

HUGE GROUP LIMITED

UNAUDITED CONDENSED CONSOLIDATED

INTERIM RESULTS FOR THE

SIX MONTHS ENDED 31 AUGUST 2022



www.hugegroup.com

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SECTION 1 INVESTMENT OVERVIEW

Non-Executive Chairman's Comments

Veran Kathan



During the period both global and local economic conditions deteriorated significantly. Despite these headwinds, we have grown the value of our portfolio and we are focused on increasing the contribution of our software and x-tech investments – our recent investments in Glovent, Tethys Mobile, and Interfile bear testimony to this focus.

On 28 February 2022, our portfolio was independently valued at c. R1.4 billion and on 31 August 2022 we value it at c. R1.5 billion. Our net asset value over the last six months has increased from 897 cents per share to 939 cents per share. We believe that this value is realisable, and although we are cognizant of calls to unlock this value through disposals, we are weighing these calls up against our desire to build the portfolio, to continue to increase its value. It is our belief that the current discount to net asset value, reflected in the current share price, will narrow as we realise value from certain investments. We will be focusing our efforts in the second half of FY2023 on marketing Huge Group as an investment destination. We believe that our efforts in the last year have been commendable, and we have created more appeal to underpin our investment case.

During the period under review, the value of our connectivity investments, comprising Huge Connect, Huge Distribution, Huge Networks, and Huge Telecom, has decreased because of higher costs of capital and a lower growth backdrop. This has been offset by value increases from our recent investments in Glovent and Tethys Mobile, which are x-tech investment opportunities, and Interfile, which is a software investment opportunity.

During the year, we concluded agreements with RMB, who assisted us in refinancing c. R150 million in Futuregrowth debt. The benefit of this refinancing sees our quarterly debt repayments decrease from R18 million per quarter to R7.5 million per quarter. RMB also provided us with acquisition funding in the amount of R90 million, which we have used to increase our investment in Huge Networks and fund our initial investments in Interfile and Tethys Mobile.

We remain committed to taking steps to leverage the combined customer real estates owned by Huge Connect, Huge Networks, and Huge Telecom. Voice and Data services continue to converge, and future consumers will need to be able to move seamlessly from voice to data and from fixed to mobile services. We therefore recently announced our intention to combine the business of Huge Networks with the business of Huge Telecom. The business combination will unlock significant synergies and eliminate cost duplication. Huge Connect, Huge Networks, and Huge Telecom have consistently generated aggregated historical EBITDA of c. R145 million per annum over the last five years.

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Non-Executive Chairman's Comments

Veran Kathan



We expect the Huge Networks and Huge Telecom business combination to generate increases in revenue (which is annuity in nature) at the high gross margins historically enjoyed, and together with the efficiencies we expect from the business combination, EBITDA generated by our connectivity investments should expand considerably.

We are excited about our investment in Glovent because it has global application and appeal. At the end of August 2022, Glovent managed 142 Glovent Communities, there are currently more than 53 870 residential properties with more than 126 663 Glovent Citizens using the Glovent Mobile App and it is expected that this number will continue to grow exponentially. Glovent Communities include prestigious and well-known residential estates such as Val de Vie and Pearl Valley, Leopard Creek, Dainfern, Fancourt and Pecanwood but they are not restricted to high-security residential estates – a Glovent Community can be any collective, for example, a school, a club, or a municipality.

Our investment in Interfile was made on a historical EBITDA multiple of 2.1 based on a historical EBITDA to 31 March 2022 of c. R47 million. We expect Interfile's EBITDA to grow substantially, and we also believe that a much higher exit EBITDA multiple is applicable.

We have invested in Tethys Mobile, and we intend to change its name to Huge Digital as we position it as a leading provider of software services for digital enablement in the MVNO market. MTN have recently published an RFP for digital enablement services and Huge Digital is responding. We invested in Tethys Mobile because we understand the value of its MVNO digital enablement platform, but our investment could not have been better timed. Shortly after concluding restructure agreements, the world for branded MVNOs opened. There are now many brands in many industries, numbering in the hundreds, who desire to own the digital channel between themselves and their customers – and to do so successfully will require virtual access to a mobile network and access to the digital platforms owned by Huge Digital. Huge Digital is keenly placed to partner with these branded MVNOs and the mobile networks who will provide them with access.

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Non-Executive Chairman's Comments

Veran Kathan



In closing, we would be remiss without mentioning the recent changes to the Board. We acknowledge the resignation of three non-executive directors, all of whom are very respected businessmen. We have taken the opportunity by adding new directors with significant experience in transformation, telecoms, credit, mergers and acquisitions and financial services to an already existing seasoned group of directors.

While considerable uncertainty remains because much of the global economic outlook is negative, we remain optimistic about our growth prospects.

We don't see obstacles – we see opportunities!

A handwritten signature in black ink, appearing to read 'V. Kathan', written over a horizontal line.

Veran Kathan
Non-Executive Chairman

Investment Philosophy

Huge Group owns and acquires meaningful interests in the converging connectivity and cloud, software, and x-tech markets, all centred on the following values:

- A focus on the strategic oversight of existing investments and expanding the portfolio through acquisition.
- Amplifying value by leveraging customer 'real estate' and the scale of the broader Huge Group ecosystem.
- Empowering and supporting the co-investors who lead the investments.
- Facilitating collaboration between investee entities.

Huge Group:

- invests where it identifies growth potential, cash flow generation, increased dividend yields and long-term value appreciation.
- prioritises “brown field” investments, which are more stable, established businesses in terms of cashflow & revenue growth.
- “Green field” opportunities will not be overlooked either, should the risk/reward trade-off be acceptable.
- “Backs the Jockey”, demanding experienced managers that have “skin in the game” who can be trusted to operate the investee entity.

Huge Group is not constrained by a particular size of investment or targeted shareholding. As such, acquiring 100% of an entity is not critical to the investment strategy.

Huge Group focuses on:

- Maintaining and growing a portfolio of equity interests:
 - in local and foreign companies;
 - in listed and unlisted companies;
 - with solid historical track records;
 - exhibiting attractive growth potential that is cash generative and yields above-average investment returns;
 - that is not limited by size, spread & stage in the business lifecycle.

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Investment Philosophy

Huge Group will also engage in corporate finance activities, in addition to acquisition and disposal activities relating to investee entities.

- Investments are structured so that they remain:
 - Free standing;
 - Ring-fenced from risk; and
 - Separately monitored and managed.
- Pursuing investment in entities where founders or key management hold meaningful interests, or with other chosen financial investors who share proportionately in the risk and reward of the investee entity.
- Exerting meaningful influence by being able to nominate directors to investee entity boards and, where appropriate, to appoint a financial director and/or managing director.
- Oversight, rather than seeking day-to-day managerial responsibility of an investee entity.
- Applying a hands-on investment approach to assist the management teams of its investee entities by providing strategic input and guidance.
- Providing treasury services to its investee entities.

