

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 7 of this Circular apply mutatis mutandis throughout this Circular, including this cover page.

Action required by Adapt IT Shareholders

Adapt IT Shareholders are referred to page 2 of this Circular, which sets out the action required of them regarding the Offer, full details of which are set out in this Circular.

If you are in any doubt as to the action you should take, you should consult your Broker, banker, CSDP, attorney, accountant or other professional advisor immediately.

If you have disposed of your entire shareholding in Adapt IT, then this Circular, together with the enclosed Form of Acceptance and Transfer (blue) should be handed to the purchaser of such Shares or to the Broker or agent through whom the disposal was affected.

Huge does not accept responsibility and will not be held liable for any action of or omission by any CSDP or Broker, including, without limitation, any failure on the part of the CSDP or Broker of any beneficial owner of Shares to notify such beneficial owner of the details set out in this Circular.



CIRCULAR TO ADAPT IT SHAREHOLDERS

regarding:

- **an Offer by Huge, as contemplated in section 117(1)(c)(v) of the Companies Act, to acquire all of the Adapt IT Shares for an Offer Consideration of 0.9 Huge Shares for every 1 Adapt IT Share held,**

and incorporating

- **a Form of Acceptance and Transfer (blue) (for use by certificated Adapt IT Shareholders).**

**Joint Financial Advisor
and Transaction Sponsor**



Joint Financial Advisor



Legal Advisors



**Independent Reporting
Accountant**



Date of issue: Friday, 16 April 2021

This document is available in English only and copies may be obtained from the registered office of the Company during normal office hours from the date of issue hereof until the date on which the Offer becomes unconditional. An electronic copy of this Circular will be available on the Company's website, <https://hugegroup.com/huge-group-unlocking-business-opportunity-circulars/>

CORPORATE INFORMATION AND ADVISORS

Directors

Executive

JC Herbst (Chief Executive Officer)
SL Sequeira (Chief Financial Officer)
AP Openshaw (Chief Operating Officer)

Non-Executive

VM Mokholo

Independent Non-Executive

Dr DF da Silva (Chairman)
BC Armstrong
DR Gammie
CWJ Lyons

Joint Financial Advisor and Transaction Sponsor

Questco Proprietary Limited
(Registration number 2002/005616/07)
First Floor, Yellowwood House, Ballywoods Office Park
33 Ballyclare Drive
Bryanston, 2191

Joint Financial Advisor

PricewaterhouseCoopers Corporate Finance
Proprietary Limited
(Registration number 1970/003711/07)
4 Lisbon Lane, Waterfall City
Jukskei View, 2090
(Private Bag X36, Sunninghill, 2157)

Transfer Secretaries

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

Company Secretary and registered office

R Hansa
Unit 6, 1 Melrose Boulevard
Melrose Arch
Johannesburg, 2076
(PO Box 1585, Kelvin, 2054)

Place and date of incorporation

Pretoria, South Africa – 31 July 2006

Legal Advisors

Herbert Smith Freehills South Africa LLP
(Registration number OC402561)
15 Biermann Avenue
Rosebank, 2196

Independent Reporting Accountants

Moore Johannesburg Inc.
(Registration number 2012/176117/21)
50 Oxford Road, Parktown
Johannesburg, 2193
(PO Box 3094, Houghton, 2041)

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FORM OF ACCEPTANCE AND TRANSFER FOR THE OFFER ("FORM") (FOR USE BY CERTIFICATED SHAREHOLDERS ONLY)	Attached

ACTION REQUIRED BY ADAPT IT SHAREHOLDERS

The definitions and interpretations commencing on page 7 of this Circular apply, mutatis mutandis, to this section setting out the action required by Adapt IT Shareholders in respect of the Offer.

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

1. 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.
2. If you are in any doubt as to what action you should take arising from this Circular, please consult your broker, CSDP, banker, attorney, accountant or other professional advisor.

If you are a Certificated Adapt IT Shareholder

Acceptance of the Offer, surrender of documents of title and Offer Consideration

1. If you are a Certificated Adapt IT Shareholder and you wish to accept the Offer contained in this Circular, you may accept the Offer in respect of all or part of your Adapt IT Shares by completing the attached Form of Acceptance and Transfer (*blue*) and returning it, together with the relevant documents of title to the Transfer Secretaries of Adapt IT:

By hand

Computershare Investor Services
Proprietary Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196

By post

Computershare Investor Services
Proprietary Limited
Private Bag X9000
Saxonworld, 2132

2. Acceptances of the Offer that are sent through the post are sent at the risk of the Adapt IT Shareholder concerned. Accordingly, Adapt IT Shareholders should make a note of the postal delivery times so as to ensure that acceptances of the Offer are received timeously.
3. The discharge of the Offer Consideration will be made on the relevant dates set forth in the "Salient dates and times" section of this Circular.
4. Documents surrendered by Adapt IT Shareholders in advance of the fulfilment of the conditions precedent contained in paragraph 3.5 will be held in trust by Adapt IT's Transfer Secretaries, at the Adapt IT Shareholder's risk, pending the fulfilment of the conditions precedent. If the conditions precedent are not fulfilled by the Longstop Date, Huge reserves the right to extend the Longstop Date to a date approved by the TRP and Huge. If the conditions precedent remain unfulfilled after the said extended date, Adapt IT's Transfer Secretaries will return the documents of title, by registered post, to the Certificated Adapt IT Shareholder in question, at their risk, within three Business Days after the date upon which an announcement is made on SENS and in the press that the conditions precedent have not been fulfilled.

Certificated Adapt IT Shareholders who surrender their documents of title before the Closing Date will not be able to trade their Adapt IT Shares after surrender.

5. If any person who is not a registered holder of Adapt IT Shares surrenders a document of title in respect of Adapt IT Shares, together with a transfer form for the registration of such Adapt IT Shares purporting to have been properly completed by the registered holder thereof, such first mentioned person shall be entitled to receive settlement of the Offer Consideration pursuant to acceptance of the Offer, provided that such person proves to the satisfaction of Adapt IT's Transfer Secretaries that the Offer Consideration has not already been delivered or posted to the registered holder of such Adapt IT Shares. Huge may require, in its sole discretion, to be furnished with an indemnity in a form and on terms acceptable to Huge, against any loss or damage, payment or expense which it or Adapt IT, or any of their duly authorised representatives, may suffer or incur by reason of or arising from the settlement of the Offer Consideration to such person.
6. If a Form of Acceptance and Transfer (*blue*) is rejected due to non-compliance with the instructions contained therein, then the Adapt IT Shareholder concerned will be deemed not to have accepted the Offer. Huge may nevertheless, in its sole discretion, condone the non-compliance by any Adapt IT Shareholder of any of the terms and conditions of the Offer.

7. Adapt IT Shareholders who dematerialised their Adapt IT Shares through a CSDP or broker on or before the last day to trade must furnish such CSDP or broker with their written instructions in respect of the Offer in terms of the custody agreement entered into between the Adapt IT Shareholder and the appointed CSDP or broker.

If you are a dematerialised Adapt IT Shareholder

Acceptance of the Offer

1. Dematerialised Adapt IT Shareholders who wish to accept the Offer, either in whole or in part, should instruct their duly appointed CSDP or broker in accordance with the custody agreement concluded with their CSDP or broker.
2. The instruction to accept the Offer must be provided to the Adapt IT Shareholder's CSDP or broker by the cut-off time stipulated for such instruction in order for such CSDP or broker to take the necessary action to accept the Offer prior to the Closing Date. Adapt IT Shareholders are accordingly advised to confirm with their CSDP or broker as to what the cut-off time will be. This must be done in accordance with the custody agreement between the Adapt IT Shareholder concerned and his CSDP or broker.
3. **Neither Huge nor any of its authorised agents will accept any responsibility nor be held liable for any acts or omissions on the part of any CSDP or broker of a dematerialised Adapt IT Shareholder who fails to communicate their acceptance of the Offer timeously or at all, for whatsoever reason.**

Surrender of documents of title

You must not complete the attached Form of Acceptance and Transfer (*blue*).

Offer Consideration

1. The discharge of the Offer Consideration will be made on the relevant dates set out in the "Salient dates and times" section of this Circular.
2. If you do not wish to accept the Offer, you need not take any action.

General

1. Settlement of the Offer Consideration will take place within six Business Days of the later of the Offer being declared wholly unconditional and acceptance of the Offer by Offer Participants. The last day for settlement of the Offer Consideration is on the Settlement Date.
2. For the sake of clarity, Adapt IT Shares may not be dematerialised or rematerialised by Offer Participants between the last day to trade and the record date, both days inclusive.
3. Adapt IT Shareholders who do not wish to accept the Offer need not take any action.
4. This Offer shall not constitute an offer to purchase or the solicitation of an offer to sell any Adapt IT Shares in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the laws of such jurisdiction.

IMPORTANT LEGAL NOTICES

The definitions and interpretations commencing on page 7 of this Circular apply *mutatis mutandis* to this section.

FOREIGN SHAREHOLDERS

This Circular has been prepared for the purposes of complying with the Companies Act and the Takeover Regulations and is published in terms thereof 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 release, publication or distribution of this Circular in 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.

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. This Circular does not constitute a prospectus or a prospectus-equivalent document. Shareholders are advised to read this Circular, which contains the full terms and conditions of the Offer, with care.

Any decision to accept the Offer should be made only on the basis of the information in this Circular and the Adapt IT Response Circular.

FORWARD-LOOKING STATEMENTS

This Circular contains statements about Huge that are, or may be, forward-looking statements. All statements, other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: strategy; the economic outlook for the industry; production; cash costs and other operating results; growth prospects and outlook for operations, individually or in the aggregate; liquidity and capital resources and expenditure and the outcome and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, anticipated levels of growth, estimates of capital expenditures, acquisition strategy, expansion prospects or future capital expenditure levels and other economic factors, such as, *inter alia*, interest rates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Huge cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which Huge operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions regarding Huge, as made by Huge, and although Huge believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to Huge or not currently considered material by Huge.

Adapt IT Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of Huge not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Huge has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law.

Any forward-looking statement has not been reviewed nor reported on by the external auditors.

DISCLAIMER

Adapt IT Shareholders should take note that the TRP does not consider the commercial advantages or disadvantages of affected transactions when it approves them.

IMPORTANT DATES AND TIMES

2021

Record date for Adapt IT Shareholders to be eligible to receive the Circular	Friday, 9 April
Circular posted to Adapt IT Shareholders	Friday, 16 April
Announcement released on SENS relating to the posting of the Circular	Friday, 16 April
Offer opens (09:00)	Monday, 19 April
Anticipated date of posting of Adapt IT Response Circular to Adapt IT Shareholders	Monday, 17 May
General meeting of Huger Shareholders to approve the Offer on or about	Friday, 4 June
Offer becomes wholly unconditional by no later than	Wednesday, 23 June
Finalisation date announcement published on SENS	Wednesday, 23 June
Last day to trade in Adapt IT Shares in order to participate in the Offer	Tuesday, 20 July
Adapt IT Shares trade "ex" the Offer	Wednesday, 21 July
Record date to determine which Adapt IT Shareholders may accept the Offer	Friday, 23 July
Offer closes at 12:00 on	Friday, 23 July
Results of Offer to be announced on SENS	Monday, 26 July
Offer Consideration credited to dematerialised Offer Participants' account at CSDP or broker as per notes 6 and 7 below	Monday, 26 July
Offer Consideration posted to certificated Offer Participants (subject to receipt by Adapt IT's Transfer Secretaries of documents of title on or prior to 12:00 on the Closing Date and a duly completed Form of Acceptance and Transfer (<i>blue</i>)) as per notes 6 and 7 below	Monday, 26 July

Notes:

1. Certificated Adapt IT Shareholders are required to complete and return the attached Form of Acceptance and Transfer (*blue*) in accordance with the instructions contained therein to be received by Adapt IT's Transfer Secretaries by no later than 12:00 on the Closing Date.
2. Any change to the above dates and times will be agreed upon by Huger and the TRP and Adapt IT Shareholders will be advised by release on SENS and, if required, publication in the South African press. All times indicated above are South African times.
3. This date is dependent upon the condition precedent contained in paragraph 3.5.1 being fulfilled by no later than this date and is subject to change. Any change to the above date will be advised to Adapt IT Shareholders by release on SENS and, if required, publication in the South African press.
4. No dematerialisation or rematerialisation of Adapt IT Shares will take place between the trading ex-date and the record date, both days inclusive.
5. Adapt IT Shareholders should note that acceptance of the Offer will, subject to paragraph 3.7.2, be irrevocable.
6. In the event that the fulfilment of the Conditions Precedent is unduly delayed, the above dates and times relating to the crediting and posting of the Offer Consideration will be amended. Such amended dates and times will be announced on SENS and, if required, published in the South African press.
7. Settlement of the Offer Consideration will take place within six Business Days of the later of the Offer being declared wholly unconditional and acceptance of the Offer by Offer Participants. The last day for settlement of the Offer Consideration is on the Settlement Date.

DEFINITIONS AND INTERPRETATIONS

In this Circular, unless otherwise stated or clearly indicated by the context, the words in the first column have the meanings stated in the second column, an expression which denotes a gender includes the other gender, a natural person includes a juristic person and vice versa, the singular includes the plural and vice versa.

“2020 Adapt IT Integrated Report”	the integrated annual report of Adapt IT for the year ended 30 June 2020;
“2020 Huge Integrated Report”	the integrated annual report of Huge for the year ended 28 February 2020;
“A2X Markets”	A2X Proprietary Limited (Registration number 2014/147138/07), a private company duly incorporated in accordance with the laws of South Africa and a licensed stock exchange authorised to provide a secondary listing venue for companies in terms of the FMA;
“Act” or “Companies Act”	the Companies Act, 2008 (Act 71 of 2008), as amended from time to time;
“Adapt IT” or “the Offeree”	Adapt IT Holdings Limited (Registration number 1998/017276/06), a public company duly incorporated in accordance with the laws of South Africa and listed on the JSE;
“Adapt IT Board”	the board of directors of Adapt IT;
“Adapt IT Incentive Plan”	the Adapt IT Holdings Limited Executive Share Incentive Plan (a share appreciation rights scheme) which was approved by the JSE and Adapt IT Shareholders and was implemented in 2015;
“Adapt IT Incentive Plan Participants”	a person identified as a “participant” under the Adapt IT Incentive Plan;
“Adapt IT Response Circular”	a response circular by the independent board of directors of Adapt IT, to be posted within 20 business days of the date of this Circular;
“Adapt IT Share”	an Adapt IT ordinary share of no par value;
“Adapt IT Shareholders”	the shareholders of Adapt IT, from time to time;
“Adapt IT’s 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;
“Adapt IT Value Gap”	the difference between the price of an Adapt IT Share when it is lower than its intrinsic value;
“Authorised Dealer”	a person authorised by the Financial Surveillance Department of the SARB to deal in foreign exchange;
“Broker”	any person registered as a broking member (equities) in terms of the rules of the JSE made in accordance with the provisions of the FMA;
“Business Day”	any day other than a Saturday, Sunday or an official public holiday in South Africa;
“Certificated Adapt IT Shareholders”	registered holders of Certificated Adapt IT Shares;
“Certificated Adapt IT Shares”	Adapt IT Shares represented by share certificates or other documents of title which have not been surrendered for dematerialisation in terms of the requirements of Strate;

