Huge Group Limited

Abridged Report

for the year ended
28 February 2021

Registration number: 2006/023587/06
Share Code: HUG ISIN: ZAE000102042
"Huge" or "the Company" or "the Group"

Contents

Feedback

Huge welcomes interaction with all stakeholders. Further information with regard to Huge may be found on the Group website at www.hugegroup.com or by emailing info@hugegroup.com. Stakeholders are invited to visit the Company's Facebook page or contact the Company via twitter.

Facebook Twitter

Commentary

Huge had a challenging start to its 2021 financial year. The pandemic created considerable uncertainty and significantly impacted our first quarter's financial performance – so much so that the balance of the financial year was reduced to catching up. Our associate company's dispute with Cell C Service Provider Company and the successful migration by Huge Telecom of all its customers from Cell C's mobile telephone network to MTN's mobile telephone network certainly exacerbated the challenges we faced. However, the Group companies proved resilient, and the negative impact was minimised. The Group is better placed – now more than ever – to grow in 2021/2022 and to fulfil the objectives of the Growing Huge Strategy.

Huge spent a considerable amount of time in 2020/2021 identifying the market segments in which it wishes to be invested and so its focus in the future will be growing and acquiring businesses in the converging connectivity, cloud, software and x-tech markets. Huge's interest in Adapt IT Holdings is evidence of this focus.

Despite the challenges faced, a highlight for Huge over the past year was successfully reducing its operating costs and increasing productivity across its operations, which is evidenced by the reduction in operating expenses by 14%.

As at 28 February 2021, the Group's net debt position, in relation to interest bearing borrowings, is R135 million. Huge has already repaid Futuregrowth R80 million. At 28 February 2021, the Group's Debt to EBITDA ratio is 1.46. In terms of the ZAR200 Million Facility (the **Facility**), the Group's Debt to EBITDA ratio may not exceed 2.5 times. Huge is entitled to make distributions provided that, after taking into account the intended distributions, the Group's Debt to EBITDA ratio is less than 2.5 times.

The Group continues to enjoy the support of Futuregrowth Asset Management Proprietary Limited through the Facility.

In the prior year, shareholders of Huge approved the granting of options to the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer. IFRS requires Huge to create a share-based payment equity reserve equal to the independent calculation of the value of the options and to do so by making non-cash charges in the statement of profit or loss and other comprehensive income of R34.6 million in the current reporting period, an additional R7.4 million in FY2022 and a marginal amount in FY2023. These charges are non-cash charges that have no effect on the operating performance of our underlying companies. To deal with similar accounting transactions like this share-based payment expense, Huge has introduced, and will continue to use, additional measures of EPS and HEPS which better reflect normalised profit for a period based on operating performance. The normalised statement of other comprehensive income as well as the normalised earnings and headline earnings can be found in the FY2021 Integrated Report.

When compared to the previous reporting period, normalised EPS was down 23% and normalised HEPS was down 15%. This was mainly as a result of the impairment of work-in-progress in the Telecom Grouping and the impairment of inventories in the Fintech Grouping. Gross margins declined in most part due to declines in revenue, of 5%, and once off impairments of work-in-progress and inventories. This was offset by repeatable cost savings and a once-off waiver of loan claims by fellow shareholders. FY2020's higher credit loss allowance, the result of the fraud previously reported, has decreased in FY2021.

Future prospects

Huge's investment strategy is to focus on opportunities that can leverage its customer real estate. There must be tangible proof that an opportunity is sustainable and, crucially, that the opportunity can successfully be made commercial for it to be pursued. Huge's earnings and cash focus means it actively avoids investment opportunities that are dilutive, that might negatively impact earnings or that might impose excessive capital commitments. The Board believes that Huge's investment strategy will maximise value for all its stakeholders.

Abridged Financial Results

Audited Condensed Consolidated Statements

Abridged Financial Results (continued)

AUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 28 February 2021

The board of directors (the **Board** or the **Directors**) of Huge Group are pleased to present the abridged results of the Company and its subsidiary companies and associates (the **Group**) for the financial reporting period which commenced on 1 March 2020 and ended on 28 February 2021 (**FY2021**). These results have been compared to the twelve months of the financial year which commenced on 1 March 2019 and ended on 28 February 2020 (**FY2020**).

Figures in Rand	Audited 28 February 2021 (12 months) R'000	Audited 29 February 2020 (12 months) R'000
Revenue	469 857	492 145
Cost of sales	(177 148)	(153 250)
Impairment of inventory[1]	(31 233)	-
Gross profit	**261 476**	**338 895**
Other income	6 719	10 418
Waiver of loans[2]	18 606	-
Decommissioning of telephone lines[3]	(11 530)	-
Operating expenses	(133 358)	(154 617)
Executive share-based payment expense[4]	(34 610)	-
Movement in credit loss allowances[5]	(14 752)	(17 121)
EBITDA	**92 551**	**177 575**
Depreciation and amortisation[6]	(21 047)	(35 927)
Depreciation on right-of-use assets	(5 627)	(6 866)
Operating profit	**65 877**	**134 782**
Finance income	1 285	3 717
Profit/(loss) from equity accounted investments	(25)	20
Profit on sale of property, plant and equipment	1 939	1 575
Impairment on investment in joint venture company	-	(458)
Finance costs	(14 208)	(19 432)
Finance costs on lease liabilities	(1 478)	(2 141)
Profit before taxation	**53 390**	**118 063**
Income tax expense	(10 976)	(22 739)
Net profit for the period	**42 414**	**95 324**
Attributable to:		
Owners of the parent	38 568	95 023
Non-controlling interest	3 846	301
	42 414	**95 324**
Other comprehensive income		
Items that will not be reclassified to profit and loss:		
Gain on revaluation of property, plant and equipment[7]	32 508	-
Decommissioning of telephone lines[8]	(2 143)	-
Income tax effect	(8 502)	-
	21 863	-
Total comprehensive income	**64 277**	**95 324**
Attributable to:		
Owners of the parent	60 431	95 023
Non-controlling interest	3 846	301
	64 277	**95 324**
Earnings per share information		
Basic earnings per share (cents)	23.47	57.58
Headline earnings per share (cents)	27.67	57.03
Diluted basic earnings per share (cents)	23.28	57.42
Diluted headline earnings per share (cents)	27.45	57.87

Abridged Financial Results (continued)

AUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 28 February 2021

[1] Refer to the notes to the Abridged Financial Results, pages 19 and 20 (Significant judgements: Impairment of inventory) for further detail.

[2] Refer to the notes to the Abridged Financial Results, page 20 (Business combinations) for further detail.

[3] Decommissioning of telephone lines relates to the impairment of telephone lines owned by the Group, under the Telecom Grouping, as a result of customer contract cancellations during the reporting period. Refer to the notes to the Abridged Financial Results, page 20 (Significant judgements: Decommissioning of telephone lines) for further detail.

