THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 6 of this Circular apply, *mutatis mutandis*, throughout this Circular.

If you are in any doubt as to what action you should take arising from this Circular, please consult your broker, CSDP, attorney, accountant, banker or other professional adviser immediately.

If you have disposed of all of your Adapt IT Shares, please forward this Circular to the purchaser of such shares or to the broker, CSDP, attorney, accountant or other agent through whom the disposal was effected.

Adapt IT Shareholders are referred to page 4 of this Circular, which sets out the action required of them.

Adapt IT does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of any Dematerialised Shareholders to notify such Dematerialised Shareholders of this Circular or its contents.

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**")

RESPONSE CIRCULAR IN RESPECT OF THE HUGE OFFER TO ADAPT IT SHAREHOLDERS

regarding:

- **the opinion of the Independent Board that the Huge Offer is unfair and unreasonable and the recommendation of the Independent Board that Adapt IT Shareholders reject the offer by Huge to acquire all, or any, of the Adapt IT Shares held by Adapt IT Shareholders, as detailed in the Huge Offer Circular;**

and incorporating:

- **the opinion of the Independent Expert appointed by the Independent Board that the Huge Offer is unfair and unreasonable.**

Sponsor to Adapt IT

Merchantec capital

Financial Adviser to Adapt IT

Standard Bank

Legal Adviser to Adapt IT

WEBBER WENTZEL in alliance with Linklaters

Independent Expert

nodus

Date of issue: Monday, 17 May 2021

This Circular is available in English only. Copies of this Circular may be obtained during normal business hours from the registered offices of Adapt IT and Merchantec Capital at the respective addresses set out in the "Corporate information and advisers" section of this Circular and on Adapt IT's website, www.adaptit.com, from the date of issue of this Circular until the Closing Date, both days inclusive.

CORPORATE INFORMATION AND ADVISERS

Registered office of Adapt IT
Adapt IT Holdings Limited
(Registration number 1998/017276/06)
152 14th Road
Midrand, 1682
(Adapt IT Johannesburg Campus,
152 14th Road, Midrand, 1682)

Place of Incorporation: South Africa
Date of incorporation: 1 September 1998

Company Secretary
Statucor Proprietary Limited
(Registration number 1989/005394/07)
Wanderers Office Park
52 Corlett Drive
Illovo, Sandton, 2196
(Private Bag X60500, Houghton, 2041)

Legal Adviser
Webber Wentzel
90 Rivonia Road
Sandton, 2196
(PO Box 61771, Marshalltown, 2107)

Sponsor
Merchantec Capital
(Registration number 2008/027362/07)
13th Floor, Illovo Point
68 Melville Road
Illovo, Sandton, 2196
(PO Box 41480, Craighall, 2024)

Independent Expert
Nodus Capital TS Proprietary Limited
(Registration number 2014/226782/07)
Building 2, Commerce Square Office Park
39 Rivonia Road
Sandhurst, 2196
(PO Box 553696, Northlands, 2116)

Financial Adviser
The Standard Bank of South Africa Limited
(Registration number 1962/000738/06)
30 Baker Street
Rosebank, 2196
(PO Box 7725, Johannesburg, 2000)

Transfer Secretaries
Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
(Private Bag X9000, Saxonwold, 2132)

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IMPORTANT INFORMATION AND NOTICES TO ADAPT IT SHAREHOLDERS

On 3 February 2021, the Board constituted an Independent Board in accordance with the Companies Act and the Companies Regulations.

Following the Independent Board's review of the Huge Offer Circular and the Independent Expert Opinion, the Independent Board has considered the Huge Offer and the Huge Offer Consideration. After considering the Independent Expert Opinion, with which the Independent Board agrees, the Independent Board has formed the following opinions and views which it provides for the benefit of Adapt IT Shareholders:

- the Huge Offer Consideration is unfair and unreasonable to Adapt IT Shareholders:
- a fair price range for Adapt IT is R7.00 to R9.09 per Adapt IT Share;
- the Huge Offer Consideration is materially below that fair price range;
- although the Huge Offer Consideration is higher than the traded price of Adapt IT at the time when the Huge Offer was first announced, the announcement of the Volaris Offer and subsequent trading in Adapt IT Shares as well as the qualitative considerations and concerns around the form and value of the Huge Offer Consideration prevent the Independent Board from concluding that the Huge Offer Consideration is reasonable.
- The announcement of the Volaris Offer and subsequent trading in Adapt IT Shares in response to the Volaris Offer has resulted in trading at prices significantly above the value offered in the Huge Offer. As a result, Adapt IT Shareholders who wish to realise their Adapt IT Shares have alternative opportunities to do so for cash at a price greater than that of the Huge Offer;
- The qualitative considerations arise from the fact that the Huge Offer Consideration is in the form of Huge Shares, the value of which raises the issue that a significant liquidity disadvantage attaches to the Huge Shares. Huge has acknowledged that liquidity in the trading of Adapt IT Shares is greater than that of trading in Huge Shares. The result is that Adapt IT Shareholders who accept the Huge Offer will receive Huge Shares which are not as easily tradeable as Adapt IT Shares. Even if in theory all Adapt IT Shareholders were to accept the Huge Offer and that resulted in an improvement in the liquidity of Huge Shares in the future, the probability is that that liquidity would still be less than the current liquidity in Adapt IT Shares. Moreover, it is apparent from the response to the Volaris Offer that not all Adapt IT Shareholders intend to accept the Huge Offer, which means that if a minority of Adapt IT Shareholders accept the Huge Offer and acquire Huge Shares, they will hold a less liquid Huge Share without the benefit of any improvement in the liquidity of Huge Shares that would result from all Adapt IT Shareholders acquiring Huge Shares;
- The fact that the Huge Offer Consideration is in the form of Huge Shares means that Adapt IT shareholders who accept the Huge Offer would become investors in Huge and, through their shareholding in Huge, remain indirect investors in Adapt IT, which in turn means that they should be aware of the following views of the Independent Board:
  - subject to Huge strategy and synergies - Adapt IT has been successful in following its strategy, which is to grow as a vertical market software company and we do not see any valuable synergies that would emerge from the combination of Adapt IT and Huge;
  - BEE – Huge's BEE Status is "Non-Compliant" and this would adversely affect Adapt IT:
    - the Huge group BEE Status is "Non-Compliant". With only 9.9 B-BBEE scorecard points (out of a possible 120 points) Huge falls 45.1 points below the minimum 55 points required to achieve the lowest Compliant BEE status, Level 8; and
    - the Huge Offer Circular states that Adapt IT Proprietary Limited, the main trading entity of Adapt IT, which is a Level 1 Contributor, will remain a Level 1 Contributor even if the acceptances of the Huge Offer are 100%. This cannot be correct without substantial changes in Huge's own BEE compliance, none of which have been proposed or described, in the Huge Offer Circular and must therefore be discounted. In the absence of such substantial changes on the part of Huge, there is a concern that the BEE status of Adapt IT Proprietary Limited would drop from Level 1 to Level 6, undoing a decade of transformation and posing a substantial risk to Adapt IT, including putting Adapt IT in breach of several major customer contracts which have contractual undertakings regarding the maintenance of Adapt IT's BEE Scorecard level.
- **ACCORDINGLY, THE INDEPENDENT BOARD RECOMMENDS THAT ADAPT IT SHAREHOLDERS DO NOT ACCEPT THE HUGE OFFER.**
- **No action should be taken by Adapt IT Shareholders in connection with the Huge Offer.**

TRP Compliance

Shareholders should take note that the TRP does not consider the commercial advantages or disadvantages of an affected transaction when it certifies that a transaction complies with the applicable legal requirements.

IMPORTANT INFORMATION

This Circular has been prepared for the purposes of complying with the Companies Act, the Companies Regulations published in terms thereof and the Listings Requirements and, accordingly, the information disclosed may not be the same as that which would have been disclosed had this Circular been prepared in accordance with the laws and regulations of any jurisdiction outside of South Africa.

The release, publication or distribution of this Circular in jurisdictions other than South Africa may be restricted by law, and any person who is subject to the laws of any jurisdiction other than South Africa should therefore inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction.

Forward-looking statements

Statements in this Circular include "forward-looking statements" that express or imply expectations of future events or results. These statements include financial projections and estimates and their underlying assumptions, and statements regarding plans, objectives and expectations with regard to future operations, products and services, and statements regarding future performance. Forward-looking statements are generally identified by the words "anticipates", "believes", "estimates", "expects", "intends" and similar expressions. All forward-looking statements involve a number of risks, uncertainties and other factors, and Adapt IT and/or the Independent Board cannot give assurances that those statements will prove to be correct. Risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied by the forward-looking statements include, without limitation, changes in the economic or political situation in South Africa. Although Adapt IT and the Independent Board believe that the expectations reflected in the forward-looking statements are reasonable, Adapt IT Shareholders are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally outside the control of Adapt IT and the Independent Board, that could cause actual events or results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. Adapt IT and the Independent Board do not undertake to update any forward-looking information or statements.

Foreign shareholders

This Circular has been prepared for the purposes of complying with the laws of South Africa and is subject to applicable laws and regulations in South Africa, including but not limited to the Companies Act and the Companies Regulations and the information disclosed may not be the same as that which would have been disclosed if this Circular had been prepared in accordance with the laws and regulations of any jurisdiction outside of South Africa. The Huge Offer contemplated in this Circular is also governed by the laws of South Africa and is subject to any applicable laws and regulations of South Africa, including but not limited to the Companies Act and the Companies Regulations.

The release, publication or distribution of this Circular in certain jurisdictions other than South Africa may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about, and observe any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction. It is the responsibility of each non-resident Shareholder to satisfy itself, himself or herself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Huge Offer, including the obtaining of any governmental, exchange control or other consents or the making of any filings which may be required, the compliance with other necessary formalities, the payment of any transfers or other taxes or other requisite payments due to such jurisdiction.

This Circular is not intended to, and does not constitute, or form part of, an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction in which such an invitation, offer or solicitation would be unlawful. This Circular does not constitute a prospectus or a prospectus equivalent document. Shareholders are advised to read this Circular and the Huge Offer Circular, which contains the full terms and conditions of the Huge Offer, with care. Any decision to accept the Huge Offer or any other response to the proposals should be made only on the basis of the information in this Circular, the Huge Offer Circular and the information published on SENS by Huge and Adapt IT relating to the Huge Offer.