“Circular”	this bound document, dated Friday, 16 April 2021, including all the annexures hereto and incorporating a Form of Acceptance and Transfer (<i>blue</i>) in respect of the Offer;
“Closing Date”	the closing date of the Offer at 12:00 as released on SENS a minimum of 10 Business Days prior thereto, and, if required, published in the press, which closing date is anticipated to be on Friday, 23 July 2021;
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Conditions Precedent”	the conditions precedent to the Offer set out in paragraph 3.5;
“CSDP”	a central securities depository participant, as defined in the FMA, appointed by an individual shareholder for the purposes of, and in respect of, the Dematerialisation of documents of title for the purposes of incorporation into Strate;
“dematerialise” or “dematerialisation”	the process by which securities held by certificated shareholders are converted or held in an electronic form as uncertificated securities and recorded in the sub-register of security holders maintained by a CSDP or Broker;
“dematerialised Adapt IT Shareholders”	registered holders of dematerialised Adapt IT Shares;
“dematerialised Adapt IT Shares”	Adapt IT Shares which have been dematerialised;
“documents of title”	share certificates and/or certificated transfer deeds and/or balance receipts or any other document/s of title in respect of the Offer Shares;
“ERP”	enterprise resource planning;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended, made in terms of section 9 of the Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;
“FMA”	the Financial Markets Act 2012 (Act 19 of 2012), as amended from time to time;
“Firm Intention Announcement”	the announcement issued on SENS on 3 February 2021 advising Adapt IT Shareholders of the Offer and referred to in paragraph 1.1 of this Circular;
“FirstRand”	FirstRand Bank Limited (registration number 1929/001225/06);
“Form of Acceptance and Transfer (<i>blue</i>)”	for purposes of accepting the Offer, the form of acceptance, surrender and transfer (<i>blue</i>) attached to and forming part of this Circular for use only by Offer Participants holding Certificated Adapt IT Shares;
“Futuregrowth”	Futuregrowth Asset Management Proprietary Limited (registration number 1996/018222/07), a private company duly incorporated in accordance with the laws of South Africa;
“Group”	the Company and its subsidiaries;
“Huge-Adapt IT Construct” or “Enlarged Entity”	an enlarged Huge as a result of a 100% acceptance level by Adapt IT Shareholders of the Offer;
“Huge-Adapt IT Merger”	a business combination that arises if the Huge Acceptances is 100%;
“Huge Acceptances”	the percentage of Adapt IT Shareholders which accept the Offer;
“Huge” or “the Company” or “the Offeror”	Huge Group Limited (Registration number 2006/023587/06), a public company duly incorporated in accordance with the laws of South Africa and listed on the JSE and A2X Markets;
“Huge Board” or “Huge Directors”	the board of directors of Huge;

“Huge Connect”	Huge Connect Proprietary Limited (Registration number 2004/005721/07), a private company duly incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of Huge;
“Huge Networks”	Huge Networks Proprietary Limited (Registration number 2014/009214/07), a private company duly incorporated in accordance with the laws of South Africa and a 50.03% owned subsidiary of Huge Telecom;
“Huge Offer Price”	the Swap Ratio, based on a price of 552 cents per Adapt IT Share;
“Huge Share(s)”	ordinary shares of Huge with a par value of R0.0001;
“Huge Shareholders”	the shareholders of Huge, from time to time;
“Huge Share Register”	Huge’s securities register maintained by the Huge transfer secretaries in accordance with sections 50(1) and 50(3) of the Companies Act, including the relevant sub-registers and the register of disclosures of Huge;
“Huge Software”	Huge Software Proprietary Limited (Registration number 2005/042514/07), a private company duly incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of Huge;
“Huge Telecom”	Huge Telecom Proprietary Limited (Registration number 1993/003902/07), a private company duly incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of Huge;
“IoT”	Internet of Things;
“the JSE”	the 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 FMA;
“JSE Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time;
“Last Practicable Date”	26 March 2021, being the last practicable date prior to the finalisation of the Circular;
“Longstop Date”	23 June 2021;
“M&A”	mergers and acquisitions;
“Micros”	point-of-sale software sold by Micros South Africa under licence;
“Micros South Africa”	Micros South Africa Proprietary Limited (Registration number 2001/022540/07), a public company duly incorporated in accordance with the laws of South Africa, and a subsidiary company of Adapt IT;
“Nedgroup”	Nedgroup Investments, a division of Nedbank Limited;
“the Offer”	the offer by the Offeror, in terms of section 117(1)(c)(v) of the Act to acquire, on the terms and subject to the Conditions Precedent set out in this Circular, from the Adapt IT Shareholders, all or part of their Adapt IT Shares for the Offer Consideration;
“Offer Consideration” or “Offer Consideration Shares”	0.9 Huge Shares for every 1 Adapt IT Share held by Offer Participants, to be allotted, issued and listed by Huge pursuant to the terms of the Offer;
“Offerees”	Adapt IT Shareholders to whom the Offer is made;
“Offer Participants”	the Adapt IT Shareholders who validly and lawfully accept the Offer by the Closing Date, and who are thus entitled to receive the Offer Consideration;
“Offer Shares”	the Adapt IT Shares of the Offerees, comprising 144 887 497 Adapt IT Shares;

“Opening Date”	the opening date of the Offer, being Monday, 19 April 2021;
“Own-Name Registration”	dematerialised Adapt IT Shareholders who have registered their Adapt IT Shares in their own name with a CSDP in terms of the FMA;
“PIC”	Public Investment Corporation SOC Limited, a company wholly owned by the government of the Republic of South Africa;
“Praesidium”	Praesidium Capital Management Proprietary Limited (registration number 2003/012046/07), a private company duly incorporated in accordance with the laws of South Africa;
“Rand Merchant Bank”	Rand Merchant Bank, a division of FirstRand;
“Register” or “Adapt IT Share Register”	Adapt IT’s securities register maintained by the Adapt IT Transfer Secretaries in accordance with sections 50(1) and 50(3) of the Companies Act, including the relevant sub-registers and the register of disclosures of Adapt IT;
“SaaS”	software as a service;
“Sanlam”	Sanlam Investment Management Proprietary Limited, a company of Sanlam Limited;
“SARB”	the South African Reserve Bank, established in terms of section 9 of the Currency and Banking Act (Act 31 of 1920), and currently governed by the South African Reserve Bank Act (Act 90 of 1989), as amended;
“SENS”	the Stock Exchange News Service of the JSE;
“Sentio”	Sentio Capital Management Proprietary Limited (Registration number 2007/018379/07, a private company duly incorporated in accordance with the laws of South Africa;
“Settlement Date”	<ul style="list-style-type: none"> – in respect of Certificated Adapt IT Shareholders who accept the Offer, within six business days of the later of (i) the Offer being declared wholly unconditional and (ii) the date on which such Adapt IT Shareholders deliver Forms of Acceptance and Transfer (<i>blue</i>) and documents of title to Adapt IT’s transfer secretaries, with the last settlement date being the first business day after the Closing Date; and – in respect of dematerialised Adapt IT Shareholders who accept the Offer, within six business days of the later of (i) the Offer being declared wholly unconditional and (ii) the date on which the CSDP or broker of such dematerialised Adapt IT Shareholder notifies Adapt IT’s transfer secretaries of their acceptance of the Offer, with the last settlement date being the first business day after the Closing Date;
“Share Incentive Units”	a notional share in Adapt IT awarded to an Adapt IT Incentive Plan Participant in accordance with the rules of the Adapt IT Incentive Plan;
“South Africa”	the Republic of South Africa;
“Standard Bank”	Standard Bank of South Africa Limited;
“Stanlib”	Stanlib Asset Management Proprietary Limited (Registration number 1969/002753/07), a private company duly incorporated in accordance with the laws of South Africa;
“Strate”	Strate Proprietary Limited (Registration number 1998/022242/07), a private company duly incorporated in accordance with the laws of South Africa, a registered central securities depository in terms of the FMA;
“STT”	securities transfer tax, levied in terms of the STT Act;

“STT Act”	the Securities Transfer Tax Act, 2007, as amended;
“Swap Ratio”	0.9 of a Huge Share for every 1 Adapt IT Share;
“Transaction Sponsor” or “Corporate Advisor” or “Questco”	Questco Proprietary Limited (Registration number 2002/005616/07), a private company duly incorporated in accordance with the laws of South Africa;
“Takeover Regulations”	the Takeover Regulations set forth in chapter 5 (Fundamental Transactions and Takeover Regulations) of the Companies Regulations, 2011, promulgated under the Companies Act;
“TRP” or “Takeover Regulation Panel”	the Takeover Regulation Panel, established by section 196 of the Companies Act;
“Value Gap”	when the share price of a listed company does not reflect its intrinsic value;
“VAS”	value added services;
“VWAP”	the volume-weighted average traded price; and
“xTech”	new businesses that are created using existing industries and technology, such as Edu-Tech for new education businesses which are created using technology.



Huge Group Limited

(Registration number 2006/023587/06)

JSE share code: HUG

A2X share code: HUG

ISIN: ZAE000102042

OFFER CIRCULAR TO ADAPT IT SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

- 1.1 Adapt IT Shareholders were advised in the Firm Intention Announcement of Huge's intention to make an Offer to Adapt IT Shareholders, as contemplated in section 117(1)(c)(v) of the Companies Act, to acquire all, or any, of their Adapt IT Shares in exchange for the Offer Consideration.
- 1.2 The Offer constitutes an "affected transaction" as defined in section 117(1)(c)(v) of the Companies Act and, as such, is regulated by the Companies Act and the Takeover Regulations.
- 1.3 The Offer will be subject to the fulfilment or waiver (to the extent that waiver is competent in law) of the Conditions Precedent set out in paragraph 3.5 below.
- 1.4 The purpose of this Circular is to provide Adapt IT Shareholders with information relating to the Offer and the manner in which the Offer will be implemented.

2. NATURE OF HUGE'S BUSINESS AND RATIONALE FOR THE OFFER

2.1 Nature of Huge's business

Huge is an investment holding company which holds and desires to hold investments in connectivity, cloud, software and xTech. Its vision, mission and focus is unlocking opportunities through the strategic acquisition of powerful and independently successful businesses, in anticipation of an integration that Huge expects will take place naturally without being forced to do so. Huge believes that significant synergies exist across these themes and that it is well placed, with the right team of people, to unlock significant value from the synergies that exist and will be identified.

The Company maintains a listing on the Main Board of the JSE and a secondary listing on A2X Markets. The Company conducts its business principally within South Africa but also in Botswana, Lesotho, Mozambique, Namibia, eSwatini, Zambia and Zimbabwe.

Huge Telecom and Huge Connect, the principal trading operations of the Company, are two of South Africa's leading providers of voice, messaging, data and video connectivity services utilising a wireless GSM-based, fixed cellular, last-mile solution.

Huge Connect is a telecommunications services company with a focus on growing its payment connectivity services. It was established in 2004 and provides connectivity to the card payment terminals of merchants, payment services providers and the commercial banks in South Africa by making use of secure, managed, dual SIM connectivity over GSM data networks. It has over 32 000 merchants as customers. The Company has also expanded into other markets for payment connectivity, including connectivity for ATMs, integrated points of sale, medical/script verifications, telemetry applications, micro-lending applications and cash vaults.

2.2 Rationale for the Offer

Immediately prior to the Firm Intention Announcement, the Huge Shares traded at a price of 613 cents per share, and as such, the Huge Offer Price represents a 33% premium on the 30-day weighted average traded price (as defined in the JSE Listings Requirements) of Adapt IT Shares on the trading day immediately preceding the date of the Firm Intention Announcement, being 27 January 2021.

The rationale for making the Offer and the benefits to Huge Shareholders and Adapt IT Shareholders

2.2.1 Introduction: “Better-off together”

Like shareholders of any company, Huge Shareholders expect shareholder returns, as evidenced by dividends, an increasing share price and growth in the value of their Huge Shares. The Huge Board and the Adapt IT Board can generate shareholder returns through the organic growth of the portfolio of companies over which they have influence, or by increasing the size of the portfolio of companies under their influence through acquisition. Either way, investment scale, reflected by an ever-increasing market capitalisation, and an appreciating share price, is very important if a company wants to meet shareholder expectations.

Huge and Adapt IT are facing headwinds in the further development of their respective portfolios of companies. Organic revenue growth in the last 24 months has been pedestrian, which implies that growth through acquisition is key. Relative to larger market capitalisation companies listed on the JSE, the Huge Board believes that:

- i. The share prices of their respective companies do not reflect underlying intrinsic value;
- ii. The tradability of a Huge Share relative to an Adapt IT Share is low; and
- iii. In the case of Adapt IT, it has relatively high levels of interest-bearing debt on its balance sheet, which increases the perception of risk.

These factors, largely attributable to limited investment scale, have an impact on investment appeal and result in a Value Gap. Furthermore, if listed companies cannot raise equity capital, or can only do so at prices less than their intrinsic value, then they are unable to fund acquisitions using equity in a non-value-dilutive way. The options that are available to larger market capitalisation companies are either not available to Huge and Adapt IT, or pricing is punitive, limiting the extent to which Huge and Adapt IT can grow, optimise their portfolios of companies, extract return-enhancing synergies and generally pursue acquisitive growth. Therefore, the value of investment scale certainly informs the Offer.

On a positive note, Huge and Adapt IT are both cash generative, high margin, annuity revenue companies with lower risk profiles than many other investment alternatives. Huge and Adapt IT will grow as standalone entities, but the Huge Board certainly believes that they can grow faster together than apart. The Huge Board is of the view that Huge and Adapt IT are ‘better off together’; make for a compelling investment story on a combined basis and can deliver greater shareholder returns together.

The strategic rationale underpinning the Offer can be summarised as follows:

- i. The value of investment scale delivered through the Huge-Adapt IT Merger;
- ii. Attractive synergies, fit and alignment between the businesses;
- iii. Greater customer “real estate”, reach and growth opportunities;
- iv. An enhanced profile, greater investor confidence and better access to capital – whilst lowering the combined cost of capital;
- v. Improved equity market trading performance;
- vi. Creating a larger, lower cost, more profitable business with the potential to recognise other cost synergies and efficiencies; and
- vii. Expanding the collective base of reference shareholders and management executives.

The paragraphs below focus on each of these elements in more detail.

2.2.1.1 *Alignment, fit and synergy*

i. Huge's raison d'être

Huge owns and acquires meaningful interests in businesses in the converging connectivity, cloud, software and x-Tech markets.

Its mission statement is as follows:

"We:

- Focus on the strategic management of our existing businesses and expanding our portfolio through acquisition;
- Amplify value by leveraging our customer 'real estate' and the scale of the broader Huge ecosystem;
- Empower and support our partners who lead the businesses; and
- Facilitate collaboration between our entities"

Huge has the right people to make this happen.

The benefits of this inter-connectivity, the strategic support and management support offered by the Huge Board, coupled with the fact that the underlying businesses within our network are nurtured and encouraged to grow in line with its own unique culture and strategy, means that Huge has the optimal platform - and individuals - to succeed when bringing the two groups together.

ii. Nature of Adapt IT's business

As set out in the 2020 Adapt IT Integrated Report, Adapt IT provides leading specialised software and digitally led business solutions that assist clients across targeted industries to achieve more by improving their customer experience, core business operations, business administration, enterprise resource planning and public service delivery.

Adapt IT has deep sector knowledge and experience in the education, manufacturing, financial services, energy, technology expense management (multi-industries), telecommunications, consumer security and services, and hospitality industries, including the public sector.

Adapt IT serves over 10 000 global customers, with headquarters in Johannesburg, South Africa, and regional offices in Durban and Cape Town. To service international customers, Adapt IT focuses on the pan African market, through a presence in Mauritius, Botswana, Kenya and Nigeria, as well as on the Asia Pacific market, where the group has a presence in Australia, New Zealand and Singapore. Through its presence in Ireland, Adapt IT is also able to service customers in Europe.

iii. Examples of the synergy, fit, and alignment of the Huge-Adapt IT Construct

The Huge Board believes that the Huge-Adapt IT Construct is a 'match-made-in-heaven', since:

- i. The businesses of Huge and Adapt IT are aligned;
- ii. There is very little overlap; and
- iii. There is visible synergy from which value can be created.

Examples of the alignment between Huge and Adapt IT are set out below:

- Adapt IT's communications division is a telecommunications solutions provider, providing specialist proprietary software and value-added services to the telecommunications industry, which is offered across mobile network operator core networks and range from next-gen VAS through to

data analytics, IoT management, customer experience, self-service and mobility. Through AspiviaUnison, Adapt IT provides expense management software services to customers who have telephone systems.

- Huge Connect, Huge Networks, and Huge Telecom are telecommunications service providers who provide a comprehensive range of connectivity solutions across all mediums, including connectivity solutions across mobile networks. The cloud and the delivery of SaaS would be stillborn if there was no connectivity. Huge Connect and Huge Telecom's strategic advantage lies within each of their respective billing engines, which provide tailored price plans to over 48 000 customers.
- Huge Connect provides payment connectivity to over 30 000 merchants, including retailers and more specifically hospitality retailers, who have point-of-sale software and devices, while Huge Software licenses proprietary accounting and ERP software. Adapt IT's hospitality division, through Micros South Africa, specialises in the resale, support, and deployment of software and hardware products, including cloud solutions and the provision of professional services, to these very customers, which implies that there are strong synergies between these three companies.
- Adapt IT could also leverage the contracts and great relationships Huge Connect has with the large commercial banks to build on its terminal automation solutions, mobile point-of-sale offerings, and mobile money and mobile wallet applications to an enlarged customer base.
- Huge Software's WebAccounting accounting software and CQS's Caseware audit and risk software fit very well together, complement each other, and can be leveraged. Adapt IT's financial services division provides a range of software solutions that automate financial statement and assurance engagements, streamline tax management processes, and enable simplified time and billing management for about 4 500 audit and accounting firms, government entities, municipalities and large companies across Africa. Adapt IT is an ideal partner for Huge Software's ERP offerings to the mid-tier market. This gives Adapt IT an additional service partner who can supply ERP software to those clients that do not want to go to a SAP, Oracle or Microsoft ERP solution. This will create new market opportunities for Adapt IT and Huge Software for selling Huge Software's ERP solutions.
- Huge Distribution is an importer of hardware from various large international companies. These relationships could be leveraged in the areas in which Adapt IT operates.