[4] The abridged statement of comprehensive income includes the R34.61 million IFRS2 share-based payment expense relating to the Executive Share Option Agreements. The Board is of the view that the expense is a non-cash IFRS charge unrelated to the actual operating performance of the Group and therefore the Normalised Statements presented in the FY2021 Integrated Report are a better representation of the Group's operating performance. Further detail relating to the Executive Share Option Agreements can also be found in the FY2021 Integrated Report.

[5] Movement in credit loss allowances in the current and prior reporting period relate mainly to an employee fraud that took place at Huge Connect. Billings have ceased and full credit loss allowance provisions have been raised against the outstanding trade and other receivable balance. Further detail relating to the employee fraud can be found in the FY2020 Integrated Report.

[6] During the current reporting period the Group conducted a residual value review of its telephone line network asset, which resulted in changes to the residual value of the telephone lines and thus a change in estimate. As a result, no depreciation has been raised in the current year, depreciation will only be raised on the telephone line asset register when its residual value subsequently decreases to an amount below the assets carrying amount. Refer to the notes to the Abridged Financial Results, page 19 (Change in estimates and assumptions: Telephone line network asset) for further detail.

[7] The gain on revaluation of property, plant and equipment relates to the fair value adjustment on the telephone line network asset raised in the current period. Refer to the notes to the Abridged Financial Results, page 18 (Change in accounting policy: Telephone line network asset) for further detail.

[8] The revaluation adjustment is as a result of the decommissioning of telephone lines in the current period referred to in point 3 above. The revaluation portion of decommissioned lines is reversed against other comprehensive income and property, plant and equipment. Refer to the notes to the Abridged Financial Results, page 18 (Change in accounting policy: Telephone line network asset) for further detail.

Abridged Financial Results (continued)

AUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 28 February 2021

Figures in Rand	Audited 28 February 2021 (12 months) R'000	Audited 29 February 2020 (12 months) R'000
Assets		
Non-current assets		
Property, plant and equipment	306 745	272 983
Right-of-use asset	12 014	16 830
Goodwill	607 694	607 694
Intangible assets	23 908	22 520
Investment in associate companies	-	25
Loans to associate companies	63 676	70 704
Loans receivable	633	336
Trade and other receivables[1]	20 561	-
Contract assets	2 664	4 901
Investments at fair value	420	404
Deferred tax	41 967	29 552
	1 080 282	**1 025 949**
Current assets		
Inventories	82 105	60 039
Loans receivable	439	204
Trade and other receivables	63 712	69 257
Contract assets	1 623	2 168
Current tax receivable	509	4 224
Cash and cash equivalents	29 462	40 153
	177 850	**176 045**
Total assets	**1 258 132**	**1 201 994**
Equity and Liabilities		
Equity		
Total share capital	599 947	611 884
Share-based payment reserve[2]	34 610	3 906
Change in holding reserve	52 474	52 474
Revaluation reserve[3]	21 863	-
Retained earnings	305 398	273 102
Equity attributable to equity holders of parent	**1 014 292**	**941 366**
Non-controlling interest	(49 971)	(60 253)
	964 321	**881 113**

[1] Non-current trade and other receivables relate to previous trade and other receivables that are no longer current in nature. The receivables include an accrual for a breach of profit warranty given by Otel Communications Proprietary Limited in favour of Huge Telecom that the profit of Huge Networks for FY2020 and FY2021 would not be less than a stipulated profit threshold. The stipulated profit threshold was not attained in either year and as a result an accrual has been raised in the prior and current reporting period (FY2021: R4.9 million and FY2020: R5.2 million) and a claim will be lodged in due course. The profit warranty is only payable on the date of disposal by Huge Networks of all or the greater part of its assets or undertaking. Dividends receivable from Huge Cellular of R10.5 million) an associate company of the Group, have been classified as non-current as the company will settle this obligation when it is able to do so.

[2] The share-based payment reserve relates to the Executive Share Option Agreements.

[3] The revaluation reserve relates to the revaluation of property, plant and equipment in the current period. Refer to the notes to the Abridged Financial Results, page 18 (Change in accounting policy: Telephone line network asset) for further detail.

Abridged Financial Results (continued)

AUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 28 February 2021

Figures in Rand	Audited 28 February 2021 (12 months) R'000	Audited 29 February 2020 (12 months) R'000
Liabilities		
Non-current liabilities		
Loans payable[1]	-	18 258
Interest bearing liabilities	100 777	120 937
Lease liabilities	10 969	14 509
Deferred tax	73 694	43 181
	185 440	**196 885**
Current liabilities		
Loans payable	300	600
Interest bearing liabilities	51 263	51 583
Current tax payable	1 515	8 292
Lease liabilities	4 864	6 308
Deferred income	34	6 092
Trade and other payables	38 218	50 230
Bank overdraft	12 177	891
	108 371	**123 996**
Total liabilities	**293 811**	**320 881**
Total equity and liabilities	**1 258 132**	**1 201 994**
Number of ordinary shares in issue ('000)[2]	162 098	165 230
Net asset value per share (cents)	594.90	533.27
Net tangible asset value per share (cents)	205.26	151.85

[1] Huge Distribution concluded a waiver agreement with The MIA Family Trust, wherein The MIA Family Trust waived all and any claims against Huge Distribution.

[2] The number of ordinary shares utilised for the calculation of net asset value per share and net tangible asset value per share excludes treasury shares held by the Group amounting to 11 566 081 (FY2020: 10 397 415).

Capital

The Group continues to enjoy the support of Futuregrowth Asset Management through the ZAR200 Million Term Facility Agreement concluded in December 2018. As at 28 February 2021, the Group's net debt position, in relation to interest bearing borrowings, is R135 million. At 28 February 2021, the Group's Debt to EBITDA ratio is 1.46. In terms of the Facility, the Group's debt to EBITDA ratio may not exceed 2.5 times. The Company is entitled to make distributions provided that, after taking into account the intended distributions, the Group's debt to EBITDA ratio is less than 2.5 times. With R17 million cash reserves and possible access to additional funding, the Group is in a favourable position to fuel its growth into new services and product offerings. The effective tax rate applicable to Group profit before tax is circa 21%.