Adapt IT Shareholders who are in doubt as to their position, including, without limitation, their tax status, should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

ACTION REQUIRED BY ADAPT IT SHAREHOLDERS

The Independent Board recommends that Adapt IT Shareholders reject the Huge Offer. To reject the Huge Offer, Adapt IT Shareholders should take no action with regard to the Huge Offer.

Please take careful note of the following provisions regarding the action required by Adapt IT Shareholders:

1. If you are in any doubt as to the action you should take arising from this Circular, please consult your broker, CSDP, attorney, accountant, banker or other professional adviser immediately.
2. If you have disposed of all of your Adapt IT Shares, this Circular should be handed to the purchaser of such Adapt IT Shares or to the broker, CSDP, banker, attorney or other agent through whom the disposal was effected.
3. The options available to you are:
   - to reject the Huge Offer;
   - to accept the Huge Offer in respect of all or any of your Adapt IT Shares; or
   - to dispose of your Adapt IT Shares on the JSE.

If you wish to reject the Huge Offer, you do not need to take any further action.

If you wish to accept the Huge Offer, you must do so in the manner described in the Huge Offer Circular.

IMPORTANT DATES AND TIMES OF THE HUGE OFFER

The Independent Board recommends that Adapt IT Shareholders reject the Huge Offer. To reject the Huge Offer, Adapt IT Shareholders should take no action with regard to the Huge Offer.

The important dates and times of the Huge Offer are set out in the Huge Offer Circular.

DEFINITIONS AND INTERPRETATIONS

In this Circular and the annexures hereto, unless the context otherwise indicates, references to the singular include the plural and *vice versa,* words denoting one gender include the others, expressions denoting natural persons include juristic persons and associations of persons and *vice versa*, and the words in the first column hereunder have the meaning stated opposite them in the second column, as follows:

"Adapt IT" or **"the Company"**	Adapt IT Holdings Limited (registration number 1998/017276/06), a public company duly registered and incorporated in accordance with the laws of South Africa and listed on the JSE;
"Adapt IT Group" or **"Group"**	Adapt IT and its Subsidiaries;
"Adapt IT Shareholder(s)" or **"Shareholder(s)"**	holders of Adapt IT Share(s);
"Adapt IT Share(s)" or **"Share(s)"**	ordinary Share(s) of no par value in the authorised and issued share capital of Adapt IT;
"B-BBEE"	Broad Based Black Economic Empowerment;
"BEE"	Black Economic Empowerment;
"Board" or **"Directors"**	the board of directors of Adapt IT at the Last Practicable Date;
"Business Day"	any day other than a Saturday, Sunday or a public holiday in South Africa;
"Certificated Shareholder"	an Adapt IT Shareholder who holds Certificated Shares;
"Certificated Share"	an Adapt IT Share that has not been Dematerialised, title to which is evidenced by a Document of Title;
"Circular"	this response circular to Adapt IT Shareholders recorded in the Register on Friday, 7 May 2021, being the distribution record date, dated Monday, 17 May 2021, including the annexures hereto;
"Closing Date"	the date on which the Huge Offer will close, which will be Friday, 23 July 2021;
"Companies Act"	the Companies Act (No 71 of 2008) as amended;
"Companies Regulations"	the Companies Regulations, 2011, issued in terms of the Companies Act, as amended;
"Computershare Investor Services" or **"Transfer Secretaries"**	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company duly incorporated in accordance with the laws of South Africa and the transfer secretaries to Adapt IT;
"CSDP"	Central Securities Depository Participant, accepted as a participant in terms of the Financial Markets Act;
"Dematerialisation"	the process by which Certificated Shares are converted into electronic format as Dematerialised Shares and recorded in Adapt IT's Uncertificated Securities Register and "Dematerialised" shall be construed accordingly;
"Dematerialised Shareholder"	an Adapt IT Shareholder who holds Dematerialised Shares;
"Dematerialised Share"	an Adapt IT Share that has been Dematerialised or has been issued in Dematerialised form, and recorded in Adapt IT's Uncertificated Securities Register;
"Documents of Title"	share certificates, certified transfer deeds, balance receipts and/or any other form of documents of title acceptable to Adapt IT in respect of Adapt IT Shares;
"Financial Adviser" or "Standard Bank"	The Standard Bank of South Africa Limited (registration number 1962/000738/06), a public company duly registered and incorporated in accordance with the laws of South Africa and the Financial Adviser to Adapt IT;
"Financial Markets Act"	the Financial Markets Act, 2012 (Act 19 of 2012), as amended;
"Firm Intention Announcement"	the announcement by Adapt IT setting out the terms of a firm intention by Huge to make the Huge Offer, as released on SENS on 3 February 2021;
"Huge"	Huge Group Limited (registration number 2006/023587/06), a public company duly registered and incorporated in accordance with the laws of South Africa and listed on the JSE;
"Huge Offer"	the offer by Huge to acquire all, or any, of the Adapt IT Shares held by Adapt IT Shareholders, as detailed in the Huge Offer Circular;
"Huge Offer Circular"	the bound document dated Friday, 16 April 2021, distributed to Adapt IT Shareholders, by Huge, including its annexures and attachments;
"Huge Offer Consideration"	the consideration pursuant to the Huge Offer, which consideration shall be discharged by Huge issuing to each Adapt IT Shareholder that accepts such offer, Huge Shares at a swap ratio of 0.9 Huge Shares for each Adapt IT Share tendered;
"Huge Shares"	ordinary shares of R0.0001 each in the authorised and issued share capital of Huge;

“Independent Board”	the members of the Independent Board of Adapt IT established by the Board in accordance with Regulation 108(8) of the Companies Regulations for purposes of considering the Huge Offer, comprising at the date of this Circular Mr Craig Chambers, Mr Oliver Fortuin, Ms Zizipho Nyanga and Ms Catherine Koffman;
“Independent Expert” or **“Nodus Capital”**	Nodus Capital TS Proprietary Limited (registration number 2014/226782/07), a private company duly incorporated in accordance with the laws of South Africa, being the independent expert as described in section 114(2) of the Companies Act, appointed by the Independent Board in terms of Companies Regulation 110(1);
“Independent Expert Opinion”	the report prepared by the Independent Expert in accordance with Regulation 90 of the Companies Regulations, set out in Annexure 1 of this Circular;
“JSE”	JSE Limited (registration number 2005/022939/06), a public company duly incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act;
“Last Practicable Date”	Friday, 7 May 2021, being the last practicable date prior to the finalisation of this Circular;
“Legal Adviser” or **“Webber Wentzel”**	Webber Wentzel, a partnership of attorneys practicing in South Africa and the legal adviser to Adapt IT;
“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time by the JSE;
“Merchantec Capital” or **“Sponsor”**	Merchantec Proprietary Limited (registration number 2008/027362/07), a private company duly registered and incorporated in accordance with the laws of South Africa and the Sponsor to Adapt IT;
“Offeree”	an Adapt IT Shareholder to whom the Huge Offer is made and who may accept the Offer, being a person who is a Certificated Shareholder or a Dematerialised Shareholder on the Record Date;
“Offer Period”	the period from 09:00 on the Opening Date to 12:00 on the Closing Date, both days inclusive (which period may, subject to the approval of the TRP, be extended by Huge);
“Offer Shares”	all Adapt IT Shares held by the Offerees;
“Opening Date”	the opening date in respect of the Huge Offer, being 09:00 on Monday, 19 April 2021;
“Rand” or **“R”** or **“cents”**	South African Rand or cents, the official currency of South Africa;
“Record Date”	the latest date and time at which an Adapt IT Shareholder may be recorded in the Register in order to accept the Huge Offer, being 12:00 on the Closing Date;
“Register”	Adapt IT’s securities register, including the Uncertificated Securities Register;
“SENS”	the Stock Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“Strate”	the settlement and clearing system used by the JSE, managed by Strate Proprietary Limited (registration number 1998/022242/07), a private company duly incorporated in accordance with the laws of South Africa;
“Subsidiary”	a subsidiary as defined in the Companies Act;
“TRP”	the Takeover Regulation Panel established by section 196 of the Companies Act;
“Uncertificated Securities Register”	the record of Dematerialised Shares administered and maintained by a CSDP and which forms part of the Register;
“VAT”	value-added tax levied in terms of the Value-added Tax Act (No. 89 of 1991) as amended;
“Volaris”	Volaris Group Inc. (corporation number 002277095) a corporation incorporated under the Laws of Canada; and
“Volaris Offer”	the offer received from Volaris, regarding its firm intention to acquire control of Adapt IT through the acquisition of up to 100% of the issued ordinary shares (excluding treasury shares) of Adapt IT, by way of a scheme of arrangement or, if the scheme of arrangement is not proposed or fails, a general offer; the details of which are set out in the announcement released on SENS on 7 April 2021.

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**")

Directors

Executive
Sbu Shabalala (*Chief Executive Officer on leave*)
Tiffany Dunsdon *(interim Chief Executive Officer)*
Nombali Mbambo (*Chief Financial Officer*)
Antonio Vicente (*Chief Strategy Officer*)
Independent Non-executive
Craig Chambers (*Chairperson*)
Oliver Fortuin (*Lead Independent Director*)
Catherine Koffman
Zizipho Nyanga

RESPONSE CIRCULAR IN RESPECT OF THE HUGE OFFER TO ADAPT IT SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

Huge distributed its Circular to Adapt IT Shareholders on Friday, 16 April 2021 in order to make a general offer to Adapt IT Shareholders to acquire up to 100% of the Adapt IT Shares for the Huge Offer Consideration, which consideration shall be discharged by Huge issuing, Huge Shares at a swap ratio of 0.9 Huge Shares for each Adapt IT Share tendered.

The Huge Offer Circular sets out, *inter alia*, the terms of, and Huge's rationale for the Huge Offer.

The Huge Offer is classified as an affected transaction as defined in section 117 of the Companies Act and is regulated by the Companies Act. the Companies Regulations and the Listings Requirements.

In accordance with the requirements of the Companies Act, the Board of Adapt IT has constituted an Independent Board comprising the following independent non-executive directors:

- Craig Chambers (*Chairperson*);
- Oliver Fortuin;
- Catherine Koffman; and
- Zizipho Nyanga.

The purpose of this Circular is to provide Adapt IT Shareholders with:

- the opinion of the Independent Expert, Nodus Capital, who is of the opinion that the Huge Offer is unfair and unreasonable;
- the opinion of the Independent Board that the Huge Offer is unfair and unreasonable and the recommendation of the Independent Board that Adapt IT Shareholders should reject the Huge Offer and take no further action in respect thereof; and
- comment on certain statements contained in the Huge Offer Circular which the Independent Board believes require clarification.