Furthermore, the Huge-Adapt IT Construct creates the opportunity to unlock value in the data, software, voice and hosting space. Market verticals currently serviced by Adapt IT, such as education, would benefit from Huge Network's ability to deliver high-capacity connectivity. The convergence of Adapt IT's SaaS in the cloud and the connectivity offerings of Huge, allow for the end-to-end delivery and management of SaaS, voice or data, and IoT offerings, giving the customer comfort that their provider has control over and is responsible for the entire value chain.

2.2.1.2 *An enlarged real estate of customers, greater customer reach and growth potential*

Digital platforms or networks that facilitate connections and exchanges is an important modern concept. This trend is turning established business models on their heads, requiring many traditional businesses to transition to, or incorporate, a platform-based model. This combined with the network effect (the phenomenon whereby the value of services increases exponentially by the number of participants) suggests that Huge's central tenet of growing its real estate of customers is a value creation imperative. Enlarging Huge's customer base to over 60 000, by combining Adapt IT's 10 000 existing customers with Huge's 50 000 existing customers, would increase the value of this proposition.

As such, the Huge-Adapt IT Construct will enable the convergence of customer bases, product sets, and provide access to new markets, which will in turn facilitate potential increases in market shares. Huge can open its base of customers to Adapt IT, providing Adapt IT with additional market segments in which it has not historically participated including, but not limited to, medical, retail, building & hardware and automotive.

2.2.1.3 *Macro-economic considerations relating to Adapt IT, Huge and the Huge-Adapt IT Construct*

i. The South African micro-cap market and access to growth capital

Despite the economic downturn in 2020, the Covid-19 pandemic has served to accelerate global trends such as remote work, digitisation, e-commerce, and associated services. Covid-19 has also made things happen faster, which means that speed and scale are crucial to capitalise on the accelerated evolutionary impact of the pandemic. To capitalise on this opportunity, critical mass is crucial. In addition, acquisitive growth is essential to underpin sustainable growth strategies.

Small and micro-cap shares in the South African market (the market for shares listed on the JSE) have performed poorly over the past three years.

While we see more money flowing into equity markets than ever, these funds are certainly not yet reaching South African micro-cap stocks and might well not for the foreseeable future.

In this market, investors are looking for:

- i. Critical mass;
- ii. Efficient and well-managed organisations with a convincing strategy;
- iii. Growth plans and mergers reflecting clear underlying synergies and strategy; and
- iv. Entities that have a far greater chance of attracting the new or pending emerging market investment wave of funding.

The Huge-Adapt IT Construct is founded on a principle of 'better off together' by virtue of its combined and enlarged customer "real estate" and the ability to attract new institutional shareholder interest. Size, speed, and flexibility matter in this evolving environment. In addition, the combined currency of a Huge-Adapt IT Construct will enable the Enlarged Entity to become a more active participant in M&A activity.

The Huge-Adapt IT Construct will result in a larger organisation, increasing investment scale, and greater investor confidence. This will lead to easier access to capital markets for expansion and further acquisitions in Huge and Adapt IT's chosen markets, both in South Africa and abroad. Huge's recent announcement about plans to seek an AIM Listing on the London Stock Exchange may also offer the Enlarged Entity easier access to foreign capital markets.

The Enlarged Entity will facilitate faster strategy implementation. There is an opportunity for the Enlarged Entity to become the ICT investment of choice in South Africa and Africa, especially given the absence of other listed comparable companies.

Huge and Adapt IT have both increased their respective profiles because of the Offer. The Enlarged Entity will, to an even greater extent, also increase its profile and investor interest.

ii. The importance of investment scale

In South Africa, investor appetite for smaller market capitalisation companies is at a low with no evidence of a near-term change in sentiment.

2.2.1.4 *Micro-economic considerations relating to Adapt IT, Huge and the combination of Huge and Adapt IT*

i. The Huge-Adapt IT Construct will eliminate target company competition

The market for target companies in connectivity, cloud, software, and x-Tech is extremely competitive, and acquisition targets are becoming scarce. Huge and Adapt IT currently do, and will continue to, compete for the same target companies. Combining both companies will eliminate competition between Huge and Adapt IT for target companies in the market for connectivity, cloud, software, and xTech. It is also probable that the Enlarged Entity may enjoy increased M&A deal flow.

ii. A Huge-Adapt IT Construct has positively impacted, and will continue to positively impact, tradability and liquidity

There is no investor appetite for illiquid companies or companies whose shares do not trade frequently on their chosen stock exchange. In a volatile environment, the ability to turn listed share investments into cash has become significantly more important to the retail and institutional shareholder.

The Huge Board believes that tradability can and needs to be distinguished from liquidity. The Huge Board believes that, although the tradability of Huge Shares on the JSE is low, it does not mean that a Huge Share is illiquid. To understand this statement, one needs to look at the spread or lack of spread (concentration) in the Huge Share Register. On 26 February 2021, the Huge Share Register disclosed the details of 1 060 Huge Shareholders. On the same day, the Adapt IT Share Register disclosed the details 12 647 Adapt IT Shareholders.

The Huge Board is of the view that the Adapt IT Shareholders should consider that 89% of the Huge Shareholders are represented by five parties. The Huge Board's view is that while this concentration might mean that the Huge Shares trade less on the JSE, it does not mean that the Huge Share is illiquid and cannot be converted to cash readily. Also, on the assumption that the Huge Acceptances is 100%, the 12 647 Adapt IT Shareholders (as at 26 February 2021) on the Adapt IT Share Register will become shareholders of the Enlarged Entity and they will appear on the Enlarged Entity's Huge Share Register. As such the tradability and liquidity of the Adapt IT Share will be transferred to Huge. It cannot be disputed that by combining the Huge Shareholders and the Adapt IT Shareholders into an enlarged Huge Share Register, the liquidity and tradability of the Huge Share will be better than the liquidity and tradability of either the Huge Share or the Adapt IT Share before the combination.

iii. A Huge-Adapt IT Construct will lower the cost of capital

Diversification lowers the cost of capital, which has an inverse relationship with equity values. In other words, the lower the cost of capital the higher the value of equity. Huge and Adapt IT have significant levels of goodwill. The higher the cost of capital, the higher the discount rate that present values future cash flows, and the greater the risk of goodwill impairments, which will have a negative effect on earnings.

iv. A Huge-Adapt IT Construct will create cost savings and efficiencies

On the assumption that the Huge Acceptances is 100%, duplicate listing and other corporate costs can be eliminated. The cost of running Huge as a listed company with a holding company and head office structure is approximately R20 million a year. At the very least, and from Huge's vantage point, these duplicated costs can be eliminated. In addition, there are arguably other corporate costs that can be reduced, if not eliminated, such that additional earnings can be unlocked for the Enlarged Entity.

v. A Huge-Adapt IT Construct will increase expertise and manpower

Huge has an exceptionally skilled M&A team, who have a proven track record of highly innovative M&A transactions informed by various strategies, efficiencies and managed risk-taking. This can only benefit future growth and M&A potential for an Enlarged Entity and bring an exciting dynamic to an enlarged team. It is arguable that both Huge and Adapt IT require more manpower capacity for M&A. A combined Huge and Adapt IT will enhance the Enlarged Entity's M&A skills. It appears that Adapt IT's M&A skills lie with Ms Koffman, who is a non-executive director of Adapt IT, and Mr Shabalala and Mrs Dunston, who are both executives of Adapt IT, while Huge's M&A skills lie with Dr da Silva, Prof. Armstrong, Mr Lyons, Mr Gammie, who are all non-executive directors, and Mr Herbst and Mr Openshaw, who are Huge executives. The combination of these nine individuals brings a powerful M&A team to the market with a proven track record of creating value for stakeholders over many years.

Huge's strategy for acquiring companies involves "backing the jockeys" in each target company, ensuring that each operating entity has the correct individual driving the teams and with skin-in-the-game. This strategy has yielded effective results for Huge and this has been proved during the Covid-19 pandemic, where all of Huge's operating entities performed exceptionally well considering the circumstances. This is testimony to the success of Huge's approach. No staff retrenchments and salary cuts were instituted at Huge, which illustrates the resilience of each of Huge's operating entities.

Adapt IT Proprietary Limited, the wholly owned subsidiary company of Adapt IT, has a BBBEE score of Level 1, even if the Huge Acceptances are 100%.

vi. A Huge-Adapt IT Construct might produce property utilisation benefits

The 2020 Adapt IT Integrated Report discloses the following related party information:

	2020 R
Operating lease charges under IAS 17	–
Payment of lease liability (IFRS 16)	34 620 449
Finance costs (IFRS 16)	27 715 578
Capital payment (IFRS 16)	6 904 871
Property municipal charges	8 186 210
Maintenance charges	1 925 460
Total	44 732 119

The landlord of Adapt IT's Johannesburg Campus is Mshengu Property Holdings Proprietary Limited (**MPH**). MPH is 100% owned by the Mshengu Family Trust. Mr Shabalala, the Chief Executive Officer of Adapt IT, is a beneficiary and trustee of the Mshengu Family Trust. Furthermore, Mr Shabalala is a director of MPH. It appears from the 2020 Adapt IT Integrated Report that The Johannesburg Campus is under a 13-year lease.

Five of Huge's operating companies occupy premises in three locations in Johannesburg. Huge only concludes lease agreements of short duration. While some of the leases span as many as three years, Huge has an option to give early termination notice. These short leases allow Huge, subject to the return to a normal work from office world post Covid-19, to move to Adapt IT's Johannesburg Campus in the event that it has spare capacity, thereby reducing duplicate costs.

2.2.1.5 Additional benefits for Adapt IT Shareholders

i. The Offer resulted in an immediate increase in the price of an Adapt IT Share

Because the Offer better reflects the underlying intrinsic value of an Adapt IT Share, it has narrowed (and continues to narrow) the Adapt IT Value Gap. It is arguable that the lower the Huge Acceptances, the more likely it is that the Adapt IT Share will revert to a pre-Offer price.

ii. A Huge-Adapt IT Construct will broaden the base of reference stakeholders

Adapt IT's reference shareholders include, in order of shareholding, Nedgroup, Sanlam and the PIC. Huge's reference shareholders include, in order of shareholding, Praesidium, Stanlib and Sentio. Combining the base of reference shareholders can only be positive for existing Huge Shareholders and future Huge Shareholders (being Adapt IT Shareholders that accept the Offer).

Adapt IT's debt providers include Standard Bank and FirstRand. Huge's debt providers include FirstRand, Futuregrowth and Rand Merchant Bank. Similarly, combining the base of reference debt providers can only be positive for the Huge-Adapt IT Construct.

iii. A Huge-Adapt IT Construct will create a stronger balance sheet

An organisation's capital structure is critical and should allow it to be optimally positioned to take advantage of favourable lending rates, while also considering the risk of over gearing should a low interest rate regime reverse. A Huge-Adapt IT Construct would be more favourably perceived by lending institutions and would better position the Enlarged Entity to withstand any monetary policy reversal. Accordingly, if the Huge Acceptances are high, this presents Adapt IT Shareholders with an opportunity to lower their financial risk exposure, because the market value of Huge's equity over its interest-bearing liabilities provides more cover when compared to the market value of Adapt IT's equity over its interest-bearing liabilities.

Notwithstanding the global ZIRP (Zero Interest Rate Policy), there are growing inflationary concerns. Consequently, the debt/equity capital structures of organisations are crucial, and they need to be optimally positioned to take advantage of favourable lending rates and mitigate the risk of over gearing should low interest rate regimes reverse. The Huge-Adapt IT Construct will be more favourably perceived by lending institutions and the Enlarged Entity will be better positioned to withstand any monetary policy reversal. Huge currently has capacity to increase its own gearing.

On the day of the Firm Intention Announcement, Adapt IT's market capitalisation of R0.55 billion (ignoring treasury shares) to interest bearing liabilities of R0.51 billion (per the 2020 Adapt IT Integrated Report) provided a cover of one times. On the same day, Huge's market capitalisation of R1.02 billion (ignoring treasury shares) to interest bearing liabilities of R0.17 billion (per the 2020 Huge Integrated Report) provided a cover of six times. On the assumption that the Huge Acceptances is 100%, the combined cover of the Enlarged Entity will be three times (R1.92 billion divided by R0.68 billion). This must reduce the Adapt IT Shareholder's perception, as well as other investor's perception, of interest rate risk.

Given its relatively high levels of debt, Adapt IT is negatively exposed to a higher interest rate environment. This will limit Adapt IT's ability to fund acquisitions by taking on more debt.

Huge's low level of debt compared to Adapt IT places the Enlarged Entity in a better position to continue to use debt to fund further acquisitions. In other words, it increases funding capacity because of lower levels of interest-bearing debt.

The Offer presents an opportunity to create a larger entity with greater critical mass and enhanced liquidity, providing an improved platform to facilitate acquisitive growth.

iv. A Huge-Adapt IT Construct provides takeover protection

The Adapt IT share closed at 401 cents on the day of the Firm Intention Announcement and closed at 415 cents as at the Last Practicable Date. The Offer can be seen as a defensive strategy to an alternative (cash) offer which may not reflect Adapt IT's intrinsic value. If an alternative new offer is accepted by some Adapt IT Shareholders this may place other Adapt IT Shareholders at risk of being forced to exit Adapt IT when there is a Value Gap. The same applies to a share for share offer by another large, listed company. If a large, listed company acquires Adapt IT, the Adapt IT Shareholder's exposure to the underlying Adapt IT markets and businesses will be reduced.

Importantly to note, the Offer is not hostile to Adapt IT Shareholders. It allows them to retain a significant amount of exposure to Adapt IT's underlying businesses while creating investment scale. The Offer is made on the foundation of 'better-off together'. It has been conceived on the basis of a merger rather than a takeover. It is also a way in which Adapt IT can grow by acquisition. Viewed from Adapt IT's vantage point, it is a mechanism for Adapt IT, as a listed company, to create investment scale and grow by acquisition in the presence of a Value Gap.

2.2.1.6 *Conclusion: "Better off together"*

- A Huge-Adapt IT Construct creates a listed company investment;
- with greater investment scale and potentially a higher market capitalisation;
- with a broader base of reference stakeholders;
- whose shares are more tradable;
- with a proactive investment strategy;
- with an aggressive M&A, dealing-making bias;
- with better prospects for acquisitive growth; and
- with lower levels of debt.

3. THE OFFER

3.1 The Offer and Offer Consideration

- 3.1.1 Huge hereby offers to acquire from Adapt IT Shareholders all (or part) of the Adapt IT Shares in respect of which it receives valid acceptances prior to the Closing Date.
- 3.1.2 Adapt IT Shareholders that accept the Offer shall receive 0.9 Huge Shares for every 1 Adapt IT Share disposed of in terms of the Offer.
- 3.1.3 The Offer Consideration effectively places a value at the Last Practicable Date of 513 cents per Adapt IT Share disposed of in terms of the Offer, representing:
- 3.1.3.1 a premium of 21% to the 30 day VWAP of Adapt IT Shares on the trading day immediately preceding the date of publication of the Firm Intention Announcement; and
- 3.1.3.2 a premium of 9.10% to the 30 day VWAP of Adapt IT Shares as at the Last Practicable Date.
- 3.1.4 No fractions of Huge Shares will be issued and any fraction of an Offer Consideration Share to which the Offer Participant becomes entitled pursuant to the Offer will be rounded down to the nearest whole Offer Consideration Share as set out in Annexure 1 to this Circular, resulting in allocations of whole securities only and a cash payment for the fraction. Any cash payments arising in respect of fractions will be paid by way of electronic fund transfers only.

- 3.1.5 Huge does not expect to request any existing director of Adapt IT to vacate his/her office as a direct result of receiving acceptances in respect of the Offer from the Adapt IT Shareholders which will enable Huge to exercise control over Adapt IT and while Adapt IT continues to remain listed on the JSE. Should Huge receive acceptances of the Offer from Adapt IT Shareholders in excess of 10%, Huge will call a general meeting to nominate directors to the Adapt IT Board.
- 3.1.6 In the event that Huge receives acceptances of the Offer from Adapt IT Shareholders which will enable it to exercise its rights in terms of section 124 of the Act, and Adapt IT subsequently becomes a wholly-owned subsidiary of Huge, there would be no need for a full board that includes non-executive directors and Huge would adjust the board composition accordingly.

