

Huge Group Limited

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**Unaudited Condensed
Consolidated Interim Results**

for the six months ended 31 August 2023



The past six months have seen the first steps in the execution of a considered strategic approach, and we are encouraged and proud of the foundation that has been established in transforming this vision into reality.

R1.460 billion
Investment portfolio fair value

960.31 cents
Net asset value per share

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Section 1

Overview

Investment Overview

Huge Group Limited (the Group) is a South African-domiciled, innovative investment holding company predominantly focused on Information Technology sectors.

Huge Group creates long-term value by identifying and investing in businesses (referred to as Investee Entities) that have talented founders and management teams which are well on their way to creating market-leading organisations, and then builds on these solid foundations by providing the strategic guidance, platform, and support to unlock greater value from their strategic initiatives. Huge Group's purpose is to realise and deliver value to its shareholders through these activities.

Huge Group's Board of Directors believes that it can distinguish itself from other investment holding companies because of its experience, track record, and institutional understanding of markets in the connectivity and cloud, software, and xTech sectors. Huge Group's board of Directors, and its investment team, collectively have a long and distinguished track record of unlocking value for stakeholders, which is demonstrated by the recent growth in the value of its portfolio.

Investment Philosophy

Huge Group owns and acquires interests in businesses within the converging connectivity and cloud, software, and xTech sectors, and does so in a manner that demonstrates a clear focus and philosophy. Huge Group is not constrained by a particular size of investment or targeted shareholding and, as such, acquiring 100% of an entity is not critical to its investment strategy.

Huge Group's Investment Committee prioritises:

- Investments in both local and foreign, listed and unlisted, companies that have solid historical track records, exhibit attractive growth potential, are cash generative with high dividend yields and long-term value appreciation potential.
- Businesses led by demanding, experienced managers that have "skin in the game" who can be trusted to operate the Investee Entity.
- 'Brown field' investments, which are more stable, established businesses in terms of cashflow and revenue growth. 'Green field' opportunities will not be overlooked either but need to demonstrate an acceptable risk and reward trade-off.

Huge Group does not limit itself in terms of size, spread, or stage in the business lifecycle of prospective investments, but does adhere to the following values:

- Consistently and diligently focusing on the strategic oversight of Huge Group's existing investments and on expanding the portfolio through timeous, well-considered acquisitions.
- Amplifying the value of individual investments by leveraging the aggregate customer 'real estate' of all its Investee Entities and by unlocking value through the scale of the broader Huge Group ecosystem.
- Investing in people more than stocks and shares by empowering and supporting the founders (in all instances co-investors) who lead these Investee Entities.

Investment Sector Focus

Huge Group's investment focus is best described by its own definitions for the sectors within which it operates.

xTech

This is the point of convergence where digital and other cutting-edge emerging technologies overlap and where new opportunities exist to transform traditional business models through the introduction of new processes, products, channels, and business models. The world is characterised by a constantly evolving landscape of convergent technologies in every field. Innovations in the payments and financial services space (Fintech businesses) and the mobile virtual network operator (MVNO) industry are two examples of businesses that are categorised by Huge Group in this sector.

Cloud and Connectivity

Since starting out 18 years ago in the more traditional telecommunications sector, Huge Group has since evolved and grown with advances in this industry segment. Today, the 'cloud' is a term used to describe a vast network of servers around the globe that operate as a single ecosystem. Instead of accessing data from local or personal servers, users access data online from any connected device at any time, from any location. These servers store and manage data, run applications, and deliver content and services such as music and video streaming, webmail, software, and social media. Connectivity in turn refers to the ability for devices to connect and communicate with other devices and computers, systems and servers, or people. Fast, effective, and safe data transfer processes facilitate most modern daily activities and can be categorised into four dominant data formats – text, voice, audio, and video. This co-dependency of connectivity services and cloud services drives Huge Group to refer to investments in these fields under a single category.

Software

Anyone using a computer or phone – either online or offline – is using one of many thousands of software applications (known as apps). These applications provide endless opportunities for innovation, improvements in efficiency and productivity, and in some instances have redefined entire industries (consider Uber and Airbnb as examples). Software applications are everywhere around us and will only become more pervasive and important in the future. Huge Group categorises entities that are focused on the ideation, design, development, and publication of software applications (including Software-as-a-Service businesses) in this category.

Commentary by the Chairman and Chief Executive Officer



Veran Kathan
Chairman

James Herbst
Chief Executive Officer

Huge Group's investments are resilient and have grown in a challenging environment. The value of the portfolio has increased. The business combination involving Huge Telecom and Huge Networks has been completed. Customer satisfaction, increased turnover, and a strengthened market position are some of the positive outcomes that are being enjoyed. Huge Connect is finding new segments in which to grow and Huge Digital is about to launch its MVNO initiative.

These past six months, much like the year before, remain characterised by volatility and uncertainty, both domestically (as load shedding continues to throttle economic growth) and internationally (where armed conflicts, fiscal uncertainty, and inflationary pressures affect global markets). Despite this challenging environment, Huge Group's Investee Entities have demonstrated resilience, adaptability, determination, and innovation and continue to deliver stable results and growth through the diligent efforts of their management teams and directors.

For the half-year ended 31 August 2023, the Directors valued it at approximately R1.460 billion. Over the past six months, net asset value has increased from 944 cents per share to 960 cents per share. The increase in net asset value is impacted by the decrease in the total liabilities held by Huge Group. Huge Group, its executive management, and the Board remain steadfast in the belief that the portfolio's value is realisable and that the continued, diligent implementation of Huge Group's strategies will continue to deliver growth in this value.

As the value of the portfolio grows, organically because of the combination of increasing revenues and stable to greater gross margins as well as cost efficiencies, and acquisitively because of strategic, cash-generating investment opportunities. Huge Group expects that future dividend income and management fee income will significantly exceed its cost base.

Huge TNS (the business combination of Huge Telecom and Huge Networks) has significantly expanded its market reach through the consolidation of resources, the introduction of operational efficiencies, and the utilization of shared marketing strategies. These measures have already yielded improved sales and increased revenue in a comparatively short space of time and it is poised to deliver much improved results in the medium term.

Huge Connect continues to exceed expectations and has delivered increased annuity revenue despite a tough economic environment, while demonstrating further, consistent improvement in its operating margins. Strong leadership by a skilled management team plays a significant role in driving the results of this entity. It has successfully expanded its market presence and enhanced its brand reputation and by capitalizing on emerging trends and seizing new market opportunities, significantly strengthened its customer base. We expect this positive track record to maintain momentum over the coming six months.

The newest Investee Entity in Huge Group's portfolio, **Huge Digital**, has achieved its first milestones towards its planned and imminent market launch early in 2024 by securing a significant blue-chip client, among other achievements. These early achievements underscore its innovative value proposition and potential and fortifies Huge Group's strategic vision and belief that it will represent one of the larger growth vectors in the short to medium term.

The past six months have seen the first steps in the execution of a considered strategic approach that aims to facilitate synergies between the Investee Entities that are designed to reduce the collective cost base, increasing opportunities for cross and up-selling and leveraging innovations to the benefit of all Investee Entities and their customers. We are encouraged and proud of the foundation that has been established in transforming this vision into reality. Arguably, the six-month period ending on 31 August 2023 has been too short a space of time to yield strong, demonstrable indications of the exponential growth vectors within the portfolio. We remain confident in the foundation that has been created and firm in our belief that these growth vectors will deliver significantly more value to all of our stakeholders in the near to medium term.

We would like to thank the executive management teams of each of our Investee Entities for their continued commitment and unwavering determination in executing their respective strategies, and in achieving consistent and admirable results during significantly difficult global and local conditions. On 1 June 2023, the constitution of the Board changed to include Maria Heraty, who joined the Board as the Group Chief Financial Officer, as well as Mary-Ann Boakye who joined the Board as an independent, non-executive director. Andy Openshaw stepped down from the Board, but remained on the Investment Committee. Looking ahead, Huge Group remains committed in the support of these companies, in building on their successes.


Veran Kathan
Non-Executive Chairman


James Herbst
Chief Executive Officer

Huge Group half-year financial highlights:

R1.460 billion

Fair value of its investment portfolio

(FY2023: R1.462 billion and HY2023: R1.532 billion)

960.31 (cents)

NAV per share

(FY2023: 943.85 and HY2023: 939.09)

Investment Portfolio Commentary



Huge TNS

Huge TNS, formed through the combination of Huge Telecom and Huge Networks in February 2023, is South Africa's leading provider of business-to-business (B2B) GSM fixed mobile and last mile telephone services. With an extensive regional presence and a robust support platform, Huge TNS caters to the home office

(SoHo), small medium and micro enterprise (SMME), and enterprise markets. Huge TNS's expanded product portfolio now includes voice (both GSM and VoIP), data connectivity, services, cloud, hosting, and security products.

Huge TNS excels in delivering innovative solutions with agility, cost effectiveness, and does so with a remarkably high and consistent level of service. The company offers fully integrated telephony (FIT) services to SMMEs, where it provides a single geographical number on both GSM and VoIP platforms, ensuring continuity during network outages. This telephony service is part of Huge TNS's resilience programme, covering data resilience through technologies such as software defined networks (SD-WAN), zero trust network access (ZTNA), and secure service edge (SSE) to both enterprise and SMME customers. Huge TNS also offers affordable cyber security products, including its own Huge Presidio, enabling SMMEs to cost-effectively secure their networks and environments with features such as content filtering, bandwidth management, intrusion protection services, and traffic flow analysis.

