabilities		**26 193**	21 921	25 490
Total liabilities		**1 017 046**	1 173 382	1 191 324
Total equity and liabilities		**1 780 836**	1 850 097	1 937 818

* *See note 10.1 for details regarding the restatement for measurement period adjustment and note 10.2 for details of a restatement due to correction of prior period error.*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

		Unaudited Six months ended 31 December 2020 R'000	Unaudited Six months ended 31 December 2019* R'000	Audited year ended 30 June 2020 R'000
Net asset value per share**	(cents)	**556,45**	493,01	543,85
Tangible net asset value per share**	(cents)	**(58,67)**	(132,74)	(98,69)
Liquidity ratio	(times)	**1,71**	1,44	1,53
Solvency ratio	(times)	**1,75**	1,58	1,63
Market price per share				
Close	(cents)	**438**	370	158
High	(cents)	**480**	632	694
Low	(cents)	**119**	330	121
Capital expenditure for the period	(R'000)	**8 492**	12 852	16 609
Capital commitments	(R'000)	**21 989**	22 585	23 482

* *See note 10.1 for details regarding the restatement for measurement period adjustment and note 10.2 for details of a restatement due to correction of prior period error.*

***Based on issued shares, net of treasury shares.*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent										
	Share capital R'000	Treasury shares R'000	Share premium R'000	Stated capital R'000	Equity compensation reserve R'000	Foreign currency translation reserve R'000	Business combination reserves R'000	Retained earnings R'000	Attributable to equity holders of the parent R'000	Non-controlling interests R'000	Total R'000
Balance at 30 June 2019 (audited)	15	(2)	248 124	–	17 988	3 089	(15 664)	401 061	654 611	(246)	654 365
Total comprehensive income for the period	–	–	–	–	–	2 357	–	20 097	22 454	(104)	22 350
Profit for the period	–	–	–	–	–	–	–	20 097	20 097	(104)	19 993
Other comprehensive income for the period	–	–	–	–	–	2 357	–	–	2 357	–	2 357
Share capital conversion to no par value shares	(15)	–	(248 124)	248 139	–	–	–	–	–	–	–
Balance at 31 December 2019* restated	–	(2)	–	248 139	17 988	5 446	(15 664)	421 158	677 065	(350)	676 715
Balance at 30 June 2020 (audited)	**–**	**(1)**	**–**	**248 138**	**17 988**	**24 427**	**(15 664)**	**471 713**	**746 601**	**(107)**	**746 494**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**(10 177)**	**–**	**27 538**	**17 361**	**(65)**	**17 296**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**27 538**	**27 538**	**(65)**	**27 473**
Other comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**(10 177)**	**–**	**–**	**(10 177)**	**–**	**(10 177)**
Reclassification of lapsed share-based reserve**	**–**	**–**	**–**	**–**	**(17 988)**	**–**	**–**	**17 988**	**–**	**–**	**–**
Balance at 31 December 2020	**–**	**(1)**	**–**	**248 138**	**–**	**14 250**	**(15 664)**	**517 239**	**763 962**	**(172)**	**763 790**

See note 10.1 for details regarding the restatement for measurement period adjustment and note 10.2 for details of a restatement due to correction of prior period error.

*** The Adapt IT Holdings Limited Executive Share Incentive plan, implemented in 2015, lapsed in August 2020 and was cancelled.*