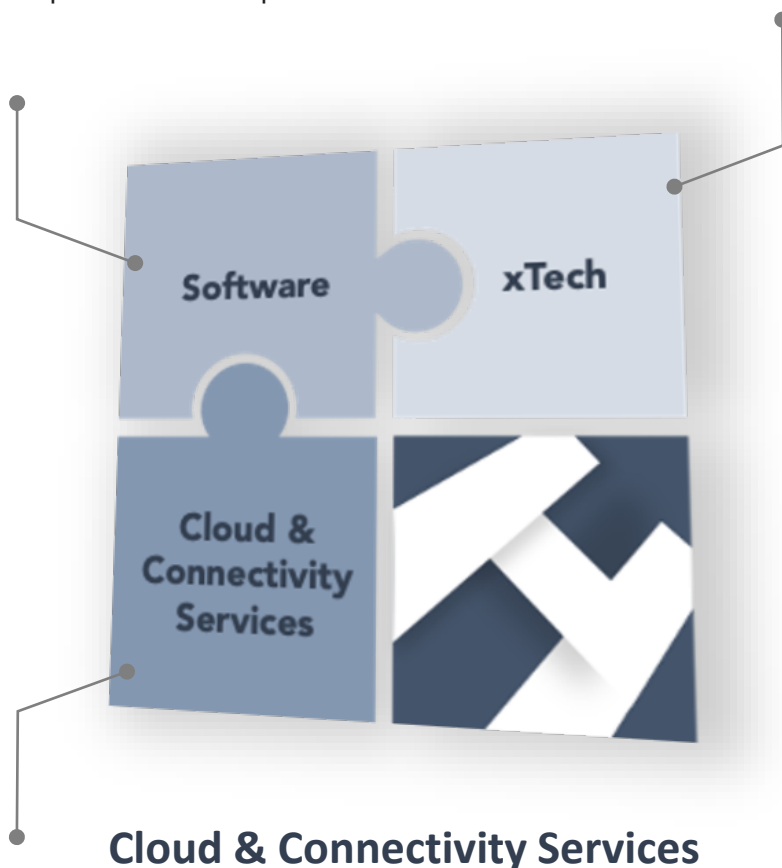
Investment Sector Focus

Software

If you are on your computer or phone - either online or offline - you are using one or many of thousands of software apps. These apps provide endless opportunities for innovation, improvements in efficiency & productivity and could even redefine entire industries. Software is everywhere around us and will only become more pervasive and important in the future.

xTech

xTech is the high-growth area where digital and other emerging 21st century technologies intersect with traditional sectors, creating new value and disrupting traditional markets. Fintech, health-tech, ed-tech, agritech, insure-tech, etc.



The cloud is a vast network of servers around the globe which operate as a single ecosystem. Instead of accessing data from local or personal servers, you can access it online from any connected device at any time, in any location. These servers store and manage data, run applications, deliver content & services like music & video streaming, webmail, software and social media. Connectivity, on the other hand, is the ability to connect and communicate with other computers, computer systems or people. Fast, effective and safe data transfer facilitates modern life, using four dominant data formats – text, voice, audio and video. The convergence of technologies has meant that these two, historically disparate sectors have evolved into a single sector of focus.

The Investment Committee



Veran Kathan
Non-Executive Chairman

Veran is an established corporate executive and entrepreneur and is currently a shareholder and the managing director of The Specialists Franchise Group, which has been operating since 1978. He also currently serves as the Chairman of the Vodacom Group Pension Fund and a member of its Investment Committee and as a member and the Chairman of the Vodacom Group Provident Fund.

Dennis Gammie
Non-Executive Director

Dennis served as the CFO of the Aveng Group, the FD at Murray & Roberts Materials and a subsidiary of the Imperial Group. He also held an acting MD position over a large steel manufacturing and mining subsidiary of the Aveng Group & chaired various board committees. During his tenure, he was instrumental in many of the advancements of the company, including the listing of Aveng on the JSE and securing the first R1 billion US bond for a construction company, delineated in ZAR, with no currency risk.



Vincent Mokholo
Non-Executive Director

Vincent has a long history with Huge Group. He is a previous chairperson of the Board, a former MD of Huge Telecom. Vincent serves as Chair on the board of Huge Connect in addition to serving as director on Huge Cellular, Huge Services and Huge SOHO.



Mike Beamish
Non-Executive Director

Mike is the Founder and Chief Investment Officer of Praesidium Capital Management, an investment company that was founded in 2003. He has extensive experience in the investment management industry, and he has a successful track record in the management of various hedge funds, private equity, venture capital, derivative and listed equity investments. Mike worked for HSBC as the associate director for proprietary trading.



The Investment Monitoring Team



James Herbst
Chief Executive Officer

James has built Huge Group from the ground up, starting the Company in 2007. He has extensive finance, deal-making and legal expertise, and is actively engaged in all stages of the investment process. His commitment to Huge Group is unmatched and he leads by example.

Andy Openshaw
Chief Operating Officer

Andy joined Huge Group in March 2019 and has been instrumental in the structuring of, and continued growth across, the Company and its investee entities. Prior to his appointment, he was the CEO of the Reunert Communications Cluster, ECN.



Zak van de Merwe
Chief Commercial Officer

Zak joined the team of Huge Management as its Commercial and Operations Director. He has held numerous executive positions in the telecoms sector, and has held various senior roles and served as an advisor to African organisations across multiple vertical market segments on projects in more than 20 geographic regions across the continent.



Darren Armstrong
Senior Investment Analyst

Darren has been with Huge Group since the start of 2019. He holds an honours degree in finance and accounting from the University of Cape Town.



Investment Portfolio

Huge Group is an Investment Holding Entity,

- It listed on the Alt X in 2007 and moved to the main board of the JSE in 2016.
- The Company's investments are managed by the team at Huge Management Company.



Investment Portfolio Commentary

James Herbst



Huge Group's strategy is centred on managing its portfolio of investments to generate greater revenue, margin, profit, and cashflows, generating returns from the receipt of interest and dividends from these investments, as well as generating profit from the disposal of investments. Its approach is that of investment holding entity as opposed to a consolidated operating group.

The Board's strategy is to deepen Huge Group's exposure to software and x-tech markets and in this regard is actively pursuing acquisitions in these markets to augment its current investment portfolio, which currently is biased in favour of connectivity.

As at 31 August 2022, Huge Group has nine principal investments, which contribute to the portfolio's total value, which is in excess of R1.5 billion, and which comprise the following investments.

A. CONNECTIVITY AND CLOUD (contributing 88.08% of the portfolio's total value)

- 1. Huge Connect** – comprising an investment in ordinary shares and preference shares (contributing 41,66% of the portfolio's total value)

Huge Connect provides payment connectivity to over 225 000 terminals of over 30 000 non-affiliated merchants and the merchants affiliated to First National Bank, Nedbank, and Standard Bank, and other payments service providers like Sureswipe, by making use of secure, managed, dual SIM connectivity over GSM data networks. Huge Connect competes with Xlink, a Vodacom company, and Fastnet, a Telkom company.

Huge Group acquired Huge Connect in March 2017 at an investment cost of c. R393 million on a historical EBITDA multiple to 28 February 2017 of 5.5 times and has, since the investment was made, received investment income of c. R260 million.

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Investment Portfolio Commentary

James Herbst



2. **Huge Distribution** – comprising an investment in ordinary shares (contributing 1.06% of the portfolio's total value). Huge Distribution imports and distributes electronic equipment.
3. **Huge Networks** – comprising an investment in ordinary shares (contributing 6.78% of the portfolio's total value). Huge Networks provides data, Internet, and voice connectivity to over 2 000 corporate customers, including the likes of MediClinic, Fresenius Medical Care, and First National Battery.

Huge Group acquired Huge Networks in March 2017 for c. R25 million on a historical EBITDA multiple to 28 February 2017 of 2.9 times. In 2019, Huge Networks acquired the business of Otel Communications Proprietary Limited and Otel Business Proprietary Limited by way of a share for share business combination, which saw Huge Group dilute its indirect beneficial shareholding to 50%. In June this year, the investment in Huge Networks was increased to 100% at an investment cost of R15 million.

4. **Huge Technologies** – comprising an investment in ordinary shares (contributing 7.15% of the portfolio's total value) Huge Technologies owns billing software and a disaggregated network of telephone lines with a net asset value of c. R103 million.
5. **Huge Telecom** – comprising an investment in ordinary shares (contributing 31.43% of the portfolio's total value). Huge Telecom provides telephone or voice connectivity to over 16 000 corporate customers. It makes use of GSM networks to provide telephone lines in the form of wireless connections from the customer's premises to the core of a mobile telephone network.