In the first half of the 2024 financial year, several noteworthy developments shaped the operational landscape of Huge TNS, including the seamless consolidation and integration of its regional offices. In addition, resource allocation is being optimized to align with the constantly evolving business structure. A key achievement for the business was the nationwide launch of a complete, new product suite in May 2023, facilitated by an extensive roadshow across South Africa. At a financial performance level, annuity revenue has remained stable, while variable revenue has grown through various strategic initiatives.

Over the next six months, the focus areas will be operational cost savings, the full integration of the business customer relationship management (CRM) platforms, strengthening sales and key account management functions, accelerating FIT, boosting sales of the resilience programme, increasing product sales across the business partner base, and the continued growth of Huge TNS' robust reseller network. These initiatives aim to enhance efficiency, revenue growth, and market presence.

Revenue	
HY2024*	HY2023*
R252 341 532	R274 104 100

GP %	
HY2024*	HY2023*
57%	56%

EBITDA#	
HY2024*	HY2023*
R80 596 206	R88 446 047

* Adjusted for exceptional once-off items.
* 12 months data ending 31 August.



Huge Connect

From SME to enterprise, Huge Connect provides reliable data connectivity solutions across South Africa, and some of its neighbouring countries, with its primary focus being the provision of secure data connectivity for transactional data requirements. The inherent

redundancy of its PCI compliant core network infrastructure ensures a guaranteed service, utilising multiple networks. It has a strong presence in the retail, financial, and fuel industries. Huge Connect's core network allows all its clients—from the largest South African banks to SMMEs – to benefit from a safe, secure, and reliable connectivity environment. It also provides a managed wide-area network solution, enabling the interconnection of multiple access technologies into a single platform.

Huge Connect's strategic goal is to expand its product proposition with additional connectivity services, failover solutions, voice services, and secure data offerings. In addition to this, Huge Connect is expanding its services beyond simply device management to the all terminal-based applications (including value-added services), thereby ensuring higher connectivity success rates and empowering customers through real-time, online device estate management.

Huge Connect's financial performance, despite tough economic conditions and pressure on margins, generated above-satisfactory results in annuity revenue growth over the past six months. This is mostly due to a continuous growth in SIM card (SIM) orders from the financial services institutions. Huge Group believes this growth is due to the reliability of Huge Connect's network, and the bespoke management platform developed in-house, enabling its customers to better manage their deployed SIM network.

In line with Huge Connect's ongoing strategy to control service delivery, it has integrated functionality within its own core network previously only provided by the network operators. Over the past six months, Huge Connect has substantially invested in its customer portal framework for self-management purposes. Great strides have been made to add functionality for the effective monitoring and control of remote services.

Huge Connect's transaction layer switching (TLS) has been successfully deployed to two South African banks. TLS ensures secure end-to-end data transactions between the merchant and the bank via the Internet, making it a compliant service offering that conforms to payment card industry (PCI) standards. The aim over the next six months is to expand this service offering to the other South African banks, as well as other terminal suppliers.

Revenue	
HY2024*	HY2023*
R159 556 068	R146 823 452

GP %	
HY2024*	HY2023*
58%	59%

EBITDA	
HY2024*	HY2023*
R59 628 587	R58 758 378

* 12 months data ending 31 August.



Huge Distribution

Huge Distribution is a distributor of solar, video conferencing, closed-circuit television (CCTV) and private branch exchange (PBX) telephony equipment in southern Africa (including neighbouring countries). It is able

to source and supply world-class products and solutions from leading global vendors, providing product delivery, effective solutions, and exceptional service to its exclusive network of business partners. This business has recently entered the renewable energy market segment, importing and distributing quality products at competitive pricing in the local market, offering products, support, and installation services through its network of partners.

The past six months have been instrumental in solidifying the foundations for Huge Distribution's renewable energy products and bespoke solutions. In addition, Huge Distribution has been working closely with NEC to start providing its exclusive business partners with a unique solution which can accommodate both analogue and IP infrastructure.

The business recently relocated to new larger premises – a move crucial to the expansion of its distribution infrastructure and allowing it to scale its operations significantly. This has allowed it to substantially boost its capacity for distributing its products efficiently and effectively, and better serving its customers and meeting their growing demands.

Huge Distribution aims to become a one-stop distribution hub that offers a variety of products at competitive prices.

Revenue	
HY2024*	HY2023*
R25 490 921	R23 131 997

GP %	
HY2024*	HY2023*
21%	18%

EBITDA	
HY2024*	HY2023*
R1 161 476	R62 475

* 12 months data ending 31 August.



Recent addition: Huge Digital

Huge Digital, Huge Group's most recent investment, is a digital virtual network enabler (VNE). Huge Group announced the acquisition of the company that used to be Virgin Mobile South Africa in 2022 and has been preparing the business for its relaunch in the South African market. The business provides a cutting-edge, cloud-native, turnkey virtual network operator (VNO) enablement service that allows non-telecommunications businesses to enter the VNO market quickly, securely, and with far less commercial and operational risk than any other model available in South Africa.

Huge Digital provides the technical, operational, and advisory services necessary for corporates and SMEs to design, launch, and run virtual telecommunications products and services by making its tier-1 technology systems available to clients on a Platform-as-a-Service, shared risk and success basis. The Huge Digital team embodies an experienced, reliable, trusted and capable enablement partner with 18 years of experience, catering for the largest blue-chip brands and smaller SMEs.

Huge Digital secured its first blue-chip anchor tenant during the first half of financial year 2024 and is also preparing for the launch of its branded mobile services in 2024. The business continues to participate in a closed request-for proposal (RFP) process with one of South Africa's top mobile network operators for accreditation as an approved service provider.

The business is in the process of deploying a new, cloud native VNO platform, integrated into one of South Africa's top mobile networks that will represent one of the most sophisticated, local enablement architectures available to South African clients.

Interim Financial Results

Condensed Consolidated Statement of Financial Position

as at 31 August 2023

Figures in Rand	Note(s)	Unaudited 31 August 2023 R'000	Audited 28 February 2023 R'000	Unaudited 31 August 2022 R'000
Assets				
Non-current assets				
Property, plant, and equipment		232	276	143
Investments held	2	1 460 363	1 462 490	1 531 714
Other financial assets		-	-	11 221
Loans receivable	3	260 025	266 847	284 983
Trade and other receivables	4	104 263	75 333	1 380
Deferred tax asset		5 212	5 099	6 262
		1 830 095	1 810 045	1 835 703
Current assets				
Trade and other receivables	4	12 120	26 568	13 556
Cash and cash equivalents		1 373	1 586	34 143
		13 493	28 154	47 699
Total assets		1 843 588	1 838 200	1 883 402
Equity and Liabilities				
Equity				
Equity attributable to holders of parent				
Share capital		611 099	611 099	612 578
Share-based payment reserve		39 989	39 989	41 969
Accumulated profit		1 006 014	977 625	970 591
		1 657 102	1 628 713	1 625 138
Liabilities				
Non-current				
Interest-bearing liabilities	5	119 212	156 500	209 353
Deferred tax liability		18 158	18 850	46 092
		137 370	175 350	255 445
Current liabilities				
Loans payable		-	-	800
Interest-bearing liabilities	5	47 280	30 000	-
Current tax payable		436	-	-
Trade and other payables		1 400	4 137	2 019
		49 116	34 137	2 819
Total liabilities		186 486	209 487	258 264
Total equity and liabilities		1 843 588	1 838 200	1 883 402
Net asset value per share (cents)		960.31	943.85	939.05

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 31 August 2023

Figures in Rand	Note(s)	Unaudited 31 August 2023 R'000	Audited 28 February 2023 R'000	Unaudited 31 August 2022 R'000
Net (loss)/gain from financial assets at fair value through profit or loss				
	2	(3 334)	24 784	53 191
Investment income	6	48 327	73 549	32 585
Interest income		18 213	24 899	10 384
Interest earned on loans		18 087	24 489	10 346
Finance income		126	410	38
Dividends declared		30 114	48 650	22 201
Gross profit from sale of goods/services		3 300	33 700	13 700
Fee income		3 300	33 700	13 700
Other income		1 290	1 754	737
Gain on sale of property, plant, and equipment		-	-	264
Other income		1 290	1 754	473
Expenses		(10 278)	(31 272)	(18 088)
Selling and administration expenses		(7 022)	(20 850)	(18 049)
Executive share-based payment movement		-	1 979	-
Employee costs		(3 193)	(12 313)	-
Depreciation and amortisation		(63)	(88)	(39)
Profit before finance costs and taxation		39 305	102 515	82 125
Finance costs	7	(11 296)	(18 814)	(7 242)
Profit before taxation		28 009	83 701	74 883
Income tax (expense)/credit		380	(3 454)	(1 670)
Total comprehensive income		28 389	80 247	73 213
Earnings per share information (cents)				
Basic earnings per share		16.45	46.38	42.30
Diluted earnings per share		15.14	46.37	42.30