3.2 Remaining Adapt IT Shareholders

Those Adapt IT Shareholders who do not accept the Offer will remain Adapt IT Shareholders in respect of their Adapt IT Shares. In the event that Huge obtains a 90% acceptance rate of the Offer, it will look to exercise its rights under section 124 of the Act in order to compulsorily acquire the remaining 10% of Adapt IT Shares, in which event Adapt IT becomes a wholly-owned subsidiary and an application for the termination of the listing of Adapt IT will be made.

In the event that Huge obtains between 80% and 90% of the Adapt IT Shares, Huge undertakes to vote in favour of a resolution to approve an issue of shares for cash by Adapt IT, which shares will be placed in such a manner to ensure that the requisite spread of public shareholders is maintained.

3.3 Offer period

- 3.3.1 The Offer will be open for acceptance by Offerees for a period of 68 Business Days from 09:00 on the Opening Date until 12:00 on the Closing Date.
- 3.3.2 Huge reserves the right, subject to approval by the TRP, to extend the Closing Date of the Offer in accordance with the provisions of the Takeover Regulations and any other applicable law and regulations. Any announcement regarding any such extension will be released on SENS and published in the press.

3.4 Listing of the Offer Consideration Shares

Subject to the valid acceptance of the Offer by Offer Participants and the fulfilment of the Conditions Precedent, the Offer Consideration Shares will be allotted, issued and listed on the Settlement Date.

3.5 Conditions Precedent

The Offer is subject to the fulfilment or waiver (to the extent that the waiver is competent in law) of, *inter alia*, the following Conditions Precedent on or before the Longstop Date:

- 3.5.1 the minimum percentage of Adapt IT Shares tendered by shareholders in acceptance of the Offer is 0.01% of the issued Adapt IT Shares; and
- 3.5.2 the Takeover Regulation Panel shall have issued a compliance certificate in relation to the Offer as contemplated in Regulation 102(13) of the Takeover Regulations.

3.6 Procedure for acceptance of the Offer

Adapt IT Shareholders are referred to page 2 of this Circular, which sets out the procedure for acceptance of the Offer and the action required by them in respect of the Offer.

3.7 Acceptances irrevocable

- 3.7.1 Subject to paragraph 3.7.2, all acceptances of the Offer received by Adapt IT's Transfer Secretaries, Huge or the relevant CSDP or broker prior to the Closing Date shall be irrevocable.
- 3.7.2 Acceptances of the Offer may be withdrawn by written notice to Huge, if the Offer has not been declared wholly unconditional by midnight on the 65th Business Day after the Opening Date.

3.8 Applicable law

- 3.8.1 The Offer is made in compliance with the requirements of the Takeover Regulations and is governed by and subject to the provisions of the laws of South Africa and will be subject to the exclusive jurisdiction of a South African court.
- 3.8.2 Each Offer Participant will be deemed by his acceptance to have consented and submitted to the jurisdiction of the courts of South Africa in relation to all matters arising out of or in connection with the Offer and acceptance thereof.

3.9 Offer not made where illegal

- 3.9.1 The legality of the Offer to persons resident in jurisdictions outside of South Africa may be affected by the laws of the relevant jurisdiction.
- 3.9.2 Such person should acquaint themselves with any applicable legal requirements which they are obligated to observe.
- 3.9.3 It is the responsibility of any Offeree wishing to accept the Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith.
- 3.9.4 If received in any jurisdiction where it is illegal for the Offer to be made or accepted, this document should be treated as having been received for information only.

3.10 Basis of acquisition of Adapt IT Shares

Offer Participants warrant and undertake that they will deliver the Adapt IT Shares to be acquired by Hugel to Hugel free of all liens, equities, mortgages, options, rights of pre-emption, charges, encumbrances and other third party rights and interests of any nature whatsoever.

3.11 Approvals, consents and undertakings received

- 3.11.1 Hugel has obtained the necessary authorisations and approvals from the Hugel Board to proceed with the Offer.
- 3.11.2 To the extent that Hugel receives acceptances of the Offer such that it is required to issue c.48.8 million Offer Consideration Shares, the Offer results in a category 1 transaction for Hugel in terms of the JSE Listings Requirements. In this event Hugel requires shareholder approval for the Offer in terms of section 41(3) of the Companies Act and in terms of the JSE Listings Requirements.
- 3.11.3 The TRP and the JSE have both approved this Circular.

3.12 Tax implications for Offer Participants

The tax implications for Offer Participants are dependent on the individual circumstances and the jurisdiction applicable to such Offer Participants. It is recommended that if Offer Participants are uncertain about the tax treatment of the receipt of the Offer Consideration, they seek appropriate advice in this regard.

3.13 Other tax implications

The STT payable in respect of the transfer of the Offer Shares to Hugel, will be payable by Hugel.

3.14 Sufficient securities

If the Offer is accepted by all Offerees, a total of 130 398 747 Hugel Shares will be issued pursuant to the Offer in consideration for all of the Offer Shares.

Hugel has sufficient authorised but unissued Hugel Shares in order to issue the Offer Consideration Shares if all of the Offer Shares are tendered in terms of the Offer.

3.15 Other terms of the Offer

- 3.15.1 The Offer may be amended, varied or revised in such manner as Hugel in its sole discretion may determine, provided that no such amendment, variation or revision shall be made unless:

- 3.15.1.1 the prior consent of the TRP has been obtained;
- 3.15.1.2 there is no diminution in the value of the Offer Consideration offered; and
- 3.15.1.3 an announcement or press release containing the amended, varied or revised offer is made prior to the closing time and date of the Offer or such other date which is approved by the TRP.
- 3.15.2 No amendment to, or variation of the Offer may be made after the 45th business day after the Opening Date, unless the Offer is unconditional as to acceptances.
- 3.15.3 In addition to the above, no amendment to, or variation of the Offer will be valid unless made in writing and signed by a duly authorised representative of Huga. Without prejudice to its other rights, Huga reserves the right to condone, in its sole discretion, the non-observance by any Adapt IT Shareholder of any of the terms or conditions of the Offer. If the Offer is amended, varied or revised in a manner which makes it more favourable to Adapt IT Shareholders, the benefit of such improved Offer will automatically accrue to any Adapt IT Shareholder who has accepted the Offer prior to the amendment, variation or revision being made.
- 3.15.4 The acceptance by, or on behalf, of such Adapt IT Shareholder of the Offer in its original or previous form shall be deemed to be an acceptance of any improved Offer pursuant to any such amendment, variation or revision and shall constitute an irrevocable authority and power of attorney *in rem suam* to any director or duly authorised representative of Huga:
 - 3.15.4.1 to accept such amended, varied or revised Offer on behalf of such Adapt IT Shareholder; and
 - 3.15.4.2 to execute on behalf of and in the name of such Adapt IT Shareholder all such further documents (if any) as may be required to give effect to such acceptance.

4. SETTLEMENT OF THE OFFER CONSIDERATION

- 4.1 For the sake of clarity, Adapt IT Shares may not be dematerialised or re-materialised by Offer Participants between the date of the acceptance until the Settlement Date, both days inclusive.
- 4.2 Subject only to the fulfilment of the Conditions Precedent, Offer Participants will be entitled to receive, subject to 4.4 below, the Offer Consideration Shares on the Settlement Date.
- 4.3 Subject to the fulfilment or waiver (to the extent that waiver is competent in law) of the Conditions Precedent, settlement of the Offer Consideration to certificated Offer Participants who have surrendered their documents of title and furnished a duly signed Form of Acceptance and Transfer (*blue*) in accordance with the instructions contained therein will take place on the Settlement Date.
- 4.4 Where any certificated Offer Participant has not validly surrendered his relevant documents of title, the Offer Consideration will be held by the Transfer Secretaries on behalf of and for the benefit of such Offer Participant until claimed. No interest will accrue or be paid to any Offer Participant in respect of any future distributions paid on the Offer Consideration units so held in trust.
- 4.5 Subject to the fulfilment or waiver (to the extent that waiver is competent in law of the Conditions Precedent), settlement of the Offer Consideration to dematerialised Offer Participants will take place in accordance with the custody agreement concluded between such dematerialised Offer Participants and their CSDPs or brokers. The settlement of the Offer Consideration will take place on the Settlement Date.

5. THE ADAPT IT INCENTIVE PLAN

- 5.1 As at the Last Practicable Date, there are 3 636 820 Share Incentive Units outstanding under the Adapt IT Incentive Plan, with a strike price of 933 cents. The outstanding Share Incentive Units will lapse three years after the date of issue, i.e., 30 June 2021.

- 5.2 To the extent that Adapt IT Incentive Plan Participants deliver valid acceptance notices in respect of Share Incentive Units granted to them under the Adapt IT Incentive Plan prior to their expiry date of 30 June 2021, holders of Adapt IT Shares issued pursuant to such acceptances will be entitled to accept the Offer prior to the Closing Date in the manner described in this Circular.

6. SOUTH AFRICAN EXCHANGE CONTROL REGULATIONS

- 6.1 The following is a summary of Exchange Control Regulations as they apply to Adapt IT Shareholders who accept the Offer.

- 6.2 Adapt IT Shareholders who are not registered in or have a registered address outside South Africa must satisfy themselves to the full observance of the laws of the relevant jurisdiction concerning the receipt of the Offer Consideration, including obtaining any requisite governmental and other consents, observing any other requisite formalities and paying any transfer or other taxes due in such territory. If in doubt, Adapt IT Shareholders should consult their professional advisers without delay.

- 6.3 Residents of the Common Monetary Area

In the case of:

- 6.3.1 Certificated Adapt IT Shareholders whose registered address is in the Register within the Common Monetary Area and whose documents of title are not restrictively endorsed in terms of Exchange Control Regulations, the Offer Consideration will be posted or transferred, as the case may be, to such Adapt IT Shareholders in accordance with paragraph 4; or

- 6.3.2 dematerialised Adapt IT Shareholders whose registered addresses in the Register are within the Common Monetary Area and have not been restrictively designated in terms of Exchange Control Regulations, the Offer Consideration will be credited directly to the accounts nominated for the relevant Adapt IT Shareholders by their duly appointed CSDP or broker in terms of the provisions of the custody agreement with their CSDP or broker.

- 6.4 Emigrants from the Common Monetary Area

In the case of Adapt IT Shareholders who are emigrants from the Common Monetary Area and whose Adapt IT Shares form part of their emigrant assets, the Offer Consideration will:

- 6.4.1 in the case of Certificated Adapt IT Shareholders whose documents of title are restrictively endorsed in terms of the Exchange Control Regulations, be forwarded to the authorised dealer in foreign exchange in South Africa controlling such Adapt IT Shareholders' emigrant assets in terms of the Exchange Control Regulations. The attached Form of Acceptance and Transfer makes provision for the details of the authorised dealer concerned to be given; or

- 6.4.2 in the case of dematerialised Adapt IT Shareholders whose registered addresses in the Register are outside the Common Monetary Area and have been restrictively designated in terms of the Exchange Control Regulations, be paid to their CSDP or broker which shall arrange for same to be credited directly to the emigrant Rand bank account of the Adapt IT Shareholders concerned with their authorised dealer in foreign exchange in South Africa.

- 6.5 All other non-residents of the Common Monetary Area

The Offer Consideration accruing to non-resident Adapt IT Shareholders whose registered addresses are outside the Common Monetary Area and who are not emigrants from the Common Monetary Area will:

- 6.5.1 in the case of Certificated Adapt IT Shareholders, whose documents of title have been restrictively endorsed in terms of Exchange Control Regulations, be posted to their registered address, unless written instructions to the contrary are received and an address provided. The attached forms of acceptance, surrender and transfer make provision for a substitute address or bank details; or

- 6.5.2 in the case of dematerialised Adapt IT Shareholders, be paid to the duly appointed CSDP or broker and credited to such Adapt IT Shareholder in terms of the provisions of the custody agreement with their CSDP or broker.

6.6 Information not provided

6.6.1 If the information regarding authorised dealers is not given, or the instructions are not given as required in terms of paragraphs 6.3 to 6.5, the Offer Consideration will be held in trust by Adapt IT or Adapt IT's Transfer Secretaries on behalf of Adapt IT for the Adapt IT Shareholders concerned, pending receipt of the necessary information or instructions.

7. FINANCIAL INFORMATION AND SHARE PRICE INFORMATION RELATING TO HUGE

7.1 Extracts of the audited annual financial statements of Huge for the financial years ended 28 February 2018, 28 February 2019 and 29 February 2020 are set out in Annexure 7 to this Circular.

7.2 The trading history of Huge Shares and the volume of Huge Shares traded is set out in Annexure 2 to this circular.

7.3 In terms of Regulation 106(6)(d) of the Takeover Regulations, if the Offer Consideration consists wholly or partly of offeror securities, an offeror offer circular must contain a *pro forma* balance sheet and *pro forma* income statement, and *pro forma* earnings and assets per security as at the last financial year-end, assuming a 100% successful Offer result.

7.4 The *pro forma* financial information required in terms of the Takeover Regulations, consisting of the *pro forma* balance sheet, the *pro forma* income statement and the *pro forma* earnings and assets per Huge Share are set out in Annexure 3 and the reporting accountants' report thereon is set out in Annexure 4.

7.5 In terms of the JSE Listings Requirements, the *pro forma* financial information must be included as at the most recent reporting period, being the six-month interim period ended 31 August 2020.

7.6 The *pro forma* financial information required in terms of the JSE Listings Requirements, consisting of the *pro forma* balance sheet, the *pro forma* income statement and the *pro forma* earnings and assets per Huge Share are set out in Annexure 5 and the reporting accountants' report thereon is set out in Annexure 6.

8. HUGE AND ITS DIRECTORS' INTEREST AND DEALINGS IN ADAPT IT SHARES AND HUGE SHARES

8.1 Huge's interest in Adapt IT Shares

As at the Last Practicable Date, Huge does not hold any Adapt IT Shares.

Pursuant to the Offer becoming unconditional, Huge will become the beneficial owner of the number of Offer Shares sold pursuant to the acceptance of the Offer.

8.2 Huge's dealings in Adapt IT Shares

Huge has had no dealings in Adapt IT Shares during the period beginning six months prior to the Opening Date of the Offer and ending on the Last Practicable Date.

8.3 Huge Directors' interest in Huge Shares

The direct and indirect beneficial interests of Huge Directors (and their associates), including Huge Directors who have resigned during the last 18 months, in the issued share capital of Huge as at the Last Practicable Date, was as follows:

	Direct	Indirect	Total	%
JC Herbst ¹	268 370	24 504 958	24 773 328	14.106
CWJ Lyons ²	–	200 000	200 000	0.113
AP Openshaw	50 000	–	50 000	0.029
	318 370	24 704 958	25 023 328	14.248

1. The indirect shareholding of JC Herbst is non-beneficial and is held by Eagle Creek Investments 223 Proprietary Limited, Pacific Breeze Trading 417 Proprietary Limited and Silver Meadow Trading Proprietary Limited.

2. The indirect shareholding of CWJ Lyons is non-beneficial.

8.4 Huge Directors' interest in Adapt IT Shares

None of the Huge Directors or their associates hold any direct or indirect interest in Adapt IT Shares. No dealings in Adapt IT Shares were conducted by the Huge Directors during the period beginning six months prior to the Opening Date and ending on the Last Practicable Date.

8.5 Adapt IT Directors' emoluments and service contracts

It is not anticipated that the total emoluments received by Adapt IT directors will be varied as a consequence of the Offer.

9. OPINIONS AND RECOMMENDATIONS

9.1 The Huge Board recommends acceptance of the Offer by Adapt IT Shareholders.

9.2 In compliance with regulation 110(10)(b) of the Takeover Regulations, Huge has provided relevant information to the independent board of directors of Adapt IT and the independent expert appointed by the independent board of directors of Adapt IT to assist them in the consideration of (and form an opinion on) the fairness and reasonableness of the Offer Consideration.

10. INTENTIONS REGARDING THE BUSINESS OF ADAPT IT

Huge, at this stage, does not intend changing the nature of Adapt IT's business.

11. UNDERTAKINGS AND CONCERT PARTY ARRANGEMENTS

11.1 Huge is not acting in concert with any other person in relation to the Offer.

11.2 No Adapt IT Shareholders have given any undertakings to accept the Offer.

12. SPECIAL ARRANGEMENTS AND UNDERTAKINGS

No agreement exists between Huge, or any person acting in concert with Huge, and:

12.1 Adapt IT;

12.2 any of the directors of Adapt IT, or persons who were directors within the preceding 12 months of Adapt IT; or

12.3 Adapt IT Shareholders, or persons who were holders of Adapt IT Shares within the preceding 12 months, which agreement is considered to be material to a decision regarding the Offer.

