HUGE GROUP LIMITED
INTEGRATED ANNUAL REPORT
2022

huge group

unlocking investment opportunity

Chairman's Letter to Shareholders

Overview

It is difficult to write to shareholders without mentioning Covid-19 as it has impacted so many businesses and lives. Failing to mention the impact of Covid-19 upfront seems disrespectful to the fallen companies and lost lives. This letter marks the third year in which Huge has reflected on Covid-19 and we hope, as we are sure everyone does, that this reporting period marks the end of the Coivd-19 pandemic. Huge is pleased to report that during the current reporting period, our people, the executive teams, and our Investee Companies continued to look after each other and our investments. Huge is encouraged by the results achieved by our five main Investee Companies and their ability to demonstrate resilience during very trying circumstances. Huge looks forward to seeing real growth in the net asset value of our Investee Companies as we enter the next financial reporting period. I am grateful to the Huge team for their continued efforts.

Although the first nine months of 2021 were focused on trying to acquire a stake in Adapt IT, we were unable to acquire a meaningful shareholding and the 2.61 million shares that were acquired were subsequently sold in August 2021. For the remainder of 2021, the executive team focused on other investment opportunities and with continued stakeholder support, Huge intends to expand its portfolio of Investee Companies. I am pleased to announce that Huge was able to close the first of these opportunities with an investment in Glovent Solutions. This investment provides Huge with exposure to an exciting global growth opportunity operating in fintech, software, and xTech. There have been several other opportunities identified that are close to closing and Huge looks forward to future growth with these investments.

Investment Philosophy and Strategy

At our annual strategy conference in February 2021, the Board decided that it would no longer focus on acquiring companies in an effort to consolidate them but would rather make investments in entities with capable founders and management teams that are looking for an investment holding company to support them in the growth of their organisations. The Board also decided to diversify its portfolio by investing in connectivity, software, cloud, and xTech opportunities. Huge believes it has the right team and experience to identify, acquire, and add value to these investments and we seek to invest in entities where we see growth potential in earnings, cash flow generation, increased dividend yields, and increased valuations. Although Huge prefers "brownfield" investments which are stable, generate cash, and are growing, we will consider "greenfield" opportunities where we identify exceptional management teams who can mitigate the risks and increase the rewards. Our recent Glovent investment is in line with our new Investment Philosophy and Strategy.

2022 Performance

Huge Cellular settled its dispute with Cell C in October 2021.

Huge Telecom successfully migrated all its customers to MTN, the integration between Huge Telecom and MTN is complete, and a new sales channel has been built which has resulted in the meaningful improvement of sales, the fruits of which are evident in the second half of the reporting period.

Huge Connect's market share continues to grow, particularly after winning business from Standard Bank. Huge holds preference and ordinary shares in Huge Connect and received dividends of R38.87 million during the reporting period.

We have successfully scaled Huge Networks. The integration of the businesses of Huge Networks and Otel Communications is complete. Huge Networks' revenue is nearly three times its revenue in 2019, gross margins have held steady, and the benefits of scale are starting to positively impact the bottom line. Debt levels have decreased and we expect to receive dividends in the coming year.

Huge Distribution was established to import Panasonic equipment and to distribute it throughout South Africa. In December 2020, Panasonic decided to discontinue certain product lines which left Huge Distribution without products to sell. In January 2021, Huge Distribution secured the right to import NEC products and distribute them throughout South Africa. A new management team was hired in March 2021 and they intend to grow the company's range of products. Huge Distribution has started supplying PABXs to Huge Telecom and together they hope to penetrate Huge Telecom's customer base of over 17 000 customers.

Huge Software has focused its attention on growing a presence in New Zealand and this initiative is starting to bear fruit. We believe that Huge Software's accounting and ERP software suite can be leveraged across all our investments.

Huge's investment portfolio has been independently valued at R1.43 billion, which translates into a net tangible asset value of 897 cents per share. We continue to leverage Huge's listing and branding to secure new customers and new partnerships like MTN and NEC.

In 2021, we demonstrated our ability to identify value when we made an offer to the shareholders of Adapt IT. At the time of our first engagement with the CEO of Adapt IT, the shares of Adapt IT were trading below 200 cents per share. When Adapt IT was delisted at the beginning of January 2022, it did so at 700 cents per share.

Looking forward

Our international channel relationships and our experience in, and access to, international equity capital markets enable us to accelerate taking investments like Glovent global. Glovent represents an exciting digital platform that will appeal to international investors hungry for quality Fintech assets.

In order to be successful, we need stakeholders who can support our growth. Our announcement on 30 May 2022 that we have concluded a new facilities agreement with Rand Merchant Bank, a division of FirstRand Bank Limited, is a very exciting development. We are grateful for the journey we have travelled with Futuregrowth and for the support they gave the Company.

Dr Duarte Da Silva
Independent Non-Executive Chairman
Melrose Arch
31 May 2022

Integrated Report to Shareholders
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1. The Huge Report

The FY2022 Integrated Report is available as follows:

- Complete Integrated Report (available in a user-friendly online version and downloadable PDF at www.hugegroup.com);
- Summarised Integrated Report (available in printed format).

The complete and summarised reports include the Consolidated and Separate Annual Financial Statements, Notice of AGM and Form of Proxy.

Reporting scope

This Integrated Report is Huge's primary report to its shareholders and stakeholders for the financial period 1 March 2021 to 28 February 2022. In addition to presenting Huge's operational and financial performance, this Report provides information on Huge's business model, strategy, risk management and illustrates how Huge has created value. This Report aims to provide a balanced and accurate assessment of Huge's delivery of its strategic objectives over the short (less than 12 months), medium (one to three years) and long-term (more than three years). This Report is available at www.hugegroup.com.

Reporting frameworks

The reporting process has been guided by International Financial Reporting Standards (IFRS), the King Code on Corporate Governance 2016 (King IV), the JSE Listings Requirements, and the Companies Act 71 of 2008 (as amended).

Materiality

This Integrated Report focuses on information which the directors believe is material to shareholders' understanding of Huge's ability to create value in the short, medium and long-term. The materiality test applied by the Board is based on internal and external factors, both positive and negative that substantially affect the ability of Huge to deliver its strategy and which could have a material impact on revenue, profitability and growth. The CEO's letter, set out on pages 8 to 12, seeks to address those factors which could have a significant impact on Huge's ability to deliver its strategic objectives.

Assurance

The content of the Integrated Report has been reviewed by the Board and management but has not been subject to independent assurance. The Consolidated and Separate Annual Financial Statements have been assured by Huge's independent auditor, Moore Johannesburg Incorporated.

Forward-looking statements

The Integrated Report includes forward-looking statements which relate to the possible future financial position and results of Huge. These statements by their nature involve risk and uncertainty as they relate to events and depend on circumstances which may or may not occur

in the future. Huge does not undertake to update or revise any of these forward-looking statements publicly, whether to reflect new information or future events, other than that which is required by the JSE Listings Requirements. The forward-looking statements have not been reviewed or reported by Huge's independent auditor.

Approval

The Board of Huge Group Limited has approved the publication of this Integrated Report for the year ended 28 February 2022.

For and on behalf of the Board.

James Herbst
Chief Executive Officer

2. CEO Commentary

Revenue from Huge Group's portfolio of connectivity investments has decreased in the last 12 months – this is mainly attributable to the continued effects of Covid-19, the poor local economic backdrop, and the riots in Kwa-Zulu Natal.

The challenges faced by Huge Telecom because of its dispute with Cell C, which was settled in October 2021, and the opportunity costs of stabilising the integration of MTN's systems with those of Huge Telecom, were offset by Huge Connect onboarding several high-profile customers, including Standard Bank and Huge Networks increasing revenue by expanding managed networks service offerings to large customers, including Mediclinic and Fresenius Medical Care.

Huge Telecom's gross sales for this financial year are almost double those of last year. The negative impact of the poor local and global backdrop increased the incidence of churn, a measure of lost customers, and this offset the gains from gross sales. Huge Telecom's new service offering, an all-inclusive product, has seen a significant uptake, with 30% of the current active telephone lines being based on the all-inclusive product. In addition, Huge Telecom also introduced direct PBX solutions into the market and this initiative is gaining traction rapidly with inroads being made into the PBX market. Huge Distribution's product and managerial challenges have been overcome and the foundations of this company have been strengthened. Revenue generated in first quarter of FY2023 is nearly three times revenue generated in the first quarter of FY2022. Huge Distribution has also recently onboarded Itec SA Proprietary Limited as a distribution partner of its products. Itec has a strong brand and is a leading connectivity and solution provider in Southern Africa.

Huge Software continues to benefit from the take up of its accounting software by Huge Group and its investee companies as well as other third parties, which has been enhanced with ERP functionality. Glovent is a new addition to Huge Group's investment portfolio, and exciting things are expected from this software opportunity. February 2022 was a record revenue generating month and user acceptance is growing rapidly. It is reasonable to expect that Glovent will double its user base in the next six months.

Gross margins across the connectivity portfolio continue to hold. Huge Connect is holding gross margins above 60%, Huge Networks is maintaining gross margins of around 35%, and Huge Telecom is maintaining gross margins exceeding 70%. The gross margins of Huge Distribution, which are approaching 25%, are acceptable for a distribution company of its size.

Huge Group's portfolio continues to be focused on investments that generate revenues from connectivity. The focus going forward will be diversifying the portfolio by acquiring entities which have greater exposure to revenues generated from cloud, software, and x-tech.

2.1. Investment Approach

Huge is an investment holding company that focuses on investing in other entities (each an **Investee Entity** and collectively the **Investee Entities)** with founders and management teams that want to create market-leading organisations. Huge's purpose is to realise and deliver value to its shareholders through these investments. There must be tangible proof that an opportunity is sustainable and, crucially, that the opportunity can successfully be made commercial in order for it to be pursued.

Huge's cash and return focus means it avoids investment opportunities that (i) are net asset value dilutive in the long-term, (ii) might negatively affect net asset value in the longer term, (iii) might impose excessive capital commitments, or (iv) will, based on forecast cash flows, result in negative internal rates of return **(IRR)** or net present values **(NPV).** The purpose is to grow Huge's intrinsic net asset value by investing in a combination of established cash-generating companies that feed the growth in more cash-hungry developing companies to ultimately enhance returns to shareholders.

Huge believes that it can distinguish itself from other investment holding companies through its understanding of markets in connectivity, cloud, software and xTech**,** its management, and its investment team which has a significant track record of building value in investment entities and generating superior shareholder returns. Huge deploys capital by making investments in Investee Entities which are expected to yield a minimum positive investment return**.** If the investment return expectation (**IRE**) is achieved, Huge may seek to liquidate its investment or it may redeploy its capital if the future IRE is less than the IRE. If the future IRE is higher than the future IRE from an alternative redeployment of capital then Huge will remain invested. If it is evident that the IRE will not be achieved, Huge undertakes additional exit strategies to limit its downside. Huge does not subscribe to a portfolio approach to achieving its IRE.

2.1.1. Mission statement

Huge owns and acquires meaningful interests in businesses in the converging connectivity, cloud, software and xTech markets, centered around the following investment values:

- Focus on the strategic oversight of existing businesses and expanding the portfolio through acquisition;
- Amplify value by leveraging customer 'real estate' and the scale of the broader Huge ecosystem;
- Empower and support the co-investors who lead the businesses;
- Facilitate collaboration between investment entities.

Huge has the right people to make this happen.

2.1.2. Investment Philosophy

Huge invests in entities where it identifies growth potential in earnings, cash flow generation, increased dividend yields, and valuations over the long term. Huge prefers 'brown field' investments that are more stable and established in terms of cash generation and revenue growth, but it is not adverse to 'green field' opportunities if the risk-reward trade-off is acceptable. This includes listed or unlisted opportunities.
Huge:

- prefers Investee Entities with strong annuity revenue;
- 'backs the jockey' and demands a sound and experienced management team; with 'skin in the game' that can be trusted to run the acquired Investee Entity;
- prefers to make investments on the basis of 'shared risk'.

Acquiring 100% of investee companies is not Huge's investment strategy and it aims to invest in companies without being restricted by any required size or level of shareholding.

Huge fosters relationships and endeavours to add value to the Investee Entities by providing corporate finance and strategic input, including deal-making, capital allocation and treasury services.

2.1.3. Investment strategy

Huge will structure its investment in Investee Entities so that they are free-standing, ring-fenced from risk and separately monitored. It seeks to invest in entities where founders retain, or key management hold, meaningful interests or where the Investee Entity is owned with other chosen financial investors who share proportionately in the risk and reward of the Investee Entity.

Huge does not seek managerial responsibility for the day-to-day affairs of an Investee Entity. Huge will apply a hands-on investment approach to assist the management teams of its Investee Entities and provide strategic input, without assuming direct operational responsibility. Huge will be investment interventionist as opposed to operationally interventionist. It will apply a flexible investment approach relating to the timing and duration of investments.

Huge does not follow a trading approach to its Investee Entities. It does not acquire or dispose of investments in accordance with a private equity philosophy (where investment time horizons typically span 5-7 years), nor is it constrained by any required balance between listed and unlisted holdings. It holds its investments subject only to continual review of the quality of the underlying businesses, and to any constraints or obligations in shareholder agreements or stock exchange prohibited periods. When necessary, Huge will make changes to its holdings of Investment Entities notwithstanding any short-term accounting consequences. Huge will not issue shares for acquisitions or investments, or for the purposes of raising funds, unless the value received meaningfully exceeds the value given.

Huge will actively engage with Investee Entities in relation to their corporate activity and other strategic initiatives and leverage its existing ecosystem and brand to create a unique, well-diversified investment vehicle which will be an attractive proposition for institutional investors. Huge provides treasury services to its Investee Entities in any shape or form.

Huge has established an investment monitoring team which reports to the Investment Committee of the Board. The purpose of the investment monitoring team is to manage the performance of the current Investee Entities in which Huge has invested in terms of profit objectives, return on investment, return on cash, cash payback, dividend yields and intrinsic net asset value measured by IRE, IRR and NPV.

2.1.4. Investment focus

Huge's investment focus is maintaining and growing a portfolio of equity interests in listed and unlisted companies, local and foreign, with sound historical growth records or expected growth prospects that can generate cash and above-average investment returns measured by IRE, IRR and NPV. Huge will also hold cash in any currency, bonds, debt instruments and may also participate in various funds. Depending on market conditions, Huge will not be limited by size, spread and stage of the business lifecycle, availability of suitable opportunities, the investment maturity cycles of its portfolio, excess liquidity not invested in its primary portfolio and relevant macro-economic cycles. Huge will also engage in corporate finance and acquisition and disposal activities relating to its Investee Entities.

2.1.5. Sector focus

Cloud technologies

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, and deliver content and services like music and video streaming, webmail, software and social media.

Connectivity

Connectivity 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.

Software

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

xTech

xTech is the opportunity where digital and other emerging technologies converge and transform diverse traditional industry sectors, through new processes, products, channels and business models.

2.1.6. Investment Returns (Performance Metrics / Parameter)

Huge is motivated to maximise financial returns for a given level of investment risk and will look to exit an investment when the IRE cannot be achieved. Huge forecasts expected returns by discounting its own projected cashflows (cash invested and cash returned). The discounting process accounts for the time value of money or expected market returns from similar opportunities that are available.

The key parameters associated with Huge's expected returns include:

- A discount rate used to calculate the present value of future expected cashflows which reflects the risk associated with the timing and amount of cashflows, future market conditions and inflation;
- The NPV that is generated by applying the discount rate to future expected cashflows, including dividends and proceeds on disposal, calculating the cash gain/loss relative to its initial investment;
- Its established exit value model;
- The IRR at which the NPV will be zero (i.e. the point at which its investment is break-even);
- Huge Group's target investment returns over a five-year rolling period is an IRR of 15%.

2.2. Investment Team

JAMES HERBST

CEO

James has built Huge 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

COO

Andy joined Huge in March 2019 and has been instrumental in the structuring of, and continued growth across Huge's Investee Companies. Prior to his appointment, he was the CEO of the Reunert Communications Cluster, and ECN. He has experience as a founder, a leader, an acquirer and a seller of corporate assets.

SAMANTHA SEQUEIRA

CFO

Samantha joined Huge as CFO in March 2019. She has overseen Huge's transition from a consolidated group of companies to an investment holding company, and has worked tirelessly to ensure financial reporting which is accurate, comprehensive and informative.

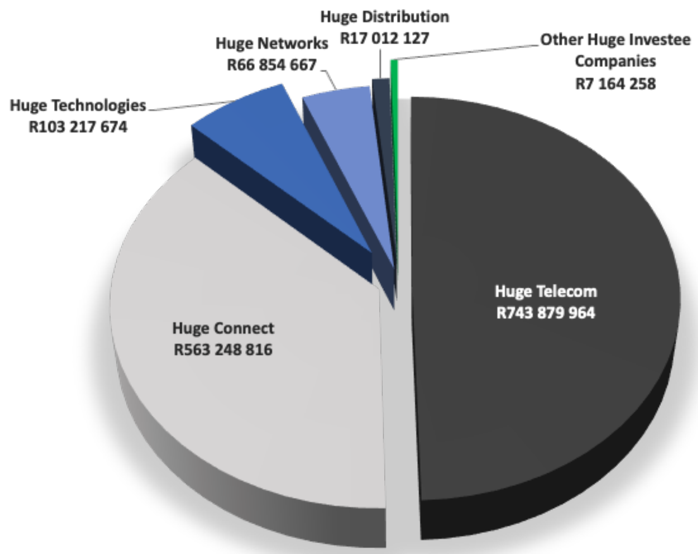
DARREN ARMSTRONG

SENIOR INVESTMENT ANALYST

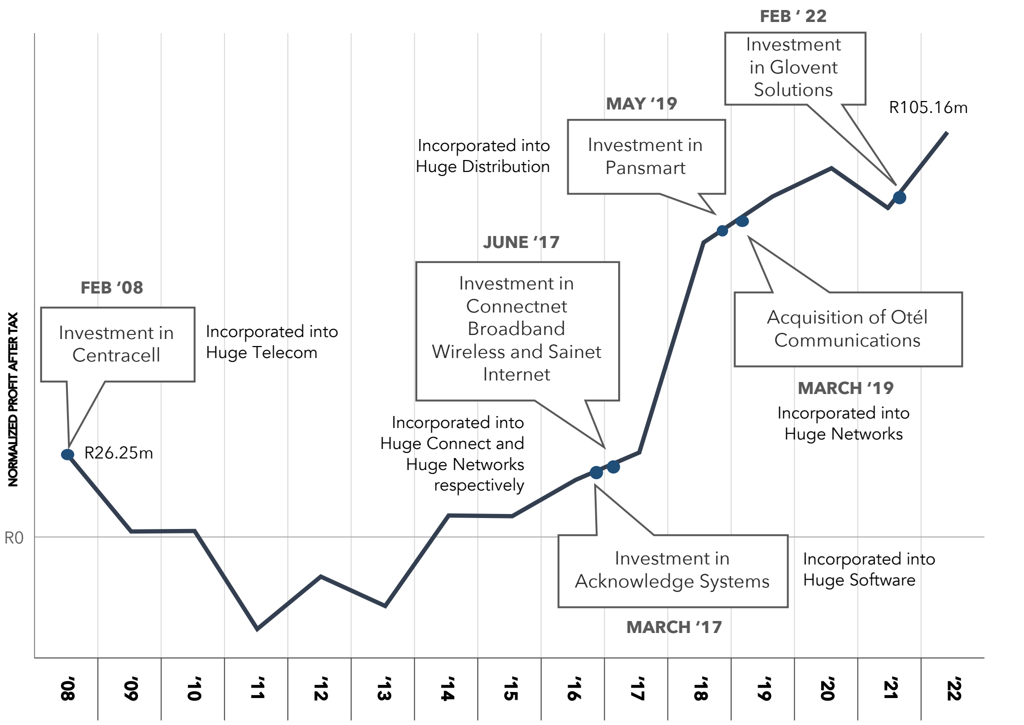
Darren has been with Huge since the start of 2019 and has filled various functions over the last 3 years. He holds an honours degree in Finance and Accounting from the University of Cape Town and has been working diligently at finding opportunities and developing Huge's investment processes.