Condensed Consolidated Statement of Changes in Equity

for the six months ended 31 August 2023

Figures in Rand	Share capital R'000	Share premium R'000	Total share capital R'000	Share-based payment reserve R'000	Accumulated profit R'000	Total equity R'000
Audited Balance at 1 March 2022	17	612 561	612 578	41 969	897 378	1 551 925
Profit for the six months	-	-	-	-	73 213	73 213
Unaudited balance at 31 August 2022	17	612 561	612 578	41 969	970 591	1 625 138
Profit for the six months	-	-	-	-	7 034	7 034
Share buy-back	-	(1 479)	(1 479)	-	-	(1 479)
Executive share-based payments raised	-	-	-	(1 979)	-	(1 979)
Audited balance at 28 February 2023	17	611 082	611 099	39 990	977 625	1 628 714
Total comprehensive income for the six months	-	-	-	-	28 389	28 389
Unaudited balance at 31 August 2023	17	611 082	611 099	39 990	1 006 014	1 657 103

Condensed Consolidated Statement of Cash Flows

for the six months ended 31 August 2023

Figures in Rand	Note(s)	Unaudited 31 August 2023 R'000	Audited 28 February 2023 R'000	Unaudited 31 August 2022 R'000
Cash flows from operating activities				
Cash generated from/(used in) operations		17 577	(14 378)	63 193
Finance income		126	385	3 142
Dividends received		1 250	7 055	4 600
Tax paid		-	-	(698)
Finance costs		(11 296)	(18 316)	-
Net cash generated from/(used in) operating activities		7 657	(25 254)	70 237
Cash flows from investing activities				
Purchase of property, plant, and equipment		(19)	(290)	(38)
Purchase of investment held		(1 184)	(46 724)	(45 207)
Proceeds from sale of investment		-	44 000	-
Advance of loans to Investee Companies		(21 472)	(80 440)	(76 895)
Repayment of loans by Investee Companies		46 109	46 168	37 604
Advance on loan payable		-	(800)	-
Net cash used in investing activities		23 434	(38 086)	(84 536)
Cash flows from financing activities				
Proceeds from interest-bearing liabilities		-	216 750	216 750
Repayment of interest-bearing liabilities		(31 304)	(151 746)	(169 709)
Share buy-back		-	(1 479)	-
Net cash from used in financing activities		(31 304)	63 525	47 041
Total cash movement for the year		(213)	185	32 742
Cash at the beginning of the year		1 586	1 401	1 401
Total cash at the end of the year		1 373	1 586	34 143

Reporting

Supplementary Information

1. Reporting Entity

Huge Group Limited is a public company domiciled in the Republic of South Africa. The condensed, consolidated Interim Financial Statements as at and for the six months ended 31 August 2023 (hereinafter referred to as the 2024 Interim Financial Statements), comprise the interim results of the Group).

2. Basis of preparation

The 2024 Interim Financial Statements have been prepared under the supervision of M Heraty CA(SA), Chief Financial Officer, in accordance with the requirements set out in:

- IAS 34 Interim Financial Reporting requirements,
- the South African Institute for Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee;
- Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC).

Furthermore, the 2024 Interim Financial Statements comply with the Listing Requirements of the JSE Limited (JSE) and the requirements outlined in the Companies Act of South Africa, as amended (Act No. 71 of 2008) (Companies Act), in terms of all provisions specified therein that are applicable to summary financial statements.

As Interim Financial Statements are not required to include all of the information set out in fully comprehensive annual financial statements, the 2024 Interim Financial Statements should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 28 February 2023, as set out in the Group's Integrated Annual Report (which can be accessed directly via this link: <https://www.hugegroup.com/financials>).

2.1 Going concern

The Board has undertaken a comprehensive review in relation to the Group as a holding company and each individual Investee Entity owned by the Group or in which it may hold a stake, and where relevant with reference to those assumptions, strategies, and plans that inform cash flow forecasts or projections.

Having considered the solvency, cash resources, and forecasts of each Investee Entity individually and on a consolidated basis, the Board has concluded that Huge Group in the first part and each of its Investee Entities in the second part, are able to and will continue to be able to meet their respective and joint financial obligations for a period of at least twelve months following the date of publication of the 2024 Interim Financial Statements. These financial statements have therefore been prepared on a going-concern basis.

3. Board approval

These condensed consolidated Interim Financial Statements were authorised for issue and publication by the Board of Directors of Huge Group on 30 November 2023.

4. Independent review

The 2024 Interim Financial Statements are the responsibility of the Board of Directors of the Company. Neither these condensed, consolidated, Interim Financial Statements, nor any reference to future financial performance included in this results announcement, have been reviewed or reported on by the company's external auditor, Moore Johannesburg Incorporated.

5. Accounting policies

The accounting policies applied in preparation of the 2024 Interim Financial Statements are compliant with International Financial Reporting Standards (IFRS) and are consistent with the accounting policies applied in the preparation of the consolidated annual financial statements for the year ending 28 February 2023.

5.1 New standards effective for annual periods beginning on or after 1 March 2023

No new standards, amendments to published standards or interpretations which became effective for the period commencing on the 1 March 2023 had an impact on the Group's accounting policies.

5.2 New standards, amendments to existing standards and interpretations not yet effective

The Group did not early-adopt any new, revised, or amended accounting standards or interpretations. Nonetheless, these accounting standards and amendments to issued accounting standards and interpretations are not expected to have a material impact on the Group's financial results.

6. Events after the reporting period

Since the end of the financial reporting period on the 31 August 2023, Huge Group has engaged in negotiations with lenders to optimise its current debt structuring. Whilst negotiations are still ongoing at this point in time, Huge Group expects to finalise these prior to its financial year end.

7. Segment reporting

Huge Group holds investments in the connectivity and cloud, software and xTech sectors, and the investments held by it as set out in the 2024 Interim Financial Statements are reported within these associated operating segments as defined in terms of IFRS 8, Operating Segments.

The operating segment's results are reviewed regularly by the Executive Committee, under the authority delegated by the Board (which is the Chief Operating Decision-Maker or CODM). The Executive Committee evaluates and assesses each segment's performance, for which discrete financial information is available, and makes decisions in terms of the allocation of resources to each segment.

The fair value movement, as evaluated by the CODM, represents the predominant measure of segment performance. Information on the underlying Investee Entities held by Huge Group are also reported to the CODM for assessing segment performance. Huge Group's Investment Committee reports to the CODM and provides the guidelines for the valuation of the investment portfolio and reporting processes as set out in the Investment Policy.

The following section details the basis on which segment reporting has been prepared, including a reconciliation of the detailed IFRS 8 values underpinning these reports, in table form.

Notes to the Interim Financial Results

1. Segment reporting

The Directors have considered the information set out in IFRS 8 - Operating Segments, and, based on the information provided to the Executive Committee (specifically the Chief Operating Decision-Maker, under the authority delegated by the Board), are of the opinion that the current operations of the Company can be split into four main segments based on the composition of the investment portfolio:

- a Corporate Office Segment (comprising Huge Group, Huge Management, and Huge Capital),
- a Cloud and Connectivity Segment;
- a Software and xTech Segment; and
- a Distribution Segment.

Revenue generated by the Group and the Investee Entities in its portfolio, as well as services provided by these Investee Entities, are undertaken on a countrywide basis with no geographical differentiation. The concise summary set out below is compliant with the requirements of IFRS 8.

Huge Group's investment sector focus is categorised into three sectors, being Cloud and Connectivity, Software and xTech, Cloud and Connectivity includes Huge Distribution as outlined above as part of the IFRS 8 Operating Segment.

Operating segments during the current and previous reporting period

In terms of Huge Group's Segment Report, the **Corporate Office Segment** comprises the following companies:

- Huge Group, the Investment Holding Company;
- Huge Capital (100% held by Huge Group);
- Huge Management Company, (100% held by Huge Group).

The **Connectivity and Cloud Segment** comprises the following companies:

- Huge Connect (83.71% held by Huge Group);
- Huge Networks (100% held by Huge Connect);
- Huge Messaging (100% held by Huge Group);
- Huge Technologies (100% held by Huge Group);
- Huge Soho, an associate company (49% held by Huge Group);
- Huge TNS (100% held by Huge Group Limited).

Huge TNS was previously known as Huge Telecom. Huge Group, as a 100% owner of the issued share capital of Huge TNS, has the following indirect holdings through this investment:

- Huge Services (100% holding);
- Huge Cellular, an associate company of Huge TNS (49% holding).

The **Software and xTech Segment** comprises the following companies:

- Huge Media (96% held by Huge Group);
- Huge Software (75% held by Huge Group);
- Huge Payments (100% held by Huge Group);
- Huge Digital (100% held by Huge Group);
- Glovent Solutions (16.07% held by Huge Group).

The **Distribution Segment** comprises the following companies:

- 100% held Huge Distribution.

Types of products and services per segment

The Connectivity and Cloud Segment

Huge TNS

Huge TNS caters for the cloud, connectivity and related technology services needs of businesses in the Corporate, SMME and Work-from-Home segments. Huge TNS provides a comprehensive product catalogue of products and services that includes Connectivity, Voice, SD-WAN Management, Connectivity Aggregation, Cyber Security, PBX, Cloud- and hosting services to customers in these segments, generating both annuity revenue and usage-based revenue.

Huge Connect

Huge Connect provides dependable internet access and secure connectivity for payment systems across South Africa, including customer SIM card solutions, bulk messaging solutions, 2G/3G/4G mobile data connectivity, fixed mobile voice solutions, and hosted PBX.