13. MAJOR SHAREHOLDERS OF HUGE

At the Last Practicable Date, shareholders, other than Huge Directors, who held a 5% or greater beneficial (direct and indirect) shareholding in the issued share capital of Huge are set out below.

Shareholder	Number of Shares	% shareholding on total Shares in issue*		% shareholding excluding treasury shares	
		Direct	Indirect	Direct	Indirect
Praesidium Hedge Fund	36 500 000	20.79	–	21.99	–
Pacific Breeze Trading 417 Proprietary Limited**	14 260 891	–	8.12	–	8.59
Standard Chartered Bank	9 967 386	–	5.68	–	6.01
Eagle Creek Investments 223 Proprietary Limited**	9 805 567	–	5.58	–	5.91
Government Employees Pension Fund	8 623 678	–	5.02	–	5.31

* Based on 171 924 611 Shares including 9 646 926 treasury shares as at the Last Practicable Date.

** An associate of JC Herbst.

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Huge Directors:

- 14.1 have considered all statements of fact and opinion in this Circular;
- 14.2 accept, individually and collectively, full responsibility for the accuracy of the information given in this Circular;
- 14.3 certify that, to the best of their knowledge and belief, the information in this Circular is true;
- 14.4 certify that, to the best of their knowledge and belief, there are no omissions of material facts or considerations which would make any statement of fact or opinion contained in this document false or misleading;
- 14.5 have made all reasonable enquiries in this regard;
- 14.6 confirm that the Circular contains all information required by the Takeover Regulation Panel and the JSE in respect of offer circulars, issued pursuant to the Takeover Regulations.

15. COSTS OF THE OFFER

The costs and expenses (excluding VAT) of the Offer payable by Huge are set out below.

		R'000
Transaction Sponsor and Corporate Advisor	Questco Corporate Advisory	175
Independent Reporting Accountants	Moore	85
Joint Financial Advisor – Fixed fee	PWC	450
Joint Financial Advisor – Book running fee	PWC	18 374*
Legal Advisors	Herbert Smith Freehills South Africa LLP	450
Securities Transfer Tax	SARS	1 999
Documentation Fees	JSE Limited	18
Documentation Fees	TRP	150
Printing	Ince	73
Total		21 774

* The maximum possible success fee payable to PWC, being a scaled success fee based on a percentage of the Rand value of the total sale consideration, as follows:

- 0.75% for acceptances received of up to 10% of the total Adapt IT Shares in issue;
- 1% for acceptances received from 10% to 30%;
- 2% for acceptances received from 30% to 50%;
- 3% for acceptances received from 50% to 75%; and
- 4% for acceptances received from 75% to 100%.

16. ADAPT IT RESPONSE CIRCULAR IT AND INDEPENDENT EXPERT OPINION

The Adapt IT Response Circular to be issued by the independent board of directors of Adapt IT, which in terms of the Takeover Regulations is to contain the substance of the opinion given to it by its independent professional expert, will be posted to Adapt IT Shareholders in due course.

17. CONSENTS

Each of the advisors set out in the “corporate information” section of this Circular has consented in writing to act in the capacity stated in this document and to their names being stated in this document in the form and context in which they appear and have not withdrawn their consents prior to the publication of this Circular.

18. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies thereof will be available for inspection during normal business hours at the registered office of Huge, or upon request from the company secretary (rhansa@hugegroup.com) from the date of issue of this document until the Closing Date:

- 18.1 a signed copy of this Circular;
- 18.2 the auditor's opinion set out in Annexure 4 of this Circular;
- 18.3 the memorandum of incorporation of Huge and its subsidiaries;
- 18.4 the unaudited condensed consolidated interim results of Huge for the six months ended 31 August 2020;
- 18.5 the letter issued by the TRP approving this Circular in terms of Regulation 117 of the Takeover Regulations;
- 18.6 the audited annual financial statements of Huge for the financial years ended 28 February 2018, 28 February 2019 and 29 February 2020;
- 18.7 the signed letters of consent referred to in paragraph 17 of this Circular.

Signed in Johannesburg by JC Herbst on behalf of all the Huge Directors on 15 April 2021 in terms of a Huge Directors' written resolution in terms of section 74 of the Act.

JC HERBST
Chief Executive Officer

TABLE OF ENTITLEMENTS IN RESPECT OF THE OFFER

Number of Adapt IT Shares held	Number of Consideration Shares	Number of Adapt IT Shares held	Number of Consideration Shares	Number of Adapt IT Shares held	Number of Consideration Shares
1	–	42	37	83	74
2	1	43	38	84	75
3	2	44	39	85	76
4	3	45	40	86	77
5	4	46	41	87	78
6	5	47	42	88	79
7	6	48	43	89	80
8	7	49	44	90	81
9	8	50	45	91	81
10	9	51	45	92	82
11	9	52	46	93	83
12	10	53	47	94	84
13	11	54	48	95	85
14	12	55	49	96	86
15	13	56	50	97	87
16	14	57	51	98	88
17	15	58	52	99	89
18	16	59	53	100	90
19	17	60	54	125	112
20	18	61	54	150	135
21	18	62	55	175	157
22	19	63	56	200	180
23	20	64	57	500	450
24	21	65	58	1 000	900
25	22	66	59	5 000	4 500
26	23	67	60	10 000	9 000
27	24	68	61	20 000	18 000
28	25	69	62	50 000	45 000
29	26	70	63	100 000	90 000
30	27	71	63	200 000	180 000
31	27	72	64	300 000	270 000
32	28	73	65	400 000	360 000
33	29	74	66	500 000	450 000
34	30	75	67	1 000 000	900 000
35	31	76	68	2 000 000	1 800 000
36	32	77	69	3 000 000	2 700 000
37	33	78	70	4 000 000	3 600 000
38	34	79	71	5 000 000	4 500 000
39	35	80	72	10 000 000	9 000 000
40	36	81	72	50 000 000	45 000 000
41	36	82	73	100 000 000	90 000 000

TRADING HISTORY OF HUGE SHARES

The Share trading history of Huge Shares on the JSE is set out below:

Date – 2021	Close (cents)	High (cents)	Low (cents)	Volume	Value R'000
26 March*	570	588	520	7 919	4 514
25 March	520	580	520	51 000	26 520
24 March	599	620	580	202 401	121 238
23 March	643	643	625	25 557	16 433
19 March	643	643	630	26 531	17 059
18 March	630	630	630	29 299	18 458
17 March	630	630	620	16 267	10 248
16 March	624	640	600	20 165	12 583
15 March	643	643	600	27 419	17 630
12 March	642	643	642	79 472	51 021
11 March	643	643	643	2 453	1 577
10 March	638	639	638	36 800	23 478
9 March	641	641	625	5 262	3 373
8 March	650	650	650	0	0
5 March	650	650	650	0	0
4 March	650	650	650	0	0
3 March	650	650	650	1 500	975
2 March	660	660	601	38 916	25 685
1 March	680	690	680	1 482	1 008
26 February	690	690	675	30 000	20 700
25 February	650	675	648	57 037	37 074
24 February	650	650	640	70 000	45 500
23 February	647	650	577	37 629	24 346
22 February	648	648	552	156 240	101 244
19 February	610	615	595	203 779	124 305
18 February	570	570	570	0	0
17 February	570	570	570	0	0
16 February	570	598	550	6 262	3 569
15 February	597	598	519	73 891	44 113
12 February	574	574	574	5 000	2 870
Month ended	Close (cents)	High (cents)	Low (cents)	Volume	Value R'000
February 2021	690	690	519	825 037	569 276
January 2021	600	615	451	1 475 959	885 575
December 2020	499	499	402	696 310	347 459
November 2020	430	430	383	549 888	236 452
October 2020	445	450	415	809 143	360 069
September 2020	449	500	405	324 266	145 595
August 2020	435	448	300	2 421 150	1 053 200
July 2020	349	400	285	941 950	328 741
June 2020	435	450	382	367 498	159 862
May 2020	445	450	400	56 865	25 305
April 2020	450	450	376	60 257	27 116
March 2020	450	480	400	50 786	22 854

* Last Practicable Date

PRO FORMA FINANCIAL INFORMATION REQUIRED IN TERMS OF THE TAKEOVER REGULATIONS

These *pro forma* financial statements have been prepared utilising publicly available information, which is limited. It is possible that there could be a difference between the *pro forma* effects of the Offer presented below and those that will be presented in the Response Circular, particularly insofar as it relates to customer contracts and possible intangible assets that could be raised from goodwill and the related amortisation effect on the Statement of Profit or Loss.

PRO FORMA STATEMENT OF FINANCIAL POSITION

Set out below is the *pro forma* statement of financial position of Huge Group reflecting the effects of the acquisition of Adapt IT. The *pro forma* statement of financial position is the responsibility of the directors of Huge and has been provided for illustrative purposes only to provide information about how the offer may have affected the financial position of Huge, assuming the Offer was implemented on 29 February 2020, and because of their nature, may not fairly represent the financial position of Adapt IT after the Offer.

Figures in Rand	Original consolidation of Huge Group		Original consolidation of Adapt IT			Total before <i>Pro forma</i> adjustments ⁷	Pro forma adjustments			Pro forma after ¹¹
	Before Huge Group as at 29 February 2020 ¹	Acquisition of Adapt IT ²	Huge Group post acquisition ³	Adapt IT treasury shares ⁵	Adapt IT post adjustment ⁶		Acquisition of Adapt IT ⁸	Treasury Shares ⁹	Transaction costs ¹⁰	
Assets										
Non-current assets										
Property, plant and equipment	272 983 290	-	272 983 290	-	108 422 774	381 406 064	-	-	-	381 406 064
Right-of-use assets	16 830 373	-	16 830 373	-	239 839 938	256 670 311	-	-	-	256 670 311
Goodwill	607 694 289	-	607 694 289	-	705 099 424	1 312 793 713	53 177 338	-	-	1 365 971 051
Intangible assets	22 519 563	-	22 519 563	-	246 896 147	269 415 710	-	-	-	269 415 710
Investment in associate companies	25 011	799 778 983	799 803 994	-	42 093 627	841 897 621	(799 778 983)	(42 093 627)	-	25 011
Loans to associate companies	70 703 558	-	70 703 558	-	-	70 703 558	-	-	-	70 703 558
Loans receivable	335 848	-	335 848	-	500 000	835 848	-	-	-	835 848
Contract assets	4 901 206	-	4 901 206	-	-	4 901 206	-	-	-	4 901 206
Investments at fair value	403 640	-	403 640	-	-	403 640	-	-	-	403 640
Deferred tax asset	29 552 068	-	29 552 068	-	14 769 835	44 321 903	-	-	-	44 321 903
Finance lease receivables	-	-	-	-	22 993 060	22 993 060	-	-	-	22 993 060
	1 025 948 846	799 778 983	1 825 727 829	1 338 521 178	42 093 627	3 206 342 634	(746 601 645)	(42 093 627)	-	2 417 647 362

Figures in Rand	Original consolidation of Huge Group		Original consolidation of Adapt IT			Total before Pro forma adjustments ⁷	Pro forma adjustments			Pro forma after ¹¹
	Before Huge Group as at 29 February 2020 ¹	Acquisition of Adapt IT ²	Huge Group post acquisition ³	Adapt IT as at 30 June 2020 ⁴	Adapt IT treasury shares ⁵		Adapt IT post adjustment ⁶	Acquisition of Adapt IT ⁸	Treasury Shares ⁹	
Current assets										
Inventories	60 038 814	-	60 038 814	31 685 937	-	31 685 937	-	-	-	91 724 751
Loans receivable	204 483	-	204 483	541 667	-	541 667	-	-	-	746 150
Contract assets	2 168 408	-	2 168 408	37 259 177	-	37 259 177	-	-	-	39 427 585
Trade and other receivables	69 257 281	-	69 257 281	285 280 103	-	285 280 103	-	-	-	354 537 384
Finance lease receivables	-	-	-	9 900 352	-	9 900 352	-	-	-	9 900 352
Current tax receivable	4 223 530	-	4 223 530	40 566 298	-	40 566 298	-	-	-	44 789 828
Cash and cash equivalents	40 152 606	-	40 152 606	184 563 052	-	184 563 052	-	-	(21 382 037)	203 333 621
	176 045 122	-	176 045 123	589 796 586	-	589 796 586	-	-	(21 382 037)	744 459 671
Non-current assets classified as held for sale	-	-	-	9 500 000	-	9 500 000	-	-	-	9 500 000
Total assets	1 201 993 968	799 778 983	2 001 772 952	1 937 817 764	42 093 627	1 979 911 391	(746 601 645)	(42 093 627)	(21 382 037)	3 171 607 035
Equity and Liabilities										
Equity attributable to holders of parent										
Stated capital	-	-	-	-	-	-	-	-	-	-
Share capital	16 477	13 040	29 517	248 138 154	-	248 138 154	(248 138 154)	-	-	-
Share premium ¹⁰	622 265 058	799 765 943	1 422 031 001	-	-	-	-	-	-	29 517
Treasury shares	(10 397 415)	-	(10 397 415)	(763)	763	-	-	(763)	(18 373 870)	1 403 657 134
Share-based payment reserve	3 905 915	-	3 905 915	-	-	-	-	-	-	(10 398 178)
Change in control reserve	52 474 210	-	52 474 210	-	-	-	-	-	-	3 905 915
Equity compensation reserve	-	-	-	17 988 406	-	17 988 406	(17 988 406)	-	-	52 474 210
Business combination reserves	-	-	-	(15 664 396)	-	(15 664 396)	15 664 396	-	-	-
Foreign currency translation reserve	-	-	-	24 426 545	-	24 426 545	(24 426 545)	-	-	-
Accumulated profit (loss)	273 101 806	-	273 101 806	471 712 936	32 664 062	504 376 998	(471 712 936)	(32 664 062)	(3 008 167)	270 093 639
	941 366 051	799 778 983	1 741 145 034	746 600 882	32 664 825	779 265 707	(746 601 645)	(32 664 825)	(21 382 037)	1 719 762 236
Non-controlling interest	(60 253 065)	-	(60 253 065)	(106 532)	-	(106 532)	-	-	-	(60 359 597)
	881 112 986	799 778 983	1 680 891 969	746 494 350	32 664 825	779 159 175	(746 601 645)	(32 664 825)	(21 382 037)	1 659 402 639

Figures in Rand	Original consolidation of Huge Group		Original consolidation of Adapt IT			Total before Pro forma adjustments ⁷	Pro forma adjustments			Pro forma after ¹¹
	Before Huge Group as at 29 February 2020 ¹	Acquisition of Adapt IT ²	Huge Group post acquisition ³	Adapt IT as at 30 June 2020 ⁴	Adapt IT treasury shares ⁵		Adapt IT post adjustment ⁶	Acquisition of Adapt IT ⁸	Treasury Shares ⁹	
Liabilities										
Non-current liabilities										
Interest-bearing liabilities	120 936 298	-	120 936 298	486 932 556	-	607 868 854	-	-	-	607 868 854
Financial liabilities	-	-	-	6 279 638	-	6 279 638	-	-	-	6 279 638
Loans payable	18 258 204	-	18 258 204	-	-	18 258 204	-	-	-	18 258 204
Lease liabilities	14 509 005	-	14 509 005	276 207 597	-	290 716 602	-	-	-	290 716 602
Deferred tax	43 181 093	-	43 181 093	36 619 632	9 428 801	89 229 527	-	(9 428 801)	-	79 800 725
	196 884 600	-	196 884 600	806 039 423	9 428 801	1 012 352 825	-	(9 428 801)	-	1 002 924 023
Current liabilities										
Deferred income	6 092 003	-	6 092 003	-	-	6 092 003	-	-	-	6 092 003
Loans payable	600 000	-	600 000	-	-	600 000	-	-	-	600 000
Interest-bearing liabilities	51 583 574	-	51 583 574	34 145 448	-	85 729 022	-	-	-	85 729 022
Financial liabilities	-	-	-	18 469 218	-	18 469 218	-	-	-	18 469 218
Current tax payable	8 292 088	-	8 292 088	10 656 094	-	18 948 182	-	-	-	18 948 182
Lease liabilities	6 307 544	-	6 307 544	25 489 931	-	31 797 475	-	-	-	31 797 475
Contract liabilities	-	-	-	131 518 788	-	131 518 788	-	-	-	131 518 788
Trade and other payables	50 229 924	-	50 229 924	165 004 511	-	215 234 435	-	-	-	215 234 435
Bank overdraft	891 249	-	891 249	-	-	891 249	-	-	-	891 249
	123 996 382	-	123 996 382	385 283 990	-	509 280 372	-	-	-	509 280 372
Total liabilities	320 880 982	-	320 880 982	1 191 323 413	9 428 801	1 521 633 197	-	(9 428 801)	-	1 512 204 395
Total equity and liabilities	1 201 993 968	799 778 983	2 001 772 952	1 937 817 763	42 093 627	3 981 684 342	(746 601 645)	(42 093 627)	(21 382 037)	3 171 607 035
Number of shares in issue (excluding treasury shares) ¹²	165 242 162	-	-	137 261 839	-	-	-	-	-	288 777 818
Net asset value per share (cents)	533.23	-	-	543.85	-	-	-	-	-	574.63
Net tangible asset value per share (cents)	151.84	-	-	(98.69)	-	-	-	-	-	8.32