The terms of the Huge Offer are set out in the Huge Offer Circular.

2. THE INDEPENDENT EXPERT OPINION

The Independent Expert has, in accordance with Regulation 90 of the Companies Regulations, performed a valuation of the Offer Shares and the Huge Offer Consideration and provided the Independent Expert Opinion to the Independent Board.

Taking into consideration the terms and conditions of the Huge Offer and based on the results of the procedures performed, detailed valuation work and other considerations, as set forth in the Independent Expert Opinion, the Independent Expert is of the opinion that the Huge Offer Consideration is unfair and unreasonable to Adapt IT Shareholders. The Independent Expert Opinion is included in Annexure 1 to this Circular.

3. INDEPENDENT BOARD'S OPINION AND RECOMMENDATION REGARDING THE HUGE OFFER

Following the Independent Board's review of the Huge Offer Circular and the Independent Expert Opinion, the Independent Board has considered the Huge Offer and the Huge Offer Consideration. After considering the Independent Expert Opinion, with which the Independent Board agrees, the Independent Board has formed the following opinions and views which it provides for the benefit of Adapt IT Shareholders:

- the Huge Offer Consideration is unfair and unreasonable to Adapt IT Shareholders:
- a fair price range for Adapt IT is R7.00 to R9.09 per Adapt IT Share;
- the Huge Offer Consideration is materially below that fair price range;
- although the Huge Offer Consideration is higher than the traded price of Adapt IT at the time when the Huge Offer was first announced, the announcement of the Volaris Offer and subsequent trading in Adapt IT Shares as well as the qualitative considerations and concerns around the form and value of the Huge Offer Consideration prevent the Independent Board from concluding that the Huge Offer Consideration is reasonable.
- The announcement of the Volaris Offer and subsequent trading in Adapt IT Shares in response to the Volaris Offer has resulted in trading at prices significantly above the value offered in the Huge Offer. As a result, Adapt IT Shareholders who wish to realise their Adapt IT Shares have alternative opportunities to do so for cash at a price greater than that of the Huge Offer;
- The qualitative considerations arise from the fact that the Huge Offer Consideration is in the form of Huge Shares, the value of which raises the issue that a significant liquidity disadvantage attaches to the Huge Shares. Huge has acknowledged that liquidity in the trading of Adapt IT Shares is greater than that of trading in Huge Shares. The result is that Adapt IT Shareholders who accept the Huge Offer will receive Huge Shares which are not as easily tradeable as Adapt IT Shares. Even if in theory all Adapt IT Shareholders were to accept the Huge Offer and that resulted in an improvement in the liquidity of Huge Shares in the future, the probability is that that liquidity would still be less than the current liquidity in Adapt IT Shares. Moreover, it is apparent from the response to the Volaris Offer that not all Adapt IT Shareholders intend to accept the Huge Offer, which means that if a minority of Adapt IT Shareholders accept the Huge Offer and acquire Huge Shares, they will hold a less liquid Huge Share without the benefit of any improvement in the liquidity of Huge Shares that would result from all Adapt IT Shareholders acquiring Huge Shares;
- The fact that the Huge Offer Consideration is in the form of Huge Shares means that Adapt IT shareholders who accept the Huge Offer would become investors in Huge and, through their shareholding in Huge, remain indirect investors in Adapt IT, which in turn means that they should be aware of the following views of the Independent Board:
  - subject to Huge strategy and synergies - Adapt IT has been successful in following its strategy, which is to grow as a vertical market software company and we do not see any valuable synergies that would emerge from the combination of Adapt IT and Huge;
  - BEE – Huge's BEE Status is "Non-Compliant" and this would adversely affect Adapt IT:
    - the Huge group BEE Status is "Non-Compliant". With only 9.9 B-BBEE scorecard points (out of a possible 120 points) Huge falls 45.1 points below the minimum 55 points required to achieve the lowest Compliant BEE status, Level 8; and
    - the Huge Offer Circular states that Adapt IT Proprietary Limited, the main trading entity of Adapt IT, which is a Level 1 Contributor, will remain a Level 1 Contributor even if the acceptances of the Huge Offer are 100%. This cannot be correct without substantial changes in Huge's own BEE compliance, none of which have been proposed or described in the Huge Offer Circular, and must therefore be discounted. In the absence of such substantial changes on the part of Huge, there is a concern that the BEE status of Adapt IT Proprietary Limited would drop from Level 1 to Level 6, undoing a decade of transformation and posing a substantial risk to Adapt IT, including putting Adapt IT in breach of several major customer contracts which have contractual undertakings regarding the maintenance of Adapt IT's BEE Scorecard level.

Accordingly, the Independent Board recommends that Adapt IT Shareholders do not accept the Huge Offer and that no action should be taken by Adapt IT Shareholders in connection with the Huge Offer.

4. INDEPENDENT BOARD'S VIEW ON THE VOLARIS OFFER

Regulation 106(7(a) of the Companies Regulations requires the Independent Board to provide its views on any other offer received within the Offer Period, or within six months prior to the Offer Period. The Volaris Offer was received during the Offer Period, but the Independent Board has not received any other firm offers during the Offer Period or within six months prior to the Offer Period.

4.1 The Volaris Offer will, if the conditions thereto are fulfilled or waived, provide Adapt IT Shareholders with an alternative to realise their Adapt IT Shares for a cash consideration of R6.50, which is higher than the implied price for Adapt IT Shares (R5.52) in the Huge Offer.

4.2 Adapt IT Shareholders are advised that the Independent Board has yet to formally opine on the Volaris Offer. Full details of the Volaris Offer, including the Independent Board's opinion, will be contained in a circular, expected to be distributed to Adapt IT Shareholders by no later than 4 June 2021.

5. COMMENT ON CERTAIN STATEMENTS CONTAINED IN THE HUGE OFFER CIRCULAR

In accordance with Regulation 106(7)(b) of the Companies Regulations, the Independent Board believes that certain statements contained in the Huge Offer Circular, detailed below, require comment by the Independent Board to ensure that Adapt IT Shareholders are correctly informed regarding these matters.

5.1 Paragraph 2.2.1.4(iii) of the Huge Offer Circular: "Rationale for the Offer"

Shareholders are advised to carefully consider the statements made in this paragraph. The Huge Offer Circular states that despite the limited trading of Huge Shares on the JSE, as a result of the concentration, this does not mean that the Huge Share is illiquid and cannot be converted to cash readily. It is important to highlight to Adapt IT Shareholders that shares with limited trading volumes on the JSE have an impaired ability to readily convert into cash equal to the trading price, such shares will likely have to be disposed of at a discount in order to convert them into cash within a short space of time.

5.2 Paragraph 2.2.1 of the Huge Offer Circular: "Rationale for the Offer"

Shareholders are advised to carefully consider the statements made in this paragraph. The Huge Offer Circular asserts that organic revenue growth in the last 24 months has been pedestrian which implies that growth through acquisition is key. Adapt IT has invested in its existing businesses, people and infrastructure, and sees an opportunity to capture organic growth.

5.3 Paragraph 3.5 of the Huge Offer Circular: "Conditions Precedent"

Shareholders are advised to carefully consider the statements made in this paragraph. The Huge Offer Circular provides in paragraph 3.5 that the Huge Offer is conditional on Huge receiving acceptances in relation to a minimum of 0.01% of the issued Adapt IT Shares and Huge being issued with a compliance certificate by the TRP.

Paragraph 3.5 does not disclose the following approvals that would be required if the Huge Offer was to be successful and result in Huge acquiring a significant portion of Adapt IT Shares:

5.3.1 as acknowledged by Huge in paragraph 3.11.2 of the Huge Offer Circular, section 41(3) of the Companies Act would require the approval of Huge's shareholders if the level of acceptances of the Huge Offer result in Huge having to issue Huge Shares which equal to or exceed 30% of the number of existing issued Huge Shares. If that 30% threshold were to be reached, Huge would not be able to issue shares pursuant to acceptances of the Huge Offer unless it had already obtained that approval. Huge announced that it has irrevocable undertakings from its shareholders to vote in favour of a resolution to provide that approval at a general meeting of Huge Shareholders. The circular giving notice to Huge shareholders of this meeting is expected to be posted on or before Friday, 28 May 2021.

5.3.2 Huge would also require the approval of the South African competition authorities if the acceptances received by Huge result in Huge gaining control of Adapt IT. Huge could not acquire 100% of the Adapt IT Shares without that approval.

6. FINANCIAL INFORMATION

6.1 Historical financial information

The audited annual financial statements of Adapt IT for the three years ended 30 June 2018, 30 June 2019 and 30 June 2020 as well as the unaudited interim results for the six months ended 31 December 2020 are set out in Annexure 2 of this Circular.

6.2 *Pro forma* financial information

Adapt IT Shareholders are referred to the Huge Offer Circular and, in particular:

- Annexure 3 - *Pro Forma* Financial Information required in terms of the Takeover Regulations; and
- Annexure 4 - Independent Reporting Accountants' Assurance Report on the *Pro Forma* Financial Information of Huge Group Limited required in terms of the Takeover Regulations,

The swap ratio of 0.9 Huge Shares for each Adapt IT Share has been applied to the *pro forma* financial information below to reflect the impact for an Adapt IT Shareholder.

	Before the Huge Offer	*Pro forma* after the Huge Offer	% Change
Basic earnings per Share (cents)	51.47[1]	50.73[3]	(1)
Headline earnings per Share (cents)	66.88[1]	57.05[3]	(15)
Net asset value per Share (cents)	543.85[2]	517.17[4]	(5)
Tangible net asset value per Share (cents)	(98.69)[2]	7.49[4]	92
Weighted average number of Shares in issue (millions)	137.262	296.379	
Total number of Shares in issue (millions)	137.262	296.379	

Notes

1. Extracted from Annexure 3 – *Pro Forma* Financial Information of the Huge Offer Circular (column 4 on page 36) and reflects the audited group results of Adapt IT for the year ended 30 June 2020.
2. Extracted from Annexure 3 – *Pro Forma* Financial Information of the Huge Offer Circular (column 4 on page 33) and reflects the audited group results of Adapt IT for the year ended 30 June 2020.
3. The "*Pro forma* after the Huge Offer" had been extracted from Annexure 3 – *Pro Forma* Financial Information of the Huge Offer Circular (column 7 on page 36), then multiplied by the swap ratio of 0.9.
4. The "*Pro forma* after the Huge Offer" had been extracted from Annexure 3 – *Pro Forma* Financial Information of the Huge Offer Circular (column 11 on page 33), then multiplied by the swap ratio of 0.9.