Abridged Financial Results (continued)

AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 28 February 2021

Figures in Rand	Share capital R'000	Share premium R'000	Share-based payment reserve R'000	Change in holding reserve R'000	Revaluation reserve[2] R'000	Accumulated profit R'000	Non-controlling interest R'000	Total equity R'000
Audited balance as at 1 March 2019	**17**	**608 772**	**4 142**	**(4 761)**	**-**	**209 003**	**5 667**	**822 840**
Profit for the year	-	-	-	-	-	95 023	301	95 324
Issue of shares	-	180	-	-	-	-	-	180
Share issue expenses	-	(720)	-	-	-	-	-	(720)
Share buy-back	-	(63)	-	-	-	-	-	(63)
Share-based payments raised	-	-	3 462	-	-	-	-	3 462
Distribution of treasury shares previously held	-	3 698	(3 698)	-	-	-	-	-
Dividends	-	-	-	-	-	(30 924)	-	(30 924)
Change in holding	-	-	-	57 235	-	-	(57 235)	-
Business combinations	-	-	-	-	-	-	(8 986)	(8 986)
Audited balance as at 29 February 2020	**17**	**611 867**	**3 906**	**52 474**	**-**	**273 102**	**(60 253)**	**881 113**
Profit for the year[1]	-	-	-	-	-	38 568	3 846	42 414
Other comprehensive income for the year[2]	-	-	-	-	21 863	-	-	21 863
Share issue expenses	-	(60)	-	-	-	-	-	(60)
Share buy-back[3]	(1)	(17 659)	-	-	-	-	-	(17 660)
Share-based payments raised	-	-	1 222	-	-	-	-	1 222
Executive share-based payments raised	-	-	34 610	-	-	-	-	34 610
Distribution of treasury shares previously held[4]	-	2 458	(2 458)	-	-	-	-	-
Sale of treasury shares previously held[5]	-	819	-	-	-	-	-	819
Share-based payment reserve reclassification[6]	-	2 506	(2 670)	-	-	164	-	-
Transaction with non-controlling interest[7]	-	-	-	-	-	(6 436)	6 436	-
Audited balance as at 28 February 2021	**16**	**599 931**	**34 610**	**52 474**	**21 863**	**305 398**	**(49 971)**	**964 321**

Abridged Financial Results (continued)

AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 28 February 2021

[1] Profit for the year takes into account the R34.61 million IFRS2 Share-based payment expense relating to the Executive Share Option Agreements. Further detail relating to the Executive Share Option Agreements can be found in the FY2021 Integrated Report.

[2] The other comprehensive income relates to the net gain on the revaluation raised in the current reporting period on the telephone line network asset held under property, plant and equipment. Refer to the notes to the Abridged Financial Results, page 18 (Change in accounting policy: Telephone line network asset) for further detail.

[3] Following an announcement on SENS on 15 January 2020, the Company repurchased 3 869 966 Shares up to the end of the current reporting period (FY2020: 12 500) and this amounted to R17 658 775 (FY2020: R62 500) at an average price per Share of 456 cents (FY2020: 500 cents). 1 963 311 of these Shares were delisted during FY2021 and the remaining are to be delisted subsequent to 28 February 2021.

[4] The distribution of treasury shares relates to 560 089 (FY2020: 468 038) Shares which were held as an investment by The CI Trust and which were distributed by The CI Trust to its share beneficiaries during the current reporting period. A total of 1 288 768 Shares have been distributed by The CI Trust to its share beneficiaries up to 28 February 2021.

[5] The sale of treasury shares previously held relates to 177 900 Huge ordinary shares which were held as an investment by the CI Trust and which were ceded as security for the loan between Huge and The CI Trust. This loan was settled during the financial period with the funds received from the sale.

[6] The share-based payment reserve reclassification entry arose as a result of The CI Trust fully distributing all the shares to its share beneficiaries. No future IFRS2 Share-based payment expenses will be raised in this regard.

[7] The adjustment to non-controlling interest relates to a change in proportion of equity held by non-controlling interest of Huge Distribution. On 15 February 2021, Huge acquired an additional 24.88% of Huge Distribution from the trustees for the time being of the MIA Family Trust for R50, thereby increasing its shareholding to 75.13%. This transaction with non-controlling interests became unconditional on the 15th of February 2021. No change in control of Huge Distribution took place because of this transaction with non-controlling interest. The increase in Huge's shareholding resulted in an equity transaction between non-controlling interest and retained earnings amounting to R6.4 million.

Abridged Financial Results (continued)

AUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 28 February 2021

Figures in Rand	Audited 28 February 2021 (12 months) R'000	Audited 29 February 2020 (12 months) R'000
Profit before taxation[1]	**53 390**	**118 063**
Adjusted for non-cash movements	94 713	56 430
Adjusted for working capital movements	(87 829)	(61 905)
Net finance costs	685	2 585
Tax paid	(4 442)	(19 384)
Cash flows from operating activities	**56 517**	**95 789**
Purchase of property, plant and equipment	(29 916)	(70 742)
Proceeds from disposal of property, plant and equipment	3 420	1 938
Purchase of intangible assets	(3 715)	(5 992)
Business combinations	-	(12 340)
Loans to associate companies advanced	(5 040)	-
Loans to associate companies repaid	2 295	-
Withdrawal of investment	-	44 601
Advances of loans receivable at amortised cost	320	(530)
Repayment of loans to shareholder	-	13
Cash flows from investing activities	**(32 636)**	**(43 052)**
Share issue expenses	(60)	(720)
Proceeds from interest-bearing liabilities	20 000	42 113
Repayment of interest-bearing liabilities	(40 000)	(40 000)
Dividends paid	-	(30 924)
Sale of treasury shares previously held	818	-
Share buy-back	(17 658)	(63)
Advance of loans receivable	(870)	-
Repayment of loans receivable	61	-
Payment of lease liabilities	(8 148)	(5 088)
Cash flows from financing activities	**(45 857)**	**(34 682)**
Net cash movement for the period	**(21 976)**	**18 055**
Cash at the beginning of the period	39 261	21 207
Total cash at the end of the period	**17 285**	**39 262**

[1] Profit before taxation takes into account the R34.61 million IFRS2 Share-based payment expense relating to the Executive Share Option Agreements. Further detail relating to the Executive Share Option Agreements can be found in the FY2021 Integrated Report.

Reporting

Segment Report

The Board has considered IFRS 8: Operating Segments and are of the opinion, based on the information provided to the executive committee, being the Chief Operating Decision-Maker (under the authority delegated by the Board), that the current operations of the Group can be split into three main operating segments, namely a Corporate Office Grouping, a Telecom Grouping and a Financial Technology (**Fintech**) Grouping. The summarised information included below is in line with the requirements of IFRS 8. The revenue generated from the products and services provided by the various Group companies to all customers is done so on a countrywide basis with no geographical differentiation.

Operating segments

In terms of Huge's Segment Report, the **Telecom Grouping** comprises of the following companies:

- 96% held Huge Media, the holding company of which is Huge;
- 100% held Huge Messaging, the holding company of which is Huge;
- 50.03% held Huge Networks, the holding company of which is Huge Telecom;
- 100% held Huge Services, the holding company of which is Huge Telecom;
- 100% held Huge Technologies, the holding company of which is Huge;
- 100% held Huge Telecom, the holding company of which is Huge; and
- 75.13% held Huge Distribution (formerly Pansmart held at 50.25%), the holding company of which is Huge (effective date of this transaction was 15 February 2021). .