Notes and assumptions:

1. Extracted, without adjustment, from Huge's audited annual financial statements for the full year ended 29 February 2020.
2. Represents Huge's irrevocable offer to purchase from each Adapt IT Shareholder all, or any, of their Adapt IT Shares for a consideration ("Sale Consideration") equivalent to 552 cents per Adapt IT Share. Huge shall discharge its obligations in relation to the Sale Consideration by issuing to each Adapt IT Shareholder that accepts the Offer, ordinary shares in Huge, at a swap ratio ("Swap Ratio") of 0.9 Huge Shares for each Adapt IT Share tendered (rounded up to the nearest whole number). The Swap Ratio is based on a reference price of 613 cents per Huge Share (being the Huge share price on the day prior to the date on which the offer letter was sent to the Adapt IT Board, being 26 January 2021). Including the following adjustments:
 - (a) The acquisition of 100% of Adapt IT shares by Huge for a purchase consideration of R799 778 983 settled (being the 144887497 Adapt IT Shares (including treasury shares) times by the Huge reference share price of 613 cents times by the Swap Ratio of 0.9, rounded) by the issue of Huge Shares, applying a swap ratio of 0.9 Huge Shares for every 1 Adapt IT share, resulting in the issue of 130 398 747 Huge Shares for the 144 887 497 Adapt IT Shares (including treasury shares held by Adapt IT of which amounts to 7 625 658). An investment to the value of R799 778 983 is raised in the separate books of Huge which is later eliminated on consolidation.
3. Represents Huge's annual financial statements post the above issue of shares and related investment in Adapt IT.
4. Extracted, without adjustment, from Adapt IT's audited annual financial statements for the full year ended 30 June 2020.
5. Represents the investment held in the Adapt IT relating to the 7 625 658 treasury shares acquired and swapped for Huge shares at a swap ratio of 0.9 Huge shares for each Adapt IT Share tendered. The Swap Ratio is based on a reference price of 613 cents per Huge Share. The profit on sale of treasury shares is taken to retained earnings.
6. Represents Adapt IT's annual financial statements post the swap of Adapt IT treasury shares for Huge Shares and related investment.
7. Represents the sum of (3) and (6) above
8. In accordance with IFRS 3, the consolidation of Adapt IT will result in the recognition of Goodwill of R53.2 million as a result of the difference in the aggregate consideration paid in shares by Huge and the Adapt IT net asset value as at 29 February 2020. The consideration paid is calculated as the 130 398 747 total new Huge Shares to be issued (assuming an acquisition of all Adapt IT's Shares including treasury shares) multiplied by a price of 613 cents (see note 2 above). No additional identifiable assets and liabilities have been recognised under IFRS 3 and a full purchase price allocation exercise will be done post the transaction when the necessary information becomes available. The equity compensation reserve which relates to the Executive Share Incentive Scheme (the Scheme) has not been revalued for the purposes of the Proforma financial statements as the current share price of 4.77 (as at 24 February 2021) is significantly below the strike price of 9.33. Should the share price increase above the 9.33 point prior to the end of June 2021 the options will be cancelled/forfeited. As this probability is remote, in the assessment performed during the preparation of the proforma statements, no value has been raised in this regard and the assumption is no shares will be required to be issued under a comparable offer to the Executive holders due to the above circumstances.
9. Represents the elimination of the investment held in Adapt IT relating to the treasury shares held in Adapt IT (Pty) Ltd and therefore in the consolidated Group financial statements.
10. Transaction costs are assumed to be approximately R21.8million, R3.4mn has been expensed in full and R18.4mn has been capitalised to share premium as this relates to expenses directly attributable to the issue of equity instruments. Details of the costs have been provided in paragraph 15 of the Circular.
11. Represents the "After" column incorporating the adjustments set out above.
12. Adapt IT utilises the weighted average number of shares when computing their net asset value per share and net tangible asset value per share. Huge utilises the actual number of shares in issue, less treasury shares, and therefore the consolidated computation post the acquisition is based on the Huge calculation parameters.

PRO FORMA STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Set out below is the *pro forma* statement of comprehensive income of Huge reflecting the effects of the acquisition of Adapt IT Shares. The *pro forma* statement of comprehensive income is the responsibility of the directors of Huge and has been provided for illustrative purposes only to provide information about how the offer may have affected the financial performance of Huge, assuming the Offer was implemented on 1 March 2019, and because of their nature, may not fairly represent the financial performance of Adapt IT after the Offer.

Figures in Rand	Huge Group as at 29 February 2020 ¹	Transaction costs ²	Huge Group post adjustment ³	Adapt IT as at 30 June 2020 ⁴	Adapt Treasury shares ⁵	Adapt IT post adjustment ⁶	Pro forma after ⁷
Revenue	492 144 782	–	492 144 782	1 483 346 995	–	1 483 346 995	1 975 491 777
Cost of sales	(183 908 789)	–	(183 908 789)	(661 285 411)	–	(661 285 411)	(845 194 200)
Gross profit	308 235 993	–	308 235 993	822 061 584	–	822 061 584	1 130 297 577
Other income	10 418 252	–	10 418 252	–	–	–	10 418 252
Selling and administration expenses ⁸	(166 750 611)	(1 401 000)	(168 151 611)	(601 497 016)	–	(601 497 016)	(769 648 627)
Impairment of non-current assets	–	–	–	(22 134 216)	–	(22 134 216)	(22 134 216)
Movement in credit loss allowance	(17 121 368)	–	(17 121 368)	(1 243 380)	–	(1 243 380)	(18 364 748)
Operating profit	134 782 266	(1 401 000)	133 381 266	197 186 972	–	197 186 972	330 568 238
Finance income	3 717 046	–	3 717 046	2 332 399	–	2 332 399	6 049 445
Profit/(loss) from equity accounted investments	20 111	–	20 111	–	–	–	20 111
Profit on sale of treasury shares	–	–	–	–	42 092 864	42 092 864	42 092 864
Impairment of executive compensation reserve	–	–	–	–	–	–	–
Profit on sale of property, plant and equipment	1 575 202	–	1 575 202	–	–	–	1 575 202
Impairment of investment in joint venture company	(458 811)	–	(458 811)	–	–	–	(458 811)
Finance costs	(21 573 045)	–	(21 573 045)	(84 698 847)	–	(84 698 847)	(106 271 892)
Profit before taxation	118 062 769	(1 401 000)	116 661 769	114 820 524	42 092 864	156 913 388	273 575 157
Income tax (expense)/income ⁹	(22 739 080)	(1 607 167)	(24 346 247)	(44 028 610)	(9 428 801)	(53 457 411)	(77 803 659)
Profit for the year	95 323 689	(3 008 167)	92 315 522	70 791 914	32 664 062	103 455 976	195 771 498
Attributable to:							
Owners of the parent	95 022 679	(3 008 167)	92 014 512	70 652 503	32 664 062	103 316 565	195 331 077
Non-controlling interest	301 010	–	301 010	139 411	–	139 411	440 421
Other comprehensive income, net of tax	–	–	–	–	–	–	–
Items that may be reclassified subsequently to profit and loss	–	–	–	–	–	–	–
Exchange gain/(loss) arising from translation of foreign operations	–	–	–	21 337 395	–	21 337 395	21 337 395
Total comprehensive income for the year	95 323 689	(3 008 167)	92 315 522	92 129 309	32 664 062	124 793 371	217 108 893

Figures in Rand	Huge Group as at 29 February 2020 ¹	Transaction costs ²	Huge Group post adjustment ³	Adapt IT as at 30 June 2020 ⁴	Adapt Treasury shares ⁵	Adapt IT post adjustment ⁶	Pro forma after ⁷
Attributable to:							
Owners of the parent	95 022 679	(3 008 167)	92 315 522	91 989 898	32 664 062	124 653 960	216 668 472
Non-controlling interest	301 010	–	301 010	139 411	–	139 411	440 421
Earnings per share (cents)							
Basic earnings per share	57.58	(1.82)	55.75	51.47	23.80	75.27	56.37
Diluted earnings per share	57.42	(1.82)	55.60	51.47	23.80	75.27	56.28
Basic headline earnings per share	57.03	(1.82)	55.21	66.88	–	66.88	63.39
Diluted headline earnings per share	56.87	(1.82)	55.05	66.88	–	66.88	63.29

Notes and assumptions:

1. Extracted, without adjustment, from Huge's audited annual financial statements for the full year ended 29 February 2020.
2. Transaction costs are assumed to be approximately R21.8million, R3.4mn has been expensed in full and R18.4mn has been capitalised as this relates to expenses directly attributable to the issue of equity instruments. Details of the costs have been provided in paragraph 15 of the Circular.
3. Represents Huge's annual financial statements post the above transaction cost expense incurred.
4. Extracted, without adjustment, from Adapt IT's audited annual financial statements for the full year ended 30 June 2020.
5. Represents the investment held in the Adapt IT relating to the 7 625 658 treasury shares acquired and swapped for Huge shares at a swap ratio of 0.9 Huge shares for each Adapt IT Share tendered. The Swap Ratio is based on a reference price of 613 cents per Huge Share. The profit on sale of treasury shares is taken to retained earnings.
6. Represents Adapt IT's annual financial statements post the swap of Adapt IT treasury shares for Huge Shares and related investment.
7. Represents the "After" column incorporating the adjustments set out above.
8. The *pro forma* financial information does not take into account any costs incurred by Adapt IT in relation to the Offer. Adapt IT Shareholders are referred to the Response Circular that will be published by Adapt IT in due course, which circular may provide additional detail in this regard.
9. Included in the income tax expense is the Securities Transfer Tax (STT) of R1 858 182 (144 887 497 Adapt IT shares x 552 cents (based on a reference price of 613 cents per Huge Share at a swap ratio of 0.9 Huge shares for each Adapt IT Share tendered)) x 0.25% being the current STT rate).

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE PRO FORMA FINANCIAL INFORMATION OF HUGE GROUP LIMITED REQUIRED IN TERMS OF THE TAKEOVER REGULATIONS

The Directors
Huge Group Limited
1 Melrose Boulevard
Melrose Arch
Johannesburg
2076
Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE PRO FORMA FINANCIAL INFORMATION OF HUGE GROUP LIMITED

We have completed our assurance engagement to report on the compilation of the *pro forma* financial information of Huge Group Limited ("Huge Group" or the "Company") by the directors. The *pro forma* financial information, as set out in Annexure 3 of the circular dated **16 April 2021** ("the Circular"), consists of the *pro forma* statement of comprehensive income, the *pro forma* statement of financial position and related notes (the "*Pro Forma* Financial Information"). The *Pro Forma* Financial Information has been compiled by the directors based on the applicable criteria specified in the JSE Limited ("JSE") Listings Requirements (the "JSE Listing Requirements") and described in Annexure 3 of the Circular.

The *Pro Forma* Financial Information has been compiled by the directors to illustrate the impact of the effects of the acquisition of Adapt IT Holdings Limited by Huge Group Limited based on the SENS announcement issued on **27 January 2021**. As part of this process, information about Huge Groups' financial position and financial performance have been extracted by the directors from the Company's published consolidated financial statements for the year 29 February 2020, on which an auditor's assurance report has been issued. The effects of the acquisition of Adapt IT Holdings Limited by Huge Group Limited as at 29 February 2020 is presented as if the acquisition had taken place at 29 February 2020 for net asset value and net tangible asset value per share and 1 March 2019 for purposes of attributable earnings and headline earnings per share.

Directors' Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the *Pro Forma* Financial Information based on the applicable criteria specified in the JSE Listings Requirements and described in Annexure 3 of the Circular.

Reporting Accountants' independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors ("IRBA Code"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion about whether the *Pro Forma* Financial Information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements of the Circular based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420 Assurance Engagements to Report on the Compilation of *Pro forma* Financial Information included in a Prospectus. This standard requires that we comply with ethical requirements and plan and perform our

procedures to obtain reasonable assurance about whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* consolidated financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* consolidated financial information.

As the purpose of *Pro Forma* Financial Information included in a circular is solely to illustrate the impact of a material corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for the purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *Pro Forma* Financial Information provides a reasonable basis for presenting the material effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *Pro Forma* Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the corporate action or event in respect of which the *Pro Forma* Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro Forma* Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *Pro Forma* Financial Information has been compiled, in all material respects, based on the applicable criteria specified by the JSE Listings Requirements and described in Annexure 3 and paragraph 7 of the Circular.

MOORE JOHANNESBURG INC.

Registered Auditors

Per: Candice Whitefield

Chartered Accountant (SA)

Registered Auditor

Director

9 April 2021

50 Oxford Road

Parktown

2193

PRO FORMA FINANCIAL INFORMATION REQUIRED IN TERMS OF THE JSE LISTINGS REQUIREMENTS

These pro-forma financial statements have been prepared utilising publicly available information, which is limited. It is possible that there could be a difference between the *pro forma* effects of the Offer presented below and those that will be presented in the Response Circular, particularly insofar as it relates to customer contracts and possible intangible assets that could be raised from goodwill and the related amortisation effect on the Statement of Profit or Loss.

PRO-FORMA STATEMENT OF FINANCIAL POSITION

Set out below is the *pro forma* statement of financial position of Huge reflecting the effects of the acquisition of Adapt IT. The *pro forma* statement of financial position is the responsibility of the directors of Huge and has been provided for illustrative purposes only to provide information about how the offer may have affected the financial position of Huge, assuming the offer was implemented on 31 August 2020, and because of their nature, may not fairly represent the financial position of Adapt after the offer.