3. Investment Portfolio

3.1. Attributable Values of Investment Portfolio



Other Huge Investee Companies include:
Huge Software
Huge Messaging
Glovent



Huge Group Limited value creation timeline

3.2. Investee Companies

3.2.1. Huge Telecom

Huge Telecom is the biggest provider of GSM fixed-mobile, last-mile telephony solutions in the South African B2B market. GSM technology provides wireless telephone line connections from the customer's premises to the core of a mobile network. Huge Telecom delivers cost-effective business fixed-line connectivity and PBX services.

Its customer base consists of thousands of customers across the small-medium enterprises (SME's), corporate, and residential segments in South Africa, who require a fixed location telephony service.

Huge Telecom's strategic aim is to become the B2B supplier of choice for all fixed-line connectivity, onsite PBX sales and support, across South Africa. This will be done by offering competitive and cost-effective solutions with exceptional service to customers.

FY2022 Highlights	Key Risks	New Products and Opportunities
Revenue of R167 million, of which 63% is fixed annuity income. *Gross profit margins of 74%.* *Launched a direct sales team with very positive results and scope to scale.*	*The tough economic conditions persist, leading to high customer churn.* *Tech innovation and competition.* *Ageing infrastructure.* *Managing technology migration (2G/3G/5G).*	*A full PBX turnkey solution including PBX installation, servicing, sales and rentals – consolidating a fragmented market.*

3.2.2. Huge Connect

From SMME to Enterprise, Huge Connect provides dependable internet solutions and business connectivity across South Africa with secure connectivity for payment systems. It is a leader in the provision of secure data communications over GSM Data Services. It has a strong presence in the retail, financial and fuel industries.

Huge Connect's core network ensures all its clients benefit from a safe and secure online environment from the largest South African banks to the smaller SME's. It also provides a managed wide area network solution consisting of multiple access mediums, all interconnected into a single platform.

Huge Connect's strategic goal is to expand on the product offerings to its customer base to include connectivity and failover solutions, voice and secure data offerings as well as expanding the IoT SIM offerings into Africa using reliable and cost-efficient Global SIM partners and to achieve a BBBEE level 4.

FY2022 Highlights	Key Risks	New Products and Opportunities
Revenue of R151m, of which 93% is fixed annuity income. *Gross profit margins of 68%.* *Development of customer empowering portal to fully manage their devices and SIMs.* *Partnered with 2 global SIM providers to expand services into Africa.*	*The tough economic environment persists, leading to high customer churn/spend reduction.* *End of life of legacy communication devices.* *Customer concentration risk.* *Ageing GSM infrastructure.* *Managing technology migration (2G/3G/5G).*	*Firewall solutions and fixed LTE.* *Customer portal – an advanced device/SIM Management platform.* *Enhanced, firewall and SD WAN solutions.* *IoT/PoS.*

3.2.3. Huge Networks

Huge Networks provides telecommunications services - data, Internet, and voice; wide area networks with failover and security; as well as edge data services to gated communities and precincts.

Its telecommunication services cater to three business verticals:

- Large - metro fibre services;
- Medium - fibre to the business;
- Small - fibre to the home and home office.

Its voice and security services cater to all the above business verticals.

Huge Networks primary focus for FY2023 is to position the company as a security and data service provider, offering secure data, voice and network services. With further focus on increasing average revenue per user and securing new business with a differentiated product and service approach. It strives to provide full-suite security products and software defined wide area networks (SDWAN) with its data services.

FY2022 Highlights	Key Risks	New Products and Opportunities
Revenue of R105m, of which 86% is fixed annuity income. *Normalised EBITDA Growth of 16%.* *Streamlining the product and service portfolio.* *Enhanced inhouse software platforms.*	*Poor economic conditions in South Africa.* *Legacy products churn.* *Price erosion and margin squeeze.*	*Fixed-LTE with in house management at wholesale and retail level.* *A new full suite of security products.* *Fibre to the Mall solution.* *SDWAN services.* *The consolidation of services in combination with new offerings will create differentiation and stickiness with clients.*

3.2.4. Huge Software

Huge Software continues to evolve as a software company, developing, implementing and supporting an ERP (Enterprise Resource Planning) software solution, that centralises an organisations database of information, automates daily tasks and simplifies business processes.

Its accounting software solution provides a reliable, stable and secure platform with user friendly and easy-to-understand menus and prompts. These bespoke systems are developed in-house and have full API integration capability.

Its customer base comprises of businesses in the mid-tier market in manufacturing, engineering, wholesale distribution and professional services. Huge Software's focus on rebranding of its product as an ERP solution will bring new customers and sales.

FY2022 Highlights	Key Risks	New Products and Opportunities
Revenue of R3.6m, of which 78% is fixed annuity income. *Gross profit margins of 89%.* *Rebranding our software as an ERP system and not just an accounting system.*	*Clients outgrowing the system due to functionality.* *Staff experience in the ERP field to support clients in high end processes.*	*Overhaul of the system to the latest web browsers and new branding.* *Software integration with other software vendors to increase functionality of the system.* *International business in New Zealand and Australia.* *Targeted solutions for vertical markets.*

3.2.5. Huge Distribution

Huge Distribution is a distributor of PBX, video conferencing and CCTV in Southern Africa, providing product delivery, effective solutions and exceptional service to its exclusive reseller network. Its team provides sales and technical support, and its account managers provide the expertise and assistance its Business Partners require, to build successful businesses.

Huge Distribution operates a reseller program and is in the process of expanding its Business Partner channel across Southern Africa.

Huge Distribution is a customer focused company with an actively expanding customer base, it has the ability to source and supply world-class products and solutions from leading global vendors in an ever-changing environment, where its core focus is service delivery. It is well placed to deliver strong results organically and through strategic acquisitions.

FY2022 Highlights	Key Risks	New Products and Opportunities
Revenue of R14 million. *Appointment as NEC Distribution partner.* *Rebranding to Huge Distribution.* *New management team.* *Business restructure with improved efficiency and cost savings.*	*Economic challenges resulting in reduced company spending and changing work environments.* *Fast-paced technology changes and end of life products.* *Increased shipping costs and chipset shortages leading to increased product pricing.*	*Secured the distribution rights for NEC. Other notable partnerships include Yealink, Yeastar, Gigaset and Konftel along with specialised Panasonic CCTV products.* *New strategic vendor partnerships.* *Increased product offering.* *White label products.* *Expansion to rural areas and into Africa.*

3.2.6. Glovent Solutions

Glovent Solutions offers communities a range of tools and services to help them run more efficiently, including a Glovent Community Management System (CMS), a Glovent Visitor Access System (VAS), e-wallet functionality, energy usage and sustainability improvement, utility management, facility management, SOS and emergency response features, direct access to 3rd party service providers through API integration on many levels, directories, classifieds and even deliveries through partnerships with leading retailers. All of these services and tools are embedded in the Glovent Mobile Application.

Glovent's current customer base consists of predominantly high-end residential estates. It can however serve communities of any size, from schools to music festivals, to sports clubs and even entire municipalities.

Glovent's focus is on driving marketing and sales to expand the number of communities that use the applications various functionalities, with particular focus on the use of the Glovent e-wallet.

FY2022 Highlights	Key Risks	Opportunities
Revenue of R19 million. *Gross profit margin of 33%.* *Community growth from 16 in March 2021 to 160 a year later, comprising more than 80 000 residential properties and 78 000 citizens.* *Secured further equity investment to help drive growth.* *Streamlined management structure.*	*Possible threat of cyber security breach.* *Tough economic conditions in a competitive industry.*	*Community creation for municipalities and other larger groups.* *Improved software stability and functionality.* *Leveraging network effects to increase user-base.*

4. Corporate Governance

4.1. The Board of Directors

DUARTE DA SILVA

INDEPENDENT NON-EXECUTIVE CHAIRMAN

Duarte has a comprehensive investment track record spanning over 25 years. His ability to identify nascent and neglected assets, thereby creating wealth for stakeholders, is well recognized. With a deep understanding of global investors and African markets, he is ideally positioned to extend his network, and provide his deal making experience to the Company.

BRIAN ARMSTRONG

INDEPENDENT NON-EXECUTIVE DIRECTOR

Brian has over 30 years of experience in the tele-communications industry. He was the Group Chief Operations Officer and Commercial Officer at Telkom SA, as well as being the Vice President for the Africa and Middle East region for BT Plc. Brian also currently serves on the boards of Old Mutual, Bankserve Africa and Tshimologong Innovation Precint.

CRAIG LYONS

INDEPENDENT NON-EXECUTIVE DIRECTOR

Craig co-founded, led and managed two South African investment firms, and has a strong track record in sourcing, negotiating, managing and exiting private equity transactions. Having 29 years of experience of leading buy-ins and buy-outs, as well as founding and managing some leading African companies, with a combined value of R31 billion, he is well placed to add value to the Company.

VINCENT MOKHOLO

NON-EXECUTIVE DIRECTOR

Vincent has a long history with Huge. 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.

DENNIS GAMMIE

INDEPENDENT NON-EXECUTIVE DIRECTOR

Dennis was the CFO at Aveng Group, financial director of Murray and Roberts Materials and financial director of an Imperial Group subsidiary, and was also acting MD of various Aveng Group subsidiaries.

JAMES HERBST

EXECUTIVE DIRECTOR AND CEO

James has built Huge 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

EXECUTIVE DIRECTOR AND COO

Andy joined Huge in March 2019 and has been instrumental in the structuring of, and continued growth across, Huge's Investee Companies. Prior to his appointment, he was the CEO of the Reunert Communications Cluster, and ECN. He has experience as a founder, a leader, an acquirer and a seller of corporate assets.

SAMANTHA SEQUEIRA

EXECUTIVE DIRECTOR AND CFO

Samantha joined Huge as CFO in March 2019. She has overseen Huge's transition from a consolidated group of companies to an investment holding company, and has worked tirelessly to ensure financial reporting which is accurate, comprehensive and informative.

4.2. Governance Report

4.2.1. King IV and Governance requirements

Huge and its Investee Companies value the principles of sound corporate governance as a means of ensuring the delivery of sustainable value to stakeholders. Governance at Huge is subject to the oversight of the Board, which exercises control through the appropriate level of delegation to committees and executive directors. Huge believe that creating sustainable value for itself enhances its ability to create value for others.

A comprehensive list of the Board's approach to adopting the principles and recommendations of King IV can be found on www.hugegroup.com/huge-group-unlocking-business-opportunity-governance-charters/.

During the period under review, the Board continued to implement governance procedures to align with the recommended practices of King IV and is cognisant that certain recommended practices still require development.

In ensuring that the Group meets its governance requirements, management has regard to the following legislation, regulations and internal standards:

- Vision and mission;
- Companies Act;
- JSE Listings Requirements;
- A2X Market Listing Requirements;
- King IV;
- 10 Principles of the United Nationals Global Compact;
- Regulatory licence terms and conditions;
- Code of Ethics.

4.2.2. The Board

The Board is the highest governance authority in the Company and remains responsible for the Company's adherence to principles of good governance, ensuring that decisions taken are made with reasonable care, skill and diligence.

The MOI of Huge requires the Board to have a minimum of five directors. The Board currently comprises eight members, of whom three are executive directors; five are non-executive directors, four of which are independent, ensuring a balance of authority which precludes any one director from exercising unfettered power of decision-making. Directors are appointed to the Board following a formal process, which is overseen by the Nomination Committee. Directors are required to dedicate sufficient time to meeting the Board's requirements. Each director is required to contribute a high degree of knowledge, skill and experience to the Company as a whole.

The role of the Chairman and the Chief Executive Officer are separate.

The Board views the role of its non-executive directors as essential to protecting shareholders' interests, including those of minority shareholders. Members of the Board must remain up to date with the Company's activities and developments through regular interaction with the executive directors and senior management. Directors are entitled to receive independent professional advice at the expense of the Company and have unrestricted access to management, the independent auditor and the company secretary.

The Board composition is set out on pages 21 to 22 of this Report, including a brief CV of each director. The categorisation of directors is made in line with the Companies Act, King IV and the Listings Requirements. The Board Charter places specific responsibilities on the Chairperson, the Chief Executive Officer and the Company Secretary in respect of overseeing the implementation of sound corporate governance practices. The Chairperson is required, *inter alia*, to set the ethical tone for the Board and the Company, provide overall leadership to the Board, ensure that conflicts of interest are managed appropriately and ensure that members of the Board play a full and constructive role in the affairs of the Company. The Chief Executive Officer is required, *inter alia*, to oversee the implementation of the Board approved strategy and supporting policies.

4.2.3. Chief Financial Officer

Samantha Sequeira was appointed as the Chief Financial Officer on 25 March 2019. The Audit Committee has evaluated the expertise and performance of Mrs Sequeira over the past financial year and is satisfied that she has the appropriate knowledge, skills and experience to perform the functions required by her position. The Audit Committee is also satisfied that Mrs Sequeira is supported by adequate and competent staff.

4.2.4. Company Secretary

The Company Secretary is required, *inter alia*, to oversee Board governance and guide the directors collectively and individually on their duties, responsibilities and powers. All members of the Board have unrestricted access to the Company Secretary, who provides guidance on the duties and responsibilities of the directors.

Having considered the performance of Ms Hansa during the reporting period, the Board is satisfied that Ms Hansa was competent, suitably qualified and has the necessary knowledge, skills and experience to adequately perform the functions required by the position. Ms Hansa is not a director of the Company or any subsidiary company thereof and has had an arm's length relationship with the Board.

4.2.5. Board appointments and rotation

The Nomination Committee oversees the formal process for appointing and evaluating directors. The Company's MOI requires that at least one third of non-executive directors must retire at the Company's AGMs on an annual basis. These retiring members of the Board may be re-elected. The Board, through the Nomination Committee, recommends directors for re-election, taking into account their past performance and contribution to the Board.
Accordingly, the Board recommends that Brian Armstrong and Craig Lyons, who are standing for re-election at the AGM, be duly re-elected to the Board by shareholders.

4.2.6. Diversity Policy

The Board recognises the value of diversity to the quality of its decision-making processes, as well as a positive contribution to transformation. Improving the Company's B-BBEE profile is a key strategic objective of its Strategy. The Board continuously seeks to improve upon its current level of diversity and is supported in this process by its Diversity Policy, as well as the functions of the Nomination Committee and the Social and Ethics Committee.

4.2.7. Succession Planning

The Board, through the Nomination Committee, undertakes a comprehensive review of executive and senior management positions on an annual basis. Key individuals have been identified who could fulfil short-term appointments on an emergency basis, as well as individuals who could provide long-term succession to these positions. Personal development plans for these individuals remain ongoing in order to ensure that they are adequately prepared to assume responsibility for the relevant positions.

4.2.8. Directors dealings in Shares

Closed periods and prohibited periods are imposed by the Company in line with the Listings Requirements. Notifications of these periods are distributed to the Board, the directors of Investee Companies as well as employees. Share dealings are managed by a formal policy on share trading and confidentiality and any directors' dealings require the pre-approval of the Chairman. The Company Secretary maintains a register of directors' dealings.

4.2.9. Board remuneration

Non-executive members of the Board are remunerated for their services to the Company by way of a monthly retainer and an attendance fee. Where required, reasonable travel expenses are paid by the Company. Shareholders approve non-executive director fees on an annual basis at the AGM. Further information on the non-executive director fees are set out in the Remuneration Report on pages 39 to 41.

4.2.10. Attendance at Board meetings and Board committee meetings

Directors	Board meetings	Special meetings	Audit Committee	Risk Committee	Investment Committee	SocialandEthics Committee	Remunderation Committee	Nomination Committee
No. of meetings FY2022	4	3	4	2	2	2	2	2
Duarte da Silva	4	3	-	-	2	-	2	-
James Herbst	4	3	-	2	2	-	-	-
Samantha Sequeira	4	3	-	2	2	2	-	-
Andy Openshaw	4	3	-	2	2	2	-	-
Brian Armstrong	4	3	4	2	2	-	2	-
Dennis Gammie	4	3	4	2	-	-	2	2
Craig Lyons	4	3	4	2	2	2	-	2
Vincent Mokholo	3	3	-	-	-	2	2	2

4.3. Application of King IV ™

King IV Principle and/or recommended principle	JSE Listings Requirements	Principle	Huge application	Actions or enhancements for the future
Principle 6 RP2 Principle 7 RP6 Principle 8 RP44(c)	3.84(a)	A policy must be in place which evidences the clear balance of power and authority at Board level to ensure that no one director has unfettered powers of decision-making.	The processes and procedures set out in the Board Charter ensure that in undertaking its duties, the Board maintains a balance of power and authority and no one director has unfettered powers of decision-making.	The Board will continue to monitor this requirement and ensure that it remains upheld.
Principle 7 RP31 to 34	3.84(b)	The Company must have appointed a separate CEO and Chairman. The Chairman must be independent, alternatively a lead independent director must be appointed.	The Company has appointed a separate CEO and Chairman.	The Board will continue to assess the independence of its leadership on a regular basis.
Principle 8 RP51	3.84(c)(i)	The Company must appoint an Audit Committee.	The Company has established an Audit Committee which meets the requirements of the Companies Act and King IV.	The Committee continues to monitor compliance with its roles and responsibilities. Future focus will be given to the advancement of the Company's assurance processes.

Continued on next page.

King IV Principle and/or recommended principle	JSE Listings Requirements	Principle	Huge application	Actions or enhancements for the future
Principle 8 RP36(b) RP65	3.84(c)(ii)	The Company must appoint a Remuneration Committee	The Company has established a Remuneration Committee. The Board Chairman is the Chairman of the Committee. However, the Board is of the view that Dr da Silva is the most suitable person for this role.	The Committee will continue to monitor the implementation of performance measurements and give consideration to suitable incentive schemes.
Principle 8 RP68	3.84(c)(iii)	The Company must appoint a Social and Ethics Committee.	The Company has established a Social and Ethics Committee which meets the requirements of the Companies Act and King IV.	The Committee continues to monitor compliance with its roles and responsibilities. Future focus will be given to the advancement of the Company's BBBEE compliance, and improvements in its racial and gender diversity.
Principle 7 RP20	3.84(d)	A brief CV of each director standing for election or re-election must accompany the Notice of the Annual General Meeting.	This has been included on page 21 of this Integrated Report.	-

Continued on next page.

King IV Principle and/or recommended principle	JSE Listings Requirements	Principle	Huge application	Actions or enhancements for the future
Principle 7 RP7(b) RP27 RP30(c)	3.84(e)	The capacity of each director must be categorised as executive, non-executive or independent.	The Board Charter provides for each director to be categorised as executive, non-executive and independent directors in accordance with the requirements of the Companies Act and King IV.	The Board will continue to consider the balance of executive, non-executive and independent directors.
Principle 8 RP59(f)	3.84(f) and (g) (i) and (ii)	The Company must appoint an executive financial director and the Audit Committee must confirm that it is satisfied with the expertise and experience of the financial director; and that it is satisfied that the appropriate financial reporting procedures are in place and operating.	The Audit Committee Charter and annual work plan require the Committee to make the requisite assessments on an annual basis.	The Audit Committee will continue to assess the expertise and experience of the financial director and the appropriateness and operation of the financial reporting procedures.
Principle 8 RP59(a)	3.84(g)(iii)	The Company must satisfy itself that the auditor is independent of the company and must request confirmation of independence from the auditor upon appointment and annually thereafter for every re-appointment.	The Audit Committee Charter requires the Audit Committee to review the independence of the auditor on appointment and on an annual basis, when recommending the re-appointment of the auditor to shareholders.	The Audit Committee will continue to assess the independence of Moore Johannesburg Incorporated on an annual basis.

Continued on next page.

King IV Principle and/or recommended principle	JSE Listings Requirements	Principle	Huge application	Actions or enhancements for the future
Principle 10 RP98	3.84(h)	The Board must consider and satisfy itself, on an annual basis, as to the competence, qualifications and experience of the Company Secretary.	The Board Charter requires the Board to consider the competence, qualifications and experience of the Company Secretary on an annual basis.	The Board will continue to assess the performance of the Company Secretary on an annual basis.
Principle 7 RP10 RP11 RP30(b)	3.84(i)	The Board must consider and explain how it has applied the diversity policy on race, gender, culture, age, field of knowledge and skills and experience in the nomination and appointment of directors and report on progress thereof on agreed voluntary targets.	The Board Charter requires the Board to consider the broader diversity criteria in making appointments.	This matter is monitored on an ongoing basis by the Nomination Committee and the Social and Ethics Committee. Performance against specific targets will be provided in future reporting.
Principle 7 RP10 RP11 RP30(b)	3.84(j)	The Board must consider and explain how it has applied the policy on racial diversity in the nomination and appointment of directors and report on progress thereof on agreed voluntary targets.	The Board Charter requires the Board to consider racial diversity in making appointments.	This matter is monitored on an ongoing basis by the Nomination Committee and the Social and Ethics Committee. Performance against specific targets will be provided in future reporting.

