

**Adapt IT Holdings Limited**  
 Incorporated in the Republic of South Africa  
 (Registration number 1998/017276/06)  
 Share code: ADI ISIN: ZAE000113163  
 (“Adapt IT” or “the Company” or “the Group”)

**VOLUNTARY TRADING STATEMENT AND NOTIFICATION OF DELAY IN RELEASE OF YEAR  
 END RESULTS**

**1. Voluntary Trading Statement**

In terms of the Listings Requirements of JSE Limited (“JSE”), companies are required to publish a trading statement as soon as they become reasonably certain that the financial results for the period to be reported on will differ by more than 20% from that of the previous corresponding period.

Even though management does not anticipate that the financial results will differ by more than 20% from those reported in the previous corresponding period, the Company wishes to update stakeholders on its trading and the impact of Covid-19 on the business.

Accordingly, a review by management of the financial results for the year ended 30 June 2020 has indicated the following:

	<b>Anticipated 2020 (cents)</b>	<b>Audited 2019 (cents)</b>	<b>% Change</b>
EPS	50,19 – 52,75	51,32	(2,2%) – 2,8%
HEPS	65,45 – 68,31	57,27	14,3% – 19,3%
Normalised HEPS*	75,13 – 78,94	76,20	(1,4%) – 3,6%

Excluding the effects of implementing IFRS 16, on a comparative basis, the financial results for the year ended 30 June 2020 has indicated the following:

	<b>Anticipated 2020 (cents)</b>	<b>Audited 2019 (cents)</b>	<b>% Change</b>
EPS	55,88 – 58,44	51,32	8,9% – 13,9%
HEPS	71,15 – 74,01	57,27	24,2% – 29,2%
Normalised HEPS*	80,83 – 84,64	76,20	6,1% – 11,1%

\*Consistent with prior financial results announcements, normalised headline earnings is calculated by adding back to headline earnings the amortisation of acquired intangible assets net of deferred taxation, as a consequence of the purchase price allocations completed in terms of IFRS 3 Business Combinations and fair value adjustments to financial liabilities on outstanding contingent purchase considerations.

The financial results have been impacted by a combination of factors including the difficult trading environment especially for certain segments of the business, Covid-19, the application of a new accounting standard (IFRS 16), and areas of significant judgement and estimation, including impairments to certain intangible assets (which are excluded from the calculation of HEPS) and fair value adjustments to financial liabilities.

Notwithstanding these factors, the business remains highly resilient and cash generation has been strong. The net interest-bearing debt to equity ratio at 30 June 2020 was below target level and significantly lower than the prior comparable period. All debt has been serviced in the ordinary course of business and all debt covenants met at 30 June 2020.

Shareholders are advised that the financial information on which this trading statement is based has not been reviewed or reported on by Adapt IT's auditors.

## **2. Impact of Covid-19**

The 2020 financial year presented challenges globally, which exacerbated the already tough trading conditions in South Africa. Adapt IT has come through the trying period well. The diversification of the Group provided a high degree of resilience. While some divisions performed at reduced capacity, impacted by global Covid-19 regulations, predominantly the hospitality sector, other divisions found opportunity and expanded.

The business was proactively virtualised before lockdown regulations were implemented, thereby accelerating digitisation. This was met by an exceptional response from our people, with increased commitment and productivity being evident throughout the remote working experience. The advanced state of our migration to Cloud platforms was a significant enabler of this success.

Our key responses to the Covid-19 pandemic focused on ensuring employee safety, providing continuous service to our customers, supporting our clients who were hardest hit and managing cash flow very closely and stringently to avoid a liquidity squeeze. We undertook the difficult task of right-sizing in several areas of the business due to suppressed customer demand. While this impacted less than 10% of the employee base, the reduction in the cost base of the divisions which foresee difficult trading conditions will aid the improvement of trading margins. The business is stable and intently focused on trading through the future uncertainty as the effects of the pandemic continue to unfold.

## **3. B-BBEE Update**

Adapt IT Proprietary Limited, the main trading subsidiary of the Company has attained a Level 1 B-BBEE Contributor status for the first time, effective 29 September 2020.

## **4. Delay in release of year end results and Integrated Annual Report**

Shareholders are referred to the announcements released by the JSE on 3 April 2020, 1 June 2020 and 8 July 2020 and to the relevant market notices issued by the Financial Services Conduct Authority ("FSCA") wherein, as a result of the impact of the Covid-19 pandemic and the resultant nationwide lockdown, the FSCA granted a two-month extension to companies listed on the JSE (with, *inter alia*, year ends from 31 December 2019 to July 2020) to comply with various reporting timeframes as provided for in the JSE Listings Requirements.

The JSE Listings Requirements require the year end results of a company listed on the JSE to be published within three months after a company's financial year end and the audited annual financial statements and the notice of annual general meeting to be distributed to shareholders within four months after the end of a company's financial year end.

Due to the constraints placed on Adapt IT and the Company's auditors as a consequence of the Covid-19 pandemic and resultant national lockdown, shareholders are advised that:

- the Company's year end results for the period ended 30 June 2020, which were due to be published on or before 30 September 2020, will be published on or before 26 October 2020; and
- the Company's Integrated Annual Report, will be distributed on or before 30 October 2020.

Johannesburg  
30 September 2020

**Sponsor**  
Merchantec Capital