In terms of Huge's Segment Report, the **Fintech Grouping** comprises of the following companies:

- 83.704% held Huge Connect, the holding company of which is Huge;
- 100% held Huge Payments, the holding company of which is Huge; and
- 100% held Huge Capital, the holding company of which is Huge.

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

- Huge itself;
- 75% held Huge Software, the holding company of which is Huge;
- 100% held The CI Trust, the beneficiaries of which are certain employees, directors and/or consultants of the ConnectNet Broadband Wireless Group, which comprises of Huge Connect and Huge Networks; and
- 100% held Huge Management Company, the holding company of which is Huge.

Segment Highlights

MTN migration
100%
Complete

Telecom Grouping Fixed Annuity as a % of total revenue grew by
11%

Telecom Grouping annuity revenue makes up
62%
of total revenue

Fintech Grouping increased number of point-of-sale devices connected by
13%

Fintech Grouping annuity revenue makes up
92%
of total revenue

Corporate Office Grouping decreased opex by
36%

Segment Report (continued)

SEGMENT REPORT

For the year ended 28 February 2021

Figures in Rand	Audited 28 February 2021 R'000	Telecom Grouping R'000	Fintech Grouping R'000	Corporate Office Grouping R'000
Revenue	469 857	294 988	167 424	7 445
Gross profit[1]	**261 476**	**150 959**	**103 478**	**7 039**
Other income[2]	25 325	25 279	46	-
Operating expenses[3]	(144 888)	(90 563)	(28 559)	(25 766)
Executive share-based payment expense[4]	(34 610)	-	-	(34 610)
Movement in credit loss allowances[5]	(14 752)	(5 058)	(9 536)	(158)
EBITDA	**92 551**	**80 617**	**65 429**	**(53 495)**
Depreciation and amortisation[6]	(21 047)	(5 650)	(14 905)	(492)
Depreciation on right-of-use assets	(5 627)	(1 804)	(2 773)	(1 050)
Operating profit/(loss)	**65 877**	**73 163**	**47 751**	**(55 037)**
Finance income	1 285	216	357	712
Profit/(loss) from equity accounted investments	(25)	-	-	(25)
Profit on sale of property, plant and equipment	1 939	405	1 532	2
Finance costs	(14 208)	(3 205)	(7)	(10 996)
Finance costs on lease liabilities	(1 478)	(573)	(548)	(357)
Profit/(loss) before taxation	**53 390**	**70 006**	**49 085**	**(65 701)**

[1] Included in cost of sales is an amount of R31.23 million relating to the impairment of inventory that impacted the Telecom Grouping (R22.8 million) and the Fintech Grouping (R8.43 million). Refer to the notes to the Abridged Financial Results, pages 19 and 20 (Significant judgements: Impairment of inventory) for further detail.

[2] Included in other income is a waiver of loans amounting to R18.61 million which benefitted the Telecom Grouping during the current year. Refer to the notes to the Abridged Financial Results, page 20 (Business combinations) for further detail.

[3] Included in operating expenses is the decommissioning of telephone lines related to the impairment of telephone lines owned by the Group, under the Telecom Grouping, as a result of customer contract cancellations during the current reporting period. This amounted to R11.53 million. Refer to the notes to the Abridged Financial Results, page 20 (Significant judgements: Decommissioning of telephone lines) for further detail.

[4] This segment report includes the R34.7 million IFRS2 share-based payment expense relating to the Executive Share Option Agreements included in the Corporate Office Grouping. The Board is of the view that the expense is a non-cash IFRS charge unrelated to the actual performance of the Group and accordingly the Normalised Segment Report, presented in the FY2021 Integrated Report, is a better representation of the segments' performance.

[5] Movement in credit loss allowances in the current and prior reporting period relate mainly to an employee fraud that took place at Huge Connect. Billings have ceased and full credit loss allowance provisions have been raised against the outstanding trade and other receivable balance. Further detail relating to the employee fraud can be found in the FY2020 Integrated Report.

[6] During the current reporting period the Group conducted a residual value review of its telephone line network asset, which resulted in changes to the residual value of the telephone lines and thus a change in estimate. As a result, no depreciation has been raised in the current year. Depreciation will only be raised on the telephone line network asset register when its residual value subsequently decreases to an amount below the asset's carrying amount. Refer to the notes to the Abridged Financial Results, page 19 (Change in estimates and assumptions: Telephone line network asset) for further detail.

Figures in Rand	Audited 29 February 2020 R'000	Telecom Grouping R'000	Fintech Grouping R'000	Corporate Office Grouping R'000
Revenue	492 145	321 930	167 652	2 563
Gross profit	**338 895**	**214 610**	**122 306**	**1 979**
Other income	10 418	9 569	654	195
Operating expenses	(154 617)	(82 372)	(32 307)	(39 938)
Movement in credit loss allowances	(17 121)	(1 292)	(15 840)	11
EBITDA	**177 575**	**140 515**	**74 813**	**(37 753)**
Depreciation and amortisation	(35 927)	(23 181)	(12 402)	(344)
Depreciation on right-of-use assets	(6 866)	(2 858)	(2 958)	(1 050)
Operating profit/(loss)	**134 782**	**114 476**	**59 453**	**(39 147)**
Finance income	3 717	892	1 018	1 807
Profit/(loss) from equity accounted investments	20	(5)	-	25
Profit on sale of property, plant and equipment	1 575	35	1 540	-
Impairment on investment in joint venture company	(458)	(458)	-	-
Finance costs	(19 432)	(4 942)	(102)	(14 388)
Finance costs on lease liabilities	(2 141)	(1 117)	(596)	(428)
Profit/(loss) before taxation	**118 063**	**108 881**	**61 313**	**(52 131)**

Segment Report (continued)

SEGMENT REPORT

For the year ended 28 February 2021

The **Telecom Grouping:**

- The lockdown had little to no impact on the Telecom Grouping's fixed annuity of line rentals, but it did have a short-term impact on the variable minute revenue. Revenue for the year decreased by 8% due to the Lockdown as a result of COVID-19. A significant number of SME's closed their doors either temporarily, moved to a work-from-home operating environment or closed permanently due to extended financial pressure. The initial Lockdown resulted in a substantial reduction in voice traffic revenue from April 2020 to June 2020.
- The fixed annuity-based revenue (which constitutes 62% of total revenue) was only down 1% when compared to the prior year. This can be celebrated because it has been a time of unprecedented uncertainty, exacerbated by the challenges experienced with FST and the Cell C SPC Dispute.
- Voice traffic revenue has shown a significant improvement in the months following June 2020 and is almost back to "pre-COVID-19" levels.
- The prior period's gross margin of 67% benefited from once-off credits to cost of sales. This period's gross margin of 51% was negatively impacted by the impairment of work-in-progress. On removing this once-off item, the gross profit margin prints at 58%, which we believe is repeatable.
- On 30 August 2020, Huge Telecom commenced the migration of its entire customer base to MTN's mobile telephone network. This was achieved by 25 November 2020. The size, scope and complexity of this migration, under such tight timelines, was a significant achievement for the Group and is testimony to the quality of this company.