Continued on next page.

King IV Principle and/or recommended principle	JSE Listings Requirements	Principle	Huge application	Actions or enhancements for the future
Principle 14 RP37	3.84(k)	The Remuneration Policy and Implementation Report must be tabled for separate, non-binding advisory votes by shareholders at the annual general meeting.	The Remuneration Committee is responsible for the development of the Remuneration Policy and overseeing the implementation thereof. The Remuneration Policy makes provision for Board engagement with shareholders where the Remuneration Policy and Remuneration Implementation Plan receives less than 75% approval.	The Remuneration Committee will consider any feedback received in respect of the Remuneration Policy and the Remuneration Implementation Plan.

5. Audit Committee Report

The Audit Committee is mandated to assist the Board by reviewing and advising on financial reporting, oversight of governance, financial risk management processes and internal financial and non-financial controls, independent audit functions and statutory and regulatory compliance.

The Committee operates within defined terms of reference and authority granted to it by the Board in terms of a written charter. It meets at least four times a year, and the external auditors, Moore Johannesburg and the CFO attend as well. The Chief Executive may also attend by invitation from time to time. The external auditors have unrestricted access to the Committee.

Selected scope audit services are performed for the Company by Moore Johannesburg for assurance purposes. Moore reports to the Chairman of the Committee and administratively to the CEO. The relationship is sound, and no disagreements were recorded during the year.

The external auditors attend when presenting their reports and opinions. The auditors follow a plan performed over a three-year cycle, focusing on areas identified and prioritised based on those areas viewed as higher risk and where there is an aim to improve internal controls in a specific area. The plan is flexible to accommodate changing circumstances or risk profiles. Their reports provided unqualified assurances to the Audit Committee and Board.

The principal functions of the Committee are to review the interim and annual financial statements and accounting policies, monitor the effects of internal controls, assess the risks facing the business, assess the expertise and experience of the CFO, discuss the findings and recommendations of the auditors and review corporate governance procedures. The Audit Committee also has the responsibility for recommending the appointment of the external auditors and for ensuring that there is appropriate independence relating to non-audit services provided by the auditors.

The Committee regards the CFO, Samantha Sequeira, as suitably qualified and experienced and the finance function to be operating effectively.

The Committee regards the process resulting in the presentation of the Integrated Report to be satisfactory and that the level of combined assurance is appropriate relative to the scale of the Group and its identified risks and mitigating controls.

It regards the relationship between the external assurance providers and the Company as sound and conducive to optimising the level and quality of assurance and no separate external assurance is necessary on sustainability issues due to the limited size and focus of Huge's operations as an Investment Entity. The Committee does not regard the Company as having any current unmitigated risks arising from sustainability considerations. The Committee is of the view that it complied with all its legal, regulatory and governance responsibilities during the period.

The Committee comprises the following members:

	Attendance
D Gammie *(Independent Non-Executive Chairperson)*	4/4
B Armstrong *(Independent Non-Executive)*	4/4
C Lyons *(Independent Non-Executive)*	4/4

While the Committee is satisfied that it has met its objectives for FY2022, it intends to continue enhancing its efficiencies in reviewing internal controls.

6. Risk Committee Report

The Risk Committee operates within defined terms of reference and meets twice annually. It is mandated to assist the Board in managing any unexpected risks which may have a signficant impact on business continuity and the achievment of the Huge Strategy.

The Committee comprises the following members:

	Attendance
D Gammie *(Chairperson)*	2/2
B Armstrong	2/2
C Lyons	2/2
J Herbst	2/2
A Openshaw	2/2
S Sequeira	2/2

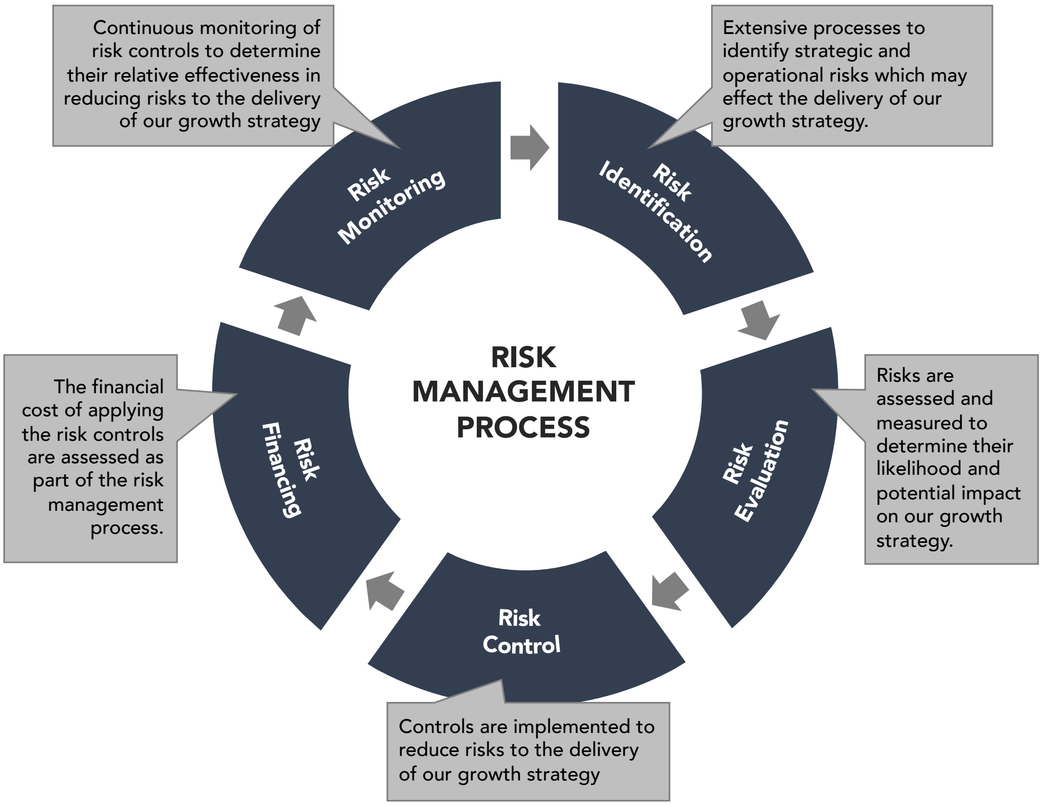
6.1. Approach to Risk Management

The Board considers risk management as an integral component of its decision-making processes. The Board has mandated the Risk Committee to assist in the management of any unexpected risks which may have a significant impact on business continuity and the achievement of Huge's Investment Policy.

A framework for managing risk facilitates rational decision-making and limits the possibility of loss or damage to the business. Huge defines risk as uncertain future events that could influence its ability to achieve its objectives.

Huge's risk management process intends to mitigate and manage the potential negative effects of risk factors, whilst providing space for it to meet its objectives and capitalise on any possible opportunities it encounters.

The Company understands that there are risks inherent in business and that taking risks is a prerequisite to achieving strategic objectives. The Executive and the Risk Committee evaluate risks routinely and determine appropriate risk treatment strategies.



The Huge risk management process

Risk Appetite

Precise measurement is not always possible and risk appetite is defined by a broad statement of approach; risk appetite is a consequence of a rigorous risk management analysis, not a precursor. Huge has an appetite for some types of risk and is averse to others, depending on the context and the potential losses or gains.

Extent of risk appetite	Risk tolerance level	Risk management approach	Management action
No appetite	Zero tolerance	Highly cautious	Crisis management
Low appetite	Low tolerance	Cautious	Board approval
Moderate appetite	Moderate tolerance	Conservative	Managing director approval

Risks are classified in a risk register. Each risk is considered and ranked in terms of its likelihood and impact by attributing an inherent risk score to each risk. Risk mitigation measures are considered and agreed upon, and the residual likelihood and residual impact are considered, resulting in a residual risk rating that is acceptable and approved by the Board.

Sound risk management provides a managed and controlled platform from which Huge is able to achieve its strategic objectives.

6.2. Risk framework and the governance of risk

The Board is responsible for the risk framework and governance relating to risk. It delegates the responsibility for monitoring the risk management process to the Risk Committee and the specific management of risks to the executive directors of Huge and its Investee Companies.
The Board reviews risks and the mitigating controls presented by management in the Huge risk register or as identified by the Board.

The Board regards the monitoring and control of risks by management as a part of the ongoing operations of the Company and believes they are well managed. The Board is not aware of any unmanaged risks that exceed the Company's risk appetite.

The Board is comfortable with the level of combined assurance obtained from management, the Risk Committee, the external auditors, and its attorneys, when considered against the Company's key risks and its control environment.

The Board is of the view that all the risks listed have been mitigated to the extent possible and that all residual risks have adequate controls or are monitored closely.

The Board is not aware of any impending material risks that have not been disclosed.

No matters have come to the attention of the Risk Committee or the Board that has caused them to believe that the Company's system of internal controls and risk management is not effective.

The current risk watch list is as follows:

Description of risk	Risk Mitigation Measures		Risk Tolerance
Threat of a cyber security breach	Proactive monitoring and threat detection, backed up by comprehensive cyber insurance cover.		The Risk Committee has evaluated the risk of a cyber security breach and has determined that the risk is outside its risk tolerance. Controls have been put in place to mitigate this risk to an acceptable level.
Deterioration of macroeconomic conditions including the impact of the Russia-Ukraine war and Electricity supply in South Africa	Constant monitoring of markets and their volatility including, but not limited to, the monitoring of the potential impact on inflation, fuel prices, importing of goods, electricity alternatives and product alternatives for Investee Entities and customers. Team discussions and external consultation to stay on top of trends and developments both local and abroad.		The Risk Committee has evaluated the risk of deterioration of macroeconomic conditions and has determined that the risk is outside its risk tolerance. Controls have been put in place to mitigate this risk to an acceptable level.
Loss of key Investee Company personnel	Succession plans for each Investee Company are reviewed and monitored by the Company.		The Risk Committee has evaluated the risk and has determined that it has a moderate probability of affecting long-term goals and is therefore within its risk tolerance.
Lack of liquidity or reduced cash flow from Investee Companies	Experienced and skilled management teams, with contingency plans in place, to ensure cash flow requirements are met. Strong relationships and constant communication with investees, investors and debt providers.		The Risk Committee has evaluated the risk and has determined that it has a moderate probability of affecting long-term goals and is therefore within our risk tolerance.

Description of risk	Risk Mitigation Measures		Risk Tolerance
Compliance breaches - regulatory and legal	Experienced internal and external legal counsel are consulted on all matters that are considered material.		The Risk Committee has evaluated the risk and has determined that it has a moderate probability of affecting long-term goals and is therefore within its risk tolerance.
Inability to meet strategic objectives	Focused investment monitoring team and strong relationships with each Investee Company management team.		The Risk Committee has evaluated the risk and has determined that it has minimal probability of affecting long-term goals and is therefore within its risk tolerance.
Health and Safety regarding the Covid-19 Pandemic	Full COVID risk registers are maintained. There is compliance with all government regulations. Vaccinations for everyone is promoted.		The Risk Committee has evaluated the risk and has determined that it has minimal probability of affecting long-term goals and is therefore within its risk tolerance.
Failure to meet B-BBEE requirements	Close relationships and constant communication with B-BBEE consultants, including structured planning on meeting targets, specific to each Investee Company.		The Risk Committee has evaluated the risk and has determined that it has minimal probability of affecting long-term goals and is therefore within its risk tolerance.
Competition to Huge's investment strategy and investee targets	Rigorous monitoring of industry trends, technological developments and potential assets. Marketing Huge as the investment partner of choice.		The Risk Committee has evaluated the risk and has determined that it has minimal probability of affecting long-term goals and is therefore within its risk tolerance.
Politically exposed individuals	Careful vetting of potential investment targets and business partners with effective due diligence prior to investment.		The Risk Committee has evaluated the risk and has determined that it has minimal probability of affecting long-term goals and is therefore within our risk tolerance.

Residual Risk Key:

High Risk	*Medium Risk*	*Low Risk*

Huge Group Risk Watchlist

7. Investment Committee Report

The Investment Committee is mandated to assist the Board in deliberating any strategic investment opportunity and interactions with the investment community.

Part of the Committee's responsibilites include:

- Considering potential acquisition opportunities and making representations to the Board;
- Monitoring compliance with the Investor Relations Policy;
- Reviewing activities relating to investor relations and communications;
- Reviewing and recommending the appointment of service providers in respect of the Company's investment activities.

For the period under review the Investment Committee comprised the following members:

	Attendance
Duarte da Silva (Chairperson)	*2/2*
Brian Armstrong	*2/2*
Craig Lyons	*2/2*
James Herbst	*2/2*
Andy Openshaw	*2/2*
Samantha Sequeira	*2/2*

With effect from 22 March 2022 the Investment Committee comprised all the non-executive directors, being Duarte da Silva, Dennis Gammie, Brian Armstrong, Craig Lyons and Vincent Mokholo.

8. Remuneration Committee Report

The Remuneration Committee operates within defined terms of reference and meets twice annually. It is mandated to ensure the consistent application of the Company's Remuneration Policy and Remuneration Implementation Plan and to assist the Board in ensuring that the disclosure of remuneration matters is accurate, complete and transparent.

The Remuneration Committee determines executive remuneration and incentives, reviews staff costs and recommends non-executive directors' fees to shareholders. It conducts appropriate market reviews periodically relative to these assessments.

While the Committee is satisfied that it has met its objectives for FY2022, it intends to continue enhancing its efficiencies in reviewing remuneration practices and evaluating the performance targets of executive directors.

For the period under review the Remuneration Committee comprised the following members:

	Attendance
Duarte da Silva (Chairperson)	*2/2*
Brian Armstrong	*2/2*
Dennis Gammie	*2/2*
Vincent Mokholo	*2/2*

With effect from 22 March 2022 the Remunerations Committee comprised all the non-executive directors, being Duarte da Silva, Dennis Gammie, Brian Armstrong, Craig Lyons and Vincent Mokholo.

8.1. Remuneration Committee Report

Notwithstanding challenging economic circumstances, the Company maintained its promise to deliver earnings growth and generate cash flow. The Company's Remuneration Policy, which was implemented in support of the Huge Strategy, ensured that the Company continues to remunerate fairly and reasonably, while also creating value for shareholders.

The Company's status as an Investment Entity has resulted in a change in the scope of the Remuneration Committee's mandate regarding the Investee Entities and their remuneration.

The Remuneration Committee has reviewed the applicable reference reports and the proposed non-executive directors' fees as submitted by the Executive and recommends these to the Board for approval. The Remuneration Committee considers the remuneration of the CEO and makes its recommendations to the Board for approval.

The Remuneration Committee recommends an annual salary increase range to the Executive teams of the Investee Entities, for consideration/guidance when building the budgets for their entities.

With the ongoing COVID-19 pandemic, the key objective of the Board was to preserve a full complement of employees, without compromising their remuneration.

The Remuneration Committee will focus on ensuring that the objectives of the Remuneration Policy remain an important part of the Company's activities.

The Executive Option Agreements, which were approved by shareholders at a special general meeting held on 26 February 2020, granted the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer options to acquire shares in the Company remain in place.

The Board is confident that the alignment of the objectives of the executive directors' options match those of shareholders.

The Board also reviewed the recommendations of King IV in respect of performance hurdles relative to the Company's strategic objectives. The Board's rationale for proposing the Executive Option Agreements was the retention of key skills and creating a mechanism which will reward the executive directors only if the Company grows earnings and cash flows and only if the market rewards this growth in higher valuations. There is no better performance hurdle than meeting the expectations of the market when it comes to growing earnings and generating cash flows. However, if the executive directors grow the earnings and cash flows of the Company the possibility does exist that they may not be rewarded for their achievements – this would be the case if the market lowers its valuation, even in the face of rising earnings and cash flows.

During FY2021, the executive directors engaged in developing performance measures and suitable incentive schemes for application in the operating companies. With the change in the status of Huge as Investment Entity in FY2022, the need for group incentives for the Investee Entities falls away and the management teams are fully responsible for preparing a budget that meets the growth and performance requirements of their shareholders, including the ability to formulate incentives for their teams.

In accordance with the Remuneration Policy, the Board recommended a general increase of 5.40% be considered by the management of the Investee Entities, which is in line with the average inflation rate for FY2022 (FY2021: 5.00%). While the Board recommended the overall percentage, the management of each Investee Entity has the latitude to apply increases per employee in a manner deemed most prudent and efficient for achieving the objectives of the Investee Entity. Again, a higher percentage increase was generally applied to employees at lower levels of remuneration. This has been a regular practice by the Company, with a view to ensuring that it remunerates fairly while also reducing remuneration inequality.

The Board remains confident that the Remuneration Policy, a summary of which is included in this Report, is well aligned with the delivery of the Huge Strategy.

The updated Remuneration Policy will be presented to shareholders for approval by means of a non-binding advisory vote at the AGM scheduled for 10 August 2022.

At the Company's last AGM held on 31 August 2021, 94.07% of the votes cast by shareholders supported the Remuneration Policy and 94.20% of the votes cast by shareholders supported the Remuneration Implementation Report. Non-executive director fees received the support of 99.96% of the votes cast.

No remuneration consultants were used during the period under review. However, cognisance was had to the following independent public reports on remuneration:

- *Non-executive Directors: Practices and Remuneration Trends Report, PWC, 15th Edition;*
- *Executive Directors: Practices and Remuneration Trends Report, PWC, 13th Edition;*
- *Non-executive Directors' Fees Guide, Institute of Directors South Africa, 8th Edition.*

The Remuneration Committee is of the view that it has achieved the stated objectives of its charter. The Committee will continue to focus on the implementation of the Remuneration Policy in support of the sustainable delivery of the Huge Strategy.

Duarte da Silva
Chairman
Remuneration Committee

8.2. Remuneration Policy

Governance

Huge's Remuneration Report is presented in three parts in alignment with the requirements of the King Report on Corporate Governance (King IV™). These include:

- Background Statement;
- Remuneration Policy and philosophy;
- Implementation Report.

Background Statement

Huge fully endorses the King IV™ principle which states that "*the governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long-term.*" It is believed that compensation is a critical ingredient in long-term organisational success.

The Board has ultimate responsibility for the appropriateness of remuneration policies and has delegated oversight of this responsibility to the Remuneration Committee, the composition and details of which are set out on page 39.

The Remuneration Committee's mandate is to ensure that the Group's remuneration policies:

- are fair, responsible and transparent;
- target, motivate, reward and retain human capital;
- promote the achievement of strategic objectives within Huge's risk appetite;
- promote positive outcomes; and
- promote an ethical culture and responsible corporate citizenship.

The Committee seeks to strike a balance between the interests of shareholders and the executives. The Committee assesses the mix of fixed and variable remuneration and long-term incentives to ensure continued motivation to the enhancement of shareholder value.

Remuneration Policy and philosophy

The Remuneration Policy is approved by the Remuneration Committee and the Board. The following principles are applied to remuneration and the full policy can be found on Huge's website:

- No differential compensation applies to gender, race or location and the principle of equal work for equal pay is applied;
- Compensation is defined on a cost-to-company basis;
- Research and benchmarking are performed from time to time;
- Remuneration is aligned to individual outputs;
- Performance incentives are used to drive strategically aligned behaviour supporting the acquisition, growth and sale of Investee Entities;
- The long-term share option component encourages individual alignment with the Group's long-term goals and is also an effective long-term incentive and retention mechanism for key individuals;
- Huge's policy is to pay cost-to-company packages in the median quartile for comparable positions;
- Management's interests are also aligned with those of shareholders relative to share prices;
- Non-executive directors receive annual fees for their roles as directors, as well as for each Board meeting attended, including the Committee meetings held.

It is the responsibility of the Remuneration Committee to oversee that the implementation and execution of the Remuneration Policy achieves its objectives. The Committee believes that the Remuneration Policy has, in the past year, achieved its stated objectives. The Remuneration Policy of Huge is committed to maintaining stringent standards of corporate governance, as advocated by King IV.

The Board considers fair and responsible remuneration a key ingredient to sustainable value creation and has developed specific arrangements to give effect to this while ensuring that remuneration is justifiable within the broader context of macro and microeconomic factors in the environment in which the Company operates.