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Unaudited Six months ended 31 December 2020 R'000	Unaudited Six months ended 31 December 2019 R'000	Audited year ended 30 June 2020 R'000
OPERATING ACTIVITIES				
Operating cash flow	11	**130 651**	129 231	305 383
Working capital outflow	12	**(6 822)**	(54 894)	(31 022)
Cash generated from operations		**123 829**	74 337	274 361
Finance income		**435**	621	2 332
Finance costs		**(33 011)**	(26 184)	(79 980)
Tax paid	13	**(40 247)**	(32 207)	(55 582)
Net cash flow from operating activities		**51 006**	16 567	141 131
INVESTING ACTIVITIES				
Property and equipment acquired		**(5 150)**	(6 978)	(10 405)
Intangible assets acquired and developed		**(3 342)**	(5 874)	(6 204)
Proceeds on disposal of property and equipment		**37**	632	1 745
Proceeds from loans receivable		**300**	250	5 458
Settlement of contingent purchase considerations		**(13 619)**	–	(13 300)
Net cash utilised in investment activities		**(21 774)**	(11 970)	(22 706)
FINANCING ACTIVITIES				
Proceeds from borrowings		**–**	133 605	150 605
Repayment of borrowings		**(57 023)**	(98 926)	(131 698)
Payment of lease liabilities		**(12 092)**	(24 527)	(18 450)
Settlement of acquired contingent purchase consideration relating to subsequent fair value changes		**1 944**	–	1 226
Net cash flows from financing activities		**(67 171)**	10 152	1 683
Net (decrease)/increase in cash resources		**(37 939)**	14 749	120 108
Exchange (loss)/gain on translation		**(4 990)**	87	6 050
Cash and cash equivalents at beginning of the period		**184 563**	58 405	58 405
Cash and cash equivalents at end of the period		**141 634**	73 241	184 563

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim results for the six months ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS), the requirements of the JSE Limited Listings Requirements for interim reports, the requirements of the Companies Act applicable to condensed financial statements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and contain information required by IAS 34 Interim Financial Reporting. The accounting policies applied in preparation of these condensed consolidated interim results are consistent with those applied in the previous annual financial statements.

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

The report was prepared under the supervision of the Chief Financial Officer, Ms Nombali Mbambo CA(SA), and has not been audited by the group's external auditors.

The unaudited condensed consolidated interim results were approved by the board of directors on 8 March 2021.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

The group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major product lines:

31 December 2020 Product lines:	Education R'000	Manu-facturing R'000	Financial Services R'000	Energy R'000	Communi-cations R'000	Hospitality R'000	Total R'000
Licenses							
– at a point in time	–	5 369	132 836	497	3 114	4 168	145 984
– over time	5 723	21 318	–	–	17 895	–	44 936
Subscriptions							
– over time	26 555	769	171	1 172	74 183	27 865	130 715
Installation, development and implementation							
– at a point in time	–	1 101	–	–	7 261	10 807	19 169
– over time	10 202	31 541	–	17 414	22 770	–	81 927
Maintenance and support							
– over time	76 235	55 669	–	7 692	22 653	51 813	214 062
Services							
– at a point in time	14 560	4 755	7 182	–	534	–	27 031
– over time	68	–	–	8 686	–	–	8 754
Hardware							
– at a point in time	36	53	–	110	–	20 854	21 053
Other							
– at a point in time	1 506	3	3 991	59	34	737	6 330
– over time	47	–	–	48	–	–	95
Total revenue from contracts with customers	134 932	120 578	144 180	35 678	148 444	116 244	700 056
Non-IFRS 15 revenue							
Interest received on finance leases	–	–	–	–	–	7 338	7 338
Total revenue	134 932	120 578	144 180	35 678	148 444	123 582	707 394

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2. REVENUE FROM CONTRACTS WITH CUSTOMERS CONTINUED

31 December 2019 **Product lines:**	Education R'000	Manu-facturing R'000	Financial Services R'000	Energy R'000	Communi-cations R'000	Hospitality R'000	Total R'000
Licenses							
– at a point in time	2 638	7 397	120 696	1 350	4 007	8 466	144 554
– over time	3 886	20 152	–	–	12 668	–	36 706
Subscriptions							
– over time	19 515	779	–	1 728	75 921	30 593	128 536
Installation, development and implementation							
– at a point in time	–	–	–	–	(31)	13 577	13 546
– over time	8 957	42 112	–	19 542	31 769	–	102 380
Maintenance and support							
– over time	69 505	52 383	–	7 211	19 916	53 324	202 339
Services							
– at a point in time	8 903	6 332	9 597	22 350	–	–	47 182
– over time	507	–	–	–	–	–	507
Hardware							
– at a point in time	7	107	–	82	93	29 018	29 307
Other							
– at a point in time	3 317	377	2 706	248	–	1 688	8 336
– over time	135	–	–	–	–	–	135
Total revenue from contracts with customers	117 370	129 639	132 999	52 511	144 343	136 666	713 528
Non-IFRS 15 revenue							
Interest received on finance leases	–	–	–	–	–	7 721	7 721
Total revenue	117 370	129 639	132 999	52 511	144 343	144 387	721 249