Huge Technologies

Huge Technologies houses the telecommunications network asset that has, over 18 years, been purpose-built for the requirements of customers within the Connectivity and Cloud Segment, and it derives its revenue from fees related to the utilisation of this network.

Huge Messaging

Huge Messaging houses the SMS and messaging technology platforms leveraged by Huge TNS to provide its customers with bulk- and text-to-SMS services and it, similarly, derives its revenue from usage fees.

The Software and xTech Segment

Huge Software

Huge Software is a software company that develops, maintains, implements, and supports an ERP (Enterprise Resource Planning) and accounting software solution that centralises an organisation's database of information, automates daily tasks, and simplifies business processes. Its customer base comprises businesses in the mid-tier market in manufacturing, engineering, wholesale distribution, and professional services.

Huge Digital

Huge Digital, established out of the acquisition of Virgin Mobile South Africa, is a Mobile Virtual Network Enabler (MVNE), offers a cloud-native, full-service enablement service that allows South African businesses in the consumer and enterprise segments to enter the virtual network operator (VNO) market quickly, securely, and with far less commercial and operational risk than any other model available in SA. It derives its revenue from providing a turnkey proposition that encompasses advisory services, managed operations, and technology enablement services.

The Distribution Segment

Huge Distribution

Huge Distribution is an importer and distributor serving channel partners across Southern Africa and into the SADC region with telecommunications, CCTV, and PABX-related products and equipment, as well as, more recently, renewable energy products, such as solar panels, batteries, and inverters.

Major customers

No single customer or group of customers under common control contribute more than 10% of the revenue of any of Huge Group's Investment Entities, except two of Huge Connect's customers. These two customers contribute an aggregate of 32% of Huge Connect's revenue. The risk of loss of these customers is substantially mitigated by contractual measures and the practical complexity of a change in supplier for these services.

Geographic areas

The Investee Entities of Huge Group have operations physically located in five local regions, which are Gauteng, Western Cape, Eastern Cape, North-West and Free State.

Notes to the Interim Financial Results continued

1. Segment reporting continued

Services

Huge Group generates its revenue in the form of dividends, interest income and fee income.

Unaudited segment portfolio value movements for the 6 months ended 31 August 2023

Segment	Investments held at 1 March 2023 R'000	Acquisition R'000	Fair value gain/loss R'000	Portfolio interest R'000	Investment held at 31 August 2023 R'000	Percentage of portfolio
Connectivity and Cloud	1 311 304	-	(11 966)	-	1 299 338	88.98%
Distribution	4 533	-	6 218	-	10 751	0.74%
Software and xTech	146 193	1 840	1 769	-	149 802	10.25%
Corporate Office	459	-	-	13	472	0.03%
Total	1 462 489	1 840	(3 979)	13	1 460 363	100.00%

Audited segment portfolio value movements for the year ended 28 February 2023

Segment	Investments held at 1 March 2022 R'000	Acquisition R'000	Fair value gain/loss R'000	Portfolio interest R'000	Investment held at 28 February 2023 R'000	Percentage of portfolio
Connectivity and Cloud	1 411 051	-	(99 747)	-	1 311 304	89.66%
Distribution	17 012	-	(12 479)	-	4 533	0.31%
Software and xTech	6 460	2 723	137 010	-	146 193	10.00%
Corporate Office	434	-	-	25	459	0.03%
Total	1 434 957	2 723	24 784	25	1 462 489	100.00%

Unaudited segment portfolio value movements 6 months ended 31 August 2022

Segment	Investments held at 1 March 2022 R'000	Acquisition R'000	Fair value gain/loss R'000	Portfolio interest R'000	Investment held at 31 August 2022 R'000	Percentage of portfolio
Connectivity and Cloud	1 411 051	15 400	(92 205)	-	1 334 246	87.08%
Distribution	17 012	-	(781)	-	16 231	1.06%
Software and xTech	6 460	27 155	147 622	-	181 237	11.83%
Corporate Office ¹	434	-	-	11	445	0.03%
Total	1 434 957	42 555	54 636	11	1 532 159	100.00%

1. For the 6 months ended 31 August 2022 the Discovery Endowment was included under cash and cash equivalents, and then subsequently, from 28 February 2023, moved to be included and disclosed in investments.

Unaudited segment portfolio returns for the six months ended 31 August 2023

Segment	Dividend income R'000	Interest income R'000	Fee income R'000	Total R'000
Connectivity and Cloud	30 114	11 456	3 300	44 870
Distribution	-	2 256	-	2 256
Software and xTech	-	4 369	-	4 369
Corporate Office	-	6	-	6
Total	30 114	18 087	3 300	51 501

Audited segment portfolio returns for the year ended 28 February 2023

Segment	Dividend income R'000	Interest income R'000	Fee income R'000	Total R'000
Connectivity and Cloud	48 650	16 478	33 700	98 828
Distribution	-	3 546	-	3 546
Software and xTech	-	4 457	-	4 457
Corporate Office	-	7	-	7
Total	48 650	24 488	33 700	106 838

Unaudited segment portfolio returns for the 6 months ended 31 August 2022

Segment	Dividend income R'000	Interest income R'000	Fee income R'000	Total R'000
Connectivity and Cloud	22 201	7 135	13 700	43 036
Distribution	-	1 602	-	1 602
Software and xTech	-	1 606	-	1 606
Corporate Office	-	3	-	3
Total	22 201	10 346	13 700	46 247

Notes to the Interim Financial Results continued

2. Investments held

Segment	Held by	% holding	Unaudited 31 August 2023 R'000	Audited 28 February 2023 R'000	Unaudited 31 August 2022 R'000
Huge Capital	Huge Group	100%	-	-	-
Huge Connect - Ordinary shares held	Huge Group	83.71%	100 284	64 262	92 573
Huge Connect - Preference shares held	Huge Group	100%	568 340	571 905	545 594
Huge Distribution	Huge Group	100%	10 751	4 533	16 231
Huge Digital	Huge Group	100%	147 119	145 651	120 000
Huge Management	Huge Group	100%	-	-	-
Huge Media	Huge Group	96%	-	-	-
Huge Messaging	Huge Group	100%	964	973	1 020
Huge Payments	Huge Group	100%	-	-	-
Huge Software	Huge Group	75%	2 682	543	3 855
Huge Technologies	Huge Group	100%	33 260	23 289	109 566
Huge TNS ¹ Group	Huge Group	100%	596 491	650 874	585 393
Huge TNS ¹	Huge Group	100%	588 625	641 292	481 470
Huge Cellular	Huge TNS	49%	-	-	-
Huge Networks	Huge TNS	100%	7 432	9 343	103 785
Huge Services	Huge TNS	100%	434	239	138
Huge Soho	Huge Group	49%	-	-	100
GloVent	Huge Group	16.07%	-	-	1 434
Interfile	Huge Group	44%	-	-	55 948
Discovery Invest Endowment Plan	Huge Group	-	472	459	445
Total fair value²			1 460 363	1 462 489	1 532 159

1. During the financial year ended 28 February 2023, a business combination was approved in which Huge Telecom would acquire the business of Huge Networks. This combination was considered important because of the potential of the new combined entity to generate value by leveraging the synergies from combining the businesses and product propositions of the individual entities into a single, class-leading bouquet of products and services. The business combination involved Huge Telecom purchasing the business of Huge Networks and changing its name to Huge TNS. As of the date of these condensed consolidated interim results, the operational components of both businesses have been combined. However, the completion of the sale of the business agreement, which involves the transfer of Huge Networks' assets to Huge TNS, is still pending the fulfilment of specific conditions that will be met before the 28 February 2024. The value attributed to Huge TNS mentioned above represents the combined value of Huge TNS, incorporating Huge Networks. An aggregate forecast was prepared and approved to evaluate the value of Huge TNS as the valuation method used is forward-looking.

2. All Investee Entities are incorporated in South Africa and their principal place of business is in South Africa. There are no significant restrictions on the ability of the Investee Entities to transfer funds to Huge Group in the form of cash dividends or the repayment of loans or advances. There are no commitments or intentions to provide financial or other support to an Investee Entity. Support is provided as and when required through the required approval processes.

Fair value of investments held at 31 August 2023

The fair value of the investments retained as at 31 August 2023 were calculated by management, in accordance with IFRS 13, and were consistent to the methodology applied in prior periods. The assumptions informing the interim valuations as at 31 August 2023, have been detailed below:

Unlisted investments	Economic interest	Primary valuation method	Fair value hierarchy	Significant and key inputs	Relationship of unobservable inputs	31 August 2023 fair value R'000
Huge Capital	100%	Net assets	Level 3	Attributable NAV		-
Huge Cellular	49%	Net assets	Level 3	Attributable NAV		-
Huge Connect (Ordinary shares)	83.71%	Income approach	Level 3	Maintainable earnings model	<ul style="list-style-type: none"> WACC 19.89% Terminal growth 1.6% Revenue growth 11.67% Sustainable GP margin 44.41% 	100 284
Huge Connect (Preference shares)	100%	Dividend discount	Level 3	Dividend payable average coupon rate	<ul style="list-style-type: none"> Required rate of return 10% 	568 340
Huge Distribution	100%	Income approach	Level 3	Maintainable earnings model	<ul style="list-style-type: none"> WACC 14.89% Terminal growth 1.6% Revenue growth 33.21% Sustainable GP margin 19.49% 	10 751
Huge Digital ¹	100%	Income approach	Level 3	Net Present Value of Future Cashflows	<ul style="list-style-type: none"> WACC 19.09% Terminal growth 1.6% 	147 119
Huge Media	96%	Net assets	Level 3	Attributable NAV		-
Huge Messaging	100%	Net assets	Level 3	Attributable NAV		964
Huge Networks	100%	Net assets	Level 3	Attributable NAV		7 432
Huge Payments	100%	Net assets	Level 3	Attributable NAV		-
Huge Services	100%	Net assets	Level 3	Attributable NAV		434

1. Huge Digital's valuation was determined by applying the methodology of an income based approach to the retained equity expected from a significant recapitalisation of that business by external funders. The latter represents a series of set cashflows and thus no revenue growth or sustainable gross profit margin projections have been applied to this valuation.

