
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”)

ANNOUNCEMENT REGARDING A FIRM INTENTION BY HUGE GROUP LIMITED TO ACQUIRE THE ENTIRE ISSUED ORDINARY SHARE CAPITAL OF ADAPT IT AND RENEWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

- 1.1 Adapt IT shareholders are referred to the announcement and cautionary announcement released on 28 January 2021 wherein it was announced that Huge Group Limited (“**Offeror**” or “**Huge**”) has given notice to Adapt IT of Huge's unsolicited general offer (“**General Offer**”) to shareholders of the Company, to acquire all or any of the ordinary shares in the issued share capital of Adapt IT (“**General Offer Shares**”) as contemplated in section 117(1)(c)(v) of the Companies Act, 2008 (Act 71 of 2008), as amended (“**Companies Act**”). Huge has confirmed that there are no parties acting in concert with Huge as it relates to the General Offer.
- 1.2 This announcement (“**Firm Intention Announcement**”) confirms Huge's firm intention to make an offer to Adapt IT shareholders as contemplated in Chapter 5 of the Companies Act and Chapter 5 of the Companies Regulations, 2011 (“**Takeover Regulations**”).
- 1.3 Adapt IT has, as contemplated in regulation 108 of the Takeover Regulations, constituted an independent board of directors, consisting of Mr Craig Chambers, Mr Oliver Fortuin, Ms Zizipho Nyanga and Ms Catherine Koffman (“**Independent Board**”) to fulfil the role of an “independent board” for the purpose of the General Offer and advising shareholders thereon as required by the Takeover Regulations.
- 1.4 Huge has confirmed that at the date of the General Offer letter no beneficial interest nor an option to purchase a beneficial interest in Adapt IT is held by the Offeror or any other person in respect of which Huge has received an irrevocable commitment to accept the General Offer.
- 1.5 The purpose of this Firm Intention Announcement is to, *inter alia*, advise shareholders of the terms and conditions of the General Offer.

2. THE GENERAL OFFER

2.1 Terms of the General Offer

- 2.1.1. The Offeror intends to make a General Offer, in terms of section 117(1)(c)(v) of the Companies Act to the shareholders of the Company, to purchase from each shareholder all, or any, of its Adapt IT shares.
- 2.1.2. In consideration for each Adapt IT share acquired by the Offeror pursuant to the General Offer, the Offeror shall issue to each shareholder that accepts the Offer 0.9 ordinary shares of Huge (“**Huge Shares**”) (rounded up to the nearest whole number of Huge Shares). The

swap ratio is based on a reference price of 613 cents per Huge share and an implied price of 552 cents per Adapt IT share.

- 2.1.3. In terms of regulation 101(7)(vii) the Offeror has confirmed that Huge has sufficient securities available to settle the consideration.
- 2.1.4. The aforementioned consideration of Huge Shares will be issued to each Adapt IT shareholder who accepts the General Offer within six business days after the later of the date on which the General Offer has been declared wholly unconditional and the date of that acceptance of the General Offer by an Adapt IT shareholder.

2.2. The General Offer Conditions

Implementation of the General Offer is subject to the fulfilment of the conditions (“**General Offer Conditions**”) that:

- 2.2.1. the minimum percentage of Adapt IT shares tendered by shareholders in acceptance of the General Offer is 0.01% of the Adapt IT shares;
- 2.2.2. the shareholders of Huge shall have approved the implementation of the General Offer in terms of paragraph 9.20 of the JSE Listings Requirements; and
- 2.2.3. The Takeover Regulation Panel (“Panel”) shall have issued a compliance certificate in relation to the General Offer as contemplated in Regulation 102(13) of the Takeover Regulations.

2.3. Pro forma financial information

Adapt IT has commenced with the preparation of the *pro forma* financial effects in relation to the General Offer and once finalised, a further announcement setting out the *pro forma* financial effects will be released.

3. OFFER CIRCULARS

As per regulation 102(2)(a) of the Takeover Regulations, following release of this Firm Intention Announcement, Huge has 20 business days to post the Offer circular to Adapt IT shareholders (“**Huge Offer Circular**”).

Within 20 business days of the Huge Offer Circular being posted to Adapt IT shareholders, Adapt IT is required by regulation 102(9) of the Takeover Regulations to post its response circular (“**Adapt IT Circular**”).

4. RECOMMENDATION AND INDEPENDENT EXPERT OPINION

The Independent Board will appoint an Independent Expert, as required by the Takeover Regulations, to issue a report on the General Offer and to express an opinion on whether the terms and conditions of the General Offer are fair and reasonable to Adapt IT shareholders.

The opinion of the Independent Expert and the basis for its conclusion will be included in the Adapt IT Circular. The opinion of the Independent Board, after taking into consideration the opinion of the Independent Expert, will also be included in the Adapt IT Circular.

5. SALIENT DATES AND TIMES

The General Offer will be deemed a Category 1 transaction for Huge and accordingly, shareholder approval by Huge shareholders would need to be sought by way of a general meeting of Huge shareholders.

Adapt IT will provide its shareholders with indicative dates and times once clarity has been obtained on the Huge shareholder approval process and timelines.

6. RESPONSIBILTY STATEMENT

The Independent Board, individually and collectively, accepts responsibility for the accuracy of the information contained in this Firm Intention Announcement which relates to Adapt IT and has placed reliance on the information pertaining to Huge as presented by Huge in its notice of its firm intention to make an offer. To the best of the Independent Board's knowledge and belief, the information contained in this announcement is true and nothing has been omitted which is likely to affect the importance of such information.

7. RENEWAL OF CAUTIONARY

A further announcement regarding the *pro forma* financial effects of the General Offer will be released on SENS in due course. Accordingly Adapt IT shareholders should exercise caution when dealing in their Adapt IT ordinary shares until a further announcement in this regard is made.

Johannesburg
3 February 2021

Sponsor
Merchantec Capital

Financial Adviser
The Standard Bank of South Africa Limited

Legal Adviser
Webber Wentzel