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

		Unaudited 31 December 2020 R'000	Unaudited 31 December 2019 R'000	Audited 30 June 2020 R'000
3. CONTRACT LIABILITIES				
Education		**14 989**	12 531	78 638
Manufacturing		**16 008**	14 393	11 941
Financial Services		**7 351**	1 881	7 791
Energy		**6 789**	7 206	4 597
Communications		**8 396**	9 116	686
Hospitality		**9 947**	6 882	27 866
Total		**63 480**	52 009	131 519
4. FINANCE INCOME				
Other interest received		**6**	39	786
Interest on cash and cash equivalents		**429**	582	1 546
Total		**435**	621	2 332
5. FINANCE COSTS				
Borrowings		**17 707**	25 302	48 516
Lease liabilities*		**15 008**	15 241	30 717
Other		**1 119**	848	2 180
Financial liabilities (imputed)		**162**	1 589	3 286
Total*		**33 996**	42 980	84 699
6. EARNINGS PER SHARE				
Reconciliation between earnings and headline earnings				
Earnings attributable to equity holders of the parent*		**27 538**	20 097	70 653
Adjusted for:				
– Reversal of impairment of asset held for sale		**–**	–	(1 674)
– Profit on sale of property and equipment		**(6)**	(466)	(6)
– Scrapping of intangible assets		**966**	–	3 239
– Impairment of intangible asset acquired through business combinations		**–**	–	5 934
– Impairment of goodwill		**–**	–	16 200
– Total tax effects of adjustments		**(104)**	130	(2 539)
Headline earnings*		**28 394**	19 761	91 807
Number of ordinary shares in issue	(000)	**144 887**	152 513	144 887
Weighted average number of ordinary shares in issue	(000)	**137 262**	137 262	137 262
Diluted average number of ordinary shares in issue	(000)	**137 262**	137 262	137 262
Basic earnings per share*	(cents)	**20,06**	14,64	51,47
Headline earnings per share*	(cents)	**20,69**	14,40	66,88
Diluted earnings per share*	(cents)	**20,06**	14,64	51,47
Diluted headline earnings per share*	(cents)	**20,69**	14,40	66,88

** See note 10.1 for details regarding the restatement for measurement period adjustment and note 10.2 for details of a restatement due to correction of prior period error.*

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

	Unaudited 31 December 2020 R'000	Unaudited 31 December 2019 R'000	Audited 30 June 2020 R'000
7. GOODWILL			
Carrying amount at beginning of period*	**705 099**	704 183	704 183
Impairment of Aquilon (Energy)	**–**	–	(16 200)
Foreign exchange adjustments*	**(5 500)**	(185)	17 116
Carrying amount at end of period*	**699 599**	703 998	705 099
The carrying amount of goodwill has been allocated to cash generating units (CGUs) as follows:			
– Manufacturing	**10 408**	10 408	10 408
– HCM	**12 352**	12 352	12 352
– Aquilon (Energy)	**79 277**	95 477	79 277
– AspiviaUnison (Telecoms)	**143 038**	143 038	143 038
– CQS	**187 933**	187 933	187 933
– EasyRoster	**41 701**	41 701	41 701
– Micros	**78 047**	78 047	78 047
– LGR Australia	**24 604**	21 412	26 063
– LGR South Africa	**7 193**	7 193	7 193
– Strive Software	**7 636**	7 636	7 636
– Conor	**39 579**	39 579	39 579
– Wisenet Australia*	**59 948**	52 170	63 504
– Wisenet New Zealand*	**7 883**	7 052	8 368
Total*	**699 599**	703 998	705 099

** See note 10.1 for details regarding the restatement for measurement period adjustment.*

	Unaudited 31 December 2020 R'000	Unaudited 31 December 2019 R'000	Audited 30 June 2020 R'000
8. INTEREST-BEARING BORROWINGS			
Non-current borrowings	**430 640**	500 040	486 933
(1) The Standard Bank of South Africa Limited	**430 640**	497 518	486 933
(2) FirstRand Bank Limited	**–**	2 522	–
Current borrowings	**34 131**	36 369	34 145
(1) The Standard Bank of South Africa Limited	**34 131**	34 188	34 145
(2) FirstRand Bank Limited	**–**	2 181	–
Total	**464 771**	536 409	521 078