7. STATEMENT OF DIRECT AND INDIRECT BENEFICIAL INTERESTS IN SECURITIES

7.1 As at the Last Practicable Date, Adapt IT held no direct or indirect beneficial interests in Huge.

7.2 As at the Last Practicable Date, the Directors held no direct or indirect beneficial interests in Huge.

7.3 As at the Last Practicable Date, the Directors held the following direct and indirect beneficial interests in the Company:

	Beneficial		Total
Director	**Direct**	**Indirect**	**Shares**
Sbu Shabalala	14 316 646	-	14 316 646
Tiffany Dunsdon	1 900 000	2 600 000	4 500 000
Antonio Vicente (Tony)	650 000	-	650 000
Nombali Mbambo	318 115	-	318 115
	17 184 761	**2 600 000**	**19 784 761**

During the last 12 months there have been no resignations of Directors holding direct and indirect beneficial interest in the Company.

7.4 The Directors who hold Shares in the Company intend to reject the Huge Offer.

7.5 As at the Last Practical Date, the Adapt IT Board is unaware of the existence of any person who was committed to accept or reject the Huge Offer, although Volaris has disclosed that some Adapt IT Shareholders have given undertakings to support the Volaris Offer. Accordingly there are no direct or indirect beneficial interests in securities, nor dealings in such securities, nor actions to be effected in Huge to be disclosed in this Circular by any such person.

8. DEALINGS IN SECURITIES

8.1 Neither Adapt IT, nor any Director, have dealt for value in the Shares or other securities of the Company and/or Huge during the period beginning six months before the Offer Period and ending on the Last Practicable Date.

9. SERVICE CONTRACTS

9.1 There are no material provisions of an abnormal nature in respect of the Directors' service contracts which require disclosure but it is noted that:

9.1.1 the notice periods set out in those service contracts for termination of employment are three months; and

9.1.2 Tiffany Dunsdon is employed by an Australian Subsidiary of the Company and her employment is in terms of and governed by the laws of Western Australia.

9.2 No service contracts have been entered into or amended within the six month period preceding the Offer Period, although it is noted that, with effect from 10 May 2021, Tiffany Dunsdon assumed the role of interim Chief Executive Officer.

10. ARRANGEMENTS IN RELATION TO THE HUGE OFFER

10.1 No agreement exists between:

10.1.1 Adapt IT and Huge;

10.1.2 Adapt IT and any directors or equivalent of Huge, or any person who was a director or equivalent of Huge within the 12 months prior to the Last Practicable Date; and

10.1.3 Adapt IT and any shareholder of Huge, or any person who was a shareholder of Huge within the 12 months prior to the Last Practicable Date,

that could be considered to be material to a decision regarding the Huge Offer to be taken by Adapt IT Shareholders.

11. RESPONSIBILITY STATEMENT

The Independent Board:

- accepts responsibility for the information contained in this Circular to the extent that it relates to Adapt IT;
- states that, to the best of its knowledge and belief, the information contained in this Circular is true; and
- confirms that, to the best of its knowledge and belief, this Circular does not omit anything likely to affect the importance of any information contained in this Circular.

12. MATERIAL CHANGES

As at the Last Practicable Date:

- there have been no material changes to the terms of the Huge Offer as set out in the Huge Offer Circular published on Friday, 16 April 2021; and
- the Adapt IT Board has received the Volaris Offer, the terms of which are more fully set out in the announcement released on SENS on 7 April 2021, and which details will be included in a circular expected to be distributed to Adapt IT Shareholders by no later than 4 June 2021.

13. GOVERNING LAW

This Circular will be governed by and construed in accordance with the laws of South Africa and shall be subject to the exclusive jurisdiction of the South African courts.

14. CONSENTS

The Sponsor, the Legal Adviser, the Financial Adviser, the Independent Expert, and the Transfer Secretaries have consented in writing to act in the capacities stated and to their names being stated in this Circular and have not, prior to the Last Practicable Date, withdrawn their consents prior to publication of this Circular.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection by Adapt IT Shareholders during normal business hours at the registered offices of Adapt IT and Merchantec Capital at the respective addresses set out in the "Corporate Information and Advisers" section of this Circular from the date of this Circular up to and including the Closing Date, subject to lockdown restrictions imposed as a result of the COVID-19 pandemic, and on the Company's website, www.adaptit.com:

- the Memorandum of Incorporation of Adapt IT;
- the written consent letters referred to in paragraph 14 above;
- the signed Independent Expert Opinion, the text of which is included as Annexure 1 to this Circular;
- the audited annual financial statements of Adapt IT for the each of the three financial years ended 30 June 2018, 30 June 2019 and 30 June 2020, and the unaudited interim results for the six months ended 31 December 2020;
- the TRP Approval Letter;
- a signed copy of this Circular; and
- the Huge Offer Circular.

For and on behalf of the Independent Board

Craig Chambers
Chairperson of the Independent Board

Monday, 17 May 2021

OPINION LETTER OF THE INDEPENDENT EXPERT TO THE INDEPENDENT BOARD

"The Independent Board
Adapt IT Holdings Limited
152 14th Road
Midrand
Gauteng
1682

Dear Sirs and Mesdames

12 May 2021

INDEPENDENT EXPERT OPINION TO ADAPT IT HOLDINGS LIMITED ("Adapt IT" or the "Company") REGARDING THE UNSOLICITED GENERAL OFFER (the "Huge Offer") MADE BY HUGE GROUP LIMITED ("Huge Group") TO THE SHAREHOLDERS OF ADAPT IT TO ACQUIRE UP TO 100% OF THE ORDINARY SHARES IN THE COMPANY

Introduction

Holders of the ordinary shares with no par value in the issued share capital of Adapt IT ("**Adapt IT Shares**") ("**Adapt IT Shareholders**") are referred to the firm intention announcement (the "**Firm Intention Announcement**") published by Adapt IT on the Stock Exchange News Service ("**SENS**") of the JSE Limited ("**JSE**") on Wednesday, 3 February 2021, in which Adapt IT confirmed Huge Group's firm intention to make an offer to Adapt IT Shareholders as contemplated in Chapter 5 of the Companies Act, No. 71 of 2008, as amended (the "**Companies Act**") and Chapter 5 of the Companies Regulations, 2011 (the "**Companies Regulations**").

Huge Group is offering Adapt IT Shareholders 0.9 Huge Group shares for every one Adapt IT Share acquired (the "**Offer Consideration**" or the "**Swap Ratio**"). The Swap Ratio was contained in Huge Group's initial detailed cautionary announcement (the "**Huge Initial Announcement**") released on SENS on Wednesday, 27 January 2021 (the "**Initial Announcement Date**"). The Offer Consideration is based on a reference price of R6.13 per Huge Group share (the "**Huge Group Reference Price**") and an implied price of R5.52 per Adapt IT Share (the "**Implied Adapt IT Share Price"**).

Huge Group has made the Huge Offer by way of a general offer directly to Adapt IT Shareholders in terms of Parts B and C of Chapter 5 of the Companies Act. The Huge Offer is classified as an affected transaction as defined in section 117 of the Companies Act and as such is regulated by the Companies Act and the Companies Regulations.

As at the date of this opinion, the share capital of the Company comprises the following:

- Authorised share capital of 300 000 000 no par value shares; and
- Issued share capital of 144 887 497 Adapt IT Shares.

The Company holds 7 625 658 ordinary shares as treasury shares.

The Company had no share options outstanding as at the date of this opinion.

The Huge Offer will directly or indirectly affect all Adapt IT Shareholders. More information on the material effects that the Huge Offer may have on the rights and interests of Adapt IT Shareholders is detailed in Adapt IT's response circular to Adapt IT Shareholders dated 17 May 2021 (the "Circular").

Full details of the Huge Offer are contained in the Circular, which includes a copy of this letter.

The material interests of the directors are set out in paragraph 7 of the Circular.

Scope

In terms of section 114(2) of the Companies Act, as read with Regulations 90 and 110 of the Companies Regulations, the Adapt IT Independent Board ("**Independent Board**") is required to retain an independent expert to provide an independent expert report (in the form of a fair and reasonable opinion) in terms of section 114(3) of the Companies Act and Regulations 90 and 110 of the Companies Regulations (the "**Opinion**" or the "**Fair and Reasonable Opinion**").

Nodus Capital TS Proprietary Limited ("**Nodus**") has been appointed by the Independent Board as the Independent Expert to advise on whether the terms and conditions of the Huge Offer are fair and reasonable to the Shareholders of Adapt IT.

Responsibility

Compliance with the Companies Act and the Companies Regulations is the responsibility of the Independent Board. Our responsibility is to report on the terms and conditions of the Huge Offer in compliance with the related provisions of the Companies Act and the Companies Regulations.

We confirm that our Fair and Reasonable Opinion has been provided to the Independent Board for the sole purpose of assisting them in forming and expressing an opinion for the benefit of Adapt IT Shareholders in relation to the Huge Offer. This opinion is prepared solely for the Independent Board and therefore should not be regarded as suitable for use by any other party or give rise to third party rights.

Definition of the terms "fair" and "reasonable"

The "fairness" of a transaction is based on quantitative issues. A transaction may be said to be fair if the benefits received by the shareholders, as a result of the transaction, are equal to or greater than the value surrendered by the shareholders.

The Huge Offer may be said to be fair if the Offer Consideration is greater than or equal to the value of one Adapt IT Share or unfair if the Offer Consideration is less than the value of one Adapt IT Share. Furthermore, in terms of Regulation 110(8) of the Companies Regulations, an offer with a consideration per offeree regulated company security within the fair-value range is generally considered to be fair.

In terms of the Companies Regulations, if the offer consideration received by shareholders in terms of the corporate action is higher than the market price of the company's securities at the time that the corporate action was announced, or at some other more appropriate identifiable time, it is generally considered to be reasonable. In addition, other qualitative considerations may be taken into account when considering the reasonableness of the corporate action. Even though the consideration may differ from the market value of the assets being acquired, a transaction may still be reasonable after considering other significant qualitative factors.

Our approach in considering the Huge Offer

In considering the Huge Offer, we have independently calculated the fair value of one Adapt IT Share and one Huge Group Share and compared our fair value of one Adapt IT Share to the Offer Consideration.