Huge Telecom's principal service is substituting fixed-line voice infrastructure, like that provided by a public switched telephone network such as Telkom, with wireless GSM services. Huge Telecom's customer base comprises corporate organisations of any size and residential consumers who require a fixed location telephony service.

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Investment Portfolio Commentary

James Herbst



Huge Telecom was acquired by Huge Group as part of Huge Group's listing on the JSE in August 2007 at an initial market capitalisation of R250 million.

B. SOFTWARE (contributing 3.90% of the portfolio's total value)

- 1. Huge Software** – comprising an investment in ordinary shares (contributing 0.25% of the portfolio's total value). Huge Software develops, maintains, and supplies the WebAccounting software suite, as well as mobile application, Webatar.
- 2. Interfile** – comprising an investment in ordinary shares (contributing 3.65% of the portfolio's total value). Huge Group acquired 44% of the ordinary shares of Interfile on or about 31 August 2022 at an investment cost of R44 million on a historical EBITDA multiple of c. 2.4 times.

Interfile has been acknowledged as the leading provider of eGovernment and Electronic Bill Presentment and Payment (EBPP) solutions. It has implemented customer-centric business process solutions for a variety of national government departments, numerous municipalities, and large private sector organisations. These solutions include the creation of SARS eFiling in 2003 for the South African Revenue Service (SARS), which is acknowledged as one of the most efficient revenue collection agencies in the world.

C. X-TECH (contributing 0.09% of the portfolio's total value)

- 1. Glovent** – comprising an investment in ordinary shares (contributing 0.09% of the portfolio's total value). Glovent has created a Platform as a Service (PaaS) and a Super Application (Super App) which includes the global citizen application (the Glovent Mobile App) that allows citizens (Glovent Citizens) to link the communities (Glovent Communities) to which they belong to their citizenship (Glovent Citizenship). The Glovent Communities subscribe for the services that the Glovent App provides, and Glovent Citizens can belong to multiple Glovent Communities.

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Investment Portfolio Commentary

James Herbst



2. **Huge Digital** – comprising an investment in ordinary shares. Huge Digital is a company that provides turn-key mobile virtual network enablement services to consumer brands. In October 2021, Huge Group presented an offer to the creditors of Virgin Mobile South Africa Proprietary Limited to acquire their claims and an offer to the shareholders to acquire 100% of their equity and loan accounts.

The company owns a state-of-the-art multi-tenant capable technology platform that is capable of enabling consumer brands with their own branded mobile products and services. Huge Digital aims to launch in the South African market early in 2023 and will work closely with mobile network operators in offering branded mobile services to a long list of candidate MVNOs, many of whom have very large existing consumer bases.

D. FINANCIAL ASSETS (contributing 7.83% of the portfolio's total value)

1. **Huge Digital** – comprising an investment in financial assets (7.83% of the portfolio's total value). A Huge Group nominee has been nominated to acquire shareholder loans of c. R3.1 billion held against Huge Digital, which loans are domiciled outside of South Africa, and are approved by the South African Reserve Bank for remittance from South Africa. These financial assets have been conservatively valued at 4 cents in the Rand but may attract values as high as 10 cents in the Rand.

E. OTHER (contributing 0.10% of the portfolio's total value)

1. **Huge Group's other investments contribute 0.1% of the portfolio's total value.**

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James Herbst
Chief Executive Officer

SECTION 2

INTERIM FINANCIAL RESULTS

Interim Financial Results

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2022

| Figures in Rand | Notes | Unaudited 31-Aug-22 R'000 | Audited 28-Feb-22 R'000 | Reviewed 31-Aug-21 R'000 |
|---|-------|---------------------------------|-------------------------------|--------------------------------|
| Assets | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | | 143 | 105 | 88 |
| Investments held | 1 | 1 531 714 | 1 434 957 | 1 381 211 |
| Other financial assets | | 11 221 | - | 427 |
| Loans receivable | 8, 11 | 284 983 | 208 088 | 182 797 |
| Other receivables | 9 | 1 380 | 1 380 | 20 470 |
| Deferred tax | | 6 262 | 17 549 | 7 979 |
| | | 1 835 703 | 1 662 079 | 1 592 972 |
| Current assets | | | | |
| Receivables | | 13 556 | 39 521 | 32 968 |
| Cash and cash equivalents | | 34 143 | 1 401 | 10 790 |
| | | 47 699 | 40 922 | 43 758 |
| Total assets | | 1 883 402 | 1 703 001 | 1 636 730 |
| Equity and Liabilities | | | | |
| Equity | | | | |
| Share capital | | 17 | 17 | 18 |
| Share premium | | 612 561 | 612 561 | 614 513 |
| Share-based payment reserve | | 41 969 | 41 969 | 38 338 |
| Accumulated profit | | 970 591 | 897 378 | 856 230 |
| | | 1 625 138 | 1 551 925 | 1 509 099 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Interest-bearing liabilities | 10 | 209 353 | 90 059 | 82 808 |
| Deferred tax | | 46 092 | 27 329 | - |
| | | 255 445 | 117 388 | 82 808 |
| Current liabilities | | | | |
| Loans payable | | 800 | 800 | - |
| Interest-bearing liabilities | | - | 31 437 | 38 699 |
| Payables | | 2 019 | 1 451 | 6 124 |
| | | 2 819 | 33 688 | 44 823 |
| Total liabilities | | 258 264 | 151 076 | 127 631 |
| Total equity and liabilities | | 1 883 402 | 1 703 001 | 1 636 730 |
| | | | | |
| Number of ordinary shares in issue ('000) | | 173 062 | 173 062 | 173 628 |
| Net asset value per share (cents) | | 939.05 | 896.75 | 869.45 |

The number of ordinary shares in issue are the total number of ordinary shares in issue less treasury shares held by Huge Group.

Interim Financial Results

continued

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 AUGUST 2022

| Figures in Rand | Notes | Unaudited 31-Aug-22 (6 months) R'000 | Audited 28-Feb-22 (12 Months) R'000 | Reviewed 31-Aug-21 (6 months) R'000 |
|---|-------|---|--|--|
| Gain from financial assets at fair value through profit and loss | 1 | 53 191 | 119 187 | 68 875 |
| Investment income | 2 | 32 585 | 53 362 | 26 019 |
| Interest income | | 10 384 | 14 489 | 6 645 |
| Interest received on loans | | 10 346 | 14 297 | 6 573 |
| Finance income | | 38 | 192 | 72 |
| Dividends received | | 22 201 | 38 874 | 19 374 |
| Income from services | 3 | 13 700 | 7 100 | 3 300 |
| Management Fees | | 13 700 | 7 100 | 3 300 |
| Other income | 3 | 737 | 417 594 | 417 490 |
| Gain on loss of control of subsidiary companies | | - | 416 115 | 416 115 |
| Gain on sale of property, plant and equipment | | 264 | - | - |
| Other | | 473 | 1 479 | 1 375 |
| Expenses | | (18 088) | (39 756) | (21 741) |
| Selling and administration expenses | 4 | (18 049) | (31 996) | (17 662) |
| Executive share-based payment expense | | - | (7 359) | (3 729) |
| Loss on sale of investments held | | - | (309) | (309) |
| Depreciation and amortisation | | (39) | (92) | (41) |
| Profit before finance costs and taxation | | 82 125 | 557 487 | 493 943 |
| Finance costs | 5 | (7 242) | (9 250) | (4 615) |
| Profit before taxation | | 74 883 | 548 237 | 489 328 |
| Income tax expense | 6 | (1 670) | (30 594) | (12 834) |
| Profit for the year | | 73 213 | 517 643 | 476 494 |
| Earnings per share (cents) | | | | |
| Basic earnings per share | 7 | 42.30 | 299.85 | 273.31 |
| Diluted earnings per share | | 42.30 | 297.78 | 270.89 |
| Headline earnings per share | 7 | 42.19 | 58.81 | 34.63 |