The full Remuneration Policy is available on the Company's website: www.hugegroup.com

8.3. Remuneration Implementation Report

Summary of remuneration activities and decisions taken

During the reporting period, the Remuneration Committee undertook the following activities and approvals:

- Revised the company's Remuneration Policy to accommodate the change to Investment Entity;
- Approved an annual budget increase of 5.40% in remuneration.

Executive director remuneration

Fixed remuneration

During the reporting period, the executive directors of Huge consisted of Mr Herbst, the Chief Executive Officer, Mr Openshaw, the Chief Operating Officer and Mrs Sequeira, the Chief Financial Officer. In reviewing the annual increase to the remuneration of each executive, the Remuneration Committee considered the responsibilities of executive directors.

Total remuneration outcomes for executive directors and prescribed officers

Director	Annual remuneration	Risk, retirement and medical contributions	Total remuneration	Incentives	Total cost to company
JC Herbst	R4 005 501	R534 029	R4 539 530	–	R4 539 530
AP Openshaw	R3 312 246	R89 394	R3 401 640	R600 000	R4 001 640
SL Sequeira	R1 699 080	–	R1 699 080	R60 000	R1 759 080

Prescribed officers:					
RR Burger[1]	R2 900 608	R172 862	R3 073 470	–	R3 073 470
SJ Morony[2]	R2 403 169	R 166 798	R2 569 967	–	R2 569 967
K Sinclair[3]	R2 319 248	R68 342	R2 387 590	–	R2 387 590
SM Oberholzer[4]	R2 244 480	R58 440	R2 302 920	–	R2 302 920
MW Granville[5]	R698 335	–	R698 335	–	R698 335
Don Cameron[6]	R600 000	–	R600 000	–	R600 000

Note: the annual remuneration includes UIF and skills development levies.

1 *RR Burger, in his capacity as Managing Director of Huge Telecom, is a prescribed officer of the Company.*

2 *SJ Morony was appointed on 8 June 2020 as Commercial Director of Huge Telecom and is a prescribed officer of the Company.*

3 *K Sinclair, in his capacity as Managing Director of Huge Connect, was a prescribed officer of the Company. K Sinclair took over this position from A Lessing who held this position until 31 October 2019.*

4 *SM Oberholzer, in his capacity as Managing Director of Huge Networks, is a prescribed officer of the Company.*

5 *M Granville, in his capacity as prescribed officer of Huge Software.*

6 *Don Cameron, in his capacity as Managing Director of Huge Distribution, is a prescribed officer of the Company.*

Executive Option Agreements

On 26 February 2020, shareholders approved the implementation of Executive Option Agreements for the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer. The Executive Option Agreements granted the executive directors the option to acquire shares in the Company at a set strike price, in three annual tranches, with each tranche having a five-year vesting period.

Information relating to the financial consequences of the Executive Option Agreements can be found in the Circular to Shareholders dated 29 January 2020 and at http://hugegroup.com/huge-group-unlocking-business-opportunity-circulars/

Ex gratia payments to executive directors

No *ex gratia* payments were made to directors during FY2022.

Non-executive director remuneration

During the reporting period, the following remuneration was paid to non-executive directors in accordance with the approval of shareholders by the special resolution at the AGM held on 31 August 2021:

Director	Total annual retainer fees paid in FY2022	Total annual attendance fees paid in FY2022	Total fees paid for attendance at special Board meetings[1]	Total
DF da Silva	R720 000	R95 000	R55 000	R939 000[2]
VM Mokholo	R375 000	R60 000	R27 000	R462 000
DR Gammie	R542 000	R84 000	R22 000	R648 000
CWJ Lyons	R423 000	R84 000	R27 000	R534 000
BC Armstrong	R376 000	R84 000	R32 000	R492 000

Note: These figures exclude VAT, where applicable.

1 *Three special board meeting were held during FY2022.*

2 *Includes investment meeting fees of R69 000.*

Increase in remuneration payable to non-executive directors

The determination of the fees payable to the Chairman and the non-executive directors considers any increase in risk and responsibility that the non-executive directors are required to assume, the annual increase applied to employee remuneration and the outcomes of a benchmarking exercise.

The Remuneration Committee has carried out a benchmarking exercise in respect of the non-executive directors' fees, having regard to the applicable reference reports. The Chairman's fees are lower than the average for this sector, while the non-executive directors' fees are in line with the median quartile of this sector. The non-executive director remuneration will be tabled at the AGM for the approval of shareholders.

Interests of directors and prescribed officers

Details of directors' and prescribed officers' contractual interests in Huge are set out on page 71 of the AFS.

Details of directors' and prescribed officers' interests in the share capital of Huge are set out on pages 70 to 71 of the Directors' Report.

Non-Binding advisory vote

The Remuneration Policy (summarised in this Remuneration Report) and the Remuneration Implementation Report will be presented to shareholders for separate, non-binding advisory votes at the AGM. Should shareholders vote against the Remuneration Policy and the Remuneration Implementation Report by more than 25%, the Remuneration Committee will engage with shareholders. Subsequent to any shareholder engagement, the Company will include the following detail in its next Remuneration Report:

- The number of votes against the Remuneration Policy and Remuneration Implementation Report;
- The subsequent engagement process undertaken with shareholders;
- The manner of the engagement process;
- Reasonable and material issues raised by shareholders;
- Actions implemented by the Company to address the issues raised by shareholders.

9. Nomination Committee Report

The Nomination Committee is mandated to apply processes for nominating, electing and appointing members to the Board and it committees, succession planning and evaluation processes.

Succession planning

The Nominations Committee is responsible for formulating and monitoring the succession plans of the Board, the CEO and the CFO. The Committee reviews the succession plan annually, including the reviewing and monitoring of the application of the Board's Diversity Policy.

The Nomination Committee comprises the following members:

	Attendance
Dennis Gammie *(Chairperson)*	2/2
Vincent Mokholo	2/2
Craig Lyons	2/2

10. Social and Ethics Committee Report

The Committee has a written charter that meets all the requirements of the Companies Act on the scope of its functions. These included the Company's standing relative to the ten United Nations Global Compact Principles, the OECD recommendations regarding corruption, the Employment Equity Act and the B-BBEE Act, good corporate citizenship including the Company's environmental and safety issues, ESG and labour relations. The Committee is satisfied that the Company has properly considered these issues and taken the appropriate measures to the extent applicable to the Group's activities.

The Committee comprises the following members:

	Attendance
Craig Lyons *(Chairperson)*	2/2
Vincent Mokholo	2/2
Andy Openshaw	2/2
Samantha Sequeira	2/2

10.1. Social and Ethics Committee Report to the Shareholders

As a responsible corporate citizen, the Committee is cognisant of the importance of Environmental, Social and Governance (**ESG**) matters and its corresponding relationship to the long-term sustainability of the Company and the benefit to all stakeholders. The Company's approach to ESG is to work collaboratively with Investee Company leadership, by aligning common and shared material ESG themes, as opposed to directing the Investee Companies on what should and should not be done.

As an Investment Entity, Huge is establishing an ESG Policy that will align with the values of the Investee Companies under its existing portfolio.

ESG Principles

- Positive social impact through sustainable value creation for all stakeholders;
- Maintain trust between the Company and its key stakeholders;
- Relevant and purpose driven for the Company and its Investee Companies.

ESG Objectives

- Integration of ESG into the medium- and long-term investment decisions of Huge and its Investee Companies;
- Monitoring performance of Huge and its Investee Companies under the guidance of a well-defined and relevant ESG policy and environment;
- Enhance the Company's reputation through reporting-related stakeholder engagement;
- Ensure Investee Companies consider ESG from both an opportunities and risk perspective in decision-making whilst stimulating enhanced financial performance.

ESG Governance and Implementation approach

The Social and Ethics Committee oversees the approach to and implementation of ESG matters.

In the period under review this has included:

- Formulating an ESG reporting framework;
- Formulating the structure of an ESG policy, informed by a collaborative approach with Investee Companies to ensure alignment with shared values;
- Collecting appropriate ESG data that will inform the preparation, finalisation, and implementation of an evolving ESG Policy throughout Huge and its Investee Companies;
- Infusion of ESG metrics through Huge and its Investee Companies to create increased transparency. The right combination of data and disclosures allows for clearer reporting and greater trust.

ESG Investee Companies

As an Investment Entity, the interest acquired in operating entities make Huge an investor and not an operator of the asset. This means that Huge can engage and support Investee Company management without dictating how they run their operations.

Huge strives for alignment of its values and those of an Investee Company, firstly gaining an understanding of what it is that steers their thinking around ESG and using that to shape the relationship around how it manages ESG as an investor. The process of defining the parameters and the stance on ESG in relation to Investee Companies is ongoing and the objective is to develop a fit for purpose ESG policy. Achieving this objective requires ongoing consultation and engagement with stakeholders, which is an iterative process of consulting with the Investee Companies.

The Social and Ethics Committee is of the view that it has met its stated objectives of its charter and will continue to focus on assessing the Company's policies and the implementation thereof.

Craig Lyons
Chairman
Social and Ethics Committee

ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements
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CHANGE IN INVESTMENT ENTITY STATUS

It is important to note that, with effect from 1 March 2021, Huge Group's status changed to that of an investment entity as defined in IFRS 10 Consolidated Financial Statements and detailed on pages 88 to 89 of the accounting policies to these annual financial statements. Such change required Huge Group to cease consolidating its subsidiaries (other than those providing services related to Huge Group's investment activities) and to instead carry such subsidiary investments at fair value, with subsequent changes in fair value being recognised in profit or loss. IFRS do not allow for such changes to be applied retrospectively and accordingly Huge Group's annual financial statements for the financial year ended 28 February 2022 have been prepared on a materially different basis compared to those of previous years.

In light of the aforementioned change and the year-on-year financial information not being comparable, the notes containing comparative financial information (which are not expected to be repeated in future years) have been separately disclosed in Annexure A to the AFS.

REPORT OF THE CHIEF FINANCIAL OFFICER

Huge Group’s statement of financial position no longer discloses acquisition goodwill and the individual underlying assets of its subsidiary companies as it did in the prior reporting period. Instead, these items are replaced by investments measured at fair value, where each investment is revalued at every reporting period with changes resulting from these revaluations reflected in the period’s statement of profit or loss. Inter-company loans from and to subsidiary companies are no longer eliminated, other than those between Huge Group and Huge Management. The impact on total assets is clear – acquisitions based on historical cost are no longer relevant. What is more relevant is the value of Huge Group’s acquisitions remeasured at each reporting date. In some ways, this has simplified the basis of accounting but in other ways more information on the underlying investments is required.

Accumulated profit sees a one-time benefit as a result of Huge Group being recognized as an investment entity, with non-controlling interests being de-recognised.

Huge Group’s statement of profit and loss has been similarly impacted by the application of IFRS10. Group profitability has been overtaken by Company profitability and going forward the focus will fall on the Company’s income generation relative to the costs of generating this income. Gross margins and operating profit margins have been replaced with income from the sale of investments, income from financing activities and income from dividends received. Other corporate finance income will start playing an ever more important role.

Huge Group’s investment income this year amounted to c. R53.4 million, comprising interest income of c. R14.5 million and dividends received of c. R38.9 million. This was further augmented with fee income of R7.1 million. It is from this income that expenses are deducted. The primary recurring expenses of Huge Group and Huge Management, as the newly defined Group, include employee costs, establishment costs like rent and utilities, and costs relating to Huge Group's listing.

The primary non-recurring expenses include the costs of successful and non-successful corporate activities, like the costs associated with Huge Group's offer to the shareholders of Adapt IT holdings Limited. For this reporting period, the Huge Group statement of profit and loss was negatively impacted by the requirement to create a reserve for the executive share options under IFRS2, with c. R7.4 million reducing current year's profit while simultaneously increasing reserves. The impact on current year's profit is offset by the increase in reserves. Huge Group borrows at rates of interest equal to JIBAR plus 450 basis points and typically lends to its ICs at high rates, thereby generating a net interest gain. In the current year, the Group generated net interest income of c. R5 million.

DIRECTORS APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

In terms of the Companies Act, the directors are required to maintain adequate accounting records and they are responsible for the content and integrity of the AFS and related financial information included in this Report. It is their responsibility to ensure that the AFS fairly present the state of affairs of the Group as at the end of the reporting period and the results of its operations and cash flows for the period then ended, in conformity with IFRS. The independent auditor is engaged to express an independent opinion on the AFS.

The AFS are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates, other than those mentioned under "Application of the investment entity exemption in terms of IFRS10".

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these requirements, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. These standards include the proper delegation of responsibilities within a clearly defined framework, and effective accounting procedures and adequate segregation of duties in order to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring that the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing, and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise risk by ensuring that appropriate infrastructure, controls, systems, and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal financial control provides reasonable assurance that the financial records may be relied on for the preparation of the AFS. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group's cash flow forecast for the twelve months that follow the approval of this Report and, in the light of this review and the current financial position, are satisfied that the Group has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

The Group's independent auditor is responsible for independently auditing and reporting on the Group's AFS. The AFS have been examined by the Group's independent auditor and the Independent Auditor's Report is presented on pages 58 to 63.

The directors further confirm that the Group is operating in compliance with the provisions of the Companies Act, specifically relating it its incorporation and in conformity with its MOI.

The AFS set out on pages 49 to 234, which have been prepared on a going concern basis, were approved by the Board on 31 May 2022 and were signed on its behalf by:

For and on behalf of the Board.

James Herbst	**Samantha Sequeira**
Group Chief Executive Officer	Group Chief Financial Officer
31 May 2022	31 May 2022

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

In line with paragraph 3.84(k) of the JSE Limited Listings Requirements, the Chief Executive Officer (CEO) and Chief financial officer (CFO) hereby confirm that:

- the annual financial statements set out on pages 49 to 234, fairly present in all material respects the financial position, financial performance, and cash flows of the issuer in terms of IFRS;
- no facts have been omitted, or untrue statements made, that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of the issuer;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King IV Report on Corporate Governance™ for South Africa, 2016. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors and have taken the necessary remedial action.

Signed by the CEO and the CFO

James Herbst
Chief Executive Officer
31 May 2022

Samantha Sequeira
Chief Financial Officer
31 May 2022

PREPARATION AND APPROVAL OF FINANCIAL STATEMENTS

These Consolidated and Separate Annual Financial Statements were compiled internally under the ultimate supervision of Samantha Sequeira CA(SA).

Samantha Sequeira
Chief Financial Officer
31 May 2022

CERTIFICATE BY THE COMPANY SECRETARY

I certify that, to the best of my knowledge and belief, Huge Group Limited has filed all its returns and notices with the Registrar of Companies and Intellectual Property Commission for the year ended 28 February 2022, as required of a public company in terms of section 88(2)(e) of the Companies Act, No 71 of 2008, as amended, and that such returns and notices are true, correct and up to date.

Rokeya Hansa
Company Secretary
31 May 2022

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Huge Group Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Huge Group Limited (the company and where applicable, the Group) set out on pages 79 to 232, which comprise the statement of financial position as at 28 February 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Huge Group Limited as at 28 February 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants, and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter</th><th>Audit response</th></tr>
<tr><td colspan="2">Assessment of fair value calculations on fellow investee entities (refer to note 6)</td></tr>
<tr><td colspan="2">Accounting for the transition to investment entity classification in terms of IFRS.</td></tr>
<tr><td>This key audit matter applies to both the consolidated and separate financial statements. Refer to the following sections of the consolidated and separate financial statements for disclosures as it relates to this key audit matter:
• Application of the Investment Entity exemption in terms of IFRS10 consolidated financial statements of the Accounting Policies,
• Note 6 to the consolidated and separate financial statements, and
• Annexure A.

With effect from 1 March 2021, the Company transitioned to an investment entity in terms of IFRS 10: Consolidated financial statements ("IFRS 10"). From this date, the Company ceased to consolidate its subsidiaries (other than those subsidiaries that are not, themselves, investment entities that provide services related to the Company's investment activities) and to instead carry such investments at fair value, with subsequent changes in fair value being recognised in profit and loss.

An investment entity is typically an entity that

1. obtains funds from one or more investors for the purpose of providing such investor(s) with investment management services;
2. commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
3. measures and evaluates the performance of substantially all of its investments on a fair value basis.

Continued on the next page</td><td>Making use of our accounting expertise, we assessed whether the Company meets the criteria of an investment entity, in terms of IFRS 10, by performing the following procedures:
• We obtained management's assessment and agreed their fact pattern to the criteria included in IFRS 10, noting no material exceptions;
• We inspected the Company's share register, to evaluate the number and identity of the Company's shareholders and whether they are related;
• We inspected market communication for evidence that the Company identifies itself as an investment entity that monitors performance of the underlying investments on a fair value basis; and
• We inspected the Board of Directors' minutes for the tabling and discussion of the fair value of the investments at each Board of Directors' meeting.

We obtained the journals for the transition to investment entity, effective 1 March 2021 and performed the following:

• Agreed the 1 March 2021 opening balances of the underlying investments to the audited balances as at 28 February 2021;
• Inspected the journals to deconsolidate the underlying investments and assessed whether all related balances were completely and accurately deconsolidated;
• Agreed the fair value of each investment as at 1 March 2021 to the audited financial statements as at 28 February 2021;
• Inspected the Group structure, based on our understanding of the nature of the entities, to determine which entities should be carried at fair value and which entities should be consolidated. We noted no material inconsistencies; and
• We recalculated the net gain upon deemed disposal and reacquisition of investments on 1 March 2021. We noted no material differences to management's calculations.</td></tr>
</table>

IFRS 10 requires a parent that becomes an investment entity to account for the change in its status prospectively from the date at which the change in status occurred. On such date the Group's existing subsidiaries (other than subsidiaries that are not themselves investment entities that provide services related to the Company's investment activities) were deemed to be disposed of and re-acquired at fair value, with a resultant R416 million gain being recognised as a non-headline item in the consolidated and separate income statements. These investments were subsequently measured at fair value through profit and loss for the entire year under review. The transition to investment entity classification in terms of IFRS is deemed to be a matter of most significance to our year end audit due to the following: • Complexity involved in the determination of the classification as an investment entity; and • The significance of the impact of the transition on the financial statements of the Company and the Group.	
Valuation of unlisted investments	
This key audit matter applies to the consolidated and separate financial statements of the company. Refer to the following sections of the consolidated and separate financial statements for disclosures as it relates to this key audit matter: • Application of the Investment Entity exemption in terms of IFRS10 consolidated financial statements of the Accounting Policies, and • Note 6 to the consolidated and separate financial statements. The Group holds a number of unlisted investments, which are measured at fair value through profit or loss in accordance with IFRS 9: Financial Instruments. This is as directed by the requirements of an investment entity in terms of IFRS 10. The fair value of these unlisted investments as at 28 February 2022 is R1 434 million.	In our assessment of the Group's determination of the fair value of unlisted investments, we assessed the reasonableness of the assumptions and inputs used in the respective valuations. Our audit procedures included, amongst others, the following: • We assessed whether the final valuations of unlisted portfolio companies, and related inputs used in their determination, were appropriately approved by the Board of Directors, through our attendance of the Audit Committee meetings and Risk Committee meetings. The valuations were appropriately approved; • Making use of our valuation expertise we obtained an understanding of the methodologies applied by management and the consultant, as indicated in note 6 to the consolidated and separate financial statements, and compared it to appropriate industry guidance. We noted no inconsistencies in this regard;
This key audit matter applies to the consolidated and separate financial statements of the company. The fair values of the unlisted investments, as determined by management, management's consultant and approved by the Board of Directors, are determined by applying valuation methodologies, as required by IFRS 13: Fair value, which encompass the net asset value of the investment or the free cash flow model, as indicated in note 6 to the consolidated and separate financial statements. ***Continued on the next page***	• We assessed the reasonableness of the key inputs into the valuation by performing a sensitivity analysis which took into account the extent that the inputs would need to change for it to have a material impact on the fair value of unlisted investments. Based on the results of our assessment we accepted managements inputs; • We tested the mathematical accuracy of the underlying valuation calculations and noted no material exceptions; • Making use of our valuation expertise, we performed an independent assessment of the inputs used in the entities listed in note 6 valuation, which includes a comparative peer weighted average cost of capital (**WACC**) calculation from independent third-party sources. We focused on this area since the outputs of these assumptions are sensitive to changes, which are

We considered the fair value of the underlying unlisted investments to be a matter of most significance to the current year audit due to: the magnitude of the unlisted investments in relation to the consolidated and separate financial statements; and the degree of judgement and estimation applied in determining the fair value of the underlying unlisted investments.	inherently judgmental in nature. Based on our work performed, we accepted the inputs used. • We obtained the audited earnings before interest, tax, depreciation and amortisation (EBITDA) results of the entities listed in note 6. No material differences were noted. • We substantiated the projected EBITDA of the entities listed in note 6 in order to evaluate the values used in the cashflow forecast. No material differences were noted. • We assessed the projected movement in working capital. No material differences were noted. • We assessed the effective tax rates used. No material differences were noted. • For the fair value of the companies listed under note 6, which is determined through the use of the net asset value, we obtained the audited financial statements of the underlying companies and agreed the fair value of the investment to the audited net asset value of the company. We noted no material differences.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Huge Group Limited Integrated Annual Report 2022" which includes the Directors' Report, the Audit Committee's Report, and the Certificate by the Company Secretary, as required by the Companies Act 71 of 2008 of South Africa, which we obtained prior to the date of this report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008, and for such internal controls as the directors determine is necessary to enable the preparation of the consolidated and separate financial statements which are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or company to cease to continue as a going concern;
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial

statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have compiled with relevant ethical requirements regarding independence, and we communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that are of most significance in the audit of the consolidated and separate financial statements for the current period which are the key audit matters. We describe these matters in our auditor's report unless laws or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements
In terms of the IRBA Rule published in Government Gazette Number 39475, dated 4 December 2015, we report that Moore Johannesburg Inc. has been the auditor of Huge Group Limited for four years.