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

Analysis and maturity profile of interest-bearing borrowings:

(1) The Standard Bank of South Africa Limited

The borrowings terms comprise	Facility amount R'000	Date obtained	Term	Repayment	Interest terms
Facility A – term loan facility for acquisitions	350 000	13 December 2018	60 months	Quarterly, started 31 December 2019	JIBAR + margin of 2,65% – 2,90%
Facility B – revolving credit facility for working capital	405 000	13 December 2018	36 months	3 January 2022	Prime less margin of 0,20% – 0,45%
	755 000				

Facility A was available for utilisation up to 9 January 2019, whereafter no further amounts could be withdrawn.

Adapt IT is in discussions with the Standard Bank of South Africa Limited to restructure the facilities, by committing to additional capital repayments, by 31 March 2021.

The debt covenants relating to The Standard Bank of South Africa Limited borrowings were all met at 31 December 2020.

The facilities are secured by cession of all insurance policies, cash and cash equivalents and trade receivables of Adapt IT Holdings Limited, Adapt IT (Pty) Ltd, CQS Confirmations (Pty) Ltd and Adapt IT Consulting (Pty) Ltd along with the shares held in Adapt IT (Pty) Ltd, CQS Confirmations (Pty) Ltd and Adapt IT Consulting (Pty) Ltd. The facilities are further secured by R755 000 000 general notarial bond over the moveable assets of Adapt IT (Pty) Ltd.

	Capital outstanding R'000	Interest capitalised R'000	Total R'000	Interest rates (%)	Interest rate % charge
Balance at 31 December 2020					
Facility A – term loan facility for acquisitions	**102 135**	**18**	**102 153**	**JIBAR +2,90**	**Rates ranged between 6,250 and 6,808**
Facility B – revolving credit facility for working capital	**364 909**	**68**	**364 977**	**Prime -0,20**	**Rates ranged between 7,050 and 6,800**
	467 044	**86**	**467 130**		
Capital raising fees (amortised over term of facilities)	**(2 359)**	**–**	**(2 359)**		
Total	**464 685**	**86**	**464 771**		
Balance at 31 December 2019					
Facility A – term loan facility for acquisitions	136 180	36	136 216	JIBAR +2,90	Rates ranged between 9,442 and 9,700
Facility B – revolving credit facility for working capital	399 217	107	399 324	Prime -0,20	Rates ranged between 9,550 and 9,800
	535 397	143	535 540		
Capital raising fees (amortised over term of facilities)	(3 834)	–	(3 834)		
Total	531 563	143	531 706		

(2) FirstRand Bank Limited
Micros South Africa (Pty) Ltd had two term facilities with FirstRand Bank Limited. The one term facility matured on 7 December 2019 and the other one was voluntarily settled on 4 March 2020.

The facilities were secured by trade receivables, cession of all the positive bank accounts and a R15 000 000 general notarial bond over the moveable assets of Micros South Africa (Pty) Ltd.

The interest rate for 2019 was 11,00%.

Interest-bearing borrowings are carried at amortised cost.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

9. SEGMENT ANALYSIS

The reportable segments reflect the current operating model of the group and achieve alignment with the way in which the business is managed and reported on by the group's Chief Executive Officer (the Chief Operating Decision Maker (CODM)). Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Monthly management meetings are held to evaluate segment performance against budget and forecast. The CODM does not monitor assets and liabilities by segment.

The group's reportable segments are Education, Manufacturing, Financial Services, Energy, Communications and Hospitality.

The following tables present revenue and EBITDA information regarding the group's operating segments for the six months ended 31 December 2020 and 31 December 2019 respectively:

	Education R'000	Manu-facturing R'000	Financial Services R'000	Energy R'000	Communi-cations R'000	Hospitality R'000	Total R'000
31 December 2020							
Revenue	**134 932**	**120 578**	**144 180**	**35 678**	**148 444**	**123 582**	**707 394**
EBITDA*	**24 098**	**19 097**	**29 504**	**467**	**37 154**	**17 362**	**127 682**
Adjusted for:							
Depreciation and amortisation							**(13 595)**
Depreciation on right-of-use assets							**(13 841)**
Amortisation of intangible assets acquired							**(20 418)**
Profit from operations							**79 828**
EBITDA* margin %	**18**	**16**	**20**	**1**	**25**	**14**	**18**
31 December 2019 (restated)^							
Revenue	117 370	129 639	132 999	52 511	144 343	144 387	721 249
EBITDA*^	21 680	21 274	23 807	6 170	44 958	12 769	130 658
Adjusted for:							
Depreciation and amortisation^							(13 840)
Depreciation on right-of-use assets^							(13 901)
Amortisation of intangible assets acquired^							(22 316)
Transaction costs							(1 469)
Profit from operations							79 132
EBITDA* margin %	18	16	18	12	31	9	18

* *EBITDA represents operating profit before depreciation and amortisation adjusted for specific non-trading items.*
^ *See note 10.1 for details regarding the restatement for measurement period adjustment and note 10.2 for details of a restatement due to correction of prior period error.*

10. RESTATEMENT

10.1 ACQUISITION DATE MEASUREMENT PERIOD ADJUSTMENT

On 1 March 2019 the group acquired the businesses of Kura Holdings (Pty) Ltd (Kura), Wisenet Information Systems (Pty) Ltd (Wisenet Australia) and Wise.Net Corporate Trustee Limited (Wisenet New Zealand), and the business intellectual property and existing intellectual property rights of Wakatipu Management Pte Limited (Wisenet Singapore) (collectively, Wisenet). The acquisition involved the purchase of assets and assumed liabilities.

The acquisition was provisionally accounted for in terms of the allowance per IFRS 3 Business Combinations.

In the business combination of Wisenet, no value was placed on intangible assets as the purchase price allocation valuation of these assets had not been completed as at 31 December 2019.

The valuation of these assets, namely Customer Relationship and Internally Generated Software, was finalised by 30 June 2020. Refer to note 37.2 in the 30 June 2020 Integrated Annual Report.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

10.2 MEASUREMENT PERIOD ADJUSTMENTS AND CORRECTION OF PRIOR PERIOD ERRORS TO 31 DECEMBER 2019 AS PREVIOUSLY REPORTED

Lease incentives

As a result of the adoption of IFRS 16, a detailed analysis of lease agreements was undertaken.

Adapt IT (Pty) Ltd received a fit-out allowance of R13 744 840 for the Johannesburg Campus from the Lessor. The fit-out allowance should have been treated as a lease incentive under SIC 15 Operating Leases Incentives.

Accordingly, the assets acquired through the fit-out allowance should have been capitalised to property and equipment with a corresponding lease incentive accrual. The asset is then depreciated over the lease period and the lease incentive accrual unwound over the lease period.

At the transition period, 1 July 2019, the lease incentive accrual was reversed to retained income.

IFRS 16 leases

In the 31 December 2019 interim results, the group reported right-of-use assets and lease liabilities at transition date of 1 July 2019 as R251 004 242 and R302 549 213 respectively. Due to reassessment of contracts and application of certain extension options, the right-of-use assets and lease liabilities at 1 July 2019 have been adjusted to R252 392 010 and R303 254 748 respectively.

The effect of the acquisition measurement period adjustment and the related impacts to 31 December 2019, together with the correction for the above prior period errors on the 31 December 2019 consolidated results is as follows:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	31 December 2019 As previously reported R'000	Wisenet measurement period adjustment R'000	Lease incentives R'000	IFRS 16 Leases R'000	31 December 2019 Restated R'000
Revenue	721 249	–	–	–	721 249
Cost of sales	(318 019)	–	–	–	(318 019)
Gross profit	403 230	–	–	–	403 230
Administrative, selling and other costs	(274 268)	–	–	227	(274 041)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	128 962	–	–	227	129 189
Depreciation and amortisation	(26 892)	–	(539)	(310)	(27 741)
Amortisation of intangible assets acquired	(20 468)	(1 848)	–	–	(22 316)
Profit from operations	81 602	(1 848)	(539)	(83)	79 132
Finance income	621	–	–	–	621
Finance costs	(42 946)	–	–	(34)	(42 980)
Profit before taxation	39 277	(1 848)	(539)	(117)	36 773
Income tax expense	(17 174)	390	–	4	(16 780)
Profit for the period	22 103	(1 458)	(539)	(113)	19 993
Equity holders of the parent	22 207	(1 458)	(539)	(113)	20 097
Non-controlling interests	(104)	–	–	–	(104)
Other comprehensive income					
Items that may be reclassified subsequently to profit and loss	2 261	25	–	71	2 357
Exchange differences arising from translation of foreign operations	2 261	25	–	71	2 357
Total comprehensive income	24 364	(1 433)	(539)	(42)	22 350