The **Fintech Grouping:**

- The Fintech Grouping's revenue was flat in comparison to the prior year. However, this performance, given the backdrop of COVID-19, demonstrates resilience.
- Management elected to impair an inventory of high-end devices that were linked to a fraud in the previous reporting period. R8.4 million, included in cost of sales was impaired. Removing this once-off impairment, a GP% of 67%, which is repeatable, was achieved in the current reporting period.
- Huge Connect increased the number of point-of-sale (POS) devices by 13% and is steadily growing its fixed annuity revenue. Its current reported revenue is R167 million, 92% of which is fixed in nature.
- The awarding by, The Standard Bank of South Africa Limited, of a contract for the provision of payment connectivity services was implemented and is expected to continue to contribute meaningfully to revenue growth in the future, which will help achieve the objectives of the Growing Huge Strategy.

The **Corporate Office Grouping**:

- The Corporate Office Grouping supports the Growing Huge Strategy. It absorbs the costs of consulting and professional services and bears the Group's insurance costs, statutory and listing costs, a proportionate share of audit fees and all Group legal fees.
- The Corporate Office Grouping also funds all corporate action events. Ultimately, it is intended that the Corporate Office Grouping be self-funding by fees generated through mergers and acquisitions and the oversight of the Group's operating companies.
- Operating expenses for the financial period were 36% lower than the operating expenses for the prior financial period, primarily as a result of a cost reduction drive by the executive.
- In the prior year, shareholders of Huge approved the granting of options to the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer. IFRS requires Huge to create a share-based payment equity reserve equal to the independent calculation of the value of the options and to do so by making non-cash charges in the statement of profit or loss and other comprehensive income of R 34.6 million in the current reporting period, an additional R7.4 million in FY2022 and a marginal amount in FY2023. These charges are non-cash charges that have no effect on the operating performance of our underlying companies. To deal with similar accounting transactions like this share-based payment expense, Huge has introduced, and will continue to use, additional measures of EPS and HEPS which better reflect normalised profit for a period based on operating performance. The normalised statement comprehensive income as well as the normalised earnings and headline earnings can be found in the FY2021 Integrated Report.

Segment Report (continued)

SEGMENT REPORT

For the year ended 28 February 2021

Changes to the operating segments

There have been no changes to the operating segments and therefore no restatement of segment information is required.

Geographic areas

The Group has operations physically located in five local regions, which are Gauteng, Western Cape, Eastern Cape, North West and Free State. The Fintech and Telecom Groupings operate outside of South Africa in Botswana, Namibia, Zambia, Eswatini and Lesotho.

Services

The Group provides the following services: voice connectivity services, payment connectivity services, ISP services, software licensing, messaging services, telephone management services and supplies NEC, Yealink and Yeastar voice, video and CCTV products.

The total assets and liabilities of each reportable segment are not regularly provided to the Executive Committee, being the Chief Operating Decision-Maker, under the authority delegated by the Board. The Executive Committee reviews the Group statement of financial position.

There are no customers in any segment of the Group to whom sales equal or exceed ten percent of total revenue. There is no inter-segment revenue.

Basic & Headline Earnings per share (continued)

BASIC & HEADLINE EARNINGS PER SHARE

For the year ended 28 February 2021

Figures in Rand	**Audited 28 February 2021 (12 months) R'000**	Audited 29 February 2020 (12 months) R'000
Weighted average number of shares in issue	**164 365**	**165 037**
Normalised profit attributable to equity holders of the parent	73 178	95 023
Executive share-based payment expense (IFRS2)[1]	(34 610)	-
Profit attributable to equity holders of the parent	38 568	95 023
Basic earnings per share (cents)	**23.47**	**57.58**

[1] The basic earnings per share includes the R34.61 million IFRS2: share-based payment expense relating to the Executive Share Option Agreements. The Board is of the view that the expense is a non-cash IFRS charge unrelated to the actual operating performance of the Group and therefore the normalised basic earnings per share of 44.52 presented in the FY2021 Integrated Report is a better representation of the Group's operating performance.

Figures in Rand	**Audited 28 February 2021 (12 months) R'000**	Audited 29 February 2020 (12 months) R'000
Weighted average number of shares in issue	**164 365**	**165 037**
Profit attributable to equity holders of the parent	38 568	95 023
Gain on disposals of plant and equipment	(1 939)	(1 575)
Decommissioning of telephone lines	11 530	-
Gain on bargain purchase of joint venture	-	(138)
Impairment of investment in joint venture	-	458
Taxation effects	(2 686)	351
Adjusted profit attributable to equity holders of the parent	45 473	94 119
Headline earnings	**27.67**	**57.03**

The headline earnings per share includes the R34.61 million IFRS2: share-based payment expense relating to the Executive Share Option Agreements. The Board is of the view that the expense is a non-cash IFRS charge unrelated to the actual operating performance of the Group and therefore the normalised headline earnings per share of 48.72 presented in the FY2021 Integrated Report is a better representation of the Group's operating performance.

Notes to the Abridged Financial Results

Audit opinion

This abridged report is extracted from audited information but is not itself audited. The annual financial statements were audited by Moore Johannesburg Incorporated, who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection at the company's registered office.

The Directors take full responsibility for the preparation of the abridged report and that the financial information has been correctly extracted from the underlying annual financial statements. The audited financial statements, which were prepared under the supervision of the CFO, Samantha Sequeira, are available for inspection at the Company's registered office and have be included in the FY2021 Integrated Annual Report available for download from www.hugegroup.com.

Basis of Preparation

The summary financial statements are prepared in accordance with the requirements of the JSE's Limited Listings Requirements (**Listings Requirements**) for abridged reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (**IFRS**), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the financial statements, from which the summary financial statements were derived, are in terms of International Financial Reporting Standards and are consistent with the accounting policies applied in the preparation of the audited annual financial statements.

These abridged annual financial statements do not contain as much detailed information and disclosures as the audited annual financial statements and should therefore not be considered as a substitute for reading the audited financial statements.