Moore Johannesburg Inc.
Registered Auditors

Moore Johannesburg Inc

Per: CA Jenkins CA(SA)
Partner
Registered Auditor
31 May 2022
Johannesburg

50 Oxford Road
Parktown
Johannesburg
2193

DIRECTORS' REPORT AS AT 28 FEBRUARY 2022

Nature of the Business

Huge is an investment holding entity.

Composition of the Board of Directors

- JC Herbst, Chief Executive Officer (Executive director)
- AP Openshaw, Chief Operating Officer (Executive director)
- SL Sequeira, Chief Financial Officer (Executive director)
- DF da Silva, Chairman (Independent non-executive director)
- DR Gammie, Chairman of the Audit Committee (Independent non-executive director)
- VM Mokholo (Non-executive director)
- CWJ Lyons (Independent non-executive director)
- BC Armstrong (Independent non-executive director)

Directors retiring in terms of the Company's MOI, all of whom are eligible and offer themselves for re-election, are BC Armstrong and CWJ Lyons.

Financial results

The AFS have been prepared in accordance with IFRS as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, as well as the Companies Act.

The Group's status changed to that of an investment entity with effect from 1 March 2021 as detailed on pages 88 to 89 and accordingly the prior year comparatives are not comparable to the current year as detailed in the notes to the AFS.

Full details of the financial position, financial performance and cash flows of the Group are set out in these AFS.

COVID-19 Assessment

Huge and its Investee Companies have retained and are likely to retain a high level of resilience to the economic consequences of COVID-19 in comparison to other companies in other industries. A large component of Huge's Investee Companies' revenue generating capacity is annuity in nature and it has increased steadily over the past few years. This growing annuity revenue provides a source of stability going forward, particularly as the impact of COVID-19 continues to affect the local and global economy.

Going concern

The Board has undertaken a detailed review of the going concern capability of the Company (and the Investee Companies) with reference to certain assumptions and plans underlying various cash flow forecasts. In addition, the Board has performed a detailed assessment of the impact of COVID-19 on the going concern ability of the Company and its Investee Companies.

Based upon solvency, cash resources and forecasts, and taking into consideration the impact of COVID-19 on Huge and its Investee Companies, the Board has concluded that the Huge and its Investee Companies are going concern and will remain going concerns for the twelve-month period that follows the date of approval of these AFS. Accordingly, Huge continues to adopt the going concern basis of preparing these AFS.

Empowerment

A key focus of the Investee Companies individual strategies, supported and aided by Huge, is improving their empowerment and diversity credentials.

Borrowing powers

In terms of the MOI of the Company, the directors may exercise all the powers of the Company to borrow money, as they consider appropriate.

Change in investment entity status

As of 1 March 2021, Huge's Strategy is centred on acquiring and expanding its portfolio of companies, 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 consolidated group.

Huge'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 past conduct (particularly its attempts to acquire a shareholding in Adapt IT Holdings Limited) no longer justifies treating Huge as a consolidated 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. The interim results were the first time Huge reported as an Investment Entity. This is the first full financial reporting period to which this change applies.

The accounting treatment has been confirmed by an independent expert and the auditors. In accordance with IFRS 10 (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 under Huge is Huge Management, the entity that provides a treasury function to Huge's underlying Investee Companies. In accordance with IFRS 10 the change is accounted for prospectively, therefore comparatives are unchanged. The impact on future financial reporting periods cannot be reliably measured as the fair value of the investments at that time would be required in order to compute the fair value implications.

Management has elected the IAS 28 exemption relating to its investment in associate companies. Huge accounts for its associate at fair value from 1 March 2021. Huge Soho is now accounted for at fair value. The cost of the investment as at 1 March 2021 was nil and the fair value of the investment, based on the net asset value valuation method, was nil as at 28 February 2022. Therefore, there was no impact on the financial results relating to this change in accounting policy. The impact on future financial reporting periods cannot be reliably measured as the fair value of the associate would be required at that time in order to compute the fair value implications.

Refer to note 6 (investments held) in the AFS for further details relating to investments held.

Goodwill

Goodwill is tested annually for impairment and has an indefinite useful life. Due to the change in Huge's Strategy, as referred to above in 6.8 (investments at fair value), Huge no longer recognises Goodwill as from 1 March 2021. During the prior reporting periods, the Group assessed the recoverable amount of Goodwill and determined that no impairment was required.

Refer to note 4 (Goodwill) in the AFS for further detail relating to Goodwill.

Acquisition of an interest in Glovent

The Company acquired an interest in Glovent by way of a subscription for new ordinary shares providing Huge with an interest in an exciting global growth opportunity operating in Fintech, Software and xTech.

At the end of March 2022, Glovent managed 160 Glovent Communities. There are currently more than 80,000 residential properties with more than 78,000 GLOVent Citizens using the Glovent Mobile App and it is expected that this number will double over the next six months and then continue growing exponentially. At least half of the Glovent Citizens use the Glovent Mobile App on a weekly or daily basis.

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.

The Acquisition is effective from 16 February 2022.

Refer to note 6 (investments held) in the AFS for further details relating to investments held.

Authorised and issued share capital

Authorised share capital

The authorised share capital of the Company as at 28 February 2022 is 1 000 000 000 Shares.

Listed share capital

The Company listed 100 000 000 Shares on its initial listing on the AltX of the JSE on 7 August 2007. The listing of the Company was moved to the Main Board of the JSE on 1 March 2016.

The Company listed on A2X Markets on 10 April 2018.

The number of Shares in issue at 28 February 2022 and listed on the JSE is 173 061 721 (FY2021: 173 663 766).

Issue of share capital

Shortly after its listing, the Company issued 11 760 000 Shares.

During September 2014, the Company undertook a renounceable rights offer of 20 000 000 Shares. This was followed by an issue of 1 000 000 Shares for cash in terms of a general authority to issue shares for cash.

On 20 December 2016, the shareholders of the Company granted approval to the directors of the Company to issue up to 50 000 000 Shares for no more than R300 million in terms of a specific authority to issue Shares for cash.

During 2017, 14 650 000 Shares were issued at 615 cents per Share, in terms of the specific issue of Shares for cash approved by shareholders on 20 December 2016. The proceeds of this issue amounted to R90 097 500. Non-public shareholders to whom Shares were issued were Praesidium SA Hedge Fund and Peregrine Equities Proprietary Limited.

During 2018, 24 373 551 Shares were issued at a price of 615 cents per Share, in terms of the specific issue of Shares for cash approved by shareholders on 20 December 2016. The proceeds of this issue amounted to R149 897 339 and issue expenses of R5 624 208 were deducted. Non-public shareholders to whom Shares were issued were Praesidium SA Hedge Fund, Peregrine Equities Proprietary Limited, K2017082648 South Africa Proprietary Limited, K2017038068 South Africa Proprietary Limited, K2017038099 South Africa Proprietary Limited, K2017038086 South Africa Proprietary Limited, DM Holdco Proprietary Limited, RF Mushonga and CNet Empowerment Trust.

A total of 25 208 333 Shares, issued in terms of renounceable letters of allotment, were delivered to ConnectNet Broadband Wireless on 30 March 2017. These Shares were issued at a price of 600 cents per Share, amounting to R151 249 998.

On 6 September 2017, the Company issued 468 750 Shares at 800 cents per Share, amounting to R3 750 000, under a general authority to allot and issue Shares for cash granted by shareholders at the AGM held on 31 August 2017.

On 21 September 2018, the Company issued 25 000 Shares to EM Kerby in terms of an acquisition issue, in respect of the acquisition by Huge Telecom of minority shares in Huge Messaging. These Shares were issued at a price of 900 cents per Share, amounting to R225 000.

The Adapt IT Shareholders who accepted the general offer by Huge to acquire up to 100% of the issued Adapt IT Shares as contemplated in section 117(c)(v) of the Companies Act, 2008 (as amended) were as follows:

- On 22 July 2021, the Company issued 792 933 shares issued at a price of 504 cents per Share, amounting to R3 996 382;
- On 26 July 2021, the Company issued 54 800 shares issued at a price of 518 cents per Share, amounting to R283 864;
- On 30 July 2021, the Company issued 2 731 686 shares issued at a price of 590 cents per Share, amounting to R16 116 947.

Repurchases and acquisitions of share capital

Since incorporation and up until 29 February 2020, the Company, and Huge Telecom, repurchased and acquired 31 517 983 Shares, including 12 500 Shares repurchased by the Company during February 2020. The 12 500 Shares were repurchased following an announcement of a Repurchase Programme on 15 January 2020 and were delisted on 24 April 2020.

The Repurchase Programme announced by the Board on 15 January 2020 was implemented by the Board under the general authority to repurchase or acquire Shares of Huge granted by the shareholders of the Company, in terms of section 48 of the Companies Act and by way of special resolution, to repurchase or acquire the Shares of Huge at the AGM held on 29 August 2019 and continued under the general authority granted on 8 October 2020 and 31 August 2021 respectively.
Continued on the next page

The Repurchase Programme was implemented at the request of two of Huge's major shareholders, which underwent extensive deliberation by the Board, and in this regard the Board undertook to repurchase or acquire up to 4 million Shares for an aggregate consideration not exceeding R20 million and in FY2021 to repurchase 2 million Shares for an aggregate consideration not exceeding R15 million.

At the AGM of the Company, held on 31 August 2021, shareholders approved a special resolution authorising the Company to purchase its own shares in terms of section 48 of the Companies Act . On 24 January 2022 the Board undertook to repurchase or acquire up to 600 000 Shares for an aggregate consideration not exceeding R2 million.

During FY2021, the Company repurchased the following Shares, which were delisted on the following dates:

- 24 April 2020 7 500
- 9 September 2020 1 806 543
- 23 September 2020 136 768
- 4 March 2021 1 919 155

During FY2022, the Company repurchased the following Shares, which were delisted on the following dates:

- 2 February 2022 2 262 309

During FY2022, the Company repurchased 2 262 309 Shares (FY2021: 3 869 966 and FY2020: 12 500) amounting to R8 948 961 (FY2021: R17 658 775 and FY2020: R62 500), at an average price of 405 cents (FY2021: 456 cents and FY2020: 500 cents).

Treasury shares

As at 28 February 2022, the Company had 173 061 721 (FY2021: 173 663 766) ordinary Shares in issue. 2 262 309 Shares repurchased during FY2022 (FY2021: 3 882 466). 4 181 464 Shares were de-listed during FY2022.

As at 1 March 2021, 9 646 926 Shares held by Huge Telecom as treasury shares moved 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. *Refer to note 6 (investments held) for further detail.*

During FY2020, 737 989 Shares held by The CI Trust were classified as treasury shares because The CI Trust was classified in terms of IFRS10 as an entity controlled by Huge Connect and therefore by Huge. As a result of the consolidation of The CI Trust, the investment in Huge Shares was reclassified as treasury Shares in FY2021. Accordingly, 11 578 651 (FY2020: 10 384 915) Shares of the Company were classified as treasury Shares in the previous reporting period.

Continued on the next page

This constituted 7.1% (FY2020: 5.9%) of Huge's total issued share capital. Shares repurchased by the Company are recognised as treasury shares until such time as they have been delisted. Accordingly, 1 919 155 Shares relating to the Repurchase Programme were regarded as treasury shares in the previous reporting period.

As at 28 February 2022, there are no Treasury Shares held by Huge. *Refer to note 15 (share capital) for further details.*

Directors interests in the share capital of the Company

As at 28 February 2022, the following directors held Shares in the issued share capital of the Company:

2022 Number of Shares held	Direct	Indirect	Total	%
JC Herbst[1]	268 370	24 466 458	24 734 828	14.315
CWJ Lyons[2]	–	200 000	200 000	0.116
AP Openshaw	50 000	–	50 000	0.029
	318 370	24 666 458	24 984 828	14.460

2021 Number of Shares held	Direct	Indirect	Total	%
JC Herbst[1]	268 370	24 466 458	24 734 828	14.265
CWJ Lyons[2]	–	200 000	200 000	0.116
AP Openshaw	50 000	–	50 000	0.029
	318 370	24 666 458	24 984 828	14.410

1 The indirect shareholding of JC Herbst is non-beneficial and is held by Eagle Creek Investments 223 Proprietary Limited, Pacific Breeze Trading 417 Proprietary Limited and Silver Meadow Trading 3 Proprietary Limited.

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

Continued on the next page

As at 28 February 2022, the following directors of major subsidiary companies held Shares in the issued share capital of the Company:

2022 Number of Shares held	Direct	Indirect	Total	%
SM Oberholzer[3]	–	5 448 907	5 448 907	3.149
K Schmulian[4]	48 755	1 065 688	1 114 443	0.645
KB Sinclair[5]	–	4 049 613	4 049 613	2.340
E van Heerden[6]	2 058	–	2 058	0.001
D Cameron[7]	607 272	–	607 272	0.351
	658 085	10 564 208	11 222 293	6.485

3 The indirect shareholding of SM Oberholzer, a director of Huge Networks, is held by K2017082648 South Africa Proprietary Limited.

4 The indirect shareholding of K Schmulian, a director of Huge Connect, is held by K2017038099 South Africa Proprietary Limited. In August 2020, Mr Schmulian was awarded 18 713 Shares (August 2019: 15 021) by The CI Trust.

5 The indirect shareholding of KB Sinclair, a director of Huge Connect, is held by K2017038086 South Africa Proprietary Limited.

6 E van Heerden is a director of Huge Connect. In August 2020, Mrs Van Heerden was awarded 47 847 (August 2019: 38 408) Shares by The CI Trust. She subsequently sold 48 000 Shares in August 2020 (August 2019: 38 000).

7 Don Cameron was appointed as a director of Huge Distribution in April 2021 and held these shares prior to his appointment.

As at 28 February 2021, the following directors of major subsidiary companies held Shares in the issued share capital of the Company:

2021 – Number of Shares held	Direct	Indirect	Total	%
SM Oberholzer	–	5 448 907	5 448 907	3.138
K Schmulian	48 755	1 065 688	1 114 443	0.642
KB Sinclair	–	4 049 613	4 049 613	2.332
E van Heerden	2 058	–	2 058	0.001
	50 813	10 564 208	10 615 021	6.113

None of the shareholdings cited above are subject to any pledge or encumbrance. Between the 28 February 2022 and the date of approval of the AFS there were no changes in the director's shareholding.

Continued on the next page

Dealings in securities

On 1 March 2021, a SENS announcement was released detailing dealings in securities by an associate of JC Herbst. Call option agreements were concluded by Pacific Breeze Trading 417 Proprietary Limited (a company of a wholly-owned associate company of MA Herbst), granting options to third parties to acquire ordinary shares of the Company (off market):

- 575 000 Shares are the subject of a written call option, at an exercise price per Share of R7.25 amounting to a maximum settlement amount of R4 168 750;
- 3 000 000 Shares at an exercise price linked to the 30-day VWAP in cents on the day the exercise notice is given.

Clearance to deal was obtained.

On 1 July 2020, 560 089 Shares were allocated to, and vested in, share beneficiaries of The CI Trust. The price per Share was R4.38 and the market value of the transaction amounted to R2 458 175. Clearance to deal was obtained.

Directors personal financial interests

The register of personal financial interests of Directors, held in terms of section 75(4) of the Companies Act, is available to the public on request at the Company's registered address.

Litigation

Litigation occurs in the ordinary course of business. The Directors have considered all pending and current litigation and are of the opinion that, unless specifically provided, none of these will result in a loss to the Company. All significant litigation which the Directors believe may result in a possible loss has been disclosed.

Dividends

No dividends will be declared for the year ended 28 February 2022 (FY2021: Nil).

Subsequent events (Events after the reporting period)

Rand Merchant Bank ZAR240 Million Facility

In October 2021, Huge started engaging with Rand Merchant Bank (RMB), a division of FirstRand Bank Limited, to raise debt finance to (i) replace Futuregrowth as Huge's primary debt provider and to (ii) raise additional finance to fund Huge's acquisition aspirations.

The Board is pleased to announce that Huge Group has concluded its negotiations with RMB; and has secured a ZAR240 million facility, R150 million of which will be used to settle outstanding obligations to Futuregrowth (the ZAR200 Million Futuregrowth Facility held by Huge and the ZAR30 Million Futuregrowth Facility held by Huge Technologies). The RMB Facilities were concluded on 26 May 2022.

Refer to note 19 (interest-bearing liabilities) in the AFS for further detail relating to the RMB Facilities.

Acquisition of the remaining 49.97% of Huge Networks

Huge Telecom concluded an agreement to acquire the remaining 49.97% interest in Huge Networks from Otel Communications for a purchase consideration of R15 million. Huge Telecom will hold 2001 ordinary shares in Huge Networks, making Huge Networks a wholly owned subsidiary company of Huge Telecom. The agreement was concluded on 27 May 2022.

Acquisition of the remaining 24.88% of Huge Distribution

The Company concluded an agreement to acquire the remaining 24.88% interest in Huge Distribution from the MIA Family Trust for a purchase consideration of R400 000. Huge will hold 100% of the ordinary shares of Huge Distribution. The agreement was concluded on 30 May 2022.

Charges relating to the Executive Share Option Agreements

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 R7.4 million in the current reporting period (FY2022), R34.6 million in the previous reporting period (FY2021), a marginal amount in FY2023. These charges are non-cash charges that have no effect on the operating performance of the Company.

Other matters

The directors are not aware of any other significant matters or circumstances arising after the end of the reporting period, which are or have not otherwise been dealt with in the AFS and which affect the financial position of the Group or the results of its operations up to the date of this Report.

Governance (Company Secretary and administration)

Computershare Investor Services Proprietary Limited are the Company's transfer secretaries. Contact information for the Company Secretary and the transfer secretaries can be found on the inside back cover of this Report.

Audit Committee

The directors confirm that the Audit Committee has addressed specific considerations required in terms of section 94(7) of the Companies Act. Further details are contained in the Audit Committee Report on pages 75 to 78 of this Report.

Auditors

The Audit Committee appointed Moore Johannesburg as its independent auditor for FY2022 and has recommended that Moore Johannesburg remain in office in accordance with section 90(1) of the Companies Act.

AUDIT & RISK COMMITTEE REPORT

REPORT TO THE SHAREHOLDERS ON THE ACTIVITIES OF THE AUDIT COMMITTEE FOR THE REPORTING PERIOD ENDED 28 FEBRUARY 2022

The Audit Committee has specific statutory responsibilities to shareholders in terms of the Companies Act. In addition to those responsibilities, the Audit Committee assists the Board by advising and making submissions on the financial reporting, oversight of governance, financial risk management processes and internal financial and non-financial controls, independent audit functions and statutory and regulatory compliance.

Statutory duties

In executing its duties during the reporting period, the Audit Committee:

- determined the fees and terms of engagement of Moore Johannesburg and recommended the re-appointment of Moore Johannesburg as its independent auditor;
- nominated C Jenkins (Whitefield) from Moore Johannesburg for re-appointment as the designated audit partner;
- confirmed its satisfaction that both Moore Johannesburg and Mrs Jenkins remain independent of the Company and meet the requirements of the Companies Act, the Listings Requirements and King IV; and
- is satisfied that while Moore Johannesburg has not performed any non-audit services for the Company, any proposed agreements of this nature require the pre-approval of the Audit Committee.