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

	31 December 2019 As previously reported R'000	Wisenet measurement period adjustment R'000	Lease incentives R'000	IFRS 16 Leases R'000	31 December 2019 Restated R'000
ASSETS					
Non-current assets	1 368 040	1 415	11 997	827	1 382 279
Property and equipment	106 192	–	11 997	–	118 189
Intangible assets	268 372	4 392	–	–	272 764
Right-of-use assets	237 453	–	–	1 066	238 519
Goodwill	706 975	(2 977)	–	–	703 998
Finance lease receivables	20 579	–	–	–	20 579
Loans receivable	5 750	–	–	–	5 750
Deferred taxation asset	22 719	–	–	(239)	22 480
Current assets	459 992	–	–	–	459 992
Inventories	34 742	–	–	–	34 742
Trade and other receivables	241 681	–	–	–	241 681
Contract assets	43 581	–	–	–	43 581
Current tax receivable	52 216	–	–	–	52 216
Finance lease receivables	14 031	–	–	–	14 031
Loans receivable	500	–	–	–	500
Cash and cash equivalents	73 241	–	–	–	73 241
Non-current assets classified as held for sale	7 826	–	–	–	7 826
Total assets	1 835 858	1 415	11 997	827	1 850 097
EQUITY AND LIABILITIES					
Equity					
Stated capital	248 139	–	–	–	248 139
Treasury shares	(2)	–	–	–	(2)
Equity compensation reserve	17 988	–	–	–	17 988
Busness combination reserves	(15 664)	–	–	–	(15 664)
Foreign currency translation reserve	5 367	8	–	71	5 446
Retained earnings	409 585	(773)	11 997	349	421 158
Attributable to equity holders of the parent	665 413	(765)	11 997	420	677 065
Non-controlling interests	(325)	–	–	(25)	(350)
Total equity	665 088	(765)	11 997	395	676 715
Non-current liabilities	848 562	5 224	–	(344)	853 442
Interest-bearing borrowings	500 040	–	–	–	500 040
Financial liabilities	24 420	–	–	–	24 420
Lease liability	274 341	–	–	(344)	273 997
Deferred taxation liability	49 761	5 224	–	–	54 985
Current liabilities	322 208	(3 044)	–	776	319 940
Trade and other payables	142 730	–	–	–	142 730
Contract liabilities	52 009	–	–	–	52 009
Leave pay and provisions	26 100	–	–	–	26 100
Current tax payable	9 038	(3 044)	–	–	5 994
Current portion of interest-bearing borrowings	36 369	–	–	–	36 369
Current portion of financial liabilities	34 817	–	–	–	34 817
Current portion of lease liability	21 145	–	–	776	21 921
Total liabilities	1 170 770	2 180	–	432	1 173 382
Total equity and liabilities	1 835 858	1 415	11 997	827	1 850 097

There were no changes to the statement of cash flows.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