Notes to the Interim Financial Results continued

2. Investments held continued

Unlisted investments	Economic interest	Primary valuation method	Fair value hierarchy	Significant and key inputs	Relationship of unobservable inputs	31 August 2023 fair value R'000
Balance carried forward						835 324
Huge Software	75%	Income approach	Level 3	Maintainable earnings model	<ul style="list-style-type: none"> WACC 25.3% Terminal growth 1.6% Revenue growth 14.16% Sustainable GP margin 77.42% 	2 682
Huge TNS	100%	Income approach	Level 3	Maintainable earnings model	<ul style="list-style-type: none"> WACC 15.06% Terminal Growth 1.6% Revenue Growth 12.39% Sustainable GP margin 50.17% 	588 625
Huge Technologies	100%	Net assets	Level 3	Attributable NAV		33 260
Huge Soho	49%	Net assets	Level 3	Attributable NAV		-
GloVent	16.07%	Income approach	Level 3	Maintainable earnings model	<ul style="list-style-type: none"> WACC 22.52% Terminal Growth 1.6% Revenue Growth 30.53% Sustainable GP margin 47.94% 	-
Total Unlisted Holdings						1 459 891
Discovery Invest Endowment Plan			Level 3			472
Total Holdings						1 460 363

Key valuation components for the investment valuations as at 31 August 2023

- The Income approach describes a methodology that calculates the market value of the ordinary shares of a business based on the value of the cash flows that the company can be expected to generate in the future.
- The Dividend discount approach is a quantitative method used for predicting the price of a Company's securities based on the theory that its present-day price is worth the sum of all of its future dividend payments when discounted back to their present value. It attempts to calculate the fair value of a security irrespective of the prevailing market conditions and takes into consideration the dividend pay-out factors and the market expected returns. This method falls under the income approach.
- The net asset approach describes a methodology that calculates the market value of the ordinary shares of a business by adjusting the asset and liability balances on the statement of financial position of the company being valued to their market-value equivalents. The approach is based on the summation of the individual piecemeal market values of the underlying assets less the commensurate market value of liabilities.

Risk free rate

The risk free rate is defined as the rate that investors would expect as a minimum return on a risk free asset. A risk free rate of 8.89% has been applied by Huge Group and has been directly extrapolated from the spot rate of a South African Government Bond with a maturity of 5 years, as quoted by the South African Reserve Bank on the 31 August 2023.

Systematic risk premium or market premium

The equity market risk premium (EMRP) was obtained from data published by NYU Stern Professor - Aswath Damodaran. Professor Damodaran computes emerging market EMRP's as a function of credit default swap spreads (CDS spread) and a country's sovereign bond rating. CDS spreads are a proxy for risk in the market, and once adjusting for the relevant country's sovereign debt rating, you can find the CDS spread from the default-free government bond. This spread is then added to the established EMRP for mature markets (Currently -4.57%) to determine the EMRP in an emerging market. Applying this model generates an EMRP for the South African equity market of 9.57%

Beta

A beta analysis was conducted based on listed companies in the telecommunication sectors in emerging markets. An unlevered beta of 0.60 was determined for Huge TNS and Huge Connect as they can be reliably linked to both services and wireless companies. An unlevered beta of 1.11 for Huge Distribution was used, utilising equipment metrics. The assessments are based on the average beta of 293 listed emerging markets companies in the telecom equipment sector, 138 listed companies in the telecom services sector and 59 listed companies in the telecom wireless sector. The re-levered beta of each specific entity listed above is calculated based on the target debt-to-equity ratio of the related entity. An unlevered beta of 1.34 was determined for Huge Software and GloVent Solutions. This was based on the average beta of 492 emerging markets companies listed in the software systems and application sector.

Specific risk (Alpha)

The specific risk for each individual Investee Entity was considered. Risk premiums related to items such as management's depth of expertise, leverage, access to capital, forecasting risk, customer concentration, nature of revenue, sales model, current and potential competition, supplier concentration and pricing power, product diversification, geographical distribution, internal culture, industry specific regulations, litigation, technology risk, and internal control were applied. Specific risk premia for each Investee Entity are as follows:

- Huge Connect 8.56%;
- Huge Distribution 4.05%;
- Huge Software 7.61%;
- Huge TNS 6.48%; and
- Glovent Solutions at 11.13%.

Weighting of debt and equity

The target debt-to-equity ratios applied in the respective Weighted Average Cost of Capital (WACC) calculations of the Investee Entities are consistent with the ratios applied at FY2022 and FY2023. Huge TNS target debt-to-equity ratio was 70%/30%. Huge Connect target debt-equity ratio was 30%/70%. Huge Software target debt-equity ratio was 30%/70%. Huge Distribution target debt-equity ratio was 67%/33%.

Cost of debt

The current terms of the RMB Facility are JIBAR plus 450 basis points. The 3-month JIBAR rate at the 31 of August 2023 valuation date was 8.36%. During FY2020 the executive management team created a centralised treasury function. This treasury function operates through Huge Management and is responsible for providing capital to Huge Group's Investee Entities. The objectives of this centralised treasury function include reducing the cost of debt and improving the internal oversight of each Investee Entity's borrowings and lending. The function provides the Investee Entities with a single point of contact for their borrowing requirements, and it simplifies processes and allows the Investee Entities to focus on important objectives relating to business strategies and growth. It also allows Huge Group to leverage the strong relationships it has with its lenders and the experience of the executive management team in cashflow management and funding processes.

Notes to the Interim Financial Results continued

2. Investments held continued

Sensitivity analysis for the investment valuations as at 31 August 2023

The table below sets out the results of the sensitivity analysis performed in relation to changes in the variables defined previously in relation to the valuations prepared for the relevant investments held. "High road" and "low road" case scenarios have been applied.

Huge Connect - ordinary shares

Assumption	WACC %	Terminal growth rate %	Revenue growth %	Sustainable GP margin total %
High road	18.89%	2%	12.47%	45.15%
Base case	19.89%	1.6%	11.67%	44.41%
Low road	20.89%	1.2%	10.66%	43.66%

Equity value	WACC R'000	Terminal growth rate R'000	Revenue growth R'000	Sustainable GP margin total R'000
High road	112 994	102 982	120 722	107 225
Base case	100 284	100 284	100 284	100 284
Low road	88 939	97 702	73 485	93 124

Based on the assumptions applied in the Base Case with a WACC of between 18.89% and 20.89%, the value of 83.71% of Huge Connect's Ordinary Shares is estimated to be in the range of R88 939 000 to R112 994 323.

Huge Connect - preference shares

There is only one valuation input that has an impact on the value of the preference shares, which is the Required Rate of Return applied. This is based on the Coupon Rate as stipulated in the Contract, which is linked to the Prime Rate. A 0.5% increase in the assumed Prime Rate reduces the value by R24 710 456, whilst a decrease in the assumed Prime Rate increases the value by R27 063 833 to R595 404 332.

Huge TNS

Assumption	WACC %	Terminal growth rate %	Revenue growth %	Sustainable GP margin total %
High road	14.06%	2%	13.48%	50.58%
Base case	15.06%	1.6%	12.39%	50.17%
Low road	16.06%	1.2%	11.3%	49.76%

Equity value	WACC R'000	Terminal growth rate R'000	Revenue growth R'000	Sustainable GP margin total R'000
High road	642 353	601 352	691 595	597 398
Base case	588 625	588 625	588 625	588 625
Low road	542 454	576 634	485 655	579 853

Based on the assumptions applied in the base case with a WACC of between 14.06% and 16.06% the value of 100% of Huge TNS is estimated to be in the range of R642 353 299 to R542 454 141.

Huge Digital

Assumption	WACC %	Terminal growth rate %
High road	18.09%	2%
Base case	19.09%	1.6%
Low road	20.09%	1.2%

Equity value	WACC R'000	Terminal growth rate R'000
High road	151 171	147 784
Base case	147 119	147 119
Low road	143 432	146 484

Based on the assumptions applied in the base case with a WACC of between 18.09% and 20.09% the value of 100% of the expected retained equity in Huge Digital is estimated to be in the range of R143 432 395 to R151 171 368.

Notes to the Interim Financial Results continued

3. Loans receivable/(payable)

The value of all the loans listed below closely approximate their fair values. All loans advanced to the entities below are capital investments in order to support the growth of the entity.