Interim Financial Results

continued

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 AUGUST 2022

| Figures in Rand | Notes | Share capital R'000 | Share premium R'000 | Share based payment reserve R'000 | Change in holding reserve R'000 | Revaluation reserve R'000 | Accumulated profit R'000 | Non- controlling interest R'000 | Total Equity R'000 |
|---|-------|------------------------|---------------------------|--|--|---------------------------------|--------------------------------|--|-----------------------|
| Audited Balance 1 March 2021 | | 16 | 599 930 | 34 610 | 52 474 | 21 863 | 305 399 | (49 971) | 964 321 |
| Profit for the six month period | | | - | - | - | - | 60 379 | - | 60 379 |
| Loss of control of subsidiary companies | 1 | 1 182 | | | | | 416 115 | 49 971 | 467 269 |
| Issue of shares | 1 | 20 397 | | | | | | | 20 398 |
| Share buy-back | | (6 534) | | | | | | | (6 534) |
| Executive share based payment raised | | | | 3 728 | | | | | 3 728 |
| Specific repurchase of shares | | (462) | | | | | | | (462) |
| Transfer between reserves | | | | | (52 474) | (21 863) | 74 337 | | 0 |
| Reviewed balance as at 31 August 2021 | | 18 | 614 513 | 38 338 | 0 | 0 | 856 230 | 0 | 1 509 099 |
| Profit for the six month period | | | | | | | 41 148 | | 41 148 |
| Share buy-back | (1) | (1 952) | | | | | | | (1 953) |
| Executive share based payment raised | | | | 3 631 | | | | | 3 631 |
| Audited Balance 28 February 2022 | | 17 | 612 561 | 41 969 | 0 | 0 | 897 378 | 0 | 1 551 925 |
| Profit for the six month period | | | | | | | 73 213 | | 73 213 |
| Unaudited balance as at 31 August 2022 | | 17 | 612 561 | 41 969 | 0 | 0 | 970 591 | 0 | 1 625 138 |

Interim Financial Results

continued

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE SIX MONTHS ENDED 31 AUGUST 2022

| Figures in Rand | Notes | Unaudited 31-Aug-22 (6 months) R'000 | Audited 28-Feb-22 (12 Months) R'000 | Reviewed 31-Aug-21 (6 months) R'000 |
|---|-------|---|--|--|
| Profit before taxation | | 74 883 | 548 237 | 489 328 |
| Adjusted for non-cash movements | | (6 786) | (557 604) | (500 785) |
| Adjusted for working capital movements | | (4 904) | - | 2 610 |
| Net finance costs | | 3 142 | (9 177) | (6 566) |
| Dividends received | | 4 600 | 29 850 | 19 000 |
| Tax paid | | (698) | - | - |
| Net cash from operating activities | | 70 237 | 11 306 | 3 587 |
| Cash flows from investing activities | | | | |
| Purchase of property, plant and equipment | | (38) | (70) | - |
| Proceeds from the disposal of property, plant & equipment | | - | 3 | - |
| Investments made | | (45 207) | (3 000) | - |
| Proceeds from sale of investments | | - | 17 405 | 17 405 |
| Repayment of loans by investment entities | | 37 604 | 29 944 | 17 522 |
| Advance of loans to investment entities | | (76 895) | (47 477) | (22 967) |
| Loss of control of subsidiary companies | | - | (15 046) | (15 046) |
| Net cash used in investing activities | | (84 536) | (18 241) | (3 086) |
| Cash flows from financing activities | | | | |
| Specific share repurchase | | - | (462) | (462) |
| Share buy-back | | - | (8 487) | (6 534) |
| Loans advanced | | 216 750 | - | - |
| Loans repaid | | (169 709) | - | - |
| Net cash generated/(used) in financing activities | | 47 041 | (8 949) | (6 996) |
| Total cash movement for the period | | 32 742 | (15 884) | (6 495) |
| Cash at the beginning of the period | | 1 401 | 17 285 | 17 285 |
| Total cash at the end of the period | | 34 143 | 1 401 | 10 790 |



SECTION 3

NOTES TO THE INTERIM FINANCIAL RESULTS

Notes to the Interim Financial Results

Directors' responsibility

The directors of the Company take full responsibility for the preparation of the condensed consolidated interim financial statements. The condensed consolidated interim financial are unaudited.

Board approval

These condensed consolidated interim financial statements were authorised for issue on 25 November 2022 by the Board and published on 28 November 2022.

Preparer and supervisor of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements for the period ended 31 August 2022 were prepared under the supervision of the Financial Manager of the Company, PG Boyce CA(SA).

Basis of preparation

The condensed consolidated interim financial statements for the six months ended 31 August 2022 are prepared in accordance with JSE's Listings Requirements for interim financial statements and the requirements of the Companies Act applicable to interim financial statements.

The condensed consolidated interim financial statements were prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council (FRSC), and do also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 28 February 2022, which have been prepared in accordance with IFRS.

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Notes to the Interim Financial Results

Any information included in this announcement that might be perceived as a forward-looking statement, has not been reviewed by the Company's auditors but is presented in accordance with section 8.40(a) of the Listings Requirements.

Principal accounting policies

The accounting policies applied in the preparation of the condensed consolidated interim financial statements, other than those detailed below, comply with IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated financial statements:

New accounting policy adopted: Change in nature of business (IFRS 10)

As of 1 March 2021, Huge Group's strategy is centred on acquiring and expanding its portfolio of investments, generating returns from the receipt of interest and dividends as well as the disposal of investments at a profit. Its approach is that of investment entity as opposed to a consolidated operating group.

Huge Group's vision, strategy, and policies (particularly its Investment Policy) are those of an investment entity. Its structure, the skills, background, and experience of its directors (regarding deal-making and mergers and acquisitions) and its previous conduct (particularly its attempts to acquire a shareholding in Adapt IT Holdings Limited during HY2022) no longer justified treating Huge Group as a consolidated operating group. International Financial Reporting Standard (IFRS) 10 is prescriptive. If an entity meets the definition of an investment entity it must report on this basis.

Huge Group's adoption of this accounting treatment was confirmed by an independent expert and the auditors. In accordance with IFRS10 (B101), when an entity becomes an investment entity, it shall cease to consolidate its subsidiaries at the date of the change in status, except for any subsidiary that shall continue to be consolidated in accordance with paragraph 32. The investment entity shall apply the requirements of paragraph 25 and 26 (Loss of control) to those subsidiaries that it ceases to consolidate as though the investment entity had lost control of those subsidiaries at that date. The only entity that is consolidated with Huge Group is Huge Management Company.