Significant accounting policies

The abridged financial statements have been prepared in accordance with IFRS, IFRIC, its interpretations as adopted by the IASB, the Financial Reporting Guides (SAICA-APC), the Listings Requirements, the Financial Reporting Pronouncements issued by the Financial Reporting Standards Council and in the manner required by the Companies Act. The abridged financial statements have been prepared on the historical-cost basis and incorporate the principal accounting policies set out in the full integrated report which was published on 14 July 2021. The AFS are presented in the functional currency of the Company in South African Rands. These accounting policies are consistent with the previous period. A number of other new standards and/or interpretations are effective from 1 March 2020, but they have no material effect on the Group or Company's financial statements.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The accounting policies used in the preparation of these abridged financial results comply with IFRS and are consistent with those used in the preparation of the financial results of the Group for the reporting period ended 29 February 2020, with the exception of the change in accounting policy of the telephone line network asset from the cost model to the revaluation model which is detailed below.

Change in accounting policy

Telephone Line Network Asset

The change in accounting policy in relation to the fair value measurement of property, plant and equipment, and in particular the telephone line network asset, will provide users of the financial statements with more reliable and relevant information. New valuation techniques are able to provide reliable estimates of the telephone line network asset's fair value and its recoverability should the entity seek to sell the asset which it has developed over several years. The telephone line network asset consists of multiple telephone lines that allows a new entrant or existing entrant in the market to immediately access and provide connectivity services to over 16 000 customers. The Company elected to change the accounting policy from IAS16 cost model (in terms of which property, plant and equipment is carried at cost less accumulated depreciation and impairment) to the IAS16 revaluation model (in terms of which property, plant and equipment is carried at a revalued amount, being its fair value at the date of the revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses) on this class of asset so that users of the financial statements can assess the true potential and fair value of this asset that the Huge entity has developed. Should Huge consider selling the telephone line network asset in the future, the fair value provides a more accurate representation of the asset's value and it's future potential. It is for this reason that the change in accounting policy is justified. This change did not have an impact on the comparative information.

Notes to the Abridged Financial Results

Significant accounting judgements, estimates and assumptions

In preparing the abridged financial results, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those applied in the prior reporting period, with the exception of the judgements and estimates related to the residual value amendments on the telephone network asset as well as the impairments raised on work in progress and inventory, which are detailed below.

Management makes certain estimates and assumptions regarding the future. Estimates and judgements are evaluated continually based on historical experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are discussed below.

Change in estimates and assumptions

Telephone Line Network Asset

In the current year Huge Telecom migrated its customers from the Cell C mobile telephone network to the MTN mobile telephone network. As a result of the migration information became available about a recoverable amount (**residual value**) of the telephone line network asset. The information was not available historically. This has resulted in a change in estimate of the residual values in the current year. The residual value was determined by assessing independent expert valuation estimates on the recoverability of the telephone line network should Huge elect to sell the telephone line network after its depreciable term.

In terms of IAS 16, paragraph 52, the residual value of an asset may increase to an amount equal to or greater than the asset's carrying amount. If it does, the asset's depreciation charge is zero unless and until its residual value subsequently decreases to an amount below the asset's carrying amount.

The revised residual value of the telephone line network asset was computed by management and verified by an independent expert. Based on the assessment performed, the telephone line network would be worth, at a minimum, one times the annual revenue generated from the telephone line network, an amount of R209.4 million (considering the three-year historical average revenue). This value has then been adjusted for the future use of the telephone line network taking into account the useful life and condition of the asset, and results in a residual value of R180.2 million as at 1 March 2020. The total residual value of the telephone line network at the end of the reporting period, post decommissioning of telephone lines, was R168.3 million. There was no further change to the residual values for the reporting period.

As the carrying value of the telephone line network asset as at 1 March 2020 was R175.1 million and the total residual value of the telephone line network asset was R180.2 million, no depreciation was raised in the current reporting period. The residual value exceeded the carrying value throughout the year.

Until such time as the carrying amount exceeds the residual value, no depreciation will be recorded. The computation of the impact of the change in estimate on future depreciation is not able to be reliably measured.

Significant judgements

Impairment of Inventory

Telecom Grouping

Work-in-progress (**WIP**), which is classified under inventory, represents costs of constructing, installing and implementing telephone lines which are sold to customers. WIP is capitalised to property, plant and equipment through the sale of telephone lines on a net growth basis. In other words, costs are only capitalised when there is a net increase in telephone lines. As a result of the dispute with Cell C SPC and the MTN migration, Huge Telecom was unable to grow its telephone lines at anticipated levels during the current year, which reduced its ability to reduce WIP. Management has decided to impair WIP in the amount of R22.8 million in the current reporting period. The impairment is included in cost of sales.

Figures in Rand	**Reviewed 28 February 2021 (12 months) R'000**	Audited 29 February 2020 (12 months) R'000
Carrying value of work-in-progress before impairment	**66 833**	**24 672**
Impairment of work-in-progress	(22 802)	-
Carrying value of work-in-progress after impairment	**44 031**	**24 672**

Notes to the Abridged Financial Results

Significant judgements

Impairment of Inventory

Fintech Grouping

Inventory represents high-end mobile devices (**Devices**) purchased by Huge Connect in prior reporting periods which were leased to a company which was going to use these Devices in Uber vehicles. During the previous reporting period it was identified that this customer order and contract was an elaborate fraud. In effect, the Devices were ultimately stolen. Immediately upon identifying the fraud, management implemented the necessary legal and assurance mechanisms to mitigate its losses. Management elected to impair this inventory balance by R8.4 million in the current year to write it down to its net realisable value. The write-down has been included in cost of sales. The Board is confident that the remaining inventory balance is recoverable based on the actions of management. Post year end a number of devices have been recovered and progress has been made with the criminal case in relation to the fraud.

Figures in Rand	**Reviewed 28 February 2021 (12 months) R'000**	Audited 29 February 2020 (12 months) R'000
Carrying value of inventory (Devices) in the Fintech Grouping before impairment	**16 863**	**16 863**
Impairment of inventory	(8 432)	-
Carrying value of inventory (Devices) in the Fintech Grouping after impairment	**8 431**	**16 863**

Decommissioning of telephone lines

Decommissioning of telephone lines relates to the impairment of telephone lines owned by the Group, under the Telecom Grouping, as a result of customer contract cancellations during the reporting period. Telephone lines are decommissioned on a net customer churn basis i.e. where loss of customers exceeds addition of customers. As a result of the dispute with Cell C SPC and the MTN migration, Huge Telecom experienced a net churn in its customer base of 2 848 customer telephone lines. As the telephone line is measured on the fair value model, the average carrying value of the telephone lines decommissioned were written off during the current period. This amounted to R13.7 million. As a result of the decommissioned lines, the initial revaluation of the telephone line asset was impaired by R2.1 million.

Business Combinations

Huge Distribution

On 15 February 2021, Huge acquired an additional 24.88% of Huge Distribution from the trustees for the time being of the MIA Family Trust for R50, thereby increasing its shareholding to 75.13%. This transaction with non-controlling interests became unconditional on 15 February 2021.No change in control of Huge Distribution took place because of this transaction with non-controlling interest. The increase in Huge's shareholding resulted in an equity transaction between non-controlling interest and retained earnings amounting to R6 436 904 and no goodwill arose on this transaction. Huge Distribution concluded a waiver agreement with the MIA Family Trust, wherein the MIA Family Trust waived all and any claims against Huge Distribution, resulting in an R18.6 million credit to the statement of comprehensive income.

