
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")

**VOLARIS GROUP INC**

(Incorporated in Canada)

(Corporation number: 002277095)

("Volaris")



VOLARIS OFFER: DISTRIBUTION OF JOINT CIRCULAR AND NOTICE OF GENERAL MEETING

1. Introduction

- 1.1. Shareholders are referred to the joint firm intention announcement released by Adapt IT and Volaris on the Stock Exchange News Service of the JSE ("**SENS**") on Wednesday, 7 April 2021 ("**FIA**") relating to the offer from Volaris ("**Volaris Offer**") to acquire control of Adapt IT through the acquisition of up to 100% of the issued ordinary shares (excluding treasury shares) of Adapt IT ("**Adapt IT Shares**") from the holders of the Adapt IT Shares ("**Adapt IT Shareholders**") at a cash consideration of R6.50 per Adapt IT Share ("**Scheme Consideration**") by way of a scheme of arrangement (as described in paragraph 2.1.1 of the FIA) ("**Scheme**") or, if the Scheme is not proposed or fails, a general standby offer (as described in paragraph 2.1.2 of the FIA) ("**Standby Offer**").
- 1.2. Unless expressly defined in this announcement, capitalised terms herein have the meaning given to them in the FIA.
- 1.3. In terms of the Scheme, Adapt IT Shareholders will be afforded an election to:
 - 1.3.1. sell all or part of their Adapt IT Shares to Volaris, on the date on which the Scheme is to be implemented, being the second Business Day immediately following the record date in respect of the Scheme Consideration, which implementation date is expected to be Tuesday, 7 December 2021 (or such other date as may be announced on SENS) ("**Scheme Implementation Date**"), at the Scheme Consideration ("**Exit Election**"); or
 - 1.3.2. retain all or part of their Adapt IT Shares ("**Continuation Election**"), with the default position being that if Adapt IT Shareholders do not make valid elections in respect of any of their Adapt IT Shares, they will be deemed to have made an Exit Election in respect of those Adapt IT Shares.

2. Distribution of Circular and Notice of General Meeting

- 2.1. A joint circular detailing the Volaris Offer ("Circular") has today been distributed to Adapt IT Shareholders that were recorded as such on the shareholders' register of Adapt IT ("Register") as at Friday, 21 May

2021. The Circular also incorporates a notice convening a general meeting (“Notice”) of Adapt IT Shareholders (“General Meeting”).

2.2. Accordingly, notice is hereby given that the General Meeting will be held at 12:00 on Wednesday, 30 June 2021, conducted entirely by electronic communication as contemplated in section 63(2)(a) of the Companies Act (No. 71 of 2008) as amended (“**Companies Act**”) to consider and, if deemed fit, to pass, with or without modification, the requisite resolutions required to approve the Volaris Offer.

2.3. The Circular is available in English only. The Circular is available for inspection (and copies thereof may be obtained) at the registered offices of:

2.3.1. the Company at 152 14th Road, Midrand, (South Africa);

2.3.2. the Company’s sponsor, Merchantec Capital at 13th Floor, Illovo Point, 68 Melville Road, Illovo, Sandton (South Africa); and

2.3.3. Volaris’ transaction advisor, PSG Capital at 1st Floor, Ou Kollege Building, 35 Kerk Street, Stellenbosch (South Africa) and 2nd Floor, Building 3, 11 Alice Lane, Sandhurst, Sandton, (South Africa),

from the date of distribution of the Circular until the earlier of (i) the Scheme Implementation Date or (ii) if the Standby Offer becomes effective, the closing date of the Standby Offer.

2.4. The Circular is also available on Adapt IT’s website at:

<https://www.adaptit.com/hubfs/investor/Adapt%20IT%20Response%20Circular%201%20June%202021%20-%20Volaris.pdf>

3. Independent Expert Opinion and the Independent Board’s Opinion and Recommendation

3.1. Nodus Capital TS Proprietary Limited, the independent expert (“**Independent Expert**”) has, in terms of sections 114(2) and 114(3) of the Companies Act, as read with regulations 90 and 110 of the regulations promulgated under the Companies Act (“**Companies Regulations**”), performed a detailed valuation of Adapt IT Shares, the Scheme Consideration and the Standby Offer Consideration (collectively, the “**Offer Consideration**”), and based on the outcome of the procedures performed and other considerations, concluded that a fair price range for Adapt IT is R7.00 to R9.09 per Adapt IT Share (“**Fair Range**”). Accordingly, the Independent Expert has concluded that the Offer Consideration is unfair.

