



Canadian software group, Volaris, makes a cash offer to acquire Adapt IT

Wednesday, 07 April 2021. JSE-listed technology company, Adapt IT Holdings Limited (“Adapt IT”), has received a notice of firm intention to make an offer to acquire more than 50% of the issued ordinary shares of Adapt IT for a cash consideration of 650 cents per share.

The cash consideration represents a premium of 56.9% to the 30-day volume weighted average traded price of Adapt IT shares on the JSE of 414 cents, as at 26 January 2021, being the last trading date prior to the date on which the general offer by Huge Group Limited (“Huge Group”) to Adapt IT shareholders was announced.

The offer will be made by Volaris Group Inc or its wholly-owned subsidiary (“Volaris”), a Canadian software company. Volaris is a subsidiary of Toronto listed Constellation Software Inc. (TSX:CSU).

The offer will be made by way of a scheme of arrangement to be proposed by Adapt IT to their shareholders. If the scheme is not proposed or fails, Volaris will make a general offer to the Adapt IT shareholders to acquire at least 50% of Adapt IT shares. If the scheme is implemented, Adapt IT shareholders will be entitled to elect to retain all or part of their Adapt IT shares and remain invested in Adapt IT as a delisted company.

Irrevocable undertakings have been given to Volaris to vote in favour of the scheme and the delisting resolution by shareholders holding 21.6% of Adapt IT shares excluding treasury shares. Volaris has provided a bank guarantee for the maximum possible purchase consideration to the Takeover Regulation Panel.

The Volaris offer is an alternative to, and materially in excess of, the unsolicited all-share offer that Adapt IT received on 27 January 2021 from Huge Group to acquire up to all of the issued shares of Adapt IT. Huge Group made an offer to Adapt IT shareholders in the ratio of 0.9 Huge Group shares for every Adapt IT ordinary share. That swap ratio is based on a reference price of 613 cents per Huge Group share and implied an offer price of 552 cents per Adapt IT share, but the subsequent reduction in the trading price of Huge Group shares would imply an even lower offer price per Adapt IT share.

In the event that the Volaris offer becomes operative, the listing of the Adapt IT shares on the JSE will, subject to compliance with the listings requirements of the JSE, be terminated if the delisting is approved by Adapt IT shareholders.

The Volaris offer is subject to all the applicable regulatory approvals, including the conditions set out in the SENS announcement outlining the details of the offer. The Volaris offer is also subject to Volaris acquiring more than 50% of the Adapt IT shares.





Founded in Toronto, Canada in 1995, Constellation Software, the parent company of Volaris, is an international provider of market-leading vertical market software and services to a number of industries, both in the public and private sectors. Its mission is to acquire, manage and build market-leading software businesses that develop specialised software solutions.

Constellation Software has a customer base of over 125 000 customers operating in over 100 countries around the world with over 27 000 employees generating revenues exceeding USD 3.8 billion.

“The successful conclusion of the Volaris offer would result in a well-governed and diversified South African technology company being backed by a well-capitalised leading global technology firm keen to support further growth. Adapt IT would come to represent Volaris’ interests on the African continent, a region in which Volaris currently has limited presence but intends to grow in the coming years. The Volaris offer would result in much needed direct foreign investment in South Africa, additional growth capital being invested into the country and skills transfer, all to the benefit of Volaris, Adapt IT, South Africa and stakeholders in general,” reads the Volaris offer letter.

Following the offer from Huge Group, Adapt IT constituted an Independent Board to evaluate the Huge Group offer, and any subsequent offers received by the shareholders of Adapt IT, with the assistance of Independent Advisors. The Independent Board is therefore evaluating the Volaris offer.

Adapt IT’s Independent Non-executive Chairman, Craig Chambers, commented: “The Independent Board of Adapt IT has taken note of Volaris’s firm intention to make an offer. Further details of the offer from Volaris will be included in a circular to shareholders which will contain terms of the scheme of arrangement and general offer together with the Independent Board’s opinion and recommendation. Salient dates in relation to the Transaction will be published on SENS and in the press at the time of posting of the Circular, which is expected on or about 31 May 2021.

As regards to the Huge Group general offer to Adapt IT shareholders, as appears from the announcement by Huge Group on SENS on 7 April 2021, the circular on the Huge Group’s general offer due to be issued by 6 April is now expected on or before 16 April 2021. Accordingly, Adapt IT shareholders are advised not to make any decisions or take any actions until the Independent Board of Adapt IT has provided shareholders with its response on the Huge Group offer.

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About Adapt IT

Adapt IT is a provider of leading specialised software and digitally-led business solutions that assist clients across the targeted industries to **Achieve more** by improving their Customer Experience, Core Business Operations, Business Administration, Enterprise Resource Planning and Public Service Delivery. Adapt IT is a Level 1 B-BBEE contributor. For more information, visit: www.adaptit.com

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