Supplementary Information (continued)

Governance

The Group 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.

Sponsor

Nedbank Corporate and Investment Banking, a division of Nedbank Limited
Nedbank 135 Rivonia Campus, 135 Rivonia Road, Sandown, Sandton, 2196

Registered office

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

Transfer Secretaries

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

Directors

Non-Executive: Dr DF da Silva (Chairman), SP Tredoux *, DR Gammie**, BC Armstrong**, CWJ Lyons** and VM Mokholo

* SP Tredoux resigned on 23 September 2020
** Independent

Executive

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

Date of release

Johannesburg
04 August 2021

Huge Group Limited
(Registration number 2006 023587 06
Share code: HUG ISIN ZAE000102042

Supplementary Information (continued)

CHANGE STATEMENT

For the year ended 28 February 2021

The change statement outlines the impact of a change in an accounting policy following the release of the Provisional Results which changes have been incorporated in the subsequent Annual Financial Statements.

Huge Technologies Proprietary Limited ("Huge Technologies") is the owner of the telephone line network used by the customers of Huge Telecom Proprietary Limited ("Huge Telecom").

The change in accounting policy in relation to the fair value measurement of property, plant and equipment, and in particular the telephone line network asset, will provide users of the AFS with more reliable and relevant information. New valuation techniques are able to provide reliable estimates of the telephone line network asset's fair value and its recoverability should the entity seek to sell the asset which it has developed over several years. The telephone line network asset consists of multiple telephone lines that allows a new entrant or existing entrant in the market to immediately access and provide connectivity services to over 16 000 customers. The Company elected to change the accounting policy from IAS16 cost model (in terms of which property, plant and equipment is carried at cost less accumulated depreciation and impairment) to the IAS16 revaluation model (in terms of which property, plant and equipment is carried at a revalued amount, being its fair value at the date of the revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses) on this class of asset so that users of the financial statements can assess the true potential and fair value of this asset that the Huge entity has developed. Should Huge consider selling the telephone line network asset in the future, the fair value provides a more accurate representation of the asset's value and it's future potential. It is for this reason that the change in accounting policy is justified. The change in accounting policy did not have an impact on the comparative figures.

The Board supports the change in the accounting policy and as a result changes were required to be made to the statements outlined below.

Changes to the statement of profit or loss and other comprehensive income

The statement of profit or loss and other comprehensive income was impacted by the following changes:

- An increase in depreciation on the telephone line network of R32.7 million, which is an asset held by Huge Technologies.
- A reduction of R2.3 million in the decommissioning expense relating to telephone lines removed from the telephone line network held by Huge Technologies, and impaired in the current year.
- A recognition of a revaluation gain of R30.3 million on the telephone line network asset in other comprehensive income.
- A reclassification of deferred taxation of R8.5 million from income tax expense in profit or loss to income tax expense in other comprehensive income.

The overall impact of the above entries did not result in a change in total comprehensive income.

Figures in Rand	Provisional Results for the year ended 28 February 2021 R'000	Annual Financial Statements for the year ended 28 February 2021 R'000	Change R'000	Change %
Decommissioning of telephone lines expense	(13 846)	(11 530)	2 316	(16.7%)
Depreciation and amortisation	11 634	(21 047)	(32 681)	(280.9%)
Income tax expense	(19 478)	(10 976)	8 502	(43.7%)
Profit attributable to owners of the parent	60 431	38 568	(21 863)	(36.2%)
Other comprehensive income	-	21 863	21 863	100.0%
Income tax expense	-	(8 502)	(8 502)	100.0%
Total comprehensive income	**64 277**	**64 277**	**-**	**0.0%**

Changes to the statement of financial position

As a result of the change in accounting policy, a reclassification of R1.7 million between the deferred tax liability and deferred tax asset and a reclassification of R21.9 million between accumulated profit and the newly created revaluation reserve was made. There was no change to the overall statement of financial position.

Figures in Rand	Provisional Results for the year ended 28 February 2021 R'000	Annual Financial Statements for the year ended 28 February 2021 R'000	Change R'000	Change %
Deferred tax asset	43 644	41 966	(1 678)	(3.8%)
Deferred tax liability	(75 372)	(73 694)	1 678	2.2%
Accumulated profit	327 261	305 398	(21 863)	(6.7%)
Revaluation reserve	-	21 863	21 863	100.0%
Total	**295 533**	**295 533**	**-**	**-**

Supplementary Information (continued)

CHANGE STATEMENT (continued)

For the year ended 28 February 2021

Changes to the statement of changes in equity

The changes to the statement of changes in equity relate to the revaluation of the telephone line network asset and the corresponding tax reclassification from income tax expense in profit or loss to income tax expense in other comprehensive income. There was no overall change to total equity.

Figures in Rand	Provisional Results for the year ended 28 February 2021 R'000	Annual Financial Statements for the year ended 28 February 2021 R'000	Change R'000	Change %
Accumulated profit	327 261	305 398	(21 863)	(6.7%)
Revaluation reserve	-	21 863	21 863	100.0%
Total equity	**964 321**	**964 321**	**-**	**0.0%**

Changes to the statement of cash flows

There were no changes to the statement of cash flows due to the changes described above. There was a reclassification of the share buy back and sale of treasury shares previously disclosed under investing activities, which has been disclosed under financing activities. There were no changes to the total cash movement for the year.

Figures in Rand	Provisional Results for the year ended 28 February 2021 R'000	Annual Financial Statements for the year ended 28 February 2021 R'000	Change R'000	Change %
Cashflow from operating activities	56 018	56 518	500	0.9%
Cashflow from investing activities	(49 966)	(32 636)	17 330	(34.7%)
Cashflow from financing activities	(28 028)	(45 858)	(17 830)	(63.6%)
Total cash movement for the year	**(21 976)**	**(21 976)**	**-**	**0.0%**

Changes to HEPS/EPS

As a result of the change in accounting policy, the telephone line network assets revaluation is included under other comprehensive income and not in the computation of HEPS/EPS. This results in the following change to previously reported amounts.

Figures in Rand	Provisional Results for the year ended 28 February 2021 R'000	Annual Financial Statements for the year ended 28 February 2021 R'000	Change R'000	Change %
Basic earnings per share	36.77	23.47	(13.3)	(36.2%)
Headline earnings per share	41.98	27.67	(14.3)	(34.1%)
Diluted basic earnings per share	36.48	23.28	(13.2)	(36.2%)
Diluted headline earnings per share	41.66	27.45	(14.2)	(34.1%)

Changes to the segment report

As a result of the above-mentioned adjustments, the Telecom Grouping was impacted.