Details and sources of information

The principal sources of information used in performing our work include:

- The Huge Initial Announcement;
- The Firm Intention Announcement;
- The Circular;
- The Independent Board's recommendation iro the Huge Offer, as detailed in the Circular;
- Huge Group' offer circular to Adapt IT Shareholders, dated 16 April 2021 (the "**Huge Circular**");
- The terms and conditions of the Huge Offer and its rationale, as set out in the Huge Circular;
- Representations and assumptions made available by, and discussions held with, the management of Adapt IT and Huge Group;
- Representations and assumptions made available by, and discussions held with, the Independent Board of Adapt IT and its advisors;
- Publicly available information relating to the industry in which both Adapt IT and Huge Group operates;
- Publicly available information relating to both Adapt IT and Huge Group that we deemed to be relevant, including company announcements, media articles, and analyst presentations, where applicable;
- Share price information of both Adapt IT and Huge Group over the last 12 months to assess the relative liquidity and volatility of the respective shares;
- Published market data on Adapt IT and Huge Group;
- Available analyst reports and their respective views on the value of an Adapt IT Share and a Huge Group share (the "**Analyst Reports**");
- Audited annual financial statements of Adapt IT for the 5 years ended 30 June 2020;
- Audited annual financial statements of Huge Group for the 5 years ended 28 February 2020;
- Unaudited management accounts of Huge Group for the year ended 28 February 2021;
- Interim financial results of Adapt IT for the 6 months ended 31 December 2020;
- Unaudited management accounts for Adapt IT for the 9 months ended 31 March 2021;
- Interim financial results of Huge Group for the 6 months ended 31 August 2020;
- Forecast financial information of Adapt IT for the years ending 30 June 2021 to 30 June 2025;
- Forecast financial information of Huge Group for the years ending 28 February 2022 to 28 February 2026;
- The joint Firm Intention Announcement released by Adapt IT and Volaris Group Inc on SENS on Wednesday, 7 April 2021, in which Adapt IT announced that the Company had received notice from Volaris of its firm intention to make an offer (the "**Volaris Offer**") to acquire control of the Company through the acquisition of up to 100% of Adapt IT Shares from the holders of the Adapt IT Shares;
- The 30-day, 60-day and 90-day volume weighted average price (the "**VWAP**") as at date preceding the date of the Huge Initial Announcement for both Adapt IT and Huge Group; and
- The 30-day, 60-day and 90-day VWAP as at 11 May 2021 for both Adapt IT and Huge Group.

The information above was obtained from:

- Directors and management of Adapt IT and Huge Group; and
- Third party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing Adapt IT and Huge Group.

Procedures performed

In arriving at our Opinion we have undertaken the following procedures in evaluating the fairness of the Huge Offer:

- Considered the rationale for the Huge Offer, as represented by the Independent Board and its advisors, Adapt IT management and Huge Group management;
- Reviewed the terms and conditions of the Huge Offer;
- Reviewed the Huge Circular and the Circular;
- Reviewed the Volaris Firm Intention Announcement;
- Supplemented our knowledge and understanding of Adapt IT and Huge Group as well as the industries in which they operate;
- Held discussions with management on the prospects of Adapt IT and Huge Group;
- Reviewed and analysed the historical financial information of Adapt IT and Huge Group;
- Assessed the Adapt IT forecast, as prepared by management, and challenged certain assumptions;
- Assessed the Huge Group forecast, as prepared by management, and challenged certain assumptions;
- Considered the value of Adapt IT, taking cognisance of the market multiples of comparable companies, as applicable, and a discounted cash flow valuation performed on Adapt IT;
- Considered the value of Huge Group, taking cognisance of the market multiples of comparable companies, as applicable, and a discounted cash flow valuation performed on Huge Group;
- Reviewed both Adapt IT's and Huge Group's historic traded share prices and trading volumes on the JSE to ascertain the relative trading activities, liquidity and volatility of the Adapt IT and Huge Group Shares;
- Reviewed certain publicly available information relating to both Adapt IT and Huge Group and the industries in which they operate that we deemed to be relevant, including company announcements and media articles;
- Performed an analysis of other information considered pertinent to our valuation and Opinion;
- Considered the fact that ~44% of the Adapt IT Shareholders, who are eligible to vote on the Volaris Offer, have provided irrevocable undertakings to vote in favour of the Volaris Offer;
- Reviewed the Analyst Reports; and
- Obtained from the management of both Adapt IT and Huge Group a letter of representation in respect of amongst other things the information shared and/or statements made to us and upon which we have relied.

We have not interviewed any of the Adapt IT Shareholders to obtain their views on the Huge Offer.

Based on the results of the procedures mentioned above, we determined the fairness and reasonableness of the Huge Offer to Adapt IT Shareholders. We believe that the above considerations justify the opinion outlined below.

Limiting conditions

This Opinion of the Independent Expert is provided to the Independent Board in connection with and for the purpose of the Huge Offer. The Opinion of the Independent Expert does not purport to cater for each individual Adapt IT Shareholder's perspective, but rather that of the general body of Adapt IT Shareholders.

We have relied upon and assumed the accuracy of the information provided to and obtained by us in deriving our Opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our Opinion, whether in writing or obtained in discussion with both Adapt IT and Huge Group management, by reference to publicly available or independently obtained information.

While our work has involved an analysis of, *inter alia*, the annual financial statements and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.

This Opinion of the Independent Expert is provided in terms of the Companies Act and the Companies Regulations. It does not constitute a recommendation to any Adapt IT Shareholder as to how to respond to the Huge Offer or on any matter relating to it. Therefore, it should not be relied upon for any other purpose. We assume no responsibility to anyone if this Opinion of the Independent Expert is used or relied upon for anything other than its intended purpose. Should an individual Adapt IT Shareholder have any doubts as to what action to take, such Shareholder should consult an independent advisor.

Budgets/projections/forecasts relate to future events and are based on assumptions, which may not remain valid for the whole of the forecast period. Accordingly, this information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods.

We express no opinion as to how closely actual results will correspond to those projected/forecast by the management of Adapt IT and Huge Group. We have compared the projected/forecast financial information to past trends as well as discussed the assumptions inherent therein with management.

Our Opinion is based on the current economic, regulatory, and market as well as other conditions. Subsequent developments may affect the opinion, and we are under no obligation to update, review or re-affirm our opinion based on such developments. We have assumed that all conditions precedent in the transaction agreements, including any material regulatory and other approvals, if any, will be properly fulfilled/obtained. Our Opinion does not include an evaluation of the commercial rationale of the Huge Offer.

The valuation of companies and businesses is not a precise science and conclusions arrived at, will, in many cases, be subjective and dependent on the exercise of individual judgment.

Valuation

Nodus performed an independent valuation of both Adapt IT and Huge Group to determine whether the Offer Consideration represents fair value to the Adapt IT Shareholders.

For our valuation of Adapt IT and Huge Group, we utilised both an income approach (discounted cash flow) valuation methodology and a market approach valuation methodology (based on financial data for comparable publicly traded companies).

The valuation was performed taking cognisance of risk and other market and industry factors affecting both Adapt IT and Huge Group. Additionally, sensitivity analyses were performed considering key assumptions. Prevailing market and industry conditions were also considered in assessing the risk profile of Adapt IT and Huge Group.

Key internal value drivers included the discount rate, revenue growth, and operating margins.

Key external value drivers including gross domestic product growth rates, interest rates, headline inflation rates, and prevailing market and industry conditions in respect of the industry in which both Adapt IT and Huge Group operates were also considered in assessing the forecast cash flows and risk profile of both Adapt IT and Huge Group.

A change of 0.5% in the discount rate would result in a 6% change in the value attributable to Adapt IT. A change of 0.5% in the discount rate would result in a ~5% change in the value attributable to Huge Group.

Assumptions

Our Opinion is based on the following key assumptions:

- Any agreements that will or have been entered into in terms of the Huge Offer will be legally enforceable;
- The Huge Offer will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives and advisors of Adapt IT;
- Reliance can be placed on the financial information of Adapt IT and Huge Group;
- For the purposes of this Opinion of the Independent Expert, we assumed both Adapt IT's and Huge Group's existing businesses to be ongoing under current business plans and management;
- Current economic, regulatory and market conditions will not change materially;
- Adapt IT and Huge Group are not involved in any material legal proceedings other than those conducted in the ordinary course of business and/or as disclosed in the Circular or the Huge Circular;
- Adapt IT and Huge Group are, at the date of this Opinion of the Independent Expert, not engaged in any discussions relating to any acquisitions or transactions that will have a significant impact on the value of either Adapt IT and Huge Group (apart from the Volaris Offer);
- Adapt IT and Huge Group have no material outstanding disputes with the South African Revenue Service;
- There are no undisclosed contingencies that could affect the value of Adapt IT and Huge Group;
- Global financial markets are still currently facing some uncertainty as a result of the ongoing COVID-19 pandemic, with its continued impact remaining uncertain at this stage. We have assumed economic, regulatory and market conditions remain stable over the forecast period after factoring in the impact of COVID-19, as far as practically possible. There is, however, uncertainty, which could persist for some time, as to the full impact of COVID-19 on Adapt IT and Huge Group and, as a result, our work may not have identified or reliably quantified the impact of all such uncertainties; and
- Representations made by Adapt IT and Huge Group management and their advisors during the course of forming this Opinion of the Independent Expert.

Appropriateness and reasonableness of underlying information and assumptions

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our Opinion by:

- Placing reliance on audit reports in the financial statements of both Adapt IT and Huge Group;
- Conducting analytical reviews on the historical financial results and the forecast financial information, such as key ratio and trend analyses, where applicable; and

- Determining the extent to which representations from management were confirmed by documentary and audited financial evidence, as well as our understanding of Adapt IT and Huge Group and the economic environment in which both operate.

Valuation results

In undertaking the valuation exercise of Adapt IT above, we determined a valuation range of the Adapt IT Shares of R7.00 to R9.09 per share (the "**Adapt IT Value Range**"), with a likely value of R8.05.

In undertaking the valuation exercise of Huge Group above, we determined a valuation range of the Huge Group shares of R5.66 to R6.65 per share (the "**Huge Group Value Range**"), with a likely value of R6.16.

In considering the Swap Ratio of 0.9 Huge Group shares for every one Adapt IT Share held by Adapt IT Shareholders, we compared the relative value ranges of the Adapt IT and Huge Group ordinary shares calculated above. Based on the range of values above, we have calculated a range of swap ratios of between 1.05 and 1.61 Huge Group shares for one Adapt IT Share (the "**Swap Ratio Valuation Range**"), with a likely swap ratio of 1.31.

The Offer Consideration falls below our calculated Swap Ratio Valuation Range.