In compliance with paragraph 3.84(g)(iii) of the Listings Requirements the Audit Committee has, through discussion with Moore Johannesburg, considered, inter alia, (i) the findings of any and all recent inspections undertaken on Moore Johannesburg by the Independent Regulatory Board of Auditors; (ii) Moore Johannesburg's quality control procedures; and (iii) the outcome and summary of any legal or disciplinary proceedings (if any) conducted against Moore Johannesburg within the past seven years and instituted in terms of any legislation or professional body to which Moore Johannesburg is accountable.

Delegated duties

Financial statements

The Audit Committee reviewed the Consolidated and Separate Annual Financial Statements, the Summarised Consolidated and Separate Annual Financial Statements, preliminary announcements, Short-Form Announcements and accompanying reports to shareholders and other announcements made in respect of the Company's results during the reporting period.

Integrated reporting

The Audit Committee reviewed the disclosure contained in the Integrated Report and the disclosures relating to sustainability. The Audit Committee is satisfied that the information contained in the Integrated Report is reliable and does not conflict with the financial information. The Audit Committee recommended the Integrated Report to the Board for approval.

Internal audit

Due to the historical nature of the Company's legal structure, assets, size and its stage of development, the Audit Committee is of the view that an internal audit function is presently not required. However, this requirement is monitored by the Audit Committee on a regular basis.

Risk management

Whilst the Board has delegated responsibility for risk management to the Risk Committee, the Audit Committee remains responsible for the following areas of risk management:

- Financial risks
- Financial reporting risks
- Internal financial controls
- Fraud risks as they relate to financial reporting
- IT governance

External audit

The Audit Committee evaluated and reported on the independence of the independent auditor and reviewed the quality and efficacy of the independent audit process. Accordingly, the Audit Committee recommends to shareholders that Moore Johannesburg be reappointed as the Company's independent auditor and that Mrs Jenkins (Whitefield) be reappointed as the designated audit partner.

The Audit Committee has also determined the fees and terms of engagement of the independent auditor and is satisfied that it has complied with the Companies Act and other relevant legislation. Huge first appointed Moore Johannesburg as the Company's independent auditor on 18 March 2019. Mrs Jenkins (Whitefield) was appointed as the designated audit partner with effect from 15 August 2019.

Chief Financial Officer

The Audit Committee has assessed and is satisfied with the appropriateness of the skills, experience and expertise of Mrs Sequeira as the Chief Financial Officer and confirms same to shareholders.

Financial function

The Audit Committee has reviewed and is satisfied with the expertise, resources and experience of the Company's finance function.

Oversight of risk management

The Chairman of the Audit Committee also chairs the Risk Committee. Members of the Board attend the meetings of both the Audit Committee and the Risk Committee, by invitation. This provides the Audit Committee with the ability to interact closely with the functions performed by the Risk Committee to ensure that there is an adequate understanding of the risk management processes.

Internal financial controls

The Audit Committee has ensured that appropriate financial reporting procedures exist and are working, which included consideration of all entities forming part of the consolidated group financial statements and that it has access to all financial information of Huge to allow Huge to effectively prepare and report on the financial statements.

The Audit Committee has reviewed the efficacy of the Company's system of internal financial controls, including assurance received from management and the independent auditor. The Audit Committee has reviewed the material issues raised during the independent audit process. Based on the processes and assurances obtained, the Audit Committee is of the view that the internal financials controls are effective.

Key areas from the year-end audit report

The key audit matters from the year-end audit report are outlined on page 58 to 63.

Combined assurance

The Company continues to work on improving its combined assurance mechanisms, taking cognisance of the recommendations of King IV in respect of the five lines of assurance.

The Company has regard to the following five lines of assurance:

First line:	Line management is responsible for monitoring and managing risk and opportunity
Second line:	Risk management functions in each subsidiary company, including those at Group level, review and consider risk and opportunity
Third line:	the Company utilises the services of various external consultants to assist with managing risk in respect of revenue recognition and regulatory compliance
Fourth line:	the independent auditor considers and reviews risk management processes implemented by the Company and the Group and elevates any areas which may require further attention
Fifth line:	the Risk Committee and the Audit Committee provide the Board with advice and recommendations in respect of risk management and opportunities

IT Governance

The Audit Committee is responsible for ensuring that a suitable governance framework is in place to oversee and manage information and technology risks. The Audit Committee reviews the relevant policies which are implemented in the subsidiary companies, including the internal control frameworks adopted in this regard. The Board receives independent assurance on the effectiveness of the aforementioned matters from the Audit Committee and the independent auditor. The Audit Committee is cognisant of the ongoing increase in risks related to information and technology, as well as the announcement of the effective date of the Protection of Personal Information Act 4 of 2013. The Audit Committee will report on developments and improvements in the Group's IT governance processes going forward.

Regulatory compliance

The Audit Committee has complied with all its applicable legal and regulatory responsibilities. The Audit Committee has reviewed the AFS, prior to approval, both with management and in a separate forum with the independent auditor. The Audit Committee is satisfied with the appropriateness of the accounting policies and considers the AFS to be a fair presentation of the financial performance, financial position and cash flows of the Company and the Group for the year ended 28 February 2022.

Dennis Gammie
Non-Executive Audit & Risk Committee Chairman
31 May 2022

STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2022

		Group		Company	
Figures in Rand	Note(s)	2022	2021	2022	2021
Assets					
Non-current assets					
Property, plant and equipment	2	105 879	306 744 643	-	-
Right-of-use asset	3	-	12 013 523	-	3 151 144
Goodwill	4	-	607 694 289	-	-
Intangible assets	5	-	23 908 409	-	-
Investments held	6	1 434 956 823	420 465	1 434 966 974	457 495 465
Investments in subsidiary companies	6	-	-	-	208 383 071
Investments in associate companies	6	-	-	-	-
Loans to associate companies	7	-	63 675 724	-	1 206 542
Loans receivable	8	208 087 546	633 073	217 558 631	-
Loans to group companies	8	-	-	-	183 586 729
Trade and other receivables	9	1 380 000	20 561 176	26 507 500	26 507 500
Contract assets	10	-	2 664 496	-	-
Deferred tax asset	11	17 548 859	41 966 455	9 586 550	19 085 111
		1 662 079 107	**1 080 282 253**	**1 688 619 655**	**899 415 562**
Current assets					
Inventories	12	-	82 105 105	-	-
Loans receivable	8	-	438 784	-	-
Contract assets	10	-	1 622 782	-	-
Trade and other receivables	9	39 520 908	63 712 332	32 404 077	23 660 034
Current tax receivable	13	-	509 402	-	-
Cash and cash equivalents	14	1 400 741	29 462 197	981 972	1 669 758
		40 921 649	**177 850 602**	**33 386 049**	**25 329 792**
Total assets		**1 703 000 756**	**1 258 132 855**	**1 722 005 704**	**924 745 354**

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STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2022 CONTINUED

		Group		Company	
Figures in Rand	Note(s)	2022	2021	2022	2021
Equity and Liabilities					
Equity					
Equity attributable to holders of parent					
Share capital	15	612 578 113	599 946 683	612 578 113	601 129 839
Share-based payment reserve	16	41 968 917	34 609 702	41 968 917	34 609 702
Trust donation reserve		-	-	-	(14 470 932)
Change in holding reserve		-	52 474 210	-	-
Revaluation reserve	17	-	21 862 656	-	-
Accumulated profit		897 378 253	305 398 248	783 002 444	173 368 094
		1 551 925 283	**1 014 291 499**	**1 437 549 474**	**794 636 703**
Non-controlling interest	18	-	(49 970 594)	-	-
		1 551 925 283	**964 320 905**	**1 437 549 474**	**794 636 703**
Liabilities					
Non-current					
Interest-bearing liabilities	19	90 059 072	100 776 683	90 059 072	100 776 683
Lease liabilities	3	-	10 968 782	-	2 617 746
Deferred tax liability	11	27 329 377	73 694 468	162 612 323	882 320
		117 388 449	**185 439 933**	**252 671 395**	**104 276 749**
Current liabilities					
Deferred income	20	-	34 434	-	-
Loans payable	8	800 000	300 000	-	-
Interest-bearing liabilities	19	31 436 508	51 263 351	31 436 508	20 672 162
Current tax payable	13	-	1 514 759	-	-
Lease liabilities	3	-	4 864 491	-	1 031 952
Trade and other payables	21	1 450 516	38 217 716	348 327	4 127 788
Bank overdraft	14	-	12 177 266	-	-
		33 687 024	**108 372 017**	**31 784 835**	**25 831 902**
Total liabilities		**151 075 473**	**293 811 950**	**284 456 230**	**130 108 651**
Total equity and liabilities		**1 703 000 756**	**1 258 132 855**	**1 722 005 704**	**924 745 354**
Net asset value per share (cents)		**896.75**	**594.90**	**-**	**-**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2022

		Group		Company	
Figures in Rand	Note(s)	2022	2021	2022	2021
Net gain from financial assets at fair value through profit or loss	**6**	**119 186 500**	**-**	**763 391 960**	**-**
Investment income	**22**	**53 362 377**	**1 285 322**	**48 665 115**	**44 578 857**
Interest income		14 488 668	1 285 322	9 791 406	6 244 039
Interest received on loans		14 296 899	465 313	9 599 637	6 003 819
Finance income		191 769	820 009	191 769	240 220
Dividends received		38 873 709	-	38 873 709	38 334 818
Gross profit from sale of goods/services	**23&24**	**7 100 000**	**245 464 841**	**-**	**23 050 000**
Fee income		7 100 000	-	-	-
Revenue		-	469 857 500	-	23 050 000
Cost of sales		-	(177 148 633)	-	-
Depreciation and amortisation		-	(16 010 593)	-	-
Impairment of inventory		-	(31 233 433)	-	-
Other income	**25**	**417 593 845**	**27 263 813**	**486 087**	**480 910**
Gain on deemed disposal and reacquisition of subsidiaries at fair value		416 114 833	-	-	-
Gain on sale of property, plant and equipment		-	1 938 751	-	-
Other income		1 479 012	6 719 184	486 087	480 910
Waiver of loans		-	18 605 878	-	-

Continued on the next page

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2022 CONTINUED

		Group		Company	
Figures in Rand	Note(s)	2022	2021	2022	2021
Expenses		**(39 755 826)**	**(204 937 932)**	**(7 959 742)**	**(15 035 391)**
Selling and administration expenses		(16 507 100)	(40 210 225)	(291 704)	(583 932)
Executive share-based payment expense		(7 359 215)	(34 609 702)	(7 359 215)	(34 609 702)
Employee costs		(15 488 708)	(93 469 081)	-	-
Movement in credit loss allowance		-	(14 751 923)	-	-
Loss on sale of investments held		(308 823)	-	(308 823)	-
Loss from equity accounted investments		-	(25 011)	-	(29 911)
Depreciation and amortisation		(91 980)	(4 715 639)	-	-
Depreciation on right-of-use assets		-	(5 626 563)	-	(1 050 381)
Decommissioning of telephone lines		-	(11 529 788)	-	-
Reversal of impairment provision on loans to subsidiary company		-	-	-	21 238 535
Profit before finance costs and taxation	**26**	**557 486 896**	**69 076 044**	**804 583 420**	**53 074 376**
Finance costs	27	(9 250 220)	(14 208 196)	(9 249 574)	(10 995 782)
Finance costs on lease liabilities	3	-	(1 477 930)	-	(357 189)
Profit before taxation		**548 236 676**	**53 389 918**	**795 333 846**	**41 721 405**
Income tax expense	28	(30 593 537)	(10 975 695)	(171 228 564)	7 403 486
Profit for the year		**517 643 139**	**42 414 223**	**624 105 282**	**49 124 891**
Attributable to:		**517 643 139**	**42 414 223**	**624 105 282**	**49 124 891**
Owners of the parent		517 643 139	38 568 656	624 105 282	49 124 891
Non-controlling interest		-	3 845 567	-	-

Continued on the next page

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2022 CONTINUED

		Group		Company	
Figures in Rand	Note(s)	2022	2021	2022	2021
Other comprehensive income		**-**	**21 862 656**	**-**	**-**
Items that will not be reclassified to profit and loss:					
Gain on revaluation of property, plant and equipment		-	32 507 513	-	-
Decommissioning of telephone lines		-	(2 142 700)	-	-
Income tax effect		-	(8 502 157)	-	-
Total comprehensive income		**517 643 139**	**64 276 879**	**624 105 282**	**49 124 891**
Owners of the parent		517 643 139	60 431 312	624 105 282	49 124 891
Non-controlling interest		-	3 845 567	-	-
Earnings per share information (cents)	**29**				
Basic earnings per share		299.85	23.47	-	-
Diluted earnings per share		297.78	23.28	-	-

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2022 – GROUP

Figures in Rand	Share capital	Share premium	Total share capital	Share-based payment reserve	Change in holding reserve	Revaluation reserve[10]	Accumulated profit/(loss)	Equity attributable to holders of the parent	Non-controlling interest	Total equity
Group										
Balance at 1 March 2020	**16 477**	**611 867 643**	**611 884 120**	**3 905 915**	**52 474 210**	**-**	**273 101 806**	**941 366 051**	**(60 253 065)**	**881 112 986**
Total comprehensive income for the year	-	-	-	-	-	21 862 656	38 568 656	60 431 312	3 845 567	64 276 879
Profit for the year	-	-	-	-	-	-	38 568 656	38 568 656	3 845 567	42 414 223
Other comprehensive income for the year	-	-	-	-	-	21 862 656	-	21 862 656	-	21 862 656
Share issue expenses	-	(60 000)	(60 000)	-	-	-	-	(60 000)	-	(60 000)
Share buy-back	(389)	(17 658 386)	(17 658 775)	-	-	-	-	(17 658 775)	-	(17 658 775)
Share-based payments raised	-	-	-	1 221 773	-	-	-	1 221 773	-	1 221 773
Executive share-based payments raised	-	-	-	34 609 702	-	-	-	34 609 702	-	34 609 702
Distribution of treasury shares previously held	103	2 458 072	2 458 175	(2 458 175)	-	-	-	-	-	-
Share-based payment reserve reclassification	-	2 504 823	2 504 823	(2 669 513)	-	-	164 690	-	-	-
Sale of treasury shares previously held	18	818 322	818 340	-	-	-	-	818 340	-	818 340
Transaction with non-controlling interest	-	-	-	-	-	-	(6 436 904)	(6 436 904)	6 436 904	-
Balance at 28 February 2021	**16 209**	**599 930 474**	**599 946 683**	**34 609 702**	**52 474 210**	**21 862 656**	**305 398 248**	**1 014 291 499**	**(49 970 594)**	**964 320 905**
Total comprehensive income for the year	965	1 182 191	1 183 156	-	-	-	517 643 139	518 826 295	49 970 594	568 796 889
Profit for the year	-	-	-	-	-	-	101 528 306	101 528 306	-	101 528 306
Subsidiaries deconsolidated[1]	965	1 182 191	1 183 156	-	-	-	416 114 833	417 297 989	49 970 594	467 268 583
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Issue of shares	358	20 396 836	20 397 194	-	-	-	-	20 397 194	-	20 397 194
Share buy-back	(216)	(8 486 329)	(8 486 545)	-	-	-	-	(8 486 545)	-	(8 486 545)
Specific repurchase of shares	(10)	(462 365)	(462 375)	-	-	-	-	(462 375)	-	(462 375)
Executive share-based payments raised	-	-	-	7 359 215	-	-	-	7 359 215	-	7 359 215
Transfer between reserves	-	-	-	-	(52 474 210)	(21 862 656)	74 336 866	-	-	-
Balance as at 28 February 2022	**17 306**	**612 560 807**	**612 578 113**	**41 968 917**	**-**	**-**	**897 378 253**	**1 551 925 283**	**-**	**1 551 925 283**
Note(s)	15	15		16		17			18	

1. *Relates to subsidiaries deconsolidated upon change in status to that of an investment entity, transactions with non-controlling interests and transfer between reserves. Refer to note 6 (investments held) and note 30 (business combinations) for further details.*

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2022 – COMPANY

Figures in Rand	Share capital	Share premium	Total share capital	Share-based payment reserve	Trust donation reserve	Accumulated profit/(loss)	Total equity
Company							
Balance at 1 March 2020	17 563	618 831 051	618 848 614	-	(14 470 932)	124 243 203	728 620 885
Profit for the year	-	-	-	-	-	49 124 891	49 124 891
Share issue expenses	-	(60 000)	(60 000)	-	-	-	(60 000)
Share buy-back	(389)	(17 658 386)	(17 658 775)	-	-	-	(17 658 775)
Executive share-based payments raised	-	-	-	34 609 702	-	-	34 609 702
Balance at 28 February 2021	17 174	**601 112 665**	**601 129 839**	34 609 702	(14 470 932)	**173 368 094**	**794 636 703**
Profit for the year	-	-	-	-	-	624 105 282	624 105 282
Share issue expenses	358	20 396 836	20 397 194	-	-	-	20 397 194
Share buy-back	(216)	(8 486 329)	(8 486 545)	-	-	-	(8 486 545)
Specific share repurchase	(10)	(462 365)	(462 375)	-	-	-	(462 375)
Executive share-based payments raised	-	-	-	7 359 215			7 359 215
Transfer between reserves	-	-	-	-	14 470 932	(14 470 932)	-
Balance at 28 February 2022	**17 306**	**612 560 807**	**612 578 113**	**41 968 917**	-	**783 002 444**	**1 437 549 474**
Note(s)	15	15			16		

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 28 FEBRUARY 2022

		Group		Company	
Figures in Rand	Note(s)	2022	2021	2022	2021
Cash flows from operating activities					
Cash generated from/(used in) operations	31	(9 367 207)	74 675 264	(3 500 535)	4 255 176
Finance income		25 893	430 223	25 893	227 434
Dividends received		29 850 000	-	29 850 000	15 000 000
Finance costs		(9 202 840)	(14 146 462)	(9 202 840)	(12 066 809)
Tax paid	13	-	(4 442 063)	-	-
Net cash from operating activities		**11 305 846**	**56 516 962**	**17 172 518**	**7 415 801**
Cash flows from investing activities					
Purchase of property, plant and equipment	2	(70 877)	(29 915 940)	-	-
Proceeds from disposal of property, plant and equipment		2 586	3 420 181	-	-
Purchase of intangible assets	5	-	(3 715 281)	-	-
Purchase of investment held	6	(3 000 000)	-	(3 000 000)	-
Proceeds from sale of investment	6	17 405 411	-	17 405 411	-
Advance of loans to Investee Companies		(47 476 700)	-	(42 811 558)	(36 939 806)
Repayment of loans by Investee Companies		29 144 284	-	19 494 670	50 592 969
Advance on loan payable		800 000	-	-	-
Business combinations	30	-	-	-	(50)
Advance of loans to associate companies		-	(5 039 923)	-	-
Repayment of loans by associate companies		-	2 295 195	-	-
Repayment of loans receivable		-	320 093	-	-
Cash and cash equivalents deconsolidated upon change in status to that of an investment entity	30	(15 045 913)	-	-	-
Net cash used in investing activities		**(18 241 209)**	**(32 635 675)**	**(8 911 477)**	**13 653 113**

Continued on the next page

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 28 FEBRUARY 2022 CONTINUED

		Group		Company	
Figures in Rand	Note(s)	2022	2021	2022	2021
Cash flows from financing activities					
Share issue expense	15	-	(60 000)	-	(60 000)
Proceeds from interest-bearing liabilities		-	20 000 000	-	20 000 000
Repayment of interest-bearing liabilities		-	(40 000 000)	-	(40 000 000)
Sale of treasury shares previously held		-	818 340	-	-
Specific repurchase of shares	15	(462 282)	-	(462 282)	-
Share buy-back	15	(8 486 545)	(17 658 386)	(8 486 545)	(17 658 771)
Payment of lease liabilities			(8 148 330)	-	(1 230 907)
Advance of loans receivable[1]		-	(870 000)	-	-
Repayment of loans receivable[1]		-	60 663	-	-
Net cash from used in financing activities		**(8 948 827)**	**(45 857 713)**	**(8 948 827)**	**(38 949 678)**
Total cash movement for the year		**(15 884 190)**	**(21 976 426)**	**(687 786)**	**(17 880 764)**
Cash at the beginning of the year		**17 284 931**	**39 261 357**	**1 669 758**	**19 550 522**
Total cash at the end of the year	**14**	**1 400 741**	**17 284 931**	**981 972**	**1 669 758**

1. *Loans receivable have been included under cash flows from financing activities as they relate to financial assistance granted to businesses in the previous reporting period referenced in note 8 (Loans receivable/payable)*

ACCOUNTING POLICIES FOR THE YEAR ENDED 28 FEBRUARY 2022

Presentation of Consolidated and Separate Annual Financial Statements

The AFS 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 AFS have been prepared on the historical-cost basis, and incorporate the principal accounting policies set out below. The AFS are presented in the functional currency of the Company in South African Rands.