Figures in Rand	Unaudited 31 August 2023 R'000	Audited 28 February 2023 R'000	Unaudited 31 August 2022 R'000
Glovent	285	209	-
Huge Capital ¹	93	57	53
Huge Cellular ²	5 928	9 696	6 067
Huge Connect	-	-	51 459
Huge Distribution ³	26 053	30 327	31 427
Huge Global ⁴	45	-	-
Huge Media ⁵	8 362	7 603	458
Huge Payments ⁶	8 488	7 829	7 289
Huge Services ⁷	99	102	5 296
Huge Soho ⁸	32	-	-
Huge Software ⁹	7 025	6 598	6 233
Huge Technologies ¹⁰	72 352	69 033	66 256
Huge TNS ¹¹	96 549	113 435	97 187
Huge Digital ¹²	41 354	28 598	13 258
Total	266 665	273 487	284 983
Impairment of Huge Media ⁵	(6 640)	(6 640)	-
Loans receivable	260 025	266 847	284 983
Huge Messaging	-	-	(800)
Loans payable	-	-	(800)

1. Huge Capital

The loan is unsecured, bears interest at JIBAR plus 7% and has no fixed terms of repayment. An advance of R30 000 was made to Huge Capital during the current reporting period.

2. Huge Cellular

The loan is unsecured, bears interest at JIBAR plus 7% and has no fixed terms of repayment.

3. Huge Distribution

The loan between Huge Distribution and the Company is unsecured, bears interest at JIBAR plus 7% and has no fixed terms of repayment. The loan between Huge Distribution and Huge Management, within the Group, is unsecured, bears interest at JIBAR plus 7% and has no fixed terms of repayment. Multiple advances were made to Huge Distribution during the current reporting period, amounting to R3 100 000.

4. Huge Global

The loan is unsecured, bears interest at JIBAR plus 7% and has no fixed terms of repayment. An advance of R44 699 was made to Huge Global during the current reporting period.

5. Huge Media

The loan is unsecured, bears interest at JIBAR plus 7% and has no fixed terms of repayment. An advance of R150 000 was made to Huge Media during the current reporting period.

6. Huge Payments

The loan is unsecured, bears interest at JIBAR plus 7% and has no fixed terms of repayment. An advance of R40 000 was made to Huge Payments during the current reporting period.

7. Huge Services

The loan is unsecured, bears interest at JIBAR plus 7% and has no fixed terms of repayment.

8. Huge Soho

The loan is unsecured, bears interest at JIBAR plus 7% and has no fixed terms of repayment. Multiple advances were made to Huge Soho during the current reporting period amounting to R32 000.

9. Huge Software

The loan, amounting to R771 090, is unsecured, bears no interest and has no fixed terms of repayment.

The loan, amounting to R2 627 173, is unsecured, bears interest at Prime plus 2% and has no fixed terms of repayment.

The loan, amounting to R2 549 386, is unsecured, bears interest at JIBAR plus 7% and has no fixed terms of repayment.

No advance was made during the current reporting period.

10. Huge Technologies

The loan between Huge Technologies and the Company is unsecured, bears no interest and has no fixed terms of repayment.

The loan between Huge Technologies and Huge Management, within the Group, is unsecured, bears interest at JIBAR plus 7% and has no fixed terms of repayment.

11. Huge TNS

The loan between Huge TNS and the Company is unsecured, bears no interest and has no fixed terms of repayment.

The loan between Huge TNS and Huge Management, within the Group, is unsecured, bears interest at JIBAR plus 7% and has no fixed terms of repayment.

12. Huge Digital

The loan is secured through a cession and pledge agreement executed on 10 November 2021 between the Company and Tethys Mobile. Tethys Mobile pledged the IT platform and Intellectual Property to Huge Group as a continuing, general covering, collateral security for the payment in full of all the secured obligations as set out in the agreement. The loan is a secured obligation. The loan bears interest at JIBAR plus 7% and is repayable within in 5 business days of written demand by Huge Group.

Notes to the Interim Financial Results continued

4. Trade and other receivables

The value of all the receivables listed below closely approximate their fair values.

Figures in Rand	Unaudited 31 August 2023 R'000	Audited 28 February 2023 R'000	Unaudited 31 August 2022 R'000
Financial instruments:			
Trade receivables	11 949	26 383	13 257
Trade receivables at amortised cost	11 949	26 383	13 257
Deposits	65	65	-
Other Receivables:	104 198	75 333	1 380
Other long term receivables	1 380	1 380	1 380
Preference dividends ¹	102 818	73 953	-
Other Receivables	104 263	75 398	1 380

1. Included in other receivables for the current reporting period are preference dividends receivable from Huge Connect in relation to the preference share subscription agreement concluded in FY2020. The preference dividend receivable of R51 million as at 31 August 2022 was included in loans receivable.

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments. The financial asset portion is recognised at amortised cost.

Figures in Rand	Unaudited 31 August 2023 R'000	Audited 28 February 2023 R'000	Unaudited 31 August 2022 R'000
Current	12 120	26 568	13 557
Non-current ¹	104 263	75 333	1 380
	116 383	101 901	14 937

1. For the Group, non-current trade and other receivables relate to trade and other receivables that are not current in nature as they are not repayable within the next 12 months. Non-current trade and other receivables mainly relate to Dividends receivable from Huge Connect of R102 817 704 (an Investee Entity), and have been classified as non-current because the company intends to settle this obligation at a time that aligns with its commercial convenience, considering its current focus on prioritising investments in the business and capital expenditures.

Trade and other receivables pledged as security

Huge TNS has ceded, as security, all its rights, title, and interest in and to the Huge TNS book debts to FirstRand Bank for an overdraft facility of R45 million. Utilisation of the facility may not exceed 100% (one hundred percent) of the value of the company's good, ceded debtors, which means any debts not older than 60 days and excluding credit losses, expected credit losses and any Group losses.

Financial risk disclosure – credit risk

The Group is not exposed to any significant credit risk for any single counterparty or any group of counterparties having similar characteristics. Trade and other receivables mainly relate to the preference dividend receivable from Huge Connect. This has been assessed for recoverability and no risk of default has been identified.

5. Interest-bearing liabilities held at amortised cost

Figures in Rand	Unaudited 31 August 2023 R'000	Audited 28 February 2023 R'000	Unaudited 31 August 2022 R'000
RMB – Held through Huge Group	166 492	186 500	209 353
The loan bears interest compounded quarterly at three-month JIBAR plus 4.5%. This loan approximates fair value.			
	166 492	186 500	209 353

Interest-bearing liabilities relate to the RMB Facilities. The RMB facilities bear interest compounded quarterly at three-month JIBAR plus 4.5%. The final repayment date is the 5th anniversary of the first utilisation date of 26 May 2022.

The short-term portion of the interest-bearing liability has been calculated utilising the RMB Facility amortisation schedule. This is what management has estimated to be the most reasonable representation of the current portion of interest-bearing liabilities. These liabilities are classified at amortised cost.

Covenants:

- Debt Service Cover Ratio must be greater than 1.25 times;
- Interest Service Cover Ratio must be greater than 4 times;
- Net Debt to EBITDA Ratio in respect of any Measurement Period which ends during the period:
 - commencing on the Signature Date until and including the first anniversary of the Signature Date, must be less than 2 times;
 - commencing on the first anniversary of the Signature Date until and including the second anniversary of the Signature Date, must be less than 1.75 times;
 - after the second anniversary of the Signature Date, must be less than 1.5 times.

Notes to the Interim Financial Results continued

6. Investment income

Figures in Rand	Unaudited 31 August 2023 R'000	Audited 28 February 2023 R'000	Unaudited 31 August 2022 R'000
Interest earned on loans: Loans receivable ¹	18 087	24 489	10 346
Total interest earned on loans	18 087	24 489	10 346
Finance income:			
Bank	112	385	27
Discovery endowment	14	25	11
Interest charged on trade and other receivables	-	-	-
Other receivables	-	-	-
Total finance income	126	410	38
Dividends declared: Investment companies ²	30 114	48 650	22 201
Total dividends declared	30 114	48 650	22 201
Total investment income	48 327	73 549	32 585

1. Refer to note 3 for further details.

2. Preference dividends amounting to R30 114 456 were raised during the current reporting period in terms of the Preference Shares held in Huge Connect and ordinary dividends of Rnil.

7. Finance costs

Figures in Rand	Unaudited 31 August 2023 R'000	Audited 28 February 2023 R'000	Unaudited 31 August 2022 R'000
Interest bearing liabilities	11 296	18 316	7 242
Trade and other payables	-	14	-
Bank	-	484	-
	11 296	18 814	7 242

8. Earnings per share

Figures in Rand	Unaudited 31 August 2023 R'000	Audited 28 February 2023 R'000	Unaudited 31 August 2022 R'000
Weighted average number of shares during the period	172 562	173 003	173 062
Reported Profit	28 389	80 247	73 213
Gain on disposal of plant and equipment	-	-	(264)
Taxation effects	-	-	74
Headline Earnings	28 389	80 247	73 023
Earnings per share (cents)	16.45	46.38	42.30
Headline earnings per share (cents)	16.45	46.38	42.19
Diluted earnings per share (cents)	15.14	46.37	42.30
Diluted headline earnings per share (cents)	15.14	46.37	42.30

9. Related parties

Relationships	31 AUGUST 2023
Subsidiary company	Huge Management
Associate company	Huge Soho
Investment Entities	Huge Capital Huge Connect Huge Distribution Huge Digital Huge Media Huge Messaging Huge Payments Huge Software Huge Technologies Huge TNS GloVent
Subsidiary of Investment Entities (Huge TNS)	Huge Services
Subsidiary of Investment Entities (Huge Connect)	Huge Networks
Associate of Investee Entity (Huge TNS)	Huge Cellular
Members of key management	JC Herbst IDJ van de Merwe M Heraty T van Tonder

Notes to the Interim Financial Results continued

9. Related parties continued

Related party balances

Loan accounts – owing by Investee Entities and subsidiary/associate of Investee Entity

Please refer to note 4 (Loans receivable/(payable)) for further detail.