	Unaudited Six months ended 31 December 2020 R'000	Unaudited Six months ended 31 December 2019 R'000	Audited year ended 30 June 2020 R'000
11. OPERATING CASH FLOW			
Profit before tax*	**46 267**	36 773	114 821
Adjustments for:			
Depreciation and amortisation*	**51 913**	55 311	109 183
Unrealised foreign exchange losses/(gains)	**2 083**	(473)	2 074
Finance income (refer note 4)	**(435)**	(621)	(2 332)
Finance costs (refer note 5)*	**33 996**	42 980	84 699
Net profit on disposal of property and equipment	**(6)**	(466)	(6)
Scrapping of intangible assets	**966**	–	3 239
Impairment of intangible assets	**–**	–	5 934
Inventory write-off	**–**	–	7 392
Impairment of goodwill	**–**	–	16 200
Subsequent remeasurement of contingent liabilities	**–**	–	(22 017)
Reversal of impairment of asset held for sale	**–**	–	(1 674)
Transaction costs relating to borrowings	**737**	737	142
Gain on modification of lease liabilities	**–**	–	(907)
Loss on modification of finance lease receivables	**–**	–	1 415
Finance lease receivable profit	**(4 870)**	(5 010)	(12 780)
	130 651	129 231	305 383
12. WORKING CAPITAL OUTFLOW			
Decrease/(increase) in inventory	**9 279**	(7 560)	(10 201)
Decrease in trade and other receivables, including contract assets	**53 737**	50 498	11 151
Decrease in trade and other payables	**(21 272)**	(13 961)	(28 967)
(Decrease)/increase in contract liabilities	**(68 039)**	(55 735)	23 775
Finance lease receivable receipts	**4 935**	5 527	9 549
Increase/(decrease) in leave pay and provisions	**14 538**	(33 663)	(36 329)
	(6 822)	(54 894)	(31 022)
13. TAX PAID			
Charge to the statement of profit or loss and other comprehensive income*	**18 794**	16 780	44 029
Adjustment for deferred taxation*	**4 696**	(16 439)	(5 448)
Foreign exchange adjustments	**(123)**	104	1 559
Movement in tax balance	**16 880**	31 762	15 442
	40 247	32 207	55 582

** See note 10.1 for details regarding the restatement for measurement period adjustment and note 10.2 for details of a restatement due to correction of prior period error.*

SHAREHOLDER INFORMATION

NON-IFRS MEASURES

The Non-IFRS financial information (or "Non-IFRS measures") are considered *pro forma* financial information as set forth in the JSE Listings Requirements. The directors are responsible for compiling the Non-IFRS measures as set out below on the basis of the applicable criteria specified in the JSE Listings Requirements, including the JSE Guidance Letter: Presentation of *Pro Forma* Financial Information dated 4 March 2010, and in compliance with the SAICA Guide on *Pro Forma* Financial Information, revised and issued in September 2014, described below and is presented for illustrative purposes only. The underlying information used in the preparation of the *Pro Forma* Financial Information has been prepared using the accounting policies in place for the year ended 30 June 2020.

The Non-IFRS measures have been prepared to illustrate to the users the results of Adapt IT after taking into account certain adjustments in respect of acquisitions as set out below, and because of its nature may not fairly present the group's financial position, changes in equity, results of operations or cash flow. These adjustments will be referred to as normalised. The *Pro Forma* Financial Information has not been reviewed or reported on by the company's external auditors.

Normalised headline earnings		Unaudited 31 December 2020 R'000	Unaudited 31 December 2019* R'000	Audited 30 June 2020 R'000
Reconciliation between headline earnings and normalised headline earnings:				
Headline earnings (refer note 6)		**28 394**	19 761	91 807
Adjusted for:				
Amortisation of intangible assets acquired through business combinations		**20 418**	22 316	43 574
Deferred taxation on amortisation of intangible assets acquired		**(5 046)**	(5 642)	(10 911)
Fair value adjustment to financial liabilities (imputed interest) (refer note 5)		**162**	1 589	3 286
Subsequent remeasurement of contingent liabilities		**–**	–	(22 017)
Normalised headline earnings		**43 928**	38 024	105 739
Headline earnings per share	(cents)	**20,69**	14,40	66,88
Normalised headline earnings per share	(cents)	**32,00**	27,70	77,03

* *See note 10.1 for details regarding the restatement for measurement period adjustment and note 10.2 for details of a restatement due to correction of prior period error.*

Normalised headline earnings per share

The group pursues a diversified growth strategy, which includes strategic acquisitions. Headline earnings have been normalised for the following items:

- amortisation of intangible assets arising from business combinations through purchase price allocations, net of tax;
- imputed interest and change in anticipated cash flows on earn-out financial liabilities (where carried at amortised cost); and
- fair value remeasurement on earn-out financial liabilities (where carried at fair value through profit or loss).

REPORT DISCLAIMER

Adapt IT Holdings Limited ("Adapt IT") appreciates the need for transparency and accountability and wish to use this report to provide general information about the company. Adapt IT does not intend for the information to constitute investment or other professional or financial product advice. The company also do not intend for you to use information as the basis for making an investment decision. You must consult professional advisers before making such an investment decision or taking any action which might affect your personal finances or business.