Continued on the next page

Notes to the Interim Financial Results

Note 1 – Investments at fair value

The fair value of the investments held as at 1 March 2022 were calculated by an independent expert, Managhan Proprietary Limited, in accordance with IFRS13. The valuation assumptions utilised as at 1 March 2022 are detailed below:

| Unlisted Investments | Economic interest | Primary valuation method | Fair value hierarchy | Significant and key inputs | Relationship of unobservable inputs | 28 February 2022 Fair value R'000 |
|----------------------------------|-------------------|--------------------------|----------------------|---|---|--------------------------------------|
| Huge Capital | 100% | Net assets | Level 3 | Attributable NAV | | - |
| Huge Connect (Ordinary shares) | 83.70% | Income approach | Level 3 | Maintainable earnings model | WACC 20.72% Terminal growth 1.79% Revenue growth 8.06% Sustainable GP margin 62.48% | 106 174 |
| Huge Connect (Preference shares) | 100% | Dividend discount | Level 3 | Dividend payable Average coupon rate | Required rate of return 8.29% | 457 075 |
| Huge Distribution | 100% | Income approach | Level 3 | Maintainable earnings model | WACC 23.01% Terminal growth 1.79% Revenue growth 31.69% Sustainable GP margin 20.71% | 17 012 |
| Huge Media | 96% | Net assets | Level 3 | Attributable NAV | | - |
| Huge Messaging | 100% | Net assets | Level 3 | Attributable NAV | | 704 |
| Huge Payments | 100% | Net assets | Level 3 | Attributable NAV | | - |
| Huge Software | 75% | Income approach | Level 3 | Maintainable earnings model | WACC 23.82% Terminal growth 1.79% Revenue growth 15.56% Sustainable GP margin 82.70% | 3 460 |
| Huge Technologies | 100% | Net assets | Level 3 | Attributable NAV | | 103 218 |
| Huge Telecom | 100% | Income approach | Level 3 | Maintainable earnings model | WACC 15.82% Terminal growth 1.79% Revenue growth 18.63% Sustainable GP margin 66.31% | 676 850 |
| Huge Networks | 50% | Income approach | Level 3 | Maintainable earnings model | WACC 16.46% Terminal growth 1.79% Revenue growth 15.44% Sustainable GP margin 33.50% | 66 855 |
| Huge Soho | 49% | Net assets | Level 3 | Attributable NAV | | - |

Continued on the next page

Notes to the Interim Financial Results

Note 1 – Investments at fair value continued

| Unlisted Investments | Economic interest | Primary valuation method | Fair value hierarchy | Significant and key inputs | Relationship of unobservable inputs | 28 February 2022 |
|-----------------------|-------------------|--------------------------|----------------------|-----------------------------|---|------------------|
| | | | | | | Fair value R'000 |
| Huge Services | 100% | Net assets | Level 3 | Attributable NAV | | 175 |
| Glovent | 5.00% | Income approach | Level 3 | Maintainable earnings model | WACC 19.69% Terminal growth 3.00% Revenue growth 22.49% Sustainable GP margin 22.00% | 3 000 |
| Discovery Invest | | | | | | 434 |
| Total Holdings | | | | | | 1 434 957 |

Primary valuation methods:

- **The income approach** calculates the market value of the ordinary shares of a business based on the value of the cash flows that the business to be valued can be expected to generate in the future.
 - *The dividend discount method is a quantitative method used for predicting the price of a company's stock 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 stock 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** calculates the market value of the ordinary shares of a business by adjusting the asset and liability balances on the balance sheet of the business to be 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 market value of the liabilities.
- **Risk-free rate**
The risk-free rate is the rate that investors would require on a risk-free asset. The risk-free rate used is approximated by the Average Bond Yield of Bonds with a maturity of 10 years or longer as quoted by the South African Reserve Bank on 31 August 2022 of 8.98%.

Continued on the next page

Notes to the Interim Financial Results

Key valuation components

- **Systematic risk premium or market premium**

The average systematic risk for a listed company in South Africa today is considered to be between 5.30% and 7.20% per annum, according to the 2019 PWC valuation methodologies survey. A systematic risk premium of 6.25%, which is the average thereof, was applied.

- **Beta**

A beta analysis was conducted of listed companies in the telecommunication sectors in emerging markets. An unlevered beta of 1.08 was determined for Huge Connect, Huge Networks and Huge Telecom whilst an unlevered beta of 1.51 was used for Huge Distribution. This is based on the average beta of 291 listed emerging markets companies in the telecom equipment sector, 140 listed companies in the telecom services sector and 65 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 1.80 was determined for Huge Software. This was based on the average beta of 408 emerging markets companies listed in the software systems and application sector.

- **Weighting of debt and equity**

The target debt equity ratios applied in the respective Weighted Average Cost of Capital (WACC) calculations of the investee entities are consistent with the ratios applied at HY2022 and FY2022.

Continued on the next page

Notes to the Interim Financial Results

Key valuation components continued

• Cost of debt

The interest cost on the RMB Facility is priced at JIBAR plus 450 basis points. The 3-month JIBAR rate at valuation date (31 August 2022) was 5.77%. The debt-to-equity ratio of the Company is 14%.

| | Unaudited 31-Aug-22 R'000 | Audited 28-Feb-22 R'000 | Fair value gain/(loss) R'000 | Reviewed 31-Aug-21 R'000 |
|----------------------------------|---------------------------------|-------------------------------|------------------------------------|--------------------------------|
| Unlisted Investments | | | | |
| Glovent | 1 434 | 3 000 | (1 566) | - |
| Huge Capital | - | - | - | - |
| Huge Connect (Ordinary shares) | 92 573 | 106 174 | (13 601) | 19 471 |
| Huge Connect (Preference shares) | 545 594 | 457 075 | 88 519 | 524 327 |
| Huge Distribution | 16 231 | 17 012 | (781) | - |
| Huge Media | - | - | - | - |
| Huge Messaging | 1 020 | 704 | 316 | 1 341 |
| Huge Payments | - | - | - | - |
| Huge Software | 3 855 | 3 460 | 395 | 7 680 |
| Huge Technologies | 109 566 | 103 218 | 6 348 | 96 499 |
| Huge Telecom | 481 470 | 676 850 | (195 380) | 731 893 |
| Huge SOHO | 100 | - | 100 | - |
| Huge Services | 138 | 175 | (37) | - |
| Huge Networks | 103 785 | 66 855 | 36 930 | - |
| Interfile | 55 948 | - | *11 948 | - |
| Tethys Mobile | 120 000 | - | 120 000 | - |
| Total unlisted holdings | 1 531 714 | 1 434 523 | 53 191 | 1 381 211 |

* At an acquisition cost of R44 000 000.

Sensitivity analysis for the investment valuations as at 1 March 2022

Each valuation was tested for sensitivity to a range of valuation inputs and assumptions. The inputs tested, which have the largest impact on value, include:

- Weighted Average Cost of Capital (WACC) used to discount future cash flows;
- The Terminal Growth Rate applied in the calculation of the Terminal Value;
- Expected Revenue Growth rate over the five year forecast period; and
- Forecast Gross Profit Margins.

Based on the assumptions applied in the base case with a WACC of between 14.81% and 16.81%, the value of 100% of Huge Telecom is estimated to be in the range of R620 million and R742 million.

Continued on the next page

Notes to the Interim Financial Results

Based on the assumptions applied in the base case with a WACC of between 15.35% and 17.35%, the value of 100% of Huge Networks is estimated to be in the range of R62 million and R73 million.

The valuation of the Huge Connect preference shares is only impacted by the required rate of return applied, which is the coupon rate as stipulated in the contract, which is linked to the prime rate. A 0.5% increase in the assumed prime rate will reduce the value by R26 million, whilst a 0.5% decrease in the assumed prime rate will increase the value by R29 million.