In addition, we note the following:

- The Volaris Offer is R6.50 per Adapt IT Share;
- The closing price per Adapt IT Share on 11 May 2021 was R6.45 (the "**Adapt IT Closing Price**");
- The closing price per Huge Group share on 11 May 2021 was R5.99 (the "**Huge Closing Price**");
- The 30-day and 60-day VWAP per Adapt IT Share on 11 May 2021 was R6.41 and R6.14, respectively; and
- The 30-day and 60-day VWAP per Huge Group share on 11 May 2021 was R5.92 and R6.16, respectively.

In order for the Huge Group Offer to match any of the above reference points, this would require a Swap Ratio in excess 0.9 Huge Group shares for 1 Adapt IT Share. Specifically, matching the Volaris Offer would require a Swap Ratio of 1.06 or 1.09, depending on whether reference is made to the Huge Group Reference Price or the Huge Closing Price, respectively. Matching the Adapt IT Closing Price would require a Swap Ratio of 1.05 or 1.08, depending on whether reference is made to the Huge Group Reference Price or the Huge Closing Price, respectively.

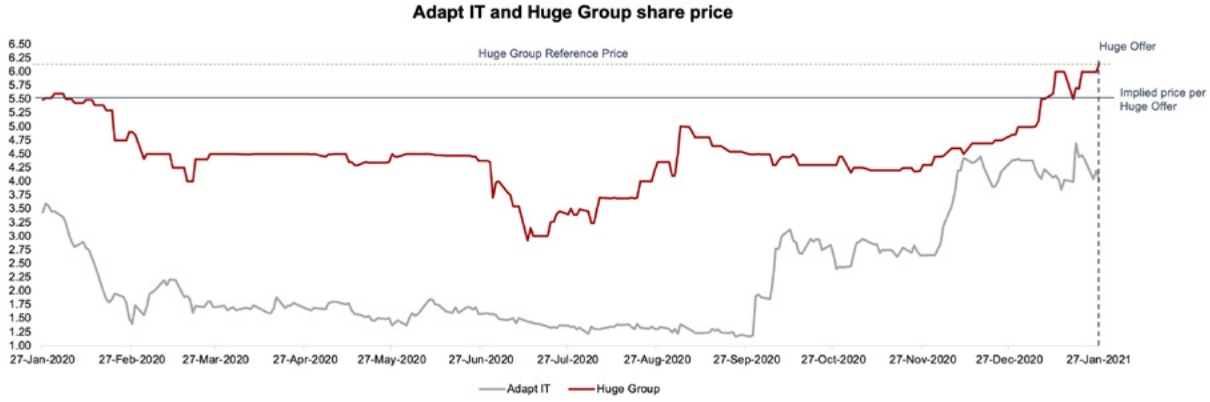
The valuations above are provided solely in respect of this Fair and Reasonable Opinion and should not be used for any other purposes.

Qualitative considerations

In arriving at our Opinion, we have also considered the following key qualitative considerations in evaluating the reasonableness of the Huge Offer:

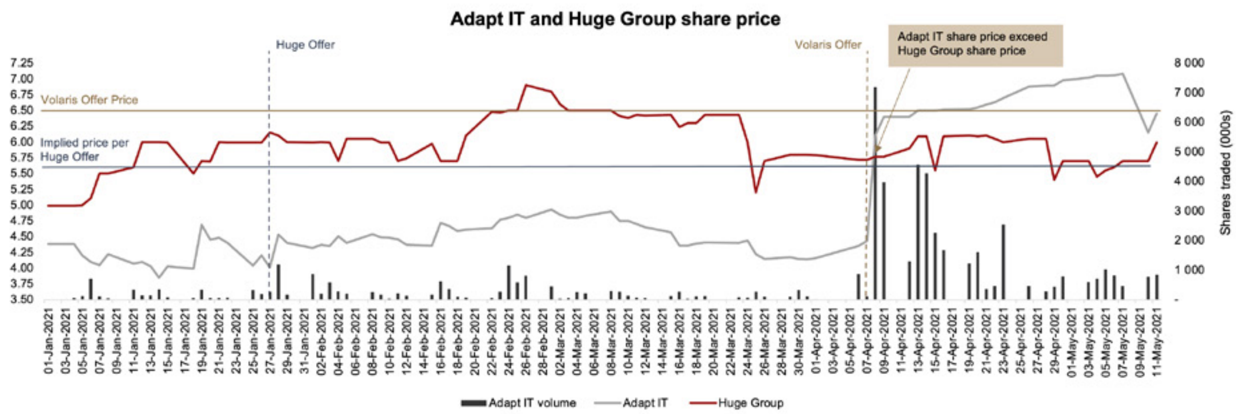
- The rationale for the Huge Offer, as set out in the Huge Circular;
- The opinion of the Independent Board, as set out in the Circular;
- The trading liquidity of both the Adapt IT Shares and Huge Group shares;
  - In the 52 weeks prior to the Huge Offer, 60 260 714 Adapt IT Shares were traded, which represents 41.5% of the total issued shares;
  - In the 52 weeks prior to the Huge Offer, 6 225 617 Huge Group shares were traded, which represents 3.5% of the total issued shares;
- The historic trading price of both the Adapt IT Shares and Huge Group shares;
  - In evaluating the reasonableness of the Huge Offer to arrive at our Opinion, we have considered that the Implied Adapt IT Share Price is at a premium to the traded price of the Adapt IT Shares as well as the 30-, 60-, and 90-day VWAP immediately prior to the Initial Announcement Date; and
  - In evaluating the reasonableness of the Huge Offer to arrive at our Opinion, we have considered that the Implied Adapt IT Share Price is at a discount to the traded price of the Adapt IT Shares at 11 May 2021, the 30-, 60-, and 90-day VWAP immediately prior to this date as well as the Volaris Offer;
  - The Implied Adapt IT Share Price exceeds the 52 week high share price of R4.69 per Adapt IT Share, prior to the Huge Group Initial Announcement date;
  - The Huge Group Reference Price approximates the highest closing price of a Huge Group share for the 52 weeks prior to the Huge Offer being made, which was R6.15 on 27 January 2021;

- The share price performance of both Adapt IT and Huge Group for the 12 months prior to the Huge Offer is represented below:



- If none of the offers to Adapt IT Shareholders are implemented, the Adapt IT share price may retract back to levels prior to any of the offers and it may take time for the Adapt IT share price to reach such levels again, considering the small market capitalisation of Adapt IT;
- The Board of Adapt IT is not supportive of the Huge Offer;
- The Independent Board is not supportive of the Huge Offer;
- The Huge Offer is settled in Huge Group shares, which are listed but illiquid;
- ~44% of the Adapt IT Shareholders, who are eligible to vote on the Volaris Offer, have provided irrevocable undertakings to vote in favour of the Volaris Offer; and

The Adapt IT Share price has increased significantly since the announcement of the Huge Offer and the Volaris Offer, reaching R7.08 on 7 May 2021. The graph below illustrates the share price movement from 1 January 2021 to 11 May 2021:



Opinion

Nodus has considered the terms and conditions of the Huge Offer and, based on and subject to the conditions set out herein, is of the opinion that the terms and conditions of the Huge Offer based on quantitative considerations, are unfair to the Adapt IT Shareholders.

Based on qualitative factors, we are of the opinion that the terms and conditions of the Huge Offer, as at the Initial Announcement Date, would have been reasonable from the perspective of the Adapt IT Shareholders. However, based on qualitive factors, amongst others, the movement of the Adapt IT Share price post the Initial Announcement Date, we are of the opinion that the terms and conditions of the Huge Offer are unreasonable from the perspective of the Adapt IT Shareholders.

Our Opinion is necessarily based upon the information available to us up to 11 May 2021, including in respect of the financial information as well as other conditions and circumstances existing and disclosed to us.

Independence, competence and fees

We confirm that we have no direct or indirect interest in Adapt IT or Huge Group or the Huge Offer nor do we have any relationship with Adapt IT or Huge Group or any person related to Adapt IT or Huge Group such as would lead a reasonable and informed third party to conclude that our integrity, impartiality or objectivity has been compromised by such relationship. We also confirm that we have the necessary competence and experience to provide the Independent Expert Report.

Furthermore, we confirm that our professional fee of R620 000 (excluding VAT) is not contingent upon the success of the Huge Offer.

Consent

We consent to the inclusion of this letter and the reference to our Opinion in the Circular to be issued to the Shareholders of Adapt IT in the form and context in which it appears and in any required regulatory announcement or documentation.

Yours faithfully

Johan le Roux CA(SA)

Director: Nodus Capital TS Proprietary Limited

Building 2, Commerce Square Office Park
39 Rivonia Road
Sandhurst, 2196”

FINANCIAL INFORMATION OF ADAPT IT

AUDITED RESULTS FOR THE THREE FINANCIAL YEARS ENDED 30 JUNE 2020 AND THE SIX MONTHS ENDED 31 DECEMBER 2020

The full set of audited annual financial statements for the three financial years ended 30 June 2020 and the six months ended 31 December 2020 are available on the Company's website at https://www.adaptit.com/investor-reports-new and at its registered address.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at