3.2. However, in the light of the Offer Consideration exceeding the volume weighted average trading price of an Adapt IT Share prior to the publication of the FIA and considering other qualitative factors, the Independent Expert has concluded that the Offer Consideration is reasonable to Adapt IT Shareholders.

3.3. Adapt IT Shareholders are referred to Annexure 2 of the Circular which sets out the Independent Expert opinion (“**Independent Expert Opinion**”).

3.4. The Independent Board of Adapt IT (“**Independent Board**”) has considered the Independent Expert Opinion, with which the Independent Board agrees, and has concluded that the Offer Consideration is unfair but reasonable to Adapt IT Shareholders.

3.5. Whilst the Independent Board cannot recommend that Adapt IT Shareholders make the Exit Election and vote in favour of the Scheme (or accept the Standby Offer should the Scheme fail) the Volaris Offer

nonetheless presents an opportunity for Adapt IT Shareholders to realise their investment at the price of R6.50 per Adapt IT share, which the Independent Board regards as a reasonable opportunity for Adapt IT Shareholders who wish to realise their investment at this price, in view of Adapt IT's recent trading history prior to the Volaris Offer.

4. Conditionality of the Scheme

- 4.1. The Scheme is subject to a number of conditions, as detailed in paragraph 4.3 of the Circular. Shareholders will be apprised of the fulfilment or waiver of the conditions.
- 4.2. Notably, the Scheme will become unconditional if, amongst other conditions, Adapt IT Shareholders holding more than 50% of the Adapt IT Shares make (or are deemed to have made) the Election Exit in respect of their Adapt IT Shares and such result is announced on SENS.

5. Delisting of Adapt IT and Resolutions contained in the Notice

- 5.1. Ordinarily, if the special resolution relating to the approval of the Scheme ("**Scheme Resolution**") is passed by the requisite majority of Adapt IT shareholders eligible to vote on such a resolution ("**Eligible Shareholders**"), it would result in the implementation of the Scheme, and an automatic delisting of Adapt IT Shares from the JSE Limited ("**JSE**").
- 5.2. However, as Adapt IT Shareholders are afforded the opportunity to make the Continuation Election, a scenario could occur whereby the Company still complies with public shareholder spread requirements of the JSE set out in paragraph 4.28(e) of the Listings Requirements of the JSE ("**JSE Listings Requirements**"), in that more than 20% of Adapt IT Shares may continue to be held by the public, as defined in paragraphs 4.25 to 4.27 of the JSE Listings Requirements ("**Minimum Shareholder Spread**").
- 5.3. As per paragraph 3 above, the Offer Consideration is considered unfair to Adapt IT Shareholders, as it falls below the Fair Range determined by the Independent Expert.
- 5.4. If, Volaris elects to increase the Offer Consideration such that it subsequently falls within the Fair Range ("**Revised Offer**") this would necessitate:
 - 5.4.1. a new Independent Expert Opinion; and
 - 5.4.2. a revised Independent Board recommendation and opinion, which supplementary documents ("**Supplementary Information**") will be published on SENS (to the extent required), made available on the Company's website and distributed to Adapt IT Shareholders.
- 5.5. If the Supplementary Information is issued before the General Meeting, it will be issued no later than 7 (seven) Business Days before the General Meeting.
- 5.6. Should a Revised Offer be made by Volaris and both the Independent Expert opinion concludes and the Independent Board opines in the Supplementary Information that the Revised Offer is fair, then -
 - 5.6.1. a resolution will be proposed to Adapt IT Shareholders at the General Meeting to delist the Company ("**Scheme Delisting Resolution**") in terms of the JSE Listings Requirements should the Scheme

become unconditional, irrespective of whether Adapt IT still complies with the Minimum Shareholder Spread requirements of the JSE, and

5.6.2.a resolution will be proposed to Adapt IT Shareholders at the General Meeting to delist the Company ("**Standby Offer Delisting Resolution**") in terms of the JSE Listings Requirements should the Standby Offer become unconditional.

5.7. In the absence of a Revised Offer that is fair, the Scheme Delisting Resolution and the Standby Offer Delisting Resolution will not be proposed to Adapt IT Shareholders.

5.8. Adapt IT Shareholders should be aware that, even if the Scheme Delisting Resolution and the Standby Offer Delisting Resolution are not proposed or passed (if proposed), Adapt IT may still be delisted if the Scheme Resolution is passed and the Company no longer satisfies the Minimum Spread Requirements of the JSE, subject to the approval of the JSE.