The fair value of the investments held as at 31 August 2022 was calculated internally using the models developed in the prior period, in accordance with IFRS13. The valuation assumptions utilised as at 31 August 2022, are detailed below:

| Unlisted Investments | Economic interest | Primary valuation method | Fair value hierarchy | Significant and key inputs | Relationship of unobservable inputs | 31 August 2022 Fair value R'000 |
|----------------------------------|-------------------|--------------------------|----------------------|---|---|---------------------------------------|
| Huge Capital | 100% | Net assets | Level 3 | Attributable NAV | | - |
| Huge Connect (Ordinary shares) | 83.71% | Income approach | Level 3 | Maintainable earnings model | WACC 21.87% Terminal growth 1.65% Revenue growth 8.86% Sustainable GP margin 48.07% | 92 573 |
| Huge Connect (Preference shares) | 100% | Dividend discount | Level 3 | Dividend payable Average coupon rate | Required rate of return 8.29% | 545 594 |
| Huge Distribution | 100% | Income approach | Level 3 | Maintainable earnings model | WACC 22.78% Terminal growth 1.65% Revenue growth 21.99% Sustainable GP margin 20.25% | 16 231 |
| Huge Media | 96% | Net assets | Level 3 | Attributable NAV | | - |
| Huge Messaging | 100% | Net assets | Level 3 | Attributable NAV | | 1 020 |
| Huge Payments | 100% | Net assets | Level 3 | Attributable NAV | | - |
| Huge Software | 75% | Income approach | Level 3 | Maintainable earnings model | WACC 24.46% Terminal growth 1.65% Revenue growth 16.36% Sustainable GP margin 82.18% | 3 855 |
| Huge Technologies | 100% | Net assets | Level 3 | Attributable NAV | | 109 566 |

Continued on the next page

Notes to the Interim Financial Results

Note 1 – Investments at fair value continued

| Unlisted Investments | Economic interest | Primary valuation method | Fair value hierarchy | Significant and key inputs | Relationship of unobservable inputs | 31 August 2022 Fair value R'000 |
|-----------------------|-------------------|--------------------------|----------------------|-----------------------------|---|---------------------------------------|
| Huge Telecom | 100% | Income approach | Level 3 | Maintainable earnings model | WACC 16.74% Terminal growth 1.65% Revenue growth 13.32% Sustainable GP margin 66.68% | 481 470 |
| Huge Networks | 100% | Income approach | Level 3 | Maintainable earnings model | WACC 17.29% Terminal growth 1.65% Revenue growth 9.35% Sustainable GP margin 33.55% | 103 785 |
| Huge Soho | 49% | Net assets | Level 3 | Attributable NAV | | 100 |
| Huge Services | 100% | Net assets | Level 3 | Attributable NAV | | 138 |
| Glovent | 9.67% | Income approach | Level 3 | Maintainable earnings model | WACC 20.62% Terminal growth 1.65% Revenue growth 22.49% Sustainable GP margin 40.80% | 1 434 |
| Tethys Mobile | 100% | SARB assets | Level 3 | Market offer | | 120 000 |
| Interfile | 44% | Income approach | Level 3 | Maintainable earnings model | WACC 25.58% Terminal growth 1.65% Revenue growth 4.93% Sustainable GP margin 77.69% | 55 948 |
| Total Holdings | | | | | | 1 531 714 |

Sensitivity analysis for the investment valuations as at 31 August 2022

Each valuation was tested for sensitivity to a range of valuation inputs and assumptions. The inputs tested, which would have the largest impact on value, include:

- Weighted Average Cost of Capital (WACC) used to discount future cash flows;
- The Terminal Growth Rate applied in the calculation of the Terminal Value;
- Expected Revenue Growth rate over the five year forecast period; and
- Forecast Gross Profit Margins.

Based on the assumptions applied in the base case with a WACC of between 15.74% and 17.74%, the value of 100% of Huge Telecom is estimated to be in the range of R447 million and R520 million. Based on the assumptions applied in the base case with a WACC of between 16.29% and 18.29%, the value of 100% of Huge Networks is estimated to be in the range of R97 million and R111 million.

Continued on the next page

Notes to the Interim Financial Results

Note 1 continued – Investments at fair value

The valuation of the Huge Connect preference shares, being the investment with the largest value, was also tested for sensitivity. There is only one valuation input that will have 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 will reduce the value by R26 million, whilst a 0.5% decrease in the assumed prime rate will increase the value by R29 million.

Note 2 – Investment Income

Investment income is made up of interest income and dividends received. Dividends received for the current reporting period relate to preference dividends received from Huge Connect.

Note 3 – Income from services

Income from services comprises of management fees charged to investee entities.

Note 4 – Selling and administration expenses

Selling and administration expenses for the current reporting period mainly consist of:

| | Unaudited 31-Aug-22 (6 months) R'000 | Audited 28-Feb-22 (12 Months) R'000 | Reviewed 31-Aug-21 (6 months) R'000 |
|----------------------------------|---|--|--|
| Salaries | 6 226 | 12 414 | 6 728 |
| Legal fees | 3 257 | 5 854 | 2 678 |
| Consulting and professional fees | 4 319 | 3 881 | 2 557 |
| Non-executive fees | 1 556 | 3 075 | 1 497 |
| Statutory and listing fees | 341 | 1 650 | 1 032 |
| Insurance | 859 | 1 692 | 905 |
| Audit fees | 301 | 1 560 | 780 |
| Infrastructure and other costs | 1 190 | 1 870 | 1 485 |
| Total | 18 049 | 31 996 | 17 662 |

Note 5 – Finance costs

Finance costs for the current reporting period mainly consist of finance costs related to the Futuregrowth facilities and the RMB facilities.

Note 6 – Income tax expense

The income tax expense for the current reporting period is deferred tax.

Continued on the next page

Notes to the Interim Financial Results

Note 7 – Earnings per share

Earnings and headline earnings per share are calculated as follows:

| Figures in Rand | Unaudited 31 August 2022 (6 months) R'000 | Audited 28 February 2022 (12 months) R'000 | Reviewed 31 August 2021 (6 months) R'000 |
|---|---|--|--|
| Weighted average number of shares in issue | 173 062 | 173 832 | 174 342 |
| Normalised profit | 73 213 | 517 643 | 480 223 |
| Executive share-based payment expense (IFRS2) | - | - | (3 729) |
| Reportable profit | 73 213 | 517 643 | 476 494 |
| Basic earnings per share (cents) | 42.30 | 297.78 | 273.31 |

| | | | |
|--|---------|-----------|-----------|
| Weighted average number of shares in issue | 173 062 | 173 832 | 174 342 |
| Reportable profit | 73 213 | 517 643 | 476 494 |
| Gain on disposals of plant and equipment | (264) | - | - |
| Loss of control of subsidiary companies | - | (416 115) | (416 115) |
| Taxation effects | 74 | - | - |
| Headline profit | 73 023 | 101 528 | 60 379 |
| Headline earnings per share (cents) | 42.19 | 58.41 | 34.63 |

Treasury shares previously held by Huge Telecom were transferred during the prior period from treasury shares to external shares due to the change in nature of business and loss of control of Huge Telecom as a subsidiary company. Accordingly, there are no dilutionary instruments in issue.

Normalised profit attributable is profit after adding back the executive share-based payment expense raised in the previous reporting period.

Note 8 – Loans receivable

Loans receivable are made up as shown in the table on the next page.

| | Unaudited 31-Aug-22 R'000 | Audited 28-Feb-22 R'000 | Reviewed 31-Aug-21 R'000 |
|-------------------|---------------------------------|-------------------------------|--------------------------------|
| Huge Capital | 53 | 50 | - |
| Huge Cellular | 6 067 | 19 109 | 13 937 |
| Huge Connect | 51 459 | - | - |
| Huge Distribution | 31 427 | 30 626 | 29 261 |
| Huge Media | 458 | 13 | 549 |
| Huge Payments | 7 289 | 7 166 | 112 |
| Huge Services | 5 296 | - | 5 697 |
| Huge Software | 6 233 | 5 948 | - |
| Huge Technologies | 66 256 | 34 831 | 34 962 |
| Huge Telecom | 97 187 | 104 443 | 98 279 |
| Tethys Mobile SA | 13 258 | 5 901 | - |
| Total | 284 983 | 208 087 | 182 797 |

Continued on the next page

Notes to the Interim Financial Results

Note 9 – Other receivables

Non-current other receivables relate to previous other receivables that are no longer current in nature and have therefore been reclassified to non-current assets.