Figures in (R'000)	Original consolidation				Pro-forma Adjustments						
	Huge Group as at 31 August 2020 ¹	Huge Group Investment ²	Huge Group post acquisition ³	Adapt IT as at 31 December 2020 ⁴	Adapt IT treasury shares ⁵	Adapt IT post adjustment ⁶	Total before pro-forma adjustments ⁷	Acquisition of Adapt IT ⁸	Treasury shares ⁹	Transaction costs ¹⁰	Pro forma after ¹¹
Assets											
Non-current assets											
Property, plant and equipment	279 831	-	279 831	102 273	-	102 273	382 104	-	-	-	382 104
Right-of-use assets	13 936	-	13 936	226 364	-	226 364	240 300	-	-	-	240 300
Goodwill	607 694	-	607 694	699 599	-	699 599	1 307 293	35 817	-	-	1 343 110
Intangible assets	23 566	-	23 566	215 740	-	215 740	239 306	-	-	-	239 306
Investment in subsidiaries	-	799 779	799 779	-	42 094	42 094	799 779	(799 779)	(42 094)	-	-
Loans to associate companies	72 014	-	72 014	-	-	-	72 014	-	-	-	72 014
Loans receivable	151	-	151	250	-	250	401	-	-	-	401
Contract assets	3 966	-	3 966	-	-	-	3 966	-	-	-	3 966
Investments at fair value	414	-	414	-	-	-	414	-	-	-	414
Deferred tax asset	24 550	-	24 550	15 176	-	15 176	39 726	-	-	-	39 726
Finance lease receivables	-	-	-	23 362	-	23 362	23 362	-	-	-	23 362
	1 026 122	799 779	1 825 901	1 282 764	42 094	1 324 858	3 150 759	(763 962)	(42 094)	-	2 344 703
Current assets											
Inventories	75 175	-	75 175	23 625	-	23 625	98 800	-	-	-	98 800
Loans receivable	194	-	194	492	-	492	686	-	-	-	686
Contract assets	2 304	-	2 304	27 826	-	27 826	30 130	-	-	-	30 130
Trade and other receivables	63 187	-	63 187	235 139	-	235 139	298 326	-	-	-	298 326
Finance lease receivables	-	-	-	9 939	-	9 939	9 939	-	-	-	9 939
Current tax receivable	1 110	-	1 110	49 917	-	49 917	51 027	-	-	-	51 027
Cash and cash equivalents	38 384	-	38 384	141 634	-	141 634	180 018	-	-	(21 382)	158 636
	180 354	-	180 354	488 572	-	488 572	668 926	-	-	(21 382)	647 544
Non-current assets classified as held for sale	-	-	-	9 500	-	9 500	9 500	-	-	-	9 500
Total assets	1 206 476	799 779	2 006 255	1 780 836	42 094	1 822 930	3 829 185	(763 962)	(42 094)	(21 382)	3 001 747
Equity and Liabilities											
Equity											
Equity attributable to holders of parent											
Stated capital	-	-	-	248 138	-	248 138	248 138	(248 138)	-	-	-
Share capital	17	13	30	-	-	-	30	-	-	-	30
Share premium	607 118	799 766	1 406 884	-	-	-	1 406 884	-	-	(18 374)	1 388 510
Treasury shares	-	-	-	(1)	1	-	-	1	(1)	-	-
Share-based payment reserve	26 763	-	26 763	-	-	-	26 763	-	-	-	26 763
Change in control reserve	52 474	-	52 474	-	-	-	52 474	-	-	-	52 474

Figures in (R'000)	Original consolidation				Pro-forma Adjustments						
	Huge Group as at 31 August 2020 ¹	Huge Group Investment ²	Huge Group post acquisition ³	Adapt IT as at 31 December 2020 ⁴	Adapt IT treasury shares ⁵	Adapt IT post adjustment ⁶	Total before pro-forma adjustments ⁷	Acquisition of Adapt IT ⁸	Treasury shares ⁹	Transaction costs ¹⁰	Pro forma after ¹¹
Equity compensation reserve	-	-	-	-	-	-	-	-	-	-	-
Business combination reserves	-	-	-	(15 664)	-	(15 664)	(15 664)	15 664	-	-	-
Foreign currency translation reserve	-	-	-	14 250	-	14 250	14 250	(14 250)	-	-	-
Accumulated profit (loss)	284 531	-	284 531	517 239	32 664	549 903	834 434	(517 239)	(32 664)	(3 008)	281 523
	970 903	799 779	1 770 682	763 962	32 665	796 627	2 567 309	(763 962)	(32 665)	(21 382)	1 749 300
Non-controlling interest	(60 194)	-	(60 194)	(172)	-	(172)	(60 366)	-	-	-	(60 366)
	910 709	799 779	1 710 488	763 790	32 665	796 455	2 506 943	(763 962)	(32 665)	(21 382)	1 688 934
Liabilities											
Non-current liabilities											
Interest-bearing liabilities	136 172	-	136 172	430 640	-	430 640	566 812	-	-	-	566 812
Financial liabilities	-	-	-	5 741	-	5 741	5 741	-	-	-	5 741
Loans payable	18 969	-	18 969	-	-	-	18 969	-	-	-	18 969
Lease liabilities	10 662	-	10 662	263 409	-	263 409	274 071	-	-	-	274 071
Deferred tax	45 959	-	45 959	32 054	9 429	41 483	87 442	-	(9 429)	-	78 013
	211 762	-	211 762	731 844	9 429	741 273	953 035	-	(9 429)	-	943 606
Current liabilities											
Deferred income	1 806	-	1 806	-	-	-	1 806	-	-	-	1 806
Loans payable	41	-	41	-	-	-	41	-	-	-	41
Interest-bearing liabilities	35 180	-	35 180	34 131	-	34 131	69 311	-	-	-	69 311
Financial liabilities	-	-	-	-	-	-	-	-	-	-	-
Current tax payable	2 530	-	2 530	3 127	-	3 127	5 657	-	-	-	5 657
Lease liabilities	6 800	-	6 800	26 193	-	26 193	32 993	-	-	-	32 993
Contract liabilities	-	-	-	63 480	-	63 480	63 480	-	-	-	63 480
Trade and other payables	37 608	-	37 608	158 271	-	158 271	195 879	-	-	-	195 879
Bank overdraft	40	-	40	-	-	-	40	-	-	-	40
	84 005	-	84 005	285 202	-	285 202	369 207	-	-	-	369 207
Total liabilities	295 767	-	295 767	1 017 046	9 429	1 026 475	1 322 242	-	(9 429)	-	1 312 813
Total equity and liabilities	1 206 476	799 779	2 006 255	1 780 836	42 094	1 822 930	3 829 185	(763 962)	(42 094)	(21 382)	3 001 747
Number of shares in issue ('000) ¹²	163 839	-	137 262	-	-	-	-	-	-	-	287 375
Net asset value per share (cents)	555.86	-	555.45	-	-	-	-	-	-	-	587.71
Net tangible asset value per share (cents)	170.56	-	(58.67)	-	-	-	-	-	-	-	37.07

Notes and assumptions:

1. Extracted, without adjustment, from Huge's unaudited interim financial statements for the half year ended 31 August 2020.
2. Represents Huge's irrevocable offer to purchase from each Adapt IT Shareholder all, or any, of their Adapt IT Shares for a consideration ("Sale Consideration") equivalent to 552 cents per Adapt IT Share. Huge shall discharge its obligations in relation to the Sale Consideration by issuing to each Adapt IT Shareholder that accepts the Offer, ordinary shares in Huge ("Huge Shares"), at a swap ratio ("Swap Ratio") of 0.9 Huge Shares for each Adapt IT Share tendered (rounded up to the nearest whole number). The Swap Ratio is based on a reference price of 613 cents per Huge Share. Including the following adjustments:
 - a) The acquisition of 100% of Adapt IT shares by Huge for a purchase consideration of R799 778 983 settled by the issue of Huge shares, applying a swap ratio of 0.9 Huge shares for every 1 Adapt IT share, resulting in the issue of 130 398 747 Huge shares for the 144 887 497 Adapt IT shares. An investment to the value of R799 778 983 is raised in the separate books of Huge which is later eliminated on consolidation.
3. Represents Huge's interim financial statements post the above issue of shares and related investment in Adapt IT.
4. Extracted, without adjustment, from Adapt IT's unaudited interim financial statements for the half year ended 31 December 2020.
5. Represents the investment held in the Adapt IT relating to the 7 625 658 treasury shares acquired and swapped for Huge shares at a swap ratio of 0.9 Huge shares for each Adapt IT Share tendered. The Swap Ratio is based on a reference price of 613 cents per Huge Share. The profit on sale of treasury shares is taken to retained earnings.
6. Represents the sum of (4) and (5) above.
7. Represents the sum of (3) and (6) above.
8. In accordance with IFRS 3, the consolidation of Adapt IT will result in the recognition of Goodwill of R35.8 million as a result of the difference in the aggregate consideration paid in shares by Huge and the Adapt IT net asset value as at 31 August 2020. The consideration paid is calculated as the 130 398 747 total new Huge shares to be issued multiplied by a price of R6.13 (see note 2 above). No additional identifiable assets and liabilities have been recognised under IFRS 3 and a full purchase price allocation exercise will be done post the transaction when the necessary information becomes available.
9. Represents the elimination of the investment held in Adapt IT relating to the treasury shares held in Adapt IT (Pty) Ltd and therefore in the consolidated Group financial statements.
10. Transaction costs are assumed to be approximately R21.8million, R3.4mn has been expensed in full and R18.4mn has been capitalised to share premium as this relates to expenses directly attributable to the issue of equity instruments. Details of the costs have been provided in point 21 on page 23.
11. Represents the "After" column incorporating the adjustments set out above.
12. Adapt IT utilises the weighted average number of shares when computing their net asset value per share and net tangible asset value per share. Huge utilises the actual number of shares in issue, less treasury shares, and therefore the consolidated computation post the acquisition is based on the Huge calculation parameters.

PRO-FORMA STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Set out below is the *pro forma* statement of comprehensive income of Huga reflecting the effects of the acquisition of Adapt IT Shares. The *pro forma* statement of comprehensive income is the responsibility of the Directors of Huga and has been provided for illustrative purposes only to provide information about how the Offer may have affected the financial performance of Huga, assuming the Offer was implemented on 1 March 2020, and because of their nature, may not fairly represent the financial performance of Adapt IT after the Offer.

Figures in (R'000)	Huge Group as at 31 August 2020 ¹	Transaction costs ²	Huge Group post adjustment ³	Adapt IT as at 31 December 2020 ⁴	Adapt IT treasury shares ⁵	Adapt IT post adjustment ⁶	<i>Pro forma</i> after ⁷
Revenue	231 298	–	231 298	707 394	–	707 394	938 692
Cost of sales	(89 209)	–	(89 209)	(321 117)	–	(321 117)	(410 326)
Gross profit	142 089	–	142 089	386 277	–	386 277	528 366
Other income	3 237	–	3 237	–	–	–	3 237
Selling and administration expenses ⁸	(71 434)	(1 401)	(72 835)	(251 527)	–	(251 527)	(324 362)
Executive share-based payment expense (IFRS2) ⁹	(24 094)	–	(24 094)	–	–	–	(24 094)
Movement in credit loss allowance	(4 180)	–	(4 180)	(7 068)	–	(7 068)	(11 248)
EBITDA	45 618	(1 401)	44 217	127 682	–	127 682	171 899
Depreciation and amortisation	(14 384)	–	(14 384)	(27 436)	–	(27 436)	(41 820)
Depreciation on right-of-use assets	(3 551)	–	(3 551)	–	–	–	(3 551)
Depreciation on intangible assets acquired	–	–	–	(20 418)	–	(20 418)	(20 418)
Operating profit	27 683	(1 401)	26 282	79 828	–	79 828	106 110
Finance income	702	–	702	435	–	435	1 137
Other operating gains	780	–	780	–	–	–	780
Profit/(loss) from equity accounted investments	(25)	–	(25)	–	–	–	(25)
Profit on sale of treasury shares	–	–	–	–	42 093	42 093	42 093
Finance costs	(7 770)	–	(7 770)	(18 826)	–	(18 826)	(26 596)
Finance costs on lease liabilities	(986)	–	(986)	(15 170)	–	(15 170)	(16 156)
Profit before taxation	20 384	(1 401)	18 983	46 267	42 093	88 360	107 343
Income tax (expense)/ income ⁹	(8 896)	(1 607)	(10 503)	(18 794)	(9 429)	(28 223)	(38 726)
Profit for the year	11 488	(3 008)	8 480	27 473	32 664	60 137	68 617
Attributable to:							
Owners of the parent	11 488	(3 008)	8 420	27 538	3 664	60 202	68 622
Non-controlling interest	60	–	60	(65)	–	(65)	(5)
Other comprehensive income, net of tax	–	–	–	–	–	–	–
Items that may be reclassified subsequently to profit and loss	–	–	–	–	–	–	–

Figures in (R'000)	Huge Group as at 31 August 2020 ¹	Transaction costs ²	Huge Group post adjustment ³	Adapt IT as at 31 December 2020 ⁴	Adapt IT treasury shares ⁵	Adapt IT post adjustment ⁶	Pro forma after ⁷
Exchange gain/(loss) arising from translation of foreign operations	–		–	(10 177)		(10 177)	(10 177)
Total comprehensive income for the year	11 488	(3 008)	8 480	17 296	32 664	49 960	58 440
Attributable to:							
Owners of the parent	11 428	(3 008)	8 420	17 361	32 664	50 025	25 781
Non-controlling interest	60	–	60	(65)	–	(65)	(5)
Earnings per share							
Basic earnings per share	6.92			20.06			15.83
Diluted earnings per share	6.91			20.06			15.82
Headline earnings per share	6.57			20.69			15.95
Diluted headline earnings per share	6.56			20.69			15.94

Notes and assumptions:

1. Extracted, without adjustment, from Huge's unaudited interim financial statements for the half year ended 31 August 2020.
2. Transaction costs are assumed to be approximately R21.8million, R3.4mn has been expensed in full and R18.4mn has been capitalised to share premium as this relates to expenses directly attributable to the issue of equity instruments. Details of the costs have been provided in point 21 on page 23. The transaction costs are approximated to be incurred evenly throughout Huge's 2021 financial year
3. Represents Huge's unaudited interim financial statements post the above transaction cost expense incurred.
4. Extracted, without adjustment, from Adapt IT's unaudited interim financial statements for the half year ended 31 December 2020.
5. Represents the investment held in the Adapt IT relating to the 7 625 658 treasury shares acquired and swapped for Huge shares at a swap ratio of 0.9 Huge shares for each Adapt IT Share tendered. The Swap Ratio is based on a reference price of 613 cents per Huge Share. The profit on sale of treasury shares is taken to retained earnings.
6. Represents the sum of (4) and (5) above.
7. Represents the sum of (3) and (6) above.
8. The *pro forma* financial information does not take into account any costs incurred by Adapt IT in relation to the Offer. Adapt IT Shareholders are referred to the circular that will be published by Adapt IT in due course, which circular may provide additional detail in this regard.
9. Included in the income tax expense is the Securities Transfer Tax (STT) of R1 858 182 (144 887 497 Adapt IT shares x 552 cents (based on a reference price of 613 cents per Huge Share at a swap ratio of 0.9 Huge shares for each Adapt IT Share tendered) x 0.25% being the current STT rate.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF HUGE GROUP LIMITED REQUIRED IN TERMS OF THE JSE LISTINGS REQUIREMENTS

The Directors
Huge Group Limited
1 Melrose Boulevard
Melrose Arch
Johannesburg
2076

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION OF HUGE GROUP LIMITED

We have completed our assurance engagement to report on the compilation of the *pro forma* financial information of Huge Group Limited ("Huge Group" or the "Company") by the directors. The *pro forma* financial information, as set out in Annexure 5 of the circular dated **16 April 2021** ("the Circular"), consists of the *pro forma* statement of comprehensive income, the *pro forma* statement of financial position and related notes (the "*Pro Forma* Financial Information"). The *Pro Forma* Financial Information has been compiled by the directors based on the applicable criteria specified in the JSE Limited ("JSE") Listings Requirements (the "JSE Listing Requirements") and described in Annexure 5 of the Circular.

The consolidated *Pro Forma* Financial Information has been compiled by the directors to illustrate the impact of the effects of the acquisition of Adapt IT Holdings Limited by Huge Group Limited based on the SENS announcement issued on **27 January 2021**. As part of this process, information about Huge Groups' financial position and financial performance have been extracted by the directors from the Company's published unaudited consolidated results for the half year ended 31 August 2020. The effects of the acquisition of Adapt IT Holdings Limited by Huge Group Limited as at 31 August 2020 is presented as if the acquisition had taken place at 31 August 2020 for net asset value and net tangible asset value per share and 1 March 2020 for purposes of attributable earnings and headline earnings per share.

Directors' Responsibility for the *Pro Forma* Financial Information

The directors are responsible for compiling the *Pro Forma* Financial Information based on the applicable criteria specified in the JSE Listings Requirements and described in Annexure 5 of the Circular.

Reporting Accountants' independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors ("IRBA Code"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion about whether the *Pro Forma* Financial Information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements of the Circular based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420 Assurance Engagements to Report on the Compilation of *Pro forma* Financial Information included in a Prospectus. This standard requires that we comply with ethical requirements and plan and perform our

procedures to obtain reasonable assurance about whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* consolidated financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* consolidated financial information.

As the purpose of *Pro Forma* Financial Information included in a circular is solely to illustrate the impact of a material corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for the purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *Pro Forma* Financial Information provides a reasonable basis for presenting the material effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *Pro Forma* Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the corporate action or event in respect of which the *Pro Forma* Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro Forma* Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *Pro Forma* Financial Information has been compiled, in all material respects, based on the applicable criteria specified by the JSE Listings Requirements and described in Annexure 5 and paragraph 7 of the Circular.

MOORE JOHANNESBURG INC.

Registered Auditors

Per: Candice Whitefield

Chartered Accountant (SA)

Registered Auditor

Director

9 April 2021

EXTRACTS OF THE AUDITED CONSOLIDATED FINANCIAL INFORMATION OF HUGE FOR THE YEARS ENDED 28 FEBRUARY 2018, 28 FEBRUARY 2019 AND 29 FEBRUARY 2020

The historical financial information is the responsibility of the Directors. The full set of annual financial statements for the years ended 28 February 2018, 28 February 2019 and 29 February 2020 are available on the Company's website: <http://hugegroup.com/huge-group-unlocking-business-opportunity-financials/>, and are also open for inspection.