6. Important Dates and Times

2021

Record date to determine which Adapt IT Shareholders are entitled to receive this Circular on	Friday, 21 May
Circular posted to Adapt IT Shareholders and notice convening the General Meeting released on SENS on	Tuesday, 1 June
Notice of General Meeting published in the South African press on	Wednesday, 2 June
Last day to trade (" LDT ") in order to be recorded in the Register to vote at the General Meeting on	Tuesday, 22 June
Scheme voting record date being 17:00 on	Friday, 25 June
Forms of proxy in respect of the General Meeting to be lodged with Computershare Investor Services Proprietary Limited (" Transfer Secretaries ") by 12:00 on	Monday, 28 June
Forms of proxy emailed to the Transfer Secretaries (for the attention of the chairperson of the General Meeting) to be received via email and provided to the chairperson, at any time before the proxy exercises any rights of the Adapt IT Shareholders at the General Meeting on	Wednesday, 30 June
Last date and time for Adapt IT Shareholders to give notice to Adapt IT objecting, in terms of section 164(3) of the Companies Act, to the Scheme Resolution to be able to invoke appraisal rights in terms of sections 115 and 164 of the Companies Act (" Appraisal Rights ") by 12:00 on	Wednesday, 30 June
General Meeting of Adapt IT Shareholders to be held at 12:00 on	Wednesday, 30 June
Results of General Meeting released on SENS on	Wednesday, 30 June
Results of General Meeting published in the South African press on	Thursday, 1 July

If the Scheme is approved by Adapt IT Shareholders at the General Meeting:

Last date for Adapt IT Shareholders who voted against the Scheme Resolution to require Adapt IT to seek court approval for the Scheme Resolution in terms of section 115(3)(a) of the Companies Act (where applicable) on Wednesday, 7 July

Last date for Adapt IT Shareholders who voted against the Scheme Resolution to apply to court for leave to apply for a review of the Scheme Resolution in terms of section 115(3)(b) of the Companies Act on Wednesday, 14 July

Last date for Adapt IT to send objecting Adapt IT Shareholders notices of the adoption of the Scheme Resolution in accordance with section 164(4) of the Companies Act on Wednesday, 14 July

Action

The following dates assume that all conditions precedent to the Scheme save for the condition set out in paragraph 4.2 above are fulfilled or, where applicable, waived by Friday, 19 November 2021 and will be confirmed in an announcement:

Status of Scheme conditions announcement expected to be released on SENS expected to be on Friday, 19 November

Status of Scheme conditions announcement expected to be published in the South African press expected to be on Monday, 22 November

Scheme LDT expected to be on Tuesday, 30 November

Trading in Adapt IT Shares on the JSE suspended from commencement of trade expected to be on Wednesday, 1 December

Last day for form of elections (*blue*) to be validly lodged by Certificated Adapt IT Shareholders with the Transfer Secretaries and elections to be made by CSDPs or brokers of dematerialised Adapt IT Shareholders expected to be by 12:00 on Friday, 3 December

Scheme consideration record date to be recorded in the Register in order to receive the Scheme Consideration expected to be on Friday, 3 December

Expected scheme finalisation date and finalisation announcement confirming Scheme unconditionality expected to be on Friday, 3 December

Confirmation of delisting announcement expected to be released on SENS on Monday, 6 December

Scheme Implementation Date expected to be on Tuesday, 7 December

Scheme Consideration payment to dematerialised Adapt IT Shareholders expected to be on Tuesday, 7 December

Scheme Consideration payment to certificated Adapt IT Shareholders to take place within 5 business days of (assuming surrender of documents of title and duly completed "Form of Surrender, Transfer or Acceptance") the date that is expected to be on Tuesday, 7 December

Termination of listing of Adapt IT Shares on the JSE at commencement of trade Wednesday, 8 December
expected to be on

Notes:

1. The above dates and times are subject to such changes as may be agreed to by Adapt IT and Volaris and approved by the Takeover Regulation Panel and/or the JSE, if required. If all the Scheme Conditions save for the condition set out in paragraph 4.2 above are not fulfilled or, where applicable, waived by Friday, 19 November 2021 (or if all conditions precedent to the Scheme save for the condition set out in paragraph 4.2 above are fulfilled or, where applicable, waived on a day before Friday, 19 November 2021), an updated timetable will be released on SENS.
2. Completed forms of proxy and the authority (if any) under which they are signed must be (i) lodged with, posted or emailed to the Transfer Secretaries at Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (Private Bag X9000, Saxonwold, 2132), or proxy@computershare.co.za, to be received by them no later than 12:00 on Monday, 28 June 2021 or (ii) thereafter emailed to the Transfer Secretaries at the aforementioned email address (for the attention of the chairperson of the General Meeting) at any time before the proxy exercises any rights of the Adapt IT Shareholder at such General Meeting.
3. Adapt IT Shareholders should note that, as trade in Adapt IT Shares on the JSE is settled in the electronic settlement system used by Strate, settlement of trades takes place 3 Business Days after the date of such trades. Therefore, Adapt IT Shareholders who acquire Adapt IT Shares on the JSE after the voting last day to trade, expected to be on Tuesday, 22 June 2021 being the last day to trade in Adapt IT Shares so as to be recorded in the Register on the Scheme voting record date, will not be entitled to vote at the General Meeting.
4. Adapt IT Shareholders who wish to exercise their Appraisal Rights are referred to Annexure 5 of the Circular for purposes of determining the relevant timing for the exercise of their Appraisal Rights.
5. The exercise of Appraisal Rights may result in changes to the above salient dates and times and Adapt IT Shareholders will be notified separately of the applicable dates and times resulting from any such changes.
6. Adapt IT Shareholders who wish to exercise their right in terms of section 115(3) of the Companies Act, to require the approval of a court for the Scheme should refer to Annexure 5 of the Circular which includes an extract of section 115 of the Companies Act. Should Adapt IT Shareholders exercise their rights in terms of section 115(3) of the Companies Act, the dates and times set out above may change, in which case an updated timetable will be released on SENS.
7. Dematerialised Adapt IT Shareholders, other than those with own-name registration, must provide their CSDP or broker with their instructions for voting at the General Meeting by the cut-off time and date stipulated by their CSDP or broker in terms of their respective custody agreements between them and their CSDP or broker.
8. No dematerialisation or rematerialisation of Adapt IT Shares may take place from the commencement of business on the business day following the Scheme LDT. The Scheme LDT is expected to be on Tuesday, 30 November 2021.
9. If the General Meeting is adjourned or postponed, the above dates and times will change, but the forms of proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting.
10. Although the salient dates and times are stated to be subject to change, such statement shall not be regarded as consent or dispensation for any change to time periods which may be required in terms of the Companies Act, the Companies Regulations and the JSE Listings Requirements, where applicable, and any such consents or dispensations must be specifically applied for and granted.
11. Should a Standby Offer trigger event occur, (being when (i) any condition precedent to the Scheme is not fulfilled and, where applicable, not waived, or (ii) the Scheme otherwise lapses or fails) all dates and times pertinent to the Standby Offer will be published on SENS and in the press, subject to the approval of the JSE and the Takeover Regulation Panel, to the extent required.
12. All times referred to in this announcement are references to South African Standard Time.

7. References to the Huge Offer in the Circular

- 7.1. The Circular contains references to the offer by Huge Group Limited ("**Huge**") to acquire all, or any, of the Adapt IT Shares held by Adapt IT Shareholders ("**Huge Offer**"). The statements contained in the Circular relating to the Huge Offer were made, and are true, as at the last practicable date before the Circular was finalised, being Wednesday, 26 May 2021.
- 7.2. The Independent Board has noted the announcement released on SENS by Huge on Friday, 28 May 2021, increasing the consideration offered to Adapt IT Shareholders ("**Revised Huge Offer**").
- 7.3. As disclosed in the announcement released by Adapt IT on SENS yesterday, Monday 31 May 2021, the Independent Board is in process of obtaining a revised opinion from the Independent Expert on the

Revised Huge Offer and is required to announce both the Independent Expert's revised opinion and the Independent Board's updated opinion and recommendation regarding the Revised Huge Offer to Adapt IT Shareholders by no later than Friday, 4 June 2021.

- 7.4. Shareholders are advised to take no action regarding the Revised Huge Offer until they have considered the Independent Expert's revised opinion and the Independent Board's new opinion and recommendation on the Revised Huge Offer.

8. Independent Board Responsibility Statement

The Independent Board accepts responsibility for the information contained in this announcement which relates to Adapt IT and confirms that, to the best of its knowledge and belief, the information contained in this announcement is true and nothing has been omitted which is likely to affect the importance of the information.

9. Volaris Board Responsibility Statement

The board of directors of Volaris accepts responsibility for the information contained in this announcement which relates to Volaris and confirms that, to the best of its knowledge and belief, the information contained in this announcement is true and nothing has been omitted which is likely to affect the importance of the information.

Johannesburg

1 June 2021

Sponsor

Merchantec Capital

Financial Adviser to Adapt IT

The Standard Bank of South Africa Limited

Legal Adviser to Adapt IT

Webber Wentzel

Independent Expert to Adapt IT

Nodus Capital TS Proprietary Limited

Transaction Advisor to Volaris

PSG Capital

Legal Advisor to Volaris

Cliffe Dekker Hofmeyr