Note 10 – Interest-bearing liabilities

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.

Note 11 – Financial instruments & financial risk management

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and having access to available funding in terms of an adequate amount of committed credit facilities. Prudent liquidity risk management also applies to the ability to close out market positions.

Due to the dynamic nature of the underlying investments, the Company maintains flexibility in funding by maintaining availability under committed credit lines. The Company's exposure to liquidity risk is that there may be insufficient funds available to cover future commitments. The Company manages liquidity risk through an ongoing review of future commitments and credit facilities.

The Company manages its liquidity needs by carefully monitoring the scheduled debt servicing payments of long-term interest-bearing financial liabilities as well as forecasting cash inflows and outflows on a weekly basis. Liquidity needs are monitored in various time bands, on a week-to-week basis as well as a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day outlook period are identified monthly. Net cash requirements are compared to available borrowing facilities to determine headroom or shortfalls. These analyses indicate whether available borrowing facilities are expected to be sufficient over the outlook period.

Continued on the next page

Notes to the Interim Financial Results

Note 11 – Financial instruments & financial risk management continued

Liquidity Risk continued

To meet its liquidity requirement for the three-month periods referred to above, the Company maintains cash balances at appropriate levels.

Funding for long-term liquidity needs is secured by an adequate amount of committed credit facilities.

Credit risk

Credit risk is the risk of financial loss to the Company if a debtor or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables and cash and cash equivalents.

Exposure to credit risk

The carrying amounts of financial assets represents the Company's maximum credit exposure. The Company's exposure to credit risk is influenced mainly by the individual characteristics of receivables. However, management also considers other factors that may influence the credit risk of its receivables, including the default risk associated with the industry and country in which the counterparty operates. Receivables inherently expose the Company to credit risk, being the risk that the Company will incur financial loss if a counterparty fails to make payments as they fall due.

Huge Group has established a credit policy, under which each new counterparty is analysed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. Huge Group's review includes external ratings such as credit scoring (TBD47) and Compuscan, financial statements, credit agency information, industry information and bank references. Credit limits are established for each counterparty and are reviewed quarterly. Any amounts exceeding these credit limits require approval from management in accordance with policy. Huge Group continuously monitors the potential default by its counterparties and incorporates this information into its credit risk controls.

Continued on the next page

Notes to the Interim Financial Results

Note 11 – Financial instruments & financial risk management continued

Huge Group limits its exposure to credit risk from counterparties by a thorough understanding of each counterparty's policies, processes, fair valuation and risk management. Each counterparty must be in a position to service its obligations to Huge Group, which have been assessed internally from a Company perspective by the Investment Monitoring Team.

Where necessary, Huge Group establishes an allowance for impairment of counterparties' balances that represents its estimate of potential credit losses. The main components of this credit loss allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that may be incurred but may not yet be identified.

The collective loss allowance is determined based on the historical data of payment statistics for similar financial assets.

Huge Group does not always require collateral from its counterparties.

Huge Group does not have trade receivables for which credit loss allowances are recognised.

Huge Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of credit loss (including but not limited to external ratings, annual financial statements, management accounts and cash flow projections and independent discounted cashflow valuation information about debtors, which includes forward looking information) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from agencies.

Continued on the next page

Notes to the Interim Financial Results

Note 11 – Financial instruments & financial risk management continued

Exposure to credit risk continued

Huge Group uses a credit loss allowance matrix to measure the expected credit losses (ECL's) of counterparties. Loss rates are calculated using a 'roll rate' method based on the probability of a counterparty progressing through successive stages of delinquency to write-off utilising historical data over the past six years.

Risk levels are assigned to the counterparty's status: Level 1 relates to balances outstanding where the risk of default did not increase during the current year – therefore a lower risk factor has been applied; Level 2 relates to balances where the risk of default did increase in the current year and therefore a mid to low risk factor has been applied; Level 3 relates to balances which are considered to be credit impaired and a high-risk factor has been applied. The relevant levels are applied to the ageing brackets where there is indication of potential default.

As at 31 August 2022, management assessed the impact on counterparties due to COVID-19 and this economic event did not significantly impact Huge Group. No adjustments or additional ECL's were required in this regard and all counterparty balances have been assessed as recoverable without the requirement for ECL's to be raised during the current reporting period based on the outcome of the assessments and exercises mentioned above.

As at 31 August 2022, Huge Group is the guarantor to a guarantee in favour of MTN for the obligations of Huge Cellular to MTN in the amount of R4 million. This guarantee is backed by cash deposited with the group's banker, RMB.

Related Party Transactions & Balances

| Relationships | At 31 August 2022 |
|--|---|
| Subsidiary companies | Huge Management |
| Associate companies | Huge Soho |
| Investee entities | Glovent Huge Capital Huge Connect Huge Digital Huge Distribution Huge Media Huge Messaging Huge Payments Huge Software Huge Technologies Huge Telecom Interfile Tethys Mobile |
| Subsidiary of investee entity (Huge Telecom) | Huge Networks Huge Services |
| Associate of investee entity (Huge Telecom) | Huge Cellular |
| Members of key management (the Executive) | JC Herbst SL Sequeira AP Openshaw |

Loan Accounts

| Figures in Rand | Unaudited 31-Aug-22 R'000 | Audited 28-Feb-22 R'000 | Reviewed 31-Aug-21 R'000 |
|-------------------|---------------------------------|-------------------------------|--------------------------------|
| Huge Capital | 53 | 50 | - |
| Huge Cellular | 6 067 | 19 109 | 13 937 |
| Huge Connect | 51 459 | - | - |
| Huge Digital | 13 258 | 5 901 | - |
| Huge Distribution | 31 427 | 30 626 | 29 261 |
| Huge Media | 458 | 13 | 549 |
| Huge Payments | 7 289 | 7 166 | 112 |
| Huge Services | 5 296 | - | - |
| Huge Software | 6 233 | 5 948 | 5 697 |
| Huge Technologies | 66 256 | 34 831 | 34 962 |
| Huge Telecom | 97 187 | 104 443 | 98 279 |
| Total | 284 983 | 208 088 | 182 797 |

Trade payables owing to Associate Companies

| | | | |
|--------------|------------|------------|----------|
| Huge SoHo | 800 | 800 | - |
| Total | 800 | 800 | - |

Related Party Transactions & Balances

Dividends receivable – owing by Investee Entity and Associate of Investee Entity

| | Unaudited 31-Aug-22 R'000 | Audited 28-Feb-22 R'000 | Reviewed 31-Aug-21 R'000 |
|------------------------|---------------------------------|-------------------------------|--------------------------------|
| Figures in Rand | | | |
| Huge Connect | 51 459 | 32 359 | 19 374 |
| Total | 51 459 | 32 359 | 19 374 |

Interest income received from Investee Entities

| | Unaudited 31-Aug-22 (6 months) R'000 | Audited 28-Feb-22 (12 Months) R'000 | Reviewed 31-Aug-21 (6 months) R'000 |
|------------------------|---|--|--|
| Figures in Rand | | | |
| Huge Capital | 3 | - | - |
| Huge Cellular | 758 | 1 358 | 421 |
| Huge Digital | 487 | - | - |
| Huge Distribution | 1 602 | 1 296 | 1 018 |
| Huge Media | 411 | 763 | 367 |
| Huge Networks | - | 152 | - |
| Huge Payments | 423 | 60 | 6 |
| Huge Software | 285 | 488 | 238 |
| Huge Technologies | 1 425 | 750 | 348 |
| Huge Telecom | 4 952 | 8 369 | 4 175 |
| Total | 10 346 | 13 237 | 6 573 |