Trade receivables/(Trade payables) – Owing (to)/by Investee Entities and subsidiary/associate of an Investee Entity

Figures in Rand	Unaudited 31 August 2023 R'000	Audited 28 February 2023 R'000	Unaudited 31 August 2022 R'000
Huge Connect		76	27
Huge Connect	(133)		
Huge Distribution	15	15	9
Huge Media	115	115	575
Huge Networks	367	5 708	4 037
Huge Networks	(18)	(9)	
Huge Payments		0	3
Huge Services	124	124	
Huge Services	(114)	(128)	
Huge Software		1 380	
Huge Soho		9 200	800
Huge Soho	(181)		
Huge Technologies	8 130	9 405	7 705
Huge TNS	3 489	1 741	902
Huge TNS	(24)	(30)	(20)
Total	11 770	27 597	14 038

1. Credits are disclosed under payables and debits are disclosed under loans receivable.

Dividend receivable – owing by Investee Entity

Please refer to note 4 (Loans receivable/(payable)) for further detail.

Interest income – earned from Investee Entities and subsidiaries/associates of Investee Entities

Figures in Rand	Unaudited 31 August 2023 R'000	Audited 28 February 2023 R'000	Unaudited 31 August 2022 R'000
Glovent	17	1	
Huge Capital	6	7	3
Huge Cellular	768	1 237	758
Huge Digital	2 696	1 947	487
Huge Distribution	2 256	3 546	1 602
Huge Media	609	916	411
Huge Payments	619	943	423
Huge Services	7	6	
Huge Software	427	651	285
Huge Technologies	3 319	4 201	1 425
Huge TNS	7 361	11 034	4 952
Total	18 085	24 489	10 346

Dividends declared – from Investee Entity

Figures in Rand	Unaudited 31 August 2023 R'000	Audited 28 February 2023 R'000	Unaudited 31 August 2022 R'000
Huge Connect	1 250	48 650	22 201
Total	1 250	48 650	22 201

1. Refer to statement of condensed consolidated statement of profit or loss and other comprehensive income – 'Investment Income'.

Fee income earned – from Investee Entity/associates of Investee Entities

Figures in Rand	Unaudited 31 August 2023 R'000	Audited 28 February 2023 R'000	Unaudited 31 August 2022 R'000
Huge Networks		9 000	3 500
Huge Soho		8 000	
Huge Technologies		9 900	6 700
Huge TNS	3 300	6 800	3 500
Total¹	3 300	33 700	13 700

1. Refer to statement of condensed consolidated statement of profit or loss and other comprehensive income – 'Fee Income'.

Recoveries – from Investee Entities and subsidiaries/associates of Investee Entities

Figures in Rand	Unaudited 31 August 2023 R'000	Audited 28 February 2023 R'000	Unaudited 31 August 2022 R'000
Glovent		8	
Huge Connect	395	419	146
Huge Distribution	39	43	16
Huge Media		10	10
Huge Networks	78	387	62
Huge Payments		10	10
Huge Soho		19	19
Huge Software		1	1
Huge TNS	678	511	206
Total¹	1 190	1 408	470

1. Recoveries relate to payments received for operational costs incurred on behalf of Investee Entities, for example insurance costs. Refer to statement of condensed consolidated statement of profit or loss and other comprehensive income – 'Other income'.

Notes to the Interim Financial Results continued

10. Financial instruments and risk management

The Group's activities expose it to a variety of financial risk which, most notably include market risk (such as cash flow and fair value interest rate risks and price risk), credit risk, and liquidity risk. The Group's overall risk management programme focuses on managing risks to ensure that the Group continues as a going concern while maximising the return to shareholders.

Risk management is carried out as part of the day-to-day activities by each major Investee Entity under policies approved by the respective boards of directors. Each major Investee Entity's board of directors provides principles for overall risk management, as well as policies covering specific areas.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and while it retains ultimate responsibility for risk management, has delegated the authority for designing, implementing, and operating processes that ensure the effective implementation of objectives and policies to Huge Group's Executive Committee. Each Investee Entity is responsible for the management of its own risk portfolio, which is reported to the Huge Group Executive Committee on a monthly basis.

Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

Unaudited 31 August 2023	Note(s)	Financial liabilities at amortised cost R'000	Total R'000	Fair value R'000
Trade and other payables		1 401	1 401	1 401
Interest-bearing liabilities	5	166 492	166 492	166 492
		167 893	167 893	167 893

Audited 28 February 2023	Note(s)	Financial liabilities at amortised cost R'000	Total R'000	Fair value R'000
Trade and other payables		4 136	4 136	4 136
Interest-bearing liabilities	5	186 500	186 500	186 500
		190 636	190 636	190 636

Unaudited 31 August 2022	Note(s)	Financial liabilities at amortised cost R'000	Total R'000	Fair value R'000
Trade and other payables		2 019	2 019	2 019
Interest-bearing liabilities	5	209 353	209 353	209 353
		211 372	211 372	211 372

Fair value estimation

Please refer to note 2 (Investments held) for detail.

Capital risk management

The Group's primary objective in managing capital is to ensure that it can continue operating as a going concern.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 5 (interest-bearing liabilities), loans as disclosed in notes 3 (loans receivable/payable), and trade and other payables, as well as equity as disclosed in the statement of financial position.

The Group determines the amount of capital it requires in relation to risk and consequently adjusts the capital structure of the Group in the light of changes in underlying economic conditions and in consideration of the risk characteristics of underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue Shares, or sell assets to reduce debt.

There are externally imposed capital requirements. Refer to bank covenants in note 5 (interest-bearing liabilities). All of the covenants imposed on Huge Group have been satisfied.

Liquidity risk

Prudent liquidity risk management implies a necessity to maintain sufficient cash and marketable securities and to have access to adequate accessible funding in relation to committed credit facilities. Prudent liquidity risk management then also implies the ability of the Group to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury maintains the necessary funding required to adhere to prudent risk management practices by maintaining availability under committed credit lines.

Liquidity risk in the context of Huge Group refers to the possibility that available funding will be insufficient to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities.

The Group manages its liquidity needs by carefully monitoring the scheduled debt servicing payments of long-term interest-bearing financial liabilities, as well as by forecasting cash inflows and outflows on a daily basis. Liquidity needs are monitored and projected in various rolling cohorts, including daily, weekly and monthly.

Long-term liquidity needs for a 180-day and a 360-day outlook period are identified and validated on a monthly basis. Net cash requirements are compared to available funds and lending facilities to determine headroom or shortfalls. This analysis indicates whether available borrowing facilities are expected to be sufficient over the outlook period.

To meet its liquidity requirement for the three-month periods referred to above, the Group maintains cash balances at appropriate levels. Funding for long-term liquidity needs is secured by an adequate amount of committed credit facilities.

The table below sets out the Group's financial liabilities in relevant maturity groupings based on the period remaining from the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual, undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

Notes to the Interim Financial Results continued

10. Financial instruments and risk managements continued

Note(s)	Carrying value R'000	Contractual cash flow R'000	Between one and 12 months R'000	Between one to two years R'000	Between three and five years R'000	
Non-current liabilities						
Interest-bearing liabilities	5	119 212	142 176	-	56 551	85 625
Current liabilities						
Trade and other payables		1 400	1 400	1 400	-	-
Interest-bearing liabilities	5	47 280	62 160	62 160	-	-
At 31 August 2023		167 892	205 736	63 560	56 551	85 625

Note(s)	Carrying value R'000	Contractual cash flow R'000	Between one and 12 months R'000	Between one to two years R'000	Between three and five years R'000	
Non-current liabilities						
Interest-bearing liabilities	5	156 500	172 587	-	59 381	113 206
Current liabilities						
Trade and other payables		4 136	4 136	4 136	-	-
Interest-bearing liabilities	5	30 000	66 984	66 984	-	-
At 28 February 2023		190 636	243 707	71 120	59 381	113 206

Note(s)	Carrying value R'000	Contractual cash flow R'000	Between one and 12 months R'000	Between one to two years R'000	Between three and five years R'000	
Non-current liabilities						
Interest-bearing liabilities	5	209 353	273 497	-	131 321	142 176
Current liabilities						
Trade and other payables		2 019	2 019	2 019	-	-
At 31 August 2022		211 372	275 516	2 019	131 321	142 176

Interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates of interest expose the Group's cash flow to changes in the level of those interest rates. The Group's borrowings are variable rate borrowings which are denominated in Rand. The sensitivity analysis is based on year-end exposures.

As at 31 August 2023, if interest rates on Rand-denominated borrowings had been 0.25% higher/lower with all other variables held constant, pre-tax profit of the Group for the year would have been R416k higher/lower.

As at 31 August 2023, if interest rates on Rand-denominated related party receivables had been 0.25% higher/lower with all other variables held constant, pre-tax profit of the Group for the year would have been R650k higher/lower.