A summary of the aforesaid financial information is set out below.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Audited 2020	Audited Restated 2019	Audited 2018
Assets			
Non-current assets	1 025 949	989 052	801 709
Property, plant and equipment	272 983	226 682	178 669
Right-of-use assets	16 830	–	–
Goodwill	607 694	595 350	593 443
Intangible assets	22 520	13 431	8 680
Investments in subsidiary companies	–	–	–
Investment in joint venture company	–	597	616
Investment in associate companies	25	10	–
Loans to associate companies	70 704	62 401	–
Loans to group companies	–	–	–
Loans receivable	336	8 454	7 496
Contract assets	4 901	14 912	–
Investments at fair value	404	45 006	–
Deferred tax	29 552	20 432	12 805
Finance lease receivables	–	1 777	–
Current assets	176 045	114 581	134 783
Inventories	60 039	18 800	1 219
Loans to associate companies	–	4 208	–
Loans to group companies	–	–	–
Loans to shareholders	–	13	–
Loans receivable	204	10	–
Contract assets	2 168	–	–
Trade and other receivables	69 257	65 093	103 284
Finance lease receivables	–	608	–
Current tax receivable	4 224	1 891	15
Cash and cash equivalents	40 153	23 958	30 265
Total assets	1 201 994	1 103 633	936 492

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

R'000	Audited 2020	Audited Restated 2019	Audited 2018
Equity and liabilities			
Equity	881 113	822 841	744 530
Equity attributable to holders of parent			
Share Capital	611 884	608 789	618 772
Share-based payment reserve	3 906	4 142	–
Change in control reserve	52 474	(4 761)	–
Accumulated profit/(loss)	273 102	209 004	128 774
	941 366	817 174	747 546
Non-controlling interest	(60 253)	5 667	(3 016)
Liabilities			
Non-current liabilities	196 885	144 928	115 325
Interest-bearing liabilities	120 937	96 536	82 500
Deferred income	–	6 398	–
Loans payable	18 258	–	–
Lease liabilities	14 509	–	–
Finance lease liabilities	–	4 455	2 155
Deferred tax	43 181	37 539	30 670
Current liabilities	123 996	135 865	76 637
Deferred income	6 092	10 479	–
Loans payable	600	–	–
Interest-bearing liabilities	51 584	73 989	22 199
Current tax payable	8 292	6 246	9 683
Lease liabilities	6 308	–	–
Finance lease liabilities	–	3 175	1 918
Trade and other payables	50 229	39 225	41 507
Bank overdraft	891	2 751	1 330
Total liabilities	320 881	280 793	191 962
Total equity and liabilities	1 201 994	1 103 633	936 492

CONSOLIDATED STATEMENT OF PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME

R'000	Audited 2020	Audited Restated 2019	Audited 2018
Revenue	492 145	432 662	401 382
Cost of sales	(183 909)	(196 835)	(176 844)
Gross profit	308 236	235 827	224 538
Other income	10 418	2 976	2 580
Selling and administration expenses	(63 824)	(50 778)	(43 422)
Movement in credit loss allowance	(17 121)	(2 197)	–
Depreciation on right-of-use assets	(6 866)	–	–
Employee costs	(96 061)	(78 264)	(70 720)
Operating profit	134 782	107 564	112 975
Finance income	3 717	3 505	4 332
Profit/(loss) from equity accounted investments	20	(19)	–
Gain/(loss) on sale of investment	–	1 530	–
Profit on sale of property, plant and equipment	1 575	–	–
Impairment of investment in joint venture company	(459)	–	–
Reversal of impairment on other financial assets	–	509	4 520
Loss from joint venture company	–	–	(72)
Impairment of property, plant and equipment	–	–	(2 794)
Finance costs	(19 432)	(15 338)	(11 036)
Finance costs on lease liabilities	(2 140)	–	–
Profit before taxation	118 063	97 751	107 925
Income tax expense	(22 739)	(21 716)	(30 861)
Profit for the year	95 324	76 035	77 064
Attributable to:			
Owners of the parent	95 023	79 122	76 841
Non-controlling interest	301	(3 087)	223
	95 324	76 035	77 064
Earnings per share per share information			
Basic earnings per share	57.58	48.05	47.4
Diluted earnings per share	57.42	47.81	47.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Total share capital	Share-based payment reserve	Change in control reserve	Trust donation reserve	Accumulated profit/(loss)	Equity attributable to holders of the parent	Non-controlling interest	Total equity
R'000										
Balance at 1 March 2017	12	319 409	319 421	-	-	-	51 933	371 354	(3 001)	368 352
Profit for the year	-	-	-	-	-	-	76 841	76 841	223	77 064
Issue of shares	5	299 346	299 351	-	-	-	-	299 351	-	299 351
Business Combinations	-	-	-	-	-	-	-	-	(237)	(237)
Balance at 1 March 2018	17	618 755	618 772	-	-	(14 471)	128 774	747 546	(3 015)	744 530
Prior year adjustment	-	-	-	-	-	(14 471)	-	(14 471)	-	(14 471)
Balance at 1 March 2018	17	618 755	618 772	-	-	(14 471)	128 774	733 075	(3 015)	730 059
Profit for the year	-	-	-	-	-	-	79 122	79 122	(3 087)	76 035
Issue of shares	-	225	225	-	-	-	-	225	-	225
Capital raising expenses	-	(729)	(729)	-	-	-	-	(729)	-	(729)
Elimination of treasury shares	-	(12 375)	(12 375)	-	-	14 471	-	2 096	-	2 096
Share-based payments raised	-	-	-	7 038	-	-	-	7 038	-	7 038
Distribution of treasury shares previously held	-	2 896	2 896	(2 896)	-	-	-	-	-	-
Common control transaction	-	-	-	-	(4 761)	-	-	(4 761)	-	(4 761)
Derecognition of non-controlling interest	-	-	-	-	-	-	(133)	(133)	133	-
Business Combinations	-	-	-	-	-	-	1 241	1 241	11 636	12 878
Balance at 28 February 2019	16	608 772	608 789	4 142	(4 761)	-	209 004	817 174	5 667	822 841
Profit for the year	-	-	-	-	-	-	95 022	95 022	301	95 324
Issue of shares	-	180	180	-	-	-	-	180	-	180
Capital raising expenses	-	(720)	(720)	-	-	-	-	(720)	-	(720)
Share buy-back	-	(63)	(63)	-	-	-	-	(63)	-	(63)
Share-based payments raised	-	-	-	3 462	-	-	-	3 462	-	3 462
Distribution of treasury shares previously held	-	3 697	3 697	(3 697)	-	-	(30 924)	(30 924)	-	(30 924)
Dividends	-	-	-	-	-	-	-	-	-	-
Business Combinations	-	-	-	-	57 235	-	-	57 235	(57 235)	-
Business Combinations	-	-	-	-	-	-	-	-	(8 986)	(8 986)
Balance at 29 February 2020	16	611 867	611 883	3 907	52 474	-	273 102	941 366	(60 253)	881 113

CONSOLIDATED STATEMENTS OF CASH FLOWS

R'000	Audited 2020	Audited Restated 2019	Audited 2018
Cash flows from operating activities			
Cash generated from/ (used in) operations	130 443	96 539	88 872
Finance income	3 717	3 505	4 332
Finance costs	(16 847)	(15 339)	(11 036)
Finance costs on lease liabilities	(2 141)	864	960
Income tax paid	(19 383)	(25 865)	(16 566)
Net cash from/ (used in) operating activities	95 789	59 704	66 562
Cash flows from investment activities			
Purchase of property, plant and equipment	(70 742)	(110 946)	(96 709)
Proceeds from disposal of property, plant and equipment	1 938	36 575	1 995
Purchase of other intangible assets	(5 992)	(4 115)	(5 132)
Business Combinations	(12 340)	(4 218)	(109 330)
Change in degree of control	–	(4 761)	–
Purchase of investments in associates	–	(5)	–
Loans advanced to group companies	–	10	–
Withdrawal/ (purchase) of investments at fair value	44 602	(45 005)	–
Advances of loans receivable at amortised cost	(530)	(968)	–
Repayment/ (advance) of loans to shareholders	13	(13)	–
Purchase of financial assets	–	–	(1 284)
Share buy-back	(63)	–	–
Net cash used in investing activities	(43 114)	(133 446)	(210 460)
Cash flows from financing activities			
Proceeds from share issue	–	–	148 101
Donation of treasury shares	–	2 096	–
Capital raising expenses	(720)	(729)	–
Proceeds from interest-bearing liabilities	42 113	144 690	–
Repayment of interest-bearing liabilities	(40 000)	(80 066)	(37 249)
Dividends paid	(30 924)	–	–
Payment of lease liabilities	(6 147)	(2 620)	(1 166)
Funds received for vehicle finance	1 057	3 682	1 781
Finance costs in instalment sales	–	(864)	–
Business Combinations	–	(174)	–
Repayment of Group loans on business combinations	–	–	(120)
Repayment of shareholders' loans	–	–	(50)
Net cash from/ (used in) financing activities	(34 621)	66 015	111 297
Total cash movement for the year	18 054	(7 727)	(32 601)
Cash at beginning of year	21 207	28 934	61 535
Total cash at end of year	39 261	21 207	28 934



Huge Group Limited

(Registration number 2006/023587/06)

JSE share code: HUG

A2X share code: HUG

ISIN: ZAE000102042

FORM OF ACCEPTANCE AND TRANSFER FOR THE OFFER (“FORM”) (FOR USE BY CERTIFICATED SHAREHOLDERS ONLY)

The definitions and interpretations commencing on page 7 of the Circular apply *mutatis mutandis* throughout this Form of Acceptance and Transfer, unless the context clearly indicates otherwise.

This Form should be read in conjunction with the Circular.

This Form is only for use in respect of the Offer proposed by Huge and Offer Participants holding Certificated Adapt IT Shares (“**Certificated Eligible Shareholders**”).

Full details of the Offer are contained in the Circular to which this Form is attached and forms part. This Form is attached for the use by Certificated Eligible Shareholders for purposes of accepting the Offer.

HOLDERS OF DEMATERIALISED ADAPT IT SHARES MUST NOT COMPLETE THIS FORM.

INSTRUCTIONS:

1. A separate Form is required for each Certificated Eligible Shareholder.
2. Certificated Eligible Shareholders must complete this Form in BLOCK CAPITALS.
3. The surrender of documents of title is for use only by Offer Participants who are Certificated Adapt IT Shareholders.
4. Part A must be completed by all Certificated Eligible Shareholders who return this Form.
5. Part B must be completed by a Certificated Eligible Shareholder who completed Part A and who is an emigrant from, or non-resident of the Common Monetary Area.
6. The completed Form and the documents of title in respect of the Offer Shares tendered must be returned to Adapt IT’s Transfer Secretaries so as to be received by not later than 12:00 on the Closing Date.
7. Once this Form is received by Adapt IT’s Transfer Secretaries, your acceptance of the Offer will be final, and you may not withdraw your acceptance unless expressly permitted by the Takeover Regulations.
8. If you do not validly accept the Offer by 12:00 on the Closing Date, you will be deemed to have declined the Offer. Late acceptances may be accepted or rejected at the absolute and sole discretion of Huge.
9. If this Form is returned with the relevant documents of title to the Offer Shares, it will be treated as a conditional surrender which is made subject to the Offer becoming wholly unconditional. In the event of the Offer not becoming wholly unconditional for any reason whatsoever, Adapt IT’s Transfer Secretaries will, by not later than 5 (five) Business Days after the date upon which it becomes known that the Offer will not become wholly unconditional, return the documents of title to the Adapt IT Shareholders concerned, by registered post, at the risk of such Shareholders.
10. Persons who have acquired Adapt IT Shares after the date of the issue of the Circular to which this Form is attached, may obtain copies of the Form and the Circular from Adapt IT’s Transfer Secretaries.
11. The Offer Consideration will not be sent to Certificated Offer Participants unless and until documents of title in respect of the relevant Offer Shares have been surrendered to Adapt IT’s Transfer Secretaries.

Transfer Secretaries

If delivered by hand
 Computershare Investor Services
 Proprietary Limited
 Rosebank Towers, 15 Biermann Avenue
 Rosebank
 2196

If sent by mail
 Computershare Investor Services
 Proprietary Limited
 (Private Bag X9000, Saxonwold, 2132)

Dear Sirs

PART A: To be completed by ALL Offer Participants who return this form.

I/We hereby surrender the share certificate/s and/or other documents of title attached hereto, representing Adapt IT Shares registered in the name of the person mentioned below and authorise the Adapt IT's Transfer Secretaries, conditional upon the Offer becoming unconditional, to register the transfer of these Adapt IT Shares into the name of the Company or its nominee(s):

Name of registered holder (separate form for each holder)	Certificate number(s) (in numerical order)	Number of Adapt IT Shares covered by each certificate(s) enclosed
	Total	

Surname

First names (in full)

Title (Mr, Mrs, Miss, Ms, etc)

Address to which the Offer Consideration (if different from registered address):

Postal code

Country

Signature of Shareholder	Name and address of agent lodging this form (if any)
Assisted by me (if applicable)	
(State full name and capacity)	
Date 2021	
Cell phone number	
Office phone number	
Home phone number	

TO BE COMPLETED BY A CERTIFICATED ELIGIBLE SHAREHOLDER WHO COMPLETED PART A AND WHO IS AN EMIGRANT FROM, OR NON-RESIDENT OF, THE COMMON MONETARY AREA (SEE NOTES 3 AND 4 BELOW).

In the case of Certificated Eligible Shareholders who are emigrants: The Offer Consideration will be posted, or transferred (at the risk of the Certificated Eligible Shareholders) to the Authorised Dealer nominated by the Certificated Eligible Shareholders below for its control and credited to the emigrant's capital account. Accordingly, non-residents who are emigrants must provide the following information:

NB - PART A must also be completed

Name of Authorised Dealer in South Africa:

Address:

Account number:

Signature of Authorised Dealer:

Notes and instructions:

1. Applications under this Form are irrevocable and may not be withdrawn once submitted.
2. Offer Participants should consult their professional advisers in case of doubt as to the correct completion of this Form.
3. Emigrants of the Common Monetary Area must, in addition to Part A, also complete Part B. If Part B is not properly completed, the Offer Consideration will be held in trust by the Company or Adapt IT's Transfer Secretaries until claimed for a maximum period of five years, after which period such funds shall be paid over to the Guardians Fund of the Court. No interest will accrue or be paid on any Offer Consideration so held in trust.
4. All other non-residents of the Common Monetary Area must also complete Part B if they wish the Offer Consideration to be paid to an Authorised Dealer in South Africa.
5. Persons who are emigrants from the Common Monetary Area should nominate the Authorised Dealer in foreign exchange in South Africa which has control of their remaining assets in Part B of this Form. Failing such nomination, the Offer Consideration due to such Offer Participants in accordance with the provisions of the Offer will be held by the Company or Adapt IT's Transfer Secretaries, pending instructions from the Offer Participants concerned.
6. The Offer Consideration will not be sent to Offer Participants unless and until documents of title in respect of the relevant Offer Shares have been surrendered to Adapt IT's Transfer Secretaries.
7. If a Certificated Eligible Shareholder produces evidence to the satisfaction of the Company that documents of title in respect of Offer Shares have been lost or destroyed, Huge may waive the surrender of such documents of title against delivery of a duly executed indemnity (including against any damage, expense, loss or payment that the Company, or any of its duly authorised representatives, may incur or suffer by reason of, or arising from, the payment of the Offer Consideration to such person) in a form and on terms and conditions approved by the Company, or may in their discretion waive such indemnity.
8. If this Form is not signed by the Certificated Eligible Shareholder, the Certificated Eligible Shareholder will be deemed to have irrevocably appointed Adapt IT's Transfer Secretaries to implement that Certificated Eligible Shareholder's obligations under the Offer, as the case may be, on his/her behalf.
9. No receipts will be issued for documents lodged, unless specifically requested. In compliance with the requirements of the JSE, lodging agents are requested to prepare special transaction receipts. Signatories may be called upon for evidence of their authority or capacity to sign this Form.
10. Any alteration to this Form must be signed in full and should not be merely initialled.
11. If this Form is signed under a power of attorney, then such power of attorney, or a notarially certified copy hereof, must be sent with this Form for noting (unless it has already been noted by the Company or Adapt IT's Transfer Secretaries).
12. Where the Certificated Eligible Shareholder is a company or a close corporation, unless it has already been registered with the Company or Adapt IT's Transfer Secretaries, a certified copy of the directors' or members' resolution authorising the signing of this Form must be submitted if so requested by the Company.
13. A minor must be assisted by his parent or guardian, unless the relevant documents establishing his legal capacity are produced or have been registered by the Company or Adapt IT's Transfer Secretaries.
14. Notes 11, 12 and 13 do not apply in the case of a form bearing a JSE broker's stamp.
15. Where Offer Shares are held jointly, only the holder whose name stands first in the Register must sign this Form.