Figures in Rand	Provisional Results for the year ended 28 February 2021 R'000	Annual Financial Statements for the year ended 28 February 2021 R'000	Change R'000	Change %
Selling and administration expenses	(92 878)	(90 563)	(2 315)	(2.5%)
Depreciation and amortisation	27 031	(5 650)	32 681	120.9%
Profit before taxation	100 202	69 837	(30 365)	(30.3%)

Glossary

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
Business Combination	A transaction or other event in which Huge obtains control of one or more businesses as defined in IFRS3
COVID-19	an infectious disease caused by a newly discovered coronavirus and which has been declared a pandemic by the World Health Organisation
The CI Trust	The ConnectNet Incentive Trust, registration number IT000255/2017(D), the beneficiaries of which are certain employees, directors and/or consultants of the ConnectNet Broadband Wireless Group. An entity controlled by Huge
Devices	High-end mobile phones
Directors	the board of directors of Huge
EBITDA	earnings before interest, taxation, depreciation and amortisation
Executive Share Option Agreements	The Company concluded Executive Share Option Agreements (the Option Agreements) with JC Herbst (the Chief Executive Officer), AP Openshaw (the Chief Operating Officer) and SL Sequeira (the Chief Financial Officer) on 29 August 2019 (the Effective Date) and the Option Agreements were approved by the Shareholders of Huge on 26 February 2020 (the Grant Date).
EPS	earnings per share
FRIP	Financial Reporting Investigation Panel
Futuregrowth	Futuregrowth Asset Management Proprietary Limited, registration number 1996/018222/07, financing agent of Huge
Group	Huge and its subsidiary companies
HEPS	headline earnings per share
Huge or the Company	Huge Group Limited, registration number 2006/023587/06, a company of which the Shares are listed on the JSE and A2X Markets
Huge Capital	Huge Capital Proprietary Limited, registration number 2018/636769/07 and a wholly owned subsidiary company of Huge
Huge Cellular	Huge Cellular Proprietary Limited, registration number 2008/004068/07, a 49% held associate company of Huge Telecom, 51% of the shares having been acquired by the company's B-BBEE partner, Windfall, during FY2019. Prior to the transaction, Huge Cellular was a wholly owned subsidiary company of Huge Telecom
Huge Connect	Huge Connect Proprietary Limited (formerly ConnectNet Broadband Wireless Proprietary Limited), registration number 2004/005721/07, a subsidiary company of Huge, of which 16.29% was acquired by Windfall in a B-BBEE transaction during FY2020. Prior to the transaction, Huge Connect was a wholly owned subsidiary company of Huge
Huge Distribution	Huge Distribution Proprietary Limited (formerly Pansmart Proprietary Limited), registration number 2015/142454/07, a 75.13% company of Huge, following the conclusion of a Sale of Shares Agreement acquiring an additional 24.88% during FY2021. 24.87% of the remaining shares are held by The MIA Family Trust
Huge Management	Huge Management Company Proprietary Limited (formerly Huge Mobile Proprietary Limited), registration number 2007/033510/07 and a wholly owned subsidiary company of Huge
Huge Media	Huge Media Proprietary Limited (formerly Eyeballs Mobile Advertising Proprietary Limited), registration number 2007/004818/07, a 96% owned subsidiary company of Huge
Huge Messaging	Huge Messaging Proprietary Limited (formerly Ambient Mobile Proprietary Limited), registration number 2008/001288/07, a wholly owned subsidiary company of Huge
Huge Mobile	Huge Mobile Proprietary Limited (now Huge Management Company Proprietary Limited), registration number 2007/033510/07 and a wholly owned subsidiary company of Huge

Glossary (continued)

Huge Networks	Huge Networks Proprietary Limited (formerly Sainet Internet Proprietary Limited), registration number 2014/009214/07, a 50.03% owned subsidiary company of Huge Telecom, 49.97% of the shares being held by Otel Communications following the conclusion of the Otel Transaction in FY2019. Prior to the transaction, Huge Networks was a wholly owned subsidiary company of Huge Telecom
Huge Payments	Huge Payments Proprietary Limited (formerly IntelPay Proprietary Limited), registration number 2014/112952/07, a wholly-owned subsidiary company of Huge, acquired during FY2020
Huge Services	Huge Services Proprietary Limited (formerly Gonondo Telecom Proprietary Limited), registration number 2006/027671/07, previously a 50% held joint venture company, of which 50% was held by Huge Telecom and which became a wholly-owned subsidiary company of Huge Telecom during FY2020
Huge Soho	Huge Soho Proprietary Limited, registration number 2002/022642/07, a 49% held associate company of Huge, 51% of the shares having been acquired by the company's B-BBEE partner, Windfall, during FY2019. Prior to the transaction, Huge Soho was a wholly owned subsidiary company of Huge
Huge Software	Huge Software Proprietary Limited (formerly Acknowledge Systems Proprietary Limited), registration number 2005/042514/07, a 75% subsidiary company of Huge
Huge Technologies	Huge Technologies Proprietary Limited (formerly Huge Software and Technologies Proprietary Limited), registration number 2008/006066/07, a wholly owned subsidiary company of Huge
Huge Telecom	Huge Telecom Proprietary Limited, registration number 1993/003902/07, a wholly owned subsidiary company of Huge
JSE	the JSE Limited, a stock exchange licensed in terms of the Financial Markets Act 19 of 2012, on which the Company has its primary listing
Listing Requirements	Listings Requirements the Listings Requirements of the JSE
The MIA Family Trust	means the trustees for the time being of The Mia Family Trust (Master's reference No. IT 4648/99), a trust duly registered in accordance with the laws of the Republic of South Africa, which holds 24.87% of the shares in Huge Distribution
MIA Telecomms	means MIA Telecomms Proprietary Limited, registration number 1998/024633/07, a private company duly incorporated in accordance with the laws of South Africa
MIA Loan	means loans that existed on acquisition of Pansmart (now Huge Distribution) on 13 May 2019
Normalised profit	is profit that excludes non-cash charges that have no effect on operating performance of the underlying companies within the Group
Transactions with non-controlling interests	Once control has been achieved and acquisition accounting applied, any subsequent transactions in subsidiary equity interests between the parent and non-controlling interests (both acquisitions and disposals that do not result in a loss of control) are accounted for as equity transactions. Consequently, additional goodwill does not arise on any increase in parent interest, there is no remeasurement of net assets to fair value, and no gain or loss is recognised on any decrease in parent interest
Windfall	Windfall 111 Properties Proprietary Limited, registration number 2013/169340/07, a private company controlled by Mr V Mokholo (a related party to Huge given that V Mokholo is a non-executive director of the Company)

huge
group

www.hugegroup.com