Basis of preparation

The AFS have been prepared on the going-concern basis, which assumes that the Company and its subsidiary companies will continue in operational existence for the foreseeable future.

These accounting policies applied in preparation of the AFS are in terms of IFRS; however, the accounting policies applied are materially different from those previously applied as detailed below. A number of other new standards and/or interpretations are effective from 1 March 2021, 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.

Application of the investment entity exemption in terms of IFRS 10 Consolidated Financial Statements

Change in investment entity status

An investment entity is typically an entity that i) obtains funds from one or more investors for the purpose of providing such investor(s) with investment management services, ii) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and iii) measures and evaluates the performance of substantially all of its investments on a fair value basis.

IFRS 10 lists typical characteristics of an investment entity as i) it has more than one investment, ii) it has more than one investor, iii) it has investors that are not related parties of the entity, and iv) it has ownership interests in the form of equity or similar interests. Huge exhibits all of these characteristics.

Huge's Strategy is centred on acquiring and expanding its portfolio of companies, 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 consolidated group. Huge'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 conduct (particularly its attempts to acquire a shareholding in Adapt IT Holdings Limited) no longer justified treating Huge as a consolidated group.

Huge's focus on value creation for its shareholders has not changed. The performance of its investment portfolio is accordingly measured with reference to the fair value of such investments rather than the consolidated profitability of Huge. Fair value is ultimately dependent on a range of factors such as the investee's market rating, growth prospects, operational performance, profitability and marketability.

Critical accounting judgement – Huge's classification as an investment entity. Management concluded that, with effect from 1 March 2021, Huge meets the criteria to be classified as an investment entity.

Accounting treatment for an investment entity

IFRS 10 contains special accounting requirements for an investment entity. Where an entity meets the definition of an investment entity, it does not consolidate its subsidiaries, but rather measures subsidiaries at fair value through profit or loss (FVTPL). However, an investment entity is still required to consolidate subsidiaries that provide services related to the investment entity's investment activities (i.e. those wholly owned subsidiaries comprising Huge's head office operations).

IFRS 10 requires a parent that becomes an investment entity to account for the change in its status prospectively from the date at which the change in status occurred. Having considered various factors, including the timelines and decision-making processes leading up to aforementioned disposals, Huge's application of the investment entity exception is effective from 1 March 2021. Accordingly, on such date the group's existing subsidiaries (other than the aforementioned wholly owned head office subsidiaries providing investment activities to Huge) were deemed to be disposed of and re-acquired at fair value, with the resultant R416.1 million gain being recognised as a non-headline item in the statement of comprehensive income. Such investments were subsequently measured at FVTPL for the entire year under review.

New Standards and Interpretations

Effective standards, interpretations, and amendments to published standards applied for the first time during the current reporting period:

Standard	Impact
COVID-19 – Related Rent Concessions – Amendment to IFRS 16	Low. The Group has assessed the impact of the amendments and as no COVID-19 related rent concessions have been received by the Group, the standard will have no impact.
Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37	Low. The Group has assessed the impact of the amendments and identified no onerous contracts that would require recognition or disclosure.
Annual Improvements to IFRS Standards 2018 – 2020	Low. The new accounting pronouncement, was assessed and not considered by the Group to be significant.
Reference to the Conceptual Framework – Amendments to IFRS 3	Low. The new accounting pronouncement, was assessed and not considered by the Group to be significant.
Proceeds before intended use – Amendments to IAS 16	Low. The new accounting pronouncement, was assessed and not considered by the Group to be significant.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2, issued by the IASB, is effective for periods commencing on or after 1 January 2021. The Group is keeping abreast of developments relating to interest rate benchmark reform, as communicated by the relevant financial authorities. As at 28 February 2022, there were no changes to any of the interest rate benchmarks to which the Group is exposed. The Group will continue to assess the impact of interest rate benchmark reform as the revised benchmark rates are published. These amendments had no impact on the measurement of assets and liabilities at the previous year-end. Comparatives are provided for new disclosures where required by the standards.

Standards, interpretations and amendments to published standards that are not yet effective

Management has considered all standards and interpretations that are in issue but not yet effective. The application of these new and revised IAS and IFRS standards, as issued by the ISAB, are not expected to have any material impact on the Group. Those that are relevant to the Group, but have not been early adopted, are as follows:

Standard	Impact
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	On 23 January 2020, the IASB issued Classification of Liabilities as Current or Non-current (Amendments to IAS 1) providing a more general approach to the classification of liabilities under IAS 1 Presentation of Financial Statements based on the contractual arrangements in place at the reporting date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

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Standard	Impact
Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)	On 14 May 2020, the IASB issued 'Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)' regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.
Definition of Accounting Estimates (Amendments to IAS 8)	On 12 February 2021, the IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after 1 January 2023.
Reference to the Conceptual Framework (Amendments to IFRS 3)	On 14 May 2020, the IASB issued 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.
Annual Improvements to IFRS Standards 2018-2020	On 14 May 2020, the IASB issued 'Annual Improvements to IFRS Standards 2018–2020'. The pronouncement contains amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 as result of the IASB's annual improvements project. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.
IAS 12 Amendments to Deferred Tax related to Assets and Liabilities arising from a Single Transaction	On 7 May 2021, the IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)' that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after 1 January 2023.

Consolidation

Basis of consolidation

The consolidated AFS incorporate the AFS of Huge and its subsidiary company, Huge Management for the reporting date 28 February 2022, on the basis outlined below.

These AFS incorporate the AFS of the Company and its subsidiary company. The AFS represent the results of the Company and its subsidiary company (the Group) as if they formed a single entity. Intercompany transactions and balances between Group companies are eliminated in full.

Subsidiary companies

Subsidiaries are entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries that provide services related to Huge's investment activities are consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Subsidiaries other than those rendering services related to Huge's investment activities are measured at FVTPL (similar to financial assets) as detailed in accounting policy note 10 below.

Inter-company transactions, balances and unrealised gains/losses on transactions between Huge and its subsidiaries that provide services related to Huge’s investment activities are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

Critical accounting judgement – Huge’s classification of Huge Management as a subsidiary

Management concluded that the Group controls Huge Management, an entity in which Huge holds 100%. Judgement is required in the assessment of whether the group has control over such entity in terms of the variability of returns from the group's involvement with such entity, the ability to use power to affect those returns and the significance of the group's investment in such entity.

Huge is deemed to control Huge Management in terms of IFRS 10 in light of its shareholding, board representation, and ongoing strategic input being provided by the Huge Group Executive Committee. Critical to management's assessment that Huge controls Huge Management is fact that Huge directs the treasury management function of Huge Management and exercises control in shareholder meetings related to its votes cast.

Associate companies

In accordance with IAS28 (19); when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity may elect to measure investments in those associates and joint ventures at fair value through profit or loss in accordance with IFRS 9. The election is made separately for each associate or joint venture on initial recognition.

As Huge is an entity similar in nature to a venture capital organisation, management has elected the IAS 28 (19) exemption referred to above.

From 1 March 2021, Huge accounts for its associate, Huge Soho, at fair value through profit or loss.

The cost of the investment as at 1 March 2021 was nil and the fair value of the investment, based on the net asset value valuation method, was nil as at 28 February 2022. Therefore, there was no impact on the financial results relating to this change in accounting policy. The impact on future financial reporting periods cannot be reliably measured as the fair value of the associate would be required at that time in order to compute the fair value implications.

Segment reporting

Due to the change in investment entity status of Huge referenced above, the Company has determined its operating segments based on its investments held during the current reporting period.

Since the Company holds investments in connectivity, software and distribution, the investments held are reported in these associated operating segments as defined in terms of IFRS 8, Operating Segments.

The operating segment's results are reviewed regularly by the Executive Committee, under the authority delegated by the Board (which is the Chief Operating Decision-Maker or **CODM)** to make decisions about resources to be allocated to each segment and to assess each segment's performance, and for which discrete financial information is available.

The fair value movement, as evaluated by the CODM, represents the measure of the segment performance. The IFRS values are reconciled in the tables below. Information on the underlying investment held by Huge are also reported to the CODMs for the purpose of assessing segment performance. The Investment Committee of Huge reports to the CODM in terms of the guidelines on the investment portfolio valuation and reporting processes as set out in the Investment Policy.

The basis of segment reporting has been set out in note 1.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item of property, plant and equipment.

Subsequent costs are included in the asset's carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the period in which it is incurred.

Gains and losses on disposals of property, plant and equipment are determined by comparing the asset's proceeds with its carrying value and are included in profit or loss. Depreciation is calculated on the straight-line method at rates considered appropriate to reduce carrying values to estimated residual values over the useful lives of the assets, as follows:

- Furniture and fittings – 6 years
- Computer equipment – 3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value exceeds its recoverable amount.

Right-of-use assets and Lease liabilities

Assets and liabilities arising from a lease are initially measured on a present value basis. Right-of-use assets are initially recognised at cost, which includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement of the lease and any initial indirect costs incurred by the lessee. Lease liabilities are initially measured on the present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain that the option will be exercised; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of that option.

Lease payments to be made under reasonably certain extension options are included in the measurement of the liability. Lease payments associated with short-term leases, or leases for which the underlying asset is of low value, are recognised as an expense on a straight-line basis over the lease term.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions.

To determine the incremental borrowing rate, the Group:

- Considers government bond rates and the entity's borrowing rate for similar financing arrangements; and
- Make specific adjustments thereto for the lease (e.g. term, geographical location, currency, security, and other property-specific factors).

After the commencement date of the lease, the carrying amount of the lease liability increases to reflect interest on the lease liability, reduced by payments of principal and interest and is remeasured to reflect reassessments or lease modifications.

Right-of-use assets are subsequently carried at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset’s useful life and the lease term. Depreciation is calculated on the straight-line method and expensed in the income statement. The lease terms across the Group does not exceed three years.

Offsetting financial instruments

The Group does not have any financial assets or financial liabilities that are currently subject to offsetting in accordance with IAS 32 – Financial instruments: Presentation.

Financial assets

The Group's financial assets consist of investments at FVTPL, loans and advances, trade and other receivables, and cash and cash equivalents, as well as standalone loans to subsidiaries.

Classification

Financial assets are classified based on the business model and nature of cash flows associated with the instrument.

Financial assets at amortised cost

A debt instrument is classified in this category if it meets both of the following criteria and is not measured at fair value through profit or loss:

- The asset is held within a business model whose objective it is to hold the financial asset in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise to cash flows, on specified dates, that are solely payments of principal and interest (SPPI).

Financial assets at FVTPL

Financial assets not measured at amortised cost as described above are mandatorily measured at FVTPL.

Recognition and measurement of financial assets

Purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Financial assets not carried at FVTPL are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition. Financial assets carried at FVTPL are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income.

Financial assets at FVTPL are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise. Interest and dividend income arising on financial assets at FVTPL are recognised in the income statement as part of investment income.

Where available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. The fair values of quoted investments are based on current prices at the close of business on the reporting date. If the market for a financial asset is not active, or if it is unquoted, the Group establishes fair value by using valuation techniques as detailed in Annexure A. The Group's main valuation techniques incorporate all factors that market participants would consider and make maximum use of observable market data.

The existence of published price quotations in an active market is the best evidence of fair value. The phrase "quoted in an active market" means that quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory
agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis.

Readily available means that the pricing information is currently accessible and regularly available means that transactions occur with sufficient frequency to provide pricing information on an ongoing basis.

Financial assets classified at amortised cost are measured at amortised cost using the effective-interest method, less any impairment, with income recognised on an effective yield base.

Impairment of financial assets

On a forward-looking basis, the Group assesses the expected credit losses associated with its financial assets carried at amortised cost.

Expected credit losses are a probability-weighted estimate of credit losses and are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows receivable in accordance with the contract and the cash flows that the Group expects to receive).

The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group determines whether the credit risk on a financial asset has increased significantly by comparing the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on the financial asset as at the date of initial recognition, together with reasonable and supporting information that indicates a significant increase in credit risk since initial recognition.

If there is no indication that there has been a significant increase in a financial asset's credit risk since initial recognition, the loss allowance is measured at an amount equal to the 12-month expected credit losses. However, if the credit risk on a financial asset has increased significantly since initial recognition, the loss allowances are measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial asset, whereas 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised upon initial recognition of the receivables.

An impairment gain or loss is recognised in profit or loss for the amount of expected credit losses (or reversals) that are required to adjust the loss allowance at the reporting date.

The gross carrying amount of a financial asset is written off and reduced when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Derecognition of financial assets

Financial assets are derecognised when the right to receive cash flows from the financial asset has expired or has been transferred, and the Group has transferred substantially all risks and rewards of ownership. The Group also derecognises a financial asset when the Group retains the contractual rights of the assets but assumes a corresponding liability to transfer these contractual rights to another party and thereby transfers substantially all the risks and benefits associated with the asset.

Cash and cash equivalents

Cash and cash equivalents consist of cash held at call with Rand Merchant Bank (RMB) and cash on hand.

Share capital and equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Treasury shares

Where Huge purchases its own Shares (i.e. treasury shares), the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to owners of the parent until the shares are cancelled, reissued or disposed. Where Shares are subsequently sold, reissued or otherwise disposed, any consideration received is included in equity attributable to owners of the parent, net of any directly attributable incremental transaction costs.

Shares are treated as a deduction from the issued and weighted average numbers of Shares in issue, and the cost of the Shares is deducted from share capital and share premium in the statement of financial position on consolidation. Dividends received on treasury Shares are eliminated on consolidation.

Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Financial liabilities include lease liabilities, trade and other payables, loans payable, as well as standalone loans from subsidiaries.

All financial liabilities are initially recognised at fair value. The best evidence of the fair value at initial recognition is the transaction price (i.e. the fair value of the consideration received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.

Financial liabilities at amortised cost (such as trade and other payables and loans payable) are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period using the effective-interest method.

Financial liabilities, or a portion thereof, are derecognised when the obligation specified in the contract is discharged, cancelled or expired. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and settlement amounts paid are included in the income statement.

Financial liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Employee benefits

Short-term benefits

Revenue-sharing arrangements and discretionary bonuses
The Group recognises a liability and an expense where contractually obliged, or where there is a past practice that has created a constructive obligation.

Annual leave
Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated annual leave as a result of services rendered by employees up to reporting date.

Long-term benefits

Equity settled share-based payment transactions

The cumulative expense recognised in terms of the Group's share-based payment schemes reflects the extent, in the opinion of management, to which the vesting period has expired and the number of rights to equity instruments granted that will ultimately vest. At the end of each reporting date the unvested rights are adjusted by the number forfeited during the period to reflect the actual number of instruments outstanding. Management is of the opinion that this represents the most accurate estimate of the number of instruments that will ultimately vest. The valuation of the Option was performed using the Binomial Option Pricing Model. Refer to note 16 (share-based payment reserve) in the AFS for details relating to the key value drivers (inputs for the Binomial Option Pricing Model) that were taken into account for the valuation.

The grant-date fair value of equity-settled share-based payment arrangements is generally recognized as an expense, with a corresponding increase in the share-based payment reserve in equity over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of shares for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date.

The fair value of shares granted by the Group to employees for no consideration is recognised as an expense over a relevant service period and vesting period. The fair value is measured at the grant date of the shares and is recognised in equity in a share-based payment reserve. Where the granting of shares arises from a business combination and the shares are recognised as a reduction of the transaction price in the business combination (please refer to note 4: goodwill) a negative reserve (the **trust donation reserve**) is established in equity and represents an accelerated reversal of the transfer which would take place from the share-based payment reserve when the shares in question have vested.

Contingent assets and liabilities

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. These contingent assets are not recognised in the statement of financial position but are disclosed in the notes to the financial statements if the inflow of financial benefits is probable.

A contingent liability is either a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. These contingent liabilities are not recognised in the statement of financial position but disclosed in the notes to the financial statements.

Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the period in which the dividends are approved by the Board.

Revenue recognition

Fee income

Revenue is recognised either when the performance obligation has been satisfied (point in time) or when control of the goods or service is transferred to the customer (over time). This requires an assessment of the Group's performance obligations and when control is transferred to the customer. Where revenue is recognised over time, this is in general due to the Group performing and the customer simultaneously receiving and consuming the benefits over the life of the contract as services are rendered. For each performance obligation over time, the Group applies a revenue recognition method that faithfully depicts the Group’s performance in transferring control of the service to the customer. If performance obligations in a contract do not meet the ‘over time’ criteria, the Group recognises revenue at a point in time.

Revenue is measured based on the consideration specified in contracts with customers, excluding amounts collected on behalf of third parties and including an assessment of any variable consideration dependent on the achievement of agreed key performance indicators. Such amounts are only included based on the expected value or most likely outcome method, and only to the extent that it is highly probable that no significant revenue reversal will occur. In assessing whether a significant reversal will occur, the Group considers both the likelihood and the magnitude of the potential revenue reversal.

Investment income

Description	Recognition and measurement
Interest income	Recognised using the effective-interest method and included in investment income in the statement of comprehensive income.
Dividend income	Recognised when the right to receive payment is established and included in investment income in the statement of comprehensive income.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Taxation

Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group's subsidiaries, associates, and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is not provided on temporary differences arising on investments in subsidiaries where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Critical accounting judgement - Recognition of deferred tax on investments at FVTPL

Any potential capital gains tax on the disposal of subsidiary investments at FVTPL is ultimately dependent on the method of realisation (e.g. outright sale) and to what extent such capital gains may be offset against available capital losses. Management expects any capital gains tax payable upon realisation of the Investment Portfolio to be limited at present. Furthermore, Huge controls the timing of the reversal of the temporary differences pertaining to its investments at FVTPL and it is not foreseen that the timing differences will reverse within the next 12 months.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of outstanding Shares (WANOS) during the year (net of treasury Shares), with the WANOS comparative adjusted for bonus elements as provided for in IAS 33 Earnings per Share.

Diluted earnings per share

Diluted earnings per share is calculated on the same basis as basic earnings per share, adjusted for the impact that the issue/release of potential Shares on a holding company or investee level would have on earnings and WANOS.

Headline and diluted headline earnings per share

Headline and diluted headline earnings per share are calculated on the same basis set out above and in accordance with The South African Institute of Chartered Accountants (SAICA) Circular 1/2021.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

NOTE 1 - SEGMENT REPORTING

The Directors have 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 Company can be split into four main segments based on the investments held: a Corporate Office Grouping, Connectivity Grouping, Software Grouping and a Distribution Grouping. The summarised information included below is in line with the requirements of IFRS 8. The revenue generated by the Group and the Investee Companies as well as services provided by them are generated on a countrywide basis, with no geographical differentiation.

During the previous reporting period, prior to the change in nature of business, the operations of the Group were split into three main operating segments: a Corporate Office Grouping, a Telecom Grouping and a Financial Technology (**Fintech**) Grouping.

Operating segments during the current reporting period

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

- Huge itself;
- 100% held Huge Capital;
- 100% held subsidiary Huge Management, the holding company of which is Huge.

The **Connectivity Grouping** comprises the following companies:

- 83.70% held Huge Connect;
- 100% held Huge Messaging;
- 100% held Huge Technologies;
- 100% held Huge Telecom;
    - 100% held in Huge Services; held indirectly, through the investment in Huge Telecom. Huge Telecom is the 100% shareholder of Huge Services;
    - 50.03% held in Huge Networks, held, indirectly, through the investment in Huge Telecom. Huge Telecom is a 50.03% shareholder of Huge Networks.
    - 49% held in Huge Cellular, held, indirectly, through the investment in Huge Telecom. Huge Telecom is the 49% shareholder of Huge Cellular; Huge Cellular is an associate company of Huge Telecom.
- 100% held Huge Soho. Huge Soho is an associate company of Huge.