Adapt IT has prepared this report based on information currently available to the company, including information we have obtained from third parties that has not been independently verified. Adapt IT does not expressly or impliedly warrant the fairness, accuracy, correctness, completeness or reliability of the information, opinions or conclusions we express as part of the report.

Any opinions, statements or information we make available as part of this report may change without notifying you, and Adapt IT expresses it in good faith.

A significant portion of the information that is disclosed in this report contains "forward-looking information," as described in the Financial Markets Act of 2012 (and which we collectively refer to as forward-looking statements). Only statements of historical fact are not forward-looking statements. Information that constitutes forward-looking statements in this report includes, but is not limited to, (i) the expected development and progression of our business and projects; (ii) the execution of Adapt IT's vision and growth strategy, including future mergers and acquisitions activity and international growth; and (iii) the continuation or renewal of our current customer, collaborator, supplier and other key agreements.

CORPORATE INFORMATION

Adapt IT Holdings Limited
Incorporated in the
Republic of South Africa
Registration number 1998/017276/06
Share code: ADI
ISIN: ZAE000113163
JSE Main Board Sector: Technology, Software and Computer Services
Listing date: 1998
Shares in issue: 144 887 497
Net of treasury shares: 137 261 840
(“Adapt IT” or “the company” or “the group”)

Company secretary
Statucor (Pty) Ltd
Wanderers Office Park
52 Corlett Drive
Illovo
Sandton
2196

Registered office
Adapt IT Johannesburg Campus
152 14th Road
Midrand
South Africa

Directors
Craig Chambers* *(Chairman)*
Oliver Fortuin* *(Lead Independent Director)*
Catherine Koffman*
Zizipho Nyanga*
Sbu Shabalala *(Chief Executive Officer)*
Tiffany Dunsdon *(Chief Commercial Officer)*
Nombali Mbambo *(Chief Financial Officer)*
** Independent non-executive director*

Transfer secretary
Computershare Investor Services (Pty) Ltd
Private Bag X9000, Saxonwold, 2132
T: +27 (0) 11 370 5000
F: +27 (0) 11 688 5200

Auditors
KPMG Incorporated

Sponsor
Merchantec Capital
13th floor, Illovo Point
68 Melville Road
Illovo, Sandton
2196

Corporate bankers
The Standard Bank of South Africa Limited
ABSA Bank

Legal representatives
Garlicke & Bousfield Incorporated
Michalsons Attorneys
Corrs Chambers Westgarth

Adapt IT website
www.adaptit.com

South African offices

Gauteng
Adapt IT Johannesburg Campus
152 14th Road
Midrand
South Africa
T: +27 (0)10 494 0000

KwaZulu-Natal
Adapt IT Durban Campus
Rydall Vale Office Park
5 Rydall Vale Crescent
La Lucia Ridge
Durban
South Africa
T: +27 (0) 31 514 7300

Western Cape
Adapt IT Cape Town Campus
Great Westerford, 3rd Floor
240 Main Road
Rondebosch
Cape Town
South Africa
T: +27 (0) 21 200 0480

International offices

Mauritius
Building 10
Uniciti Business Park
Riviere Noire Road
Bambous, 90203
Mauritius
T: +230 452 9349

Australia
Level 5
485 La Trobe Street
Melbourne
VIC 3000
Australia
T: +613 9946 4222

Botswana
Fairscape Precinct
Plot 70667
Fairgrounds Office Park
Building 2, Floor 5
Gaborone
Botswana
T: +267 316 7456

Singapore
1 Neil Road
02 – 01
Singapore
088804
T: +65 6692 9044

Ireland
City Junction Business Park
1st Floor, Chase House
Northern Cross, Malahide Rd
Dublin 17
Ireland
T: +353 1 687 3732

Kenya
Adapt IT Solutions Limited
Baobab Suite, 2nd Floor
Riverside Green Suites
Riverside Drive, Nairobi
Kenya
T: +254 715 361 020

Nigeria
10 Akiongun Street
New Market Oniru
Victoria Island
Lagos
Nigeria
T: +234 1 454 5042

New Zealand
Level 6
Grand Annexe Tower
84 Boulcott Street
Wellington, 6011
New Zealand
T: +64 800 543 070

adapt IT

www.adaptit.com

Achieve more.