



## Adapt IT and Volaris issue circular on proposed transaction to Shareholders

**Tuesday, 01 June 2021.** JSE-listed technology company, Adapt IT Holdings Limited (“Adapt IT” or “the company”), and Volaris Group Inc. (“Volaris”) have issued a joint circular to shareholders of Adapt IT (“Adapt IT Shareholders”) detailing the cash offer by Volaris to acquire up to 100% of the issued shares of Adapt IT (“Adapt IT Shares”) as announced on 7 April 2021.

The circular contains details of the rationale for the offer by Volaris, the report of Nodus Capital TS Proprietary Limited being the independent expert appointed to report on the Volaris offer (in the form of a fair and reasonable opinion) (“Independent Expert”), the opinion and recommendation of the Independent Board of Adapt IT (“Independent Board”) as well as the notice of a general meeting of Adapt IT Shareholders.

Volaris has offered to acquire Adapt IT Shares for a cash consideration of R6.50 per Adapt IT share, which offer is proposed to be implemented by way of a scheme of arrangement (“Scheme”) or, if the Scheme is not proposed or fails, a general standby offer (“Standby Offer”). The Volaris offer represents a premium of 56.3% to the closing price of Adapt IT Shares on the JSE Limited (“JSE”) of R4.16, as at 1 April 2021, being the last trading date prior to the date on which Volaris and Adapt IT entered into an agreement in relation to the Volaris offer.

In terms of the Scheme, Adapt IT Shareholders can elect to exit their shareholding (“Exit Election”) by selling all or part of their Adapt IT Shares to Volaris or continue to be invested in Adapt IT by retaining all or part of their Adapt IT Shares (“Continuation Election”). Should Adapt IT Shareholders not make an election, they will be deemed to have made the Exit Election in respect of their shares.

The Independent Expert has concluded that a fair value range for Adapt IT is between R7.00 to R9.09 per share and, as such, the R6.50 offer by Volaris is unfair but reasonable to Adapt IT Shareholders.





The Independent Board has considered the Independent Expert's opinion (with which it agrees) and concluded that the Volaris offer of R6.50 per Adapt IT Share is unfair but reasonable to Adapt IT Shareholders. In making its conclusion, the Independent Board has considered that although the Volaris offer is at a significant premium to the traded price of Adapt IT Shares at the time of the announcement, it is below the range which the Independent Board considers to be the fair value of Adapt IT Shares.

The Volaris offer, however, presents an opportunity for Adapt IT Shareholders to realise their investment for cash at the price of R6.50 per Adapt IT Share, which the Independent Board regards as a reasonable opportunity for Adapt IT Shareholders to realise their investment given Adapt IT's recent trading history prior to the Volaris Offer. As such, although 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 Independent Board recommends that Adapt IT Shareholders who wish to realise their investment at a price of R6.50 per Adapt IT Share vote in favour of the Scheme and make the Exit Election, and in the event that the Scheme fails, such shareholders should accept the Standby Offer. Adapt IT Shareholders who do not wish to realise their investment at R6.50 should make the Continuation Election and, in the event that the Scheme fails, should not accept the Standby Offer.

If Volaris elects to increase the offer within the fair range (R7.00 to R9.09), which could take place up to 7 business days before the Adapt IT Shareholders meeting to vote on the transaction and resolutions required to effect the transaction, this would require a new Independent Expert Opinion and a reconsideration of the Independent Board's recommendation and opinion. Should this eventuate, the outcome of such new opinion and updated recommendation and opinion will be made known to Adapt IT Shareholders.

A general meeting of Adapt IT Shareholders will be held on Wednesday, 30 June 2021 to vote on the resolutions required to approve the Scheme and, if applicable, the delisting resolutions.

Adapt IT Shareholders holding 47.7% of Adapt IT Shares have provided irrevocable undertakings to Volaris, undertaking to vote in favour of the resolutions to be proposed at the general meeting including the resolution





proposing the Scheme and, if Volaris increases its offer such that the Independent Board and Independent Expert revise their opinions and state that the Volaris offer is fair, resolutions for the delisting of Adapt IT.

Shareholders are reminded that even if resolutions for delisting Adapt IT are not proposed or passed at the general meeting, Adapt IT may be delisted if, following the implementation of the Scheme (should it be successful), Adapt IT no longer meets the minimum public shareholder spread requirements of the JSE and therefore no longer qualify for listing.

Adapt IT has taken note of the announcement made by Huge Group Limited (“Huge”) on the increase of its offer consideration. Huge’s statement that the Huge offer consideration amounts to 909 cents per Adapt IT Share implies a Huge Share price of 664 cents, being the upper end of the valuation range of a Huge share as determined by the opinion of the Independent Expert. Based on the closing price of a Huge share of 526 cents on 27 May 2021, being the last day prior to the revision of the Huge offer consideration, the actual revised offer consideration equates to 721 cents per Adapt IT Share.

The Independent Board has engaged the Independent Expert to provide a revised opinion on the Huge offer (in the light of the increased consideration). The Independent Board aims to communicate the revised opinion of the Independent Expert and provide its views on the increased Huge offer consideration to Adapt IT Shareholders by no later than Friday, 4 June 2021.

Adapt IT therefore recommends that Adapt IT shareholders should not make any decisions, take any actions or provide any undertakings in relation to the Huge offer and/or revised Huge offer consideration, until they have received and considered the opinion of the Independent Board and the revised Independent Expert opinion.

### **Adapt IT Independent Board Responsibility Statement**

The Independent Board accepts responsibility for the information contained in this press release and certifies that, to the best of its knowledge and belief, the information contained in this press release is true and nothing has been omitted which is likely to affect the importance of the information.

**- ENDS -**



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Links to Circular, SENS and Previous Announcement:

1) **Volaris Group Inc. and Adapt IT Response Circular as at 1 June 2021:**

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

2) **Latest SENS announcement can be found here:**

<https://www.adaptit.com/latest-announcements>

3) **Refer to press release issued on 7 April 2021 when the Volaris offer was announced:**

[https://f.hubspotusercontent40.net/hubfs/1848095/PressRelease/Adapt%20IT\\_Volaris%20Firm%20Intention%20Announcement%2007042021.pdf](https://f.hubspotusercontent40.net/hubfs/1848095/PressRelease/Adapt%20IT_Volaris%20Firm%20Intention%20Announcement%2007042021.pdf)

### 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](http://www.adaptit.com)

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