Figures in Rand	1H2021	2020	2019	2018
ASSETS				
Non-current assets	**1 282 764 000**	**1 338 521 178**	**1 180 766 704**	**995 138 890**
Property and equipment	102 273 000	108 422 774	122 968 584	109 829 565
Intangible assets	215 740 000	246 896 147	296 666 349	219 762 342
Right-of-use assets	226 364 000	239 839 938	-	-
Goodwill	699 599 000	705 099 424	704 183 385	598 251 511
Finance lease receivables	23 362 000	22 993 060	20 200 070	23 666 262
Loans receivable	250 000	500 000	6 000 000	15 288 798
Deferred taxation asset	15 176 000	14 769 835	30 748 316	28 340 412
Current assets	**488 572 000**	**589 796 586**	**456 425 060**	**376 031 870**
Inventories	23 625 000	31 685 937	26 417 695	21 994 177
Trade and other receivables	235 139 000	285 280 103	311 535 257	248 563 134
Contract assets	27 826 000	37 259 177	24 224 014	-
Current tax receivable	49 917 000	40 566 298	22 538 189	3 813 541
Finance lease receivables	9 939 000	9 900 352	12 804 422	10 986 946
Loans receivable	492 000	541 667	500 000	4 096 044
Cash and cash equivalents	141 634 000	184 563 052	58 405 483	86 578 028
Non-current assets classified as held for sale	9 500 000	9 500 000	7 826 087	15 561 988
Total assets	**1 780 836 000**	**1 937 817 764**	**1 645 017 851**	**1 386 732 748**
EQUITY AND LIABILITIES				
Equity				
Stated capital	248 138 000	248 138 154	-	-
Share capital	-	-	15 251	16 054
Share premium	-	-	248 123 665	340 277 986
Treasury shares	(1 000)	(763)	(1 525)	(819)
Equity compensation reserve	-	17 988 406	17 988 406	19 221 006
Business combination reserves	(15 664 000)	(15 664 396)	(15 664 396)	(15 664 396)
Foreign currency translation reserve	14 250 000	24 426 545	3 089 150	5 019 439
Retained earnings	517 239 000	471 712 936	424 356 290	380 639 756
Attributable to equity holders of the parent	763 962 000	746 600 882	677 906 841	745 173 422
Non-controlling interests	(172 000)	(106 532)	(221 126)	2 283 174
Total equity	**763 790 000**	**746 494 350**	**677 685 715**	**747 456 596**
Non-current liabilities	**731 844 000**	**806 039 423**	**105 228 230**	**286 780 403**
Interest-bearing borrowings	430 640 000	486 932 556	2 986 854	200 794 458
Financial liabilities	5 741 000	6 279 638	40 749 830	33 479 340
Lease liabilities	263 409 000	276 207 597	877 849	1 670 033
Deferred taxation liability	32 054 000	36 619 632	60 613 697	50 836 572
Current liabilities	**285 202 000**	**385 283 991**	**862 103 906**	**352 495 749**
Trade and other payables	120 299 000	141 570 638	170 537 886	148 517 520
Contract liabilities	63 480 000	131 518 788	107 743 673	-
Deferred income	-	-	-	95 669 242
Leave pay and provisions	37 972 000	23 433 873	59 763 217	51 841 262
Current tax payable	3 127 000	10 656 094	8 069 869	2 519 351
Current portion of interest-bearing borrowings	34 131 000	34 145 448	498 005 325	13 680 725
Current portion of financial liabilities	-	18 469 219	16 866 530	38 951 795
Current portion of lease liabilities	26 193 000	25 489 931	1 117 406	1 315 854
Total liabilities	**1 017 046 000**	**1 191 323 414**	**967 332 136**	**639 276 152**
Total equity and liabilities	**1 780 836 000**	**1 937 817 764**	**1 645 017 851**	**1 386 732 748**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period ended

Figures in Rand	1H2021	2020	2019	2018
Revenue	**707 394 000**	**1 483 346 995**	**1 438 138 457**	**1 332 848 801**
Cost of sales	(321 117 000)	(661 285 411)	(645 556 263)	(527 789 474)
Gross profit	386 277 000	822 061 584	792 582 194	805 059 327
Administrative, selling and other costs	(299 381 000)	(601 497 016)	(622 900 117)	(623 465 647)
Other income	-	-	-	26 350 922
Impairment loss on trade receivables, contract assets and finance lease receivables	(7 068 000)	(1 243 380)	(6 306 183)	-
Impairment of non-current assets	-	(22 134 216)	-	-
Profit from operations	79 828 000	197 186 972	163 375 894	207 944 602
Finance income	435 000	2 332 399	3 033 728	5 492 972
Finance costs	(33 996 000)	(84 698 847)	(42 830 348)	(28 559 603)
Profit before taxation	**46 267 000**	**114 820 524**	**123 579 274**	**184 877 971**
Income tax expense	(18 794 000)	(44 028 610)	(48 549 339)	(62 728 482)
Profit for the year	**27 473 000**	**70 791 914**	**75 029 935**	**122 149 489**
Attributable to:	27 538 000	70 652 503	73 975 543	114 557 933
Equity holders of the parent	(65 000)	139 411	1 054 392	7 591 556
Non-controlling interests	**(10 177 000)**	**21 337 395**	**(1 930 289)**	**2 248 472**
Other comprehensive income, net of tax	(10 177 000)	21 337 395	(1 930 289)	2 248 472
Items that may be reclassified subsequently to profit and loss	**-**	**-**	**-**	**(2 750 454)**
Exchange gain/(loss) arising from translation of foreign operations	-	-	-	(3 544 400)
Items that will not be reclassified to profit and loss	-	-	-	793 946
Devaluation of land and building				
Income tax effect				
Total comprehensive income	**17 296 000**	**92 129 309**	**73 099 646**	**121 647 507**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the period ended

Figures in Rand	1H2021	2020	2019	2018
OPERATING ACTIVITIES				
Operating cash flow	130 651 000	305 383 086	232 199 817	232 779 858
Working capital (outflow)/inflow	(6 822 000)	(31 021 826)	(53 512 179)	27 215 337
Cash generated from operations	123 829 000	274 361 260	178 687 638	259 995 195
Finance income	435 000	2 332 399	3 033 728	3 957 779
Finance costs	(33 011 000)	(79 980 139)	(41 669 024)	(24 689 771)
Dividends paid	-	-	(28 906 428)	(34 970 537)
Tax paid	(40 247 000)	(55 582 586)	(68 838 320)	(68 951 177)
Net cash flow from operating activities	51 006 000	141 130 934	42 307 594	135 341 489
INVESTING ACTIVITIES				
Property and equipment acquired	(5 150 000)	(10 405 108)	(35 021 299)	(90 683 597)
Intangible assets acquired and developed	(3 342 000)	(6 203 946)	(51 909 396)	(9 033 738)
Proceeds on disposal of property and equipment	37 000	1 744 805	290 851	2 065 746
Proceeds from loans receivable	300 000	5 458 333	17 723 077	5 752 936
Settlement of contingent purchase considerations	(13 619 000)	(13 299 800)	(33 635 484)	(12 684 552)
Net cash outflow on acquisition of subsidiaries	-	-	(130 641 237)	(108 554 069)
Loan advanced	-	-	(5 000 000)	-
Proceeds from disposal of subsidiary	-	-	-	42 027 110
Net cash utilised in investment activities	(21 774 000)	(22 705 716)	(238 193 488)	(171 110 164)
FINANCING ACTIVITIES				
Proceeds from borrowings	-	150 604 747	797 936 803	323 000 000
Repayment of borrowings	(57 023 000)	(131 697 578)	(507 541 488)	(242 822 697)
Payment of lease liabilities	(12 092 000)	(18 449 880)	(1 313 276)	285 291
Transaction costs relating to borrowings	-	-	(6 290 974)	-
Settlement of acquired contingent purchase consideration relating to subsequent fair value changes	1 944 000	1 225 607	(2 388 608)	(8 419 663)
Treasury shares purchased	-	-	(95 765 877)	(72 666 348)
Net cash outflow on acquisition of non-controlling interest	-	-	(16 125 633)	-
Issue of shares for cash	-	-	-	30 851 603
Repayment of vendor loans	-	-	-	(6 723 864)
Net cash flow from financing activities	(67 171 000)	1 682 896	168 510 947	23 504 322
Net increase/(decrease) in cash resources	(37 939 000)	120 108 114	(27 374 947)	(12 264 353)
Exchange gain/(loss) on translation	(4 990 000)	6 049 455	(797 598)	793 671
Cash and cash equivalents at beginning of year	184 563 000	58 405 483	86 578 028	98 048 710
Cash and cash equivalents at end of year	141 634 000	184 563 052	58 405 483	86 578 028

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited and the requirements of the Companies Act. The financial statements have been prepared under the historical cost method, except for certain financial instruments and properties at fair value.

These accounting policies have been consistently applied to all the years presented, except for the Standards and Interpretations which became effective during the current financial year which are disclosed in the Integrated Annual Report.

The financial information is presented in the financial statements for the parent company Adapt IT Holdings Limited, together with its subsidiaries.

2. BASIS OF CONSOLIDATION

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the group obtains control and continue to be consolidated until the date when such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated.

None of the investments in subsidiaries are listed. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Where considered necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies in line with those of the group.

Any subsequent changes to the group's ownership interests in subsidiaries are accounted for as equity transactions and are accumulated in the business combination reserve.

3. BUSINESS COMBINATIONS

Acquisitions of subsidiaries (entities acquired) and businesses (assets and liabilities acquired) are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net fair value of the identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. Non-controlling interests at acquisition date are determined as the non-controlling shareholders' proportionate share of the fair value of the net assets of the subsidiary acquired. Acquisition-related costs are recognised in profit or loss as incurred.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Contingent consideration in a business combination is included in the cost of a business combination at fair value on the date of acquisition. The classification of the arrangement into debt or equity will dictate the subsequent accounting. If the arrangement is classified as debt the amount will have to be remeasured at each reporting period with changes being recognised in profit or loss. Changes in the fair value of a contingent consideration that has been classified as equity are not recognised and settlement is accounted for within equity.

When the accounting for a business combination can only be determined provisionally at the date of reporting, provisional values are used. These provisional values are adjusted once the initial accounting has been completed, which must be within 12 months of the date of acquisition, by retrospectively adjusting the fair values of the net assets acquired and goodwill.

4. FOREIGN CURRENCY TRANSACTIONS

The group's consolidated financial statements are presented in South African Rands, which is also the parent company's functional currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The assets and liabilities of foreign operations are translated into South African Rands at the rate of exchange prevailing at the reporting date and their statements of profit or loss and other comprehensive income are translated at the weighted average exchange rate for the year. The exchange differences arising on the translation are recognised in other comprehensive income and accumulated in equity in the foreign currency translation reserve.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within other costs.

On disposal of a foreign operation, the cumulative amount in the foreign currency translation reserve relating to that particular foreign operation is reclassified to profit or loss.

5. FINANCIAL INSTRUMENTS

Financial instruments are initially recognised when the group becomes a party to the contractual terms of the instrument.

Financial assets

Financial assets are presented as non-current assets, except for those with maturities within 12 months from the statement of financial position date, which are classified as current assets. The group classifies its financial assets into the category discussed below:

Amortised cost

These assets arise principally from the provision of goods and services to customers, but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The group calculates its allowance for credit losses based on expected credit losses (ECLs). To calculate ECLs, the group segments financial assets by customer type i.e. corporate, parastatal/government and SME.

Impairment provisions for trade receivables and contract assets are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables and contract assets. Trade receivables are written off against the associated provision where there is no realistic prospect of future recovery and all methods of collections including legal interventions have been exhausted.

The group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the group may also consider a financial asset to be in default when internal or external information indicates that the group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the group. Refer to 2020 Integrated Annual report, note 32.1 credit risk for management's processes for assessing such default. The inputs used in the calculation of the ECLs are based on various relevant published indices.