	Unaudited 31 August 2023 R'000	Audited 28 February 2023 R'000	Unaudited 31 August 2022 R'000
Variable interest rate instruments			
Cash and cash equivalents	1 373	1 586	34 143
Related Party receivables	260 026	266 847	284 983
Interest-bearing liabilities	(166 492)	(186 500)	(209 353)
	94 907	81 933	109 773

Credit risk

The table below reflects the Group's maximum exposure to credit risk (being carrying value) by class of asset:

	Unaudited 31 August 2023 R'000	Audited 28 February 2023 R'000	Unaudited 31 August 2022 R'000
Financial assets			
Loans receivable	260 026	266 847	284 983
Trade and other receivables	104 263	75 333	1 380
Cash and cash equivalents	1 373	1 586	34 143
	365 662	343 766	320 506

Credit risk can be defined as the risk of financial loss to the Group or Investee Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The financial assets that expose the Group or Investee Entities to credit risk consist of loans receivable, trade and other receivables, as well as cash and cash equivalents. The Group and Company's credit risk is limited to the carrying amount of these financial assets as at the date of reporting. Trade and other receivables inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if customers fail to make payments as they fall due.

The Group does not require collateral in respect of trade and other receivables and loans receivable, apart from the collateral provided against the Huge Digital Loan (please refer to note 4 loans receivable for further detail). These loans receivable relate mainly to advances to Investee Entities which have been assessed in terms of recoverability.

Loans to Investee Entities are assessed in accordance with IFRS 9. The expected credit losses are calculated using historical and forward-looking potential default risks. Each Investee Entity has the necessary means to settle its obligations and no risk of default or concern has been identified through the IFRS 9 credit loss allowance process.

The loans advanced, for the current reporting period, do not expose the Group to any significant credit risk.

Reconciliation of provision for impairment of trade and other receivables

The Group is not exposed to any significant credit risk in terms of any single counterparty or any group of counterparties having similar characteristics. Trade and other receivables mainly relate to the preference dividend receivable from Huge Connect. This has been assessed for recoverability and no risk of default has been identified.

Supplementary Information

Sponsor

Questco Corporate Advisory Proprietary Limited
10th Road, Investment Place, Block C, Ground Floor,
Hyde Park, Johannesburg, 2196

Registered office

Unit 23, 1 Melrose Boulevard, Melrose Arch,
Johannesburg, 2076
(PO Box 262, Melrose Arch, 2076)

Auditors

Moore Johannesburg Incorporated
50 Oxford Road, Parktown, Johannesburg, 2193
(PO Box 3094, Houghton, 2041)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
2nd Floor, Rosebank Towers, 15 Bierman Avenue, Rosebank, 2196

Directors

Non-Executive: VHT Kathan (Chairman)*, DR Gammie, MR Beamish,
CIJ Williams*, MA Boakye* and VM Mokholo
* *Independent*

Executive

JC Herbst (Chief Executive Officer), M Heraty (Chief Financial Officer),
IDJ van de Merwe (Chief Operating Officer)

Company Secretary

CIS Company Secretaries Proprietary Limited
Computershare Proprietary Limited
Registration Number 2000/006082/07

Date of release

Johannesburg
30 November 2023

Huge Group Limited

(Registration number 2006/023587/06)
Share code: HUG ISIN ZAE 000102042



Glossary

In this Report, unless it otherwise indicates a contrary intention, an expression which denotes a gender includes the other genders, a natural person includes a juristic person and vice versa, the singular includes the plural and vice versa, and the expressions in the first column have the meaning stated opposite them in the second column:

A2X Markets	A2X Proprietary Limited, a stock exchange licensed in terms of the Financial Markets Act 19 of 2012, on which the Company has a secondary listing
the Companies Act	The Companies Act of South Africa (Act 71 of 2008), as amended
AFS	Consolidated Annual Financial Statements in the case of the Group, and separate Annual Financial Statements in the case of the Investee Entities
the Board	The Board of Directors of the Company as constituted from time to time
Business Combination	The transaction in which Huge Telecom is acquiring the business of Huge Networks in a Section 43 asset for share transaction complying with IFRS3
B2B	means Business-to-Business
Company Secretary	CIS Company Secretaries Proprietary Limited. Computershare Proprietary Limited Registration Number 2000/006082/07
Directors	the Directors of Huge Group
Executive Committee	Refers to Mr Herbst, Mr Van de Merwe and Mrs Heraty
Fintech	Computer programs and other technology used to support or enable banking and financial services
FirstRand Bank	FirstRand Bank Limited, registration number 1929/001225/06
FY2020	The financial year commencing 1 March 2019 and ending on 29 February 2020
FY2022	The financial year commencing 1 March 2021 and ending on 28 February 2022
FY2023	The financial year commencing 1 March 2022 and ending on 28 February 2023
FY2024	The financial year commencing 1 March 2023 and ending on 28 February 2024
GloVent	GloVent Solutions Proprietary Limited, registration number 2011/132991/07, a 16.07% held Investee Entity of Huge
Group	Collectively, Huge Group and Huge Management
GSM	Global System for Mobile communication and in the context of this Report, refers to a digital mobile telephone system
Huge Group or the Company	Huge Group Limited, registration number 2006/023587/06, a company whose Shares are listed on the JSE and A2X Markets
Huge Capital	Huge Capital Proprietary Limited, registration number 2018/636769/07, a 100% held Investee Entity of Huge
Huge Cellular	Huge Cellular Proprietary Limited, registration number 2008/004068/07, a 49% held affiliate company of Huge TNS
Huge Connect	Huge Connect Proprietary, registration number 2004/005721/07, a 83.71% held Investee Entity of Huge
Huge Digital	Huge Digital Enablement Proprietary Limited, registration number 2004/005291/07
Huge Distribution	Huge Distribution Proprietary Limited, registration number 2015/142454/07, a 100% held Investee Entity of Huge
Huge Management	Huge Management Company Proprietary Limited, registration number 2007/033510/07, a wholly owned subsidiary company of Huge
Huge Media	Huge Media Proprietary Limited, registration number 2007/004818/07, a 95% held Investee Entity of Huge
Huge Messaging	Huge Messaging Proprietary Limited, registration number 2008/001288/07, a 100% held Investee Entity of Huge
Huge Networks	Huge Networks Proprietary Limited, registration number 2014/009214/07, a 100% owned affiliate of Huge Connect

Huge Payments	Huge Payments Proprietary Limited, registration number 2014/112952/07, a 100% held Investee Entity of Huge
Huge Services	Huge Services Proprietary Limited, registration number 2006/027671/07, a 100% held affiliate of Huge TNS
Huge Soho	Huge Soho Proprietary Limited, registration number 2002/022642/07, a 49% held Investee Entity of Huge
Huge Software	Huge Software Proprietary Limited, registration number 2005/042514/07, a 75% held Investee Entity of Huge
Huge Technologies	Huge Technologies Proprietary, registration number 2008/006066/07, a 100% held Investee Entity of Huge
Huge Telecom	Huge Telecom was renamed to Huge TNS, effective 8 March 2023.
Huge TNS	Huge TNS Proprietary Limited (formerly known as Huge Telecom), registration number 1993/003902/07, a 100% held Investee Entity of Huge.
HY2023	The 6 month period commencing on 1 March 2022 and ending on 31 August 2022
HY2024	The 6 month period commencing on 1 March 2023 and ending on 31 August 2023
IFRS	International Financial Reporting Standards
Investee Entity	Investee Entity and Investee Entity/ies shall have a corresponding meaning
Investment Entity	An entity whose business purpose is to make investments for capital appreciation, investment income, or both, and evaluating the performance of those investments on a fair value basis
Investment Policy	Formal document outlining the main principles underlying the investment philosophy and strategies of the Company
Interfile	Interfile Proprietary Limited, registration number 2003/009163/07, an Investee Entity of Huge Group, where Huge Group had an economic interest of 44% until it was sold in FY23
JIBAR	means the Johannesburg Interbank Average Rate which is constructed using quoted rates for Negotiable Certificate of Deposits (NCD) by JIBAR contributing banks
JSE	The JSE Limited, a stock exchange licenced in terms of the Financial Markets Act 19 of 2012, on which the Company has its primary listing
Listings Requirements	The Listings Requirements of the JSE
Moore Johannesburg Incorporated	Moore Johannesburg Incorporated, the independent external auditor of the Group from 18 March 2019
NEC	NEC Nederland BV, a corporation organised under the laws of The Netherlands, with its registered office at Olympia 4, 1213 NT, Hilversum, The Netherlands
PBX	means a private branch exchange, which is a private telephone network used within a company or organisation
RMB	Rand Merchant Bank, registration number 1929/001225/06, the bankers to Huge
RMB Facilities	The R240 million Term Facilities Agreement concluded by RMB and the Company on 26 May 2022 and RMB Facility shall have a corresponding meaning
SAICA	South African Institute of Chartered Accountants
Shares	Ordinary par value Shares of R0.0001 each
WACC	means weighted average cost of capital (WACC) which represents Huge Group's average after-tax cost of capital from all sources, including common stock, preferred stock, bonds, and other forms of debt. WACC is the average rate that the Company expects to pay to finance its assets
xTech	the opportunity where digital and other emerging technologies converge and transform diverse traditional industry sectors, through new processes, products, channels and business models