Dividends received from Investee Entities

| | Unaudited 31-Aug-22 (6 months) R'000 | Audited 28-Feb-22 (12 Months) R'000 | Reviewed 31-Aug-21 (6 months) R'000 |
|------------------------|---|--|--|
| Figures in Rand | | | |
| Huge Connect | 22 201 | 38 874 | 19 374 |
| Total | 22 201 | 38 874 | 19 374 |

Management fees received from Investee Entities

| | Unaudited 31-Aug-22 (6 months) R'000 | Audited 28-Feb-22 (12 Months) R'000 | Reviewed 31-Aug-21 (6 months) R'000 |
|------------------------|---|--|--|
| Figures in Rand | | | |
| Huge Media | - | 500 | |
| Huge Networks | 3 500 | | |
| Huge Technologies | 6 700 | | |
| Huge Telecom | 3 500 | 6 600 | 3 300 |
| Total | 13 700 | 7 100 | 3 300 |

Subsequent Events

Resignation of directors

Huge announced on 1 September 2022 that Samantha Sequeira resigned from the Board. Huge announced on 21 October 2022 that Duarte da Silva, Brian Armstrong and Craig Lyons resigned from the Board. The Board extends its gratitude to them for their valuable contributions during their tenure and wish them well in their future endeavours.

Litigation

No litigation of significance is currently in progress in respect of Huge Group or any of its investee entities.

Dividends

The Board is cognizant that these are very uncertain times, and it is prudent to preserve cash. Ordinary shareholders are advised that the Board has decided that no interim dividend will be declared (HY2022: nil).

Going Concern

The Board has undertaken a detailed review of the going concern capability of the Company (and all of the investee entities of the Company) with reference to certain assumptions and plans underlying various cash flow forecasts. The Board has not identified any events or conditions that individually or collectively cast significant doubt on the ability of the Company and the investee entities to continue as a going concern.

Based on these facts, the Board believes that the Company is a going concern and will remain a going concern for the 12-month period that follows the date of approval of the Interim Financial Results.

Other matters

The directors are not aware of any other significant matters or circumstance arising since the end of the reporting period, not otherwise dealt with in these Interim Financial Results, which affects the financial position of the Company or the results of its operations to the date of this report.

Governance

The Company recognises the need to conduct its business with integrity, transparency and equal opportunity, and subscribes to good corporate governance as set out in the King IV Report on Corporate Governance.

Supplementary Information

Sponsor

Questco Corporate Advisory Proprietary Limited was appointed as Sponsor effective 16 July 2021.
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 Proprietary Limited
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** and VM Mokholo
** [Independent](#)

Executive

JC Herbst (Chief Executive Officer), AP Openshaw (Chief Operating Officer), IDJ van de Merwe (Chief Commercial Officer)

Date of release

Johannesburg
28 November 2022

Huge Group Limited

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

Glossary

| | |
|----------------------------------|---|
| ARPU | means average revenue per unit |
| A2X Markets | 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 Board | the board of directors of the Company as constituted from time to time |
| B2B | means Business-to-Business |
| EBITDA | earnings before interest, taxation, depreciation and amortisation |
| Futuregrowth | Futuregrowth Asset Management Proprietary Limited, registration number 1996/018222/07, a lender to Huge Group |
| Futuregrowth Facilities | A ZAR200 million lending arrangement concluded between Futuregrowth and the company on 16 December 2018 and as amended by the First Addendum, Second Addendum, Third Addendum and Fourth Addendum; and a ZAR30 million lending arrangement as concluded between Futuregrowth and the Huge Technologies on 14 November 2017. |
| Glovent | Glovent Solutions Proprietary Limited, registration number 2011/13299/07, an investee entity of Huge Group, where Huge Group has an economic interest of 9.67% |
| Group | Huge Group and its subsidiary company being Huge Management Company |
| GSM | Global system for Mobile communication and in the context of the Interim Financial Results, refers to a digital mobile telephone system |
| Huge Group or the Company | Huge Group Limited, registration number 2006/023587/06, a company of whose shares are listed on the JSE and A2X Markets |
| Huge Cellular | Huge Cellular Proprietary Limited, registration number 2008/004068/07, a 49% held associate company of Huge Telecom |
| Huge Connect | Huge Connect Proprietary Limited (formerly ConnectNet Broadband Wireless Proprietary Limited), registration number 2004/005721/07, an investee entity of Huge Group, where Huge Group has an economic interest of 83.71% |
| Huge Digital | Huge Digital Enablement Proprietary Limited (formerly Tethys Mobile South Africa), registration number 2004/005291/07, in business rescue, an investee entity of Huge Group, where Huge Group has an economic interest of 100% |
| Huge Distribution | Huge Distribution Proprietary Limited, registration number 2015/142454/07, an investee entity of Huge Group, where Huge Group has an economic interest of 100% |
| Huge Management | Huge Management Company Proprietary Limited (formerly Huge Mobile Proprietary Limited), registration number 2007/033510/07, a wholly owned subsidiary company of Huge Group |
| Huge Media | Huge Media Proprietary Limited (formerly Eyeballs Mobile Advertising Proprietary Limited), registration number 2007/004818/07, an investee entity of Huge Group, where Huge Group has an economic interest of 96% |
| Huge Messaging | Huge Messaging Proprietary Limited (formerly Ambient Mobile Proprietary Limited), registration number 2008/001288/07, an investee entity of Huge Group, where Huge Group has an economic interest of 100% |

Glossary continued

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| Huge Networks | Huge Networks Proprietary Limited (formerly Sainet Internet Proprietary Limited), registration number 2014/009214/07, a 100% owned subsidiary company of Huge Telecom |
| Huge Services | Huge Services Proprietary Limited (formerly Gonondo Telecom Proprietary Limited), registration number 2006/027671/07, where 100% is held by Huge Telecom |
| Huge Soho | Huge Soho Proprietary Limited, registration number 2002/022642/07, a 49% held associate company of Huge Group, 51% of the shares being held by the Company's B-BBEE partner, Windfall |
| Huge Software | Huge Software Proprietary Limited (formerly Acknowledge Systems Proprietary Limited), registration number 2005/042514/07, an investee entity of Huge Group, where Huge Group has an economic interest of 75% |
| Huge Technologies | Huge Technologies Proprietary Limited (formerly Huge Software and Technologies Proprietary Limited), registration number 2008/006066/07, an investee entity of Huge Group, where Huge Group has an economic interest of 100% |
| Huge Telecom | Huge Telecom Proprietary Limited, registration number 1993/003902/07, an investee entity of Huge Group, where Huge Group has an economic interest of 100% |
| Interfile | Interfile Proprietary Limited, registration number 2003/009163/07, an investee entity of Huge Group, where Huge Group has an economic interest of 44% |
| Investment Monitoring Team | Refers to Mr JC Herbst, Mr AP Openshaw, Mr Z Van de Merwe, and Mr D Armstrong |
| Investment Policy | means Huge Group's Investment Policy |
| 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, registration number 2005/022939/06 |
| Listing Requirements | the Listings Requirements of the JSE |
| 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 | means Rand Marchant Bank, a division of FirstRand Bank Limited, registration number 1929/001225/06 |
| 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 |
| Windfall | Windfall 111 Properties Proprietary Limited, registration number 2013/169340/07, a company controlled by Mr V Mokholo (a related party to Huge Group given that V Mokholo is a non-executive director of the Company) |



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