The group has elected the general approach for measuring the loss allowance for finance lease receivables due to there being a significant financing component on these financial assets. Stage 1 includes finance lease receivables that have not had a significant increase in credit risk. All finance lease receivables which are current and until 30 days past due date of contractual terms are included in stage 1. Stage 2 includes finance lease receivables that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment risk since initial recognition or that have low credit risk at the reporting date. Stage 2 includes the finance lease receivables which are 31 days to 89 days past due date. The group considers finance lease receivables in default when contractual payments are 90 days past due.

The group's financial assets measured at amortised cost comprise trade and other receivables, contract assets, finance lease receivables, loan receivables and cash and cash equivalents in the consolidated statement of financial position.

In the company, related party loans include loans between the parent and a subsidiary (i.e. intragroup loans). The following types of arrangements exist within the company:

- Loans advanced on an interest rate that is considered arm's length and repayable on a specified date (term loan); and
- Loans advanced on an interest-free basis that are payable on demand.

These loans are within the scope of IFRS 9. All related party loans are held with the objective of collecting their contractual cash flow under a 'hold to collect' business model and consequently classified at amortised cost. Intercompany positions eliminate in the consolidated financial statements.

Simplifications from IFRS 9's general 3 stage impairment model are available for trade receivables, contract assets or lease receivables, but these do not apply to intercompany loans. The general model was therefore applied to calculate the expected credit loss on related party loans within the company.

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Judgements and estimates

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation. The group considers all reasonable and supportable information available to management at year end. Such information may be evaluated on an individual basis, a portfolio basis or a portion of a portfolio in determining the requisite expected credit loss. Management has adopted a multifactor and holistic analysis which considers both qualitative and quantitative information as criteria for the recognition of lifetime ECLs.

Financial liabilities

Financial liabilities are classified and measured at amortised cost or fair value through profit or loss depending on the nature of the instrument.

Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

6. INTANGIBLE ASSETS

Customer relationships

The cost of customer relationships acquired in a business combination is its fair value at the date of the acquisition. Following initial recognition, the value of customer relationships is carried at cost less any accumulated amortisation and any accumulated impairment losses. The amortisation of customer relationships is recognised in profit or loss in the period to which it relates.

Inhouse developed software

Research costs are expensed as and when incurred.

Development costs that relate to an identifiable product or process that is demonstrated to be technically and commercially feasible which the group has sufficient resources and the intention to complete and bring to market and which is expected to result in future economic benefits, are recognised as assets.

The expenditure capitalised, provided the costs are measurable, includes the cost of material, direct labour and an appropriate portion of overheads. Capitalised development expenditure is shown as cost less accumulated amortisation and impairment losses. The amount of capitalised development cost recognised as an asset is amortised over the estimated useful life of the asset.

Acquired and computer software

All acquired and computer software acquired separately is measured on initial recognition at cost. The cost of software acquired in a business combination is its fair value at the date of the acquisition. Following initial recognition, software is carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful life of software is assessed as finite and is reassessed, with the amortisation method, at least at each financial period end. The amortisation of software is recognised in profit or loss in the period to which it relates.

Trademarks

Trademarks are recognised at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised in profit or loss and commences when the trademarks are available for use.

Licenses acquired

Licenses acquired are measured on initial recognition at cost. Following initial recognition, licenses acquired are carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is recognised in profit or loss and is included in cost of sales.

Impairment

The group applies IAS 36 to determine whether an intangible asset is impaired and accounts for any identified impairment loss immediately in profit or loss. Impairment testing is performed by comparing the recoverable amount of the asset to the carrying value of the asset. The recoverable amount is the greater of the value in use and fair value less costs to sell.

Judgements and estimates

The group amortises its finite useful life intangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, maintenance programmes and relevant market information.

7. RIGHT-OF-USE ASSETS

Right-of-use assets are recognised at the commencement date of the lease and are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs and lease payments made at or before the commencement date, less any lease incentives received.

Depreciation

Right-of-use assets are depreciated on a straight-line basis from commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Impairment

The group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss immediately in profit or loss. Impairment testing is performed by comparing the recoverable amount of the asset to the carrying value of the asset. The recoverable amount is the greater of the value in use and fair value less costs to sell.

Judgements and estimates

Determination of the right-of-use asset involves judgement on and estimate of key inputs being interest rates and the duration of the lease contract including take up of lease options.

8. GOODWILL

Goodwill arises on the acquisition of subsidiaries and is recognised as an asset on the date that control is acquired, being the acquisition date. Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net fair value of the identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Impairment

Goodwill is not amortised but is tested for impairment at least once a year. Any impairment loss is recognised immediately in profit or loss. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Impairment testing is performed by comparing the recoverable amount of the cash generating unit to the carrying value of the unit, including allocated goodwill. The recoverable amount is the greater of the value in use and fair value less costs to sell.

Derecognition

Where goodwill forms part of a cash generating unit and part of the operation within which that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Significant judgements and estimates

The group's impairment test for goodwill is based on value in use calculations that use a discounted cash flow model. Future cash flows are derived from the budget for a period of five years and do not include restructuring activities that the group is not yet committed to or significant future investments that will enhance the asset base of the cash generating unit being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The discount rates used in the discounted cash flow models are calculated using the principles of the Capital Asset Pricing Model, taking into account current market conditions. Management judgement is applied in estimating the future cash inflows of the cash generating units when preparing detailed budgets. These estimates are set in relation to historic figures and current projects and opportunities that each unit is currently delivering or pursuing.

9. INTEREST-BEARING BORROWINGS

Interest-bearing borrowings are recognised initially at fair value and net of directly attributable transaction costs. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest rate method. The effective interest rate amortisation is included as finance costs in the statement of profit or loss.

Fees paid on the establishment of selected loan facilities are capitalised as a prepayment against the loan and amortised over the period of the facility to which they relate.

The group presents current and non-current borrowings separately on the face of the statement of financial position. A liability is classified as current unless the group has an unconditional right to defer settlement of the liability for at least 12 months after year end.

10. LEASE LIABILITIES

The group assesses whether a contract is or contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (value of under R75 000 such as IT equipment and printers). For these leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate. The incremental borrowing rate applied to leases during the year varied between 6,17% and 10,26%.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. Lease payments are apportioned between the finance costs and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

When the group modifies the terms of a lease or reassesses the estimates without increasing the scope of the lease, that results in changes to future payments, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the applicable rate at the date of reassessment or modification. An equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term.

When the group modifies the terms of a lease resulting in an increase in scope, the group accounts for these modifications as a separate new lease.

Judgements and estimates

Determination of the lease liability involves judgement on and estimate of key inputs being interest rates as described above and the duration of the lease contract including take up of extension options. Lease contracts are typically entered for fixed periods but may contain extension options. These may be exercised to maximise operational profitability in terms of managing the assets used in the group's operations. For options held that are exercisable only by the group and not by the respective lessor, the leases were individually assessed for management's intention of extending the lease on an individual basis and the extension period was included in determining the lease liability where management was reasonably certain that the extension period would be exercised.

11. CONTRACT LIABILITIES

A contract liability is recognised if a payment is received from a customer before the group transfers the related goods or services. Contract liabilities are recognised as revenue when the group performs under the contract (i.e. transfers control of the related goods or services to the customer). There is no significant financing component in contract liabilities.

TRADING HISTORY OF ADAPT IT SHARES ON THE JSE

The highest, lowest and closing price of Adapt IT Shares on the JSE for each month commencing from 1 April 2020 to 30 April 2021 and aggregated monthly volume is as follows:

Month ended	High (cents)	Low (cents)	Close (cents)	Volume
30 April 2020	190	150	169	28 470
31 May 2020	186	130	146	117 896
30 June 2020	197	137	158	299 588
31 July 2020	158	129	133	385 613
31 August 2020	142	117	131	45 591
30 September 2020	190	110	190	880 754
1 October 2020	328	175	243	559 726
30 November 2020	300	233	266	239 650
31 December 2020	480	261	438	107 023
31 January 2021	521	375	440	180 953
28 February 2021	494	431	480	813 435
31 March 2021	510	363	414	3 540 009
30 April 2021	698	412	698	34 423 489

The highest, lowest and closing price of Adapt IT Shares on the JSE, for the last 30 trading days, up to and including Friday, 7 May 2021 (being the Last Practicable Date prior to the finalisation of this Circular) and the daily volume are as follows:

Day ended	High (cents)	Low (cents)	Close (cents)	Volume
24 February 2021	490	469	480	1 155 999
25 February 2021	494	450	485	586 128
26 February 2021	490	465	480	813 435
1 March 2021	501	484	493	454 972
2 March 2021	490	472	485	30 374
3 March 2021	489	465	480	52 739
4 March 2021	498	475	480	257 963
5 March 2021	483	475	483	217 143
8 March 2021	510	489	490	301 169
9 March 2021	505	467	475	269 079
10 March 2021	478	461	475	137 081
11 March 2021	482	470	470	64 933
12 March 2021	470	457	465	52 521
15 March 2021	470	450	457	128 138
16 March 2021	458	436	436	266 498
17 March 2021	449	432	436	30 161
18 March 2021	453	434	439	107 133
19 March 2021	447	437	441	128 416
23 March 2021	447	431	440	88 616
24 March 2021	448	431	444	64 364
25 March 2021	444	363	422	262 090
26 March 2021	427	395	415	99 512
29 March 2021	439	411	417	97 860
30 March 2021	439	405	415	323 700
31 March 2021	428	414	414	105 547
1 April 2021	424	412	416	15 665
6 April 2021	440	416	435	867 972
7 April 2021	446	440	443	106 907
8 April 2021	618	585	610	7 200 440
9 April 2021	640	605	640	3 973 126
12 April 2021	642	610	640	1 303 463
13 April 2021	655	630	650	4 570 754
14 April 2021	653	635	650	4 276 098
15 April 2021	650	645	650	2 271 754
16 April 2021	653	647	651	1 668 280

Day ended	High (cents)	Low (cents)	Close (cents)	Volume
19 April 2021	653	650	652	1 216 214
20 April 2021	656	650	655	1 606 640
21 April 2021	659	654	659	362 776
22 April 2021	663	656	663	465 947
23 April 2021	671	660	670	2 549 072
26 April 2021	690	670	688	463 908
28 April 2021	698	688	690	276 594
29 April 2021	694	689	690	437 317
30 April 2021	698	690	698	790 562
3 May 2021	720	694	702	600 381
4 May 2021	705	696	705	705 424
5 May 2021	707	700	705	1 019 673
6 May 2021	710	700	706	818 830
7 May 2021	708	701	708	471 610

Source: JSE