The **Software Grouping** comprises the following companies:

- 100% held Huge Media;
- 75% held Huge Software;
- 100% held Huge Payments;
- 5% held Glovent Solutions.

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

- 75.12% held Huge Distribution.

<u>Operating segments during the previous reporting period</u>

In terms of Huge's Segment Report for the previous reporting period, the **Telecom Grouping** comprised 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;
- 75.12% held Huge Distribution (formerly Pansmart and 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 for the previous reporting period, the **Fintech Grouping** comprised the following companies:

- 83.70% held Huge Connect, the holding company of which is Huge;
- 100% held Huge Payments, the holding company of which is Huge;
- 100% held Huge Capital, the holding company of which is Huge.

In terms of Huge's Segment Report for the previous reporting period, the **Corporate Office Grouping** comprised 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 Huge Connect and Huge Networks;
- 100% held Huge Management, the holding company of which is Huge.

<u>Changes to the operating segments</u>

Due to the change in investment entity status of Huge, at 1 March 2021, the segment splits for the current reporting period required amendment. Refer to note 6 (investments held) for further detail relating to the loss of control of subsidiary companies.

NOTE 1 - SEGMENT REPORTING CONTINUED

Three new reporting segments were created, and three historical reporting segments were discontinued.

The Corporate Office Grouping remained; the changes to this grouping was the inclusion of Huge Capital, which was previously included in the Fintech Grouping and the removal of Huge Software into the new Software Grouping.

The Connectivity Grouping includes:

- Huge Connect, which was previously included in the Fintech Grouping;
- Huge Messaging, which was previously included in the Telecom Grouping;
- Huge Soho, a 49% associate of Huge;
- Huge Technologies, which was previously included in the Telecom Grouping; and
- Huge Telecom, which was previously included in the Telecom Grouping:
  - Huge Networks, indirectly through the investment held in Huge Telecom. Huge Networks was previously included in the Telecom Grouping;
  - Huge Services, indirectly through the investment held in Huge Telecom. Huge Services was previously included in the Telecom Grouping;
  - Huge Cellular, a 49% associate of Huge Telecom.

The Software Grouping includes:

- Huge Media, which was previously included in the Telecom Grouping;
- Huge Software, which was previously included in the Corporate Office Grouping;
- Huge Payments, which was previously included in the Fintech Grouping;
- Glovent Solutions, which was acquired during the current reporting period.

The Distribution Grouping includes:

- Huge Distribution, which was previously included in the Telecom Grouping.

<u>Geographic areas</u>

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

<u>Services</u>

Huge generates its revenue in the form of dividends, interest income and fee income. *Refer to note 22 (investment income) and 23 (revenue) for further details.*

NOTE 1 - SEGMENT REPORTING CONTINUED

Segment portfolio value movements – 2022

Segment	Investment held at 1 March 2021	Acquisition	Fair value gain	Portfolio interest	Investment held at 28 February 2022	Percentage of Portfolio
Connectivity	1 294 744 219	-	116 306 595	-	1 411 050 814	98.36%
Distribution	8 583 476	-	8 428 651	-	17 012 127	1.19%
Software	6 297 641	3 000 000	(2 837 743)	-	6 459 898	0.45%
Corporate Office	448 509	-	(28 044)	13 519	433 984	0.00%
Total	**1 310 073 845**	**3 000 000**	**121 869 459**	**13 519**	**1 434 956 823**	**100.00%**
Note	*6*		*6*	*22*		

Segment portfolio returns - 2022

Segment	Dividend income	Interest income	Fee income	Total
Connectivity	38 873 709	10 630 038	6 600 000	56 103 747
Distribution	-	1 295 542	-	1 295 542
Software	-	1 311 475	500 000	1 811 475
Corporate Office	-	1 251 613	-	1 251 613
Total	**38 873 709**	**14 488 668**	**7 100 000**	**60 462 377**
Note	*22*	*22*	*23*	*22*

Continued on the next page

NOTE 1 - SEGMENT REPORTING CONTINUED

Segment report – 2021

This segment report includes the R34 609 702 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.

2021	Total	Telecom Grouping	Fintech Grouping	Corporate Office Grouping
Revenue	469 857 500	294 988 231	167 424 099	7 445 170
Cost of sales	(177 148 633)	(121 228 387)	(55 514 111)	(406 135)
Depreciation and amortisation[1]	(16 010 593)	(1 893 715)	(14 116 878)	-
Impairment of inventory[2]	(31 233 433)	(22 801 756)	(8 431 677)	-
Gross profit	**245 464 841**	**149 064 373**	**89 361 433**	**7 039 035**
Other income	6 719 184	6 672 930	46 254	-
Waiver of loans[2]	18 605 878	18 605 878	-	-
Decommissioning of telephone lines[4]	(11 529 788)	(11 529 788)	-	-
Selling and administration expenses	(44 925 864)	(22 448 448)	(11 046 814)	(11 430 602)
Depreciation on right-of-use assets	(5 626 563)	(1 803 334)	(2 772 848)	(1 050 381)
Employee costs	(93 469 081)	(60 340 788)	(18 300 671)	(14 827 622)
Executive share-based payment expense[5]	(34 609 702)	-	-	(34 609 702)
Movement in credit loss allowances[6]	(14 751 923)	(5 057 506)	(9 536 017)	(158 400)
Operating profit / (loss)	**65 876 982**	**73 163 317**	**47 751 337**	**(55 037 672)**
Finance income	1 285 322	216 145	356 932	712 245
Loss from equity accounted investments	(25 011)	-	-	(25 011)
Profit on sale of property, plant and equipment	1 938 751	404 618	1 532 245	1 888
Finance costs	(14 208 196)	(3 205 156)	(7 257)	(10 995 783)
Finance costs on lease liabilities	(1 477 930)	(572 436)	(548 305)	(357 189)
Profit/(loss) before taxation	**53 389 918**	**70 006 488**	**49 084 952**	**(65 701 522)**

Continued on the next page

NOTE 1 - SEGMENT REPORTING CONTINUED

1. *During the previous 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 was raised in the prior year; depreciation will only be raised on the telephone line network asset when its residual value subsequently decreases to an amount below the assets carrying amount. Refer to note 2 (property, plant and equipment) as well as Annexure A for further details.*
2. *Refer to note 12 (inventories), note 24 (cost of sales) and Annexure A for further details.*
3. *Refer to note 30 (business combinations) for further details.*
4. *Decommissioning of telephone lines relates to the impairment of telephone lines owned by the Group in the previous reporting period, under the Telecom Grouping, as a result of customer contract cancellations during that reporting period.*
5. *Refer to note 16 (share-based payment reserve) for further details relating to the Executive Share Option Agreements.*
6. *Movement in credit loss allowances in the prior reporting periods relate mainly to an employee fraud that took place at Huge Connect. Billings have ceased and full credit loss allowance provisions were raised against the outstanding trade and other receivable balance. Further detail relating to the employee fraud can be found in the FY2020 Integrated Report.*

Assets and liabilities – 2021	Total	Telecom Grouping	Fintech Grouping	Corporate Office Grouping
Non-current assets	1 080 282 253	325 675 813	127 686 274	626 920 166
Current assets	177 850 602	127 324 520	41 912 205	8 613 877
	1 258 132 855	**453 000 333**	**169 598 479**	**635 534 043**
Non-current liabilities	(196 884 600)	(82 109 666)	(30 948 834)	(83 826 100)
Current liabilities	(123 996 382)	(40 919 283)	(25 099 916)	(57 977 183)
	(320 880 982)	**(123 028 949)**	**(56 048 750)**	**(141 803 283)**

NOTE 2 - PROPERTY, PLANT AND EQUIPMENT

	2022			2021			
	Cost	Accumulated depreciation	Fair value/carrying value	Cost	Accumulated depreciation	Residual value	Fair value/carrying value
Total cost model	319 185	(213 306)	105 879	206 779 500	(93 792 311)	-	112 987 189
Total revaluation model	-	-	-	168 827 740	(5 435 099)	30 364 813	193 757 454
Total property, plant and equipment	**319 185**	**(213 306)**	**105 879**	**375 607 240**	**(99 227 410)**	**30 364 813**	**306 744 643**

	2022			2021		
Group – cost model	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Customer premises equipment	-	-	-	166 908 518	(70 075 978)	96 832 540
Furniture and fixtures	30 750	(9 665)	21 085	4 119 459	(2 415 664)	1 703 795
Motor vehicles	-	-	-	9 266 348	(5 507 877)	3 758 471
Computer equipment	288 435	(203 641)	84 794	24 792 752	(14 100 369)	10 692 383
Leasehold improvements	-	-	-	1 692 423	(1 692 423)	-
Total	**319 185**	**(213 306)**	**105 879**	**206 779 500**	**(93 792 311)**	**112 987 189**

	2022			2021			
Group – revaluation model	Cost	Accumulated depreciation	Fair value/carrying value	Cost	Accumulated depreciation	Residual value	Fair value/carrying value
Telephone line network	-	-	-	168 827 740	(5 435 099)	30 364 813	193 757 454
Total	**-**	**-**	**-**	**168 827 740**	**(5 435 099)**	**30 364 813**	**193 757 454**

NOTE 2 - PROPERTY, PLANT AND EQUIPMENT CONTINUED

Reconciliation of plant and equipment – Group – 2022 – total

	Opening balance	Additions	Disposals	Change in investment entity status[1]	Depreciation	Total
Total cost model	112 987 189	70 877	(2 586)	(112 857 621)	(91 980)	105 879
Total revaluation model	193 757 454	-	-	(193 757 454)	-	-
Total property, plant and equipment	**306 744 643**	**70 877**	**(2 586)**	**(306 615 075)**	**(91 980)**	**105 879**
Note				26		

[1] Refer to note 6 (investments held) and note 30 (business combinations) for further details relating to the change in investment entity status.

Reconciliation of plant and equipment – Group – 2022 – cost model

	Opening Balance	Additions	Disposals	Change in investment entity status	Depreciation	Total
Customer premises equipment	96 832 540	-	-	(96 832 540)	-	-
Furniture and fixtures	1 703 795	15 330	-	(1 691 459)	(6 581)	21 085
Motor vehicles	3 758 471	-	-	(3 758 471)	-	-
Computer equipment	10 692 383	55 547	(2 586)	(10 575 151)	(85 399)	84 794
	112 987 189	**70 877**	**(2 586)**	**(112 857 621)**	**(91 980)**	**105 879**
Note				26		

NOTE 2 - PROPERTY, PLANT AND EQUIPMENT CONTINUED

Reconciliation of plant and equipment – Group – 2022 – revaluation model

	Opening balance	Additions	Disposals	Change in investment entity status	Depreciation	Total
Telephone line network	193 757 454	-	-	(193 757 454)	-	-
Total	**193 757 454**	**-**	**-**	**(193 757 454)**	**-**	**-**

Reconciliation of plant and equipment – Group – 2021 – total

	Opening balance	Additions	Disposals	Transfer to property, plant and equipment at fair value	Transfer to right-of-use asset	Transfer (to)/from intangible assets	Depreciation	De-commissioning	Revaluation	De-recognition	Total
Total cost model[1]	272 983 290	29 530 475	(1 484 510)	(174 922 429)	885 702	(412 616)	(13 592 723)	-	-	-	112 987 189
Total revaluation model[2]	-			174 922 429				(11 529 788)	32 507 513	(2 142 700)	193 757 454
Total	**272 983 290**	**29 530 475**	**(1 484 510)**	**-**	**885 702**	**(412 616)**	**(13 592 723)**	**(11 529 788)**	**32 507 513**	**(2 142 700)**	**306 744 643**
Note					3	5	26				

NOTE 2 - PROPERTY, PLANT AND EQUIPMENT CONTINUED

Reconciliation of plant and equipment – Group – 2021 – cost model

	Opening Balance	Additions	Disposals	Transfer to property, plant and equipment at fair value[1]	Transfer to right-of-use asset[2]	Transfer (to)/from intangible assets[3]	Re-classification[4]	Depreciation[5]	Total
Telephone line network[1]	174 922 429	-	-	(174 922 429)	-	-	-	-	-
Customer premises equipment	83 003 336	26 035 766	(523 014)	-	-	-	-	(11 683 548)	96 832 540
Furniture and fixtures	3 135 956	365 489	(20 739)	-	-	(412 616)	(1 819 687)	455 392	1 703 795
Motor vehicles	4 036 595	-	(241 259)	-	885 702	-	-	(922 567)	3 758 471
Computer equipment	7 884 974	3 129 220	(699 498)	-	-	-	1 819 687	(1 442 000)	10 692 383
	272 983 290	**29 530 475**	**(1 484 510)**	**(174 922 429)**	**885 702**	**(412 616)**	**-**	**(13 592 723)**	**112 987 189**

1. In FY2020, the telephone line network asset was included under customer premises equipment and measured at amortised cost. In terms of the change in accounting policy during FY2021, this class of asset was disaggregated and measured at fair value. The fair value measurement was effective from 1 March 2020 because of the availability of new information on this date. Refer to Annexure A for further detail. The telephone line network was measured at fair value during FY2021 and therefore reclassified to property, plant and equipment measured at fair value.
2. *The transfer of motor vehicles from right-of-use assets to plant, property and equipment is because of lease obligations being fully settled during FY2021 making the asset the property of Huge.*
3. *An assessment of the nature of individual plant and equipment assets was undertaken during FY2021 and this assessment identified the requirement for a reclassification between plant and equipment and intangible assets in order to correctly disclose computer software incorrectly held under furniture and fittings in prior years. This resulted in the reclassification of R412 616. This reclassification has been assessed as qualitatively and quantitatively immaterial. Refer to note 5 (Intangible assets).*
4. *An assessment of the nature of individual plant and equipment assets was undertaken during FY2021 and this assessment identified the requirement for a reclassification between furniture and fittings and computer equipment in order to correctly disclose their classification. This resulted in the reclassification of R1 819 687. The net impact on plant and equipment is nil and therefore quantitatively immaterial. The disclosure adjustment has been assessed as qualitatively immaterial.*
5. *During FY2021 Huge conducted a residual value review of its telephone line network asset register, which resulted in changes to the residual value of the telephone lines. The proven recoverability of the network asset should this be sold to a third party after its depreciable term of 10 years was determined. As a result, an adjustment of R36 366 227 was raised in FY2021 against telephone line network depreciation in cost of sales which relates to the customer premises equipment.*

NOTE 2 - PROPERTY, PLANT AND EQUIPMENT CONTINUED

Reconciliation of plant and equipment – Group – 2021 – revaluation model

	Opening balance	Transfer to property, plant and equipment at fair value[1]	Depreciation	De-commissioning[2]	Revaluation	De-recognition[3]	Total
Telephone line network	-	174 922 429	-	(11 529 788)	32 507 513	(2 142 700)	193 757 454
Total	**-**	**174 922 429**	**-**	**(11 529 788)**	**32 507 513**	**(2 142 700)**	**193 757 454**

1. *During FY2020, the telephone line network asset was carried at amortised cost. During FY2021, the Group at the time elected to measure this class of asset at fair value. Refer to Annexure A for further detail.*
2. *Decommissioning of telephone lines relates to the impairment of telephone lines owned by the Group at the time which are held under property, plant and equipment, under the Telecom Grouping, as a result of customer contract cancellations during FY2021 which amounted to R11 529 788. Refer to Annexure A further detail.*
3. *The derecognition is as a result of the decommissioning of telephone lines in the FY2021. The revaluation portion of decommissioned lines is reversed against other comprehensive income. The derecognition of the lines is recorded in note 17 (Revaluation reserve).*

Encumbered assets

No commercial vehicles serve as security for instalment sale agreements concluded with Wesbank, a division of FirstRand Bank, for the current reporting period. Four light commercial vehicles with a carrying value of R437 429 served as security for instalment sale agreements concluded with Wesbank during the previous reporting period.

No commercial vehicles serve as security for instalment sale agreements concluded with Merchant West Proprietary Limited (**Merchant West**) for the current reporting period. Seven light commercial vehicles with a carrying value of R1 209 025 served as security for instalment sale agreements concluded with Merchant West during the previous reporting period.

NOTE 3 - RIGHT-OF-USE ASSETS/LEASE LIABILITIES

Right-of-use assets

Reconciliation of right-of-use asset – Group - 2022

	Opening Balance	Re-measurement [1]	Depreciation	Additions	Change in investment entity status[2]	Carrying value
Equipment	802 153	-	-	-	(802 153)	-
Premises	11 023 844	(3 151 144)	-	-	(7 872 700)	-
Network infrastructure	187 526	-	-	-	(187 526)	-
Total	**12 013 523**	**(3 151 144)**	**-**	**-**	**(8 862 379)**	**-**
Notes					30	

1. *The Huge Group premises lease came to an end at the beginning of FY2022 resulting in the derecognition of the right-of-use asset and corresponding liability. The premises lease was negotiated between Huge Management and B&B Media Proprietary Limited on a month-to-month basis under a short-term lease agreement. This modification impacted the statement of profit or loss and other comprehensive income by R498 554.*
2. *Refer to note 6 (investments held) and note 30 (business combinations) for further details relating to the change in investment entity status.*

Reconciliation of right-of-use asset – Group - 2021

	Opening Balance	Re-measurement [1]	Depreciation	Additions	Transfer from right-of-use asset[2]	Carrying value
Equipment	1 074 080	(2 122)	(390 167)	120 361	-	802 152
Premises	14 609 579	937 867	(5 180 770)	657 169	-	11 023 845
Network infrastructure	187 526	-	-	-	-	187 526
Motor vehicles	959 188	(17 860)	(55 626)	-	(885 702)	-
Total	**16 830 373**	**917 885**	**(5 626 563)**	**777 530**	**(885 702)**	**12 013 523**
Notes			26		30	

1. *A modification to the Huge Connect premises lease during FY2021 resulted in a remeasurement of R937 867 to the right-of-use asset and corresponding liability. The premises lease was renewed for a further 3 years and 6 months at reduced rates and reduced office space. This modification did not impact the statement of profit or loss and other comprehensive income.*
2. *The transfer of IT equipment and motor vehicles from right-of-use assets to property, plant and equipment is as a result of lease obligations being fully settled during FY2021 and accordingly the asset is the property of Huge*

NOTE 3 - RIGHT-OF-USE ASSETS/LEASE LIABILITIES CONTINUED

Right-of-use assets continued

Reconciliation of right-of-use asset – Company – 2022

	Opening Balance	Depreciation	Re-measurement[1]	Carrying value
Premises	3 151 144	-	(3 151 144)	-
Total	**3 151 144**	**-**	**(3 151 144)**	**-**

1. *As referenced above, the Huge Group premises lease came to an end at the beginning of FY2021 resulting in the derecognition of the right-of-use asset. Refer to point 1 (Reconciliation of right-of-use asset - Group - 2022) for further details.*

Reconciliation of right-of-use asset – Company – 2021

	Opening Balance	Depreciation	Carrying value
Premises	4 201 525	(1 050 381)	3 151 144
Total	**4 201 525**	**(1 050 381)**	**3 151 144**
Notes		27	

Amounts recognised in the Statement of Profit or Loss and Other Comprehensive Income – 2022

	Group	Company
Expense relating to short-term leases (included under operating expenses)	1 207 754	-
Lease modification	(498 554)	(498 554)
	709 200	**(498 554)**

1. *Refer to note 26 (operating profit) for further detail relating to short-term lease expense and lease modification.*

Amounts recognised in the Statement of Profit or Loss and Other Comprehensive Income – 2021

	Group	Company
Depreciation charge of right-of-use assets	**5 626 563**	**1 050 381**
Equipment	390 167	-
Premises	5 180 770	1 050 381
Network infrastructure	-	-
Motor vehicles	55 626	-
Interest expense (included in finance costs)	1 477 930	357 189
Expense relating to short-term leases (included under operating expenses)	5 610 685	-
	12 715 178	1 407 570

1. *Refer to note 26 (operating profit) for further detail relating to short-term lease expense and depreciation on right-of-use assets.*
2. *Refer to note 27 (finance costs) for further detail relating to the interest expense.*

NOTE 3 - RIGHT-OF-USE ASSETS/LEASE LIABILITIES CONTINUED

Lease liabilities

Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expense relating to payments not included in the measurement of the lease liability is as follows:

	Group	
	2022	2021
Short-term leases – Premises	1 207 754	5 497 418
Short-term leases – Equipment	-	113 247
	1 207 754	**5 610 665**

1. *Refer to note 26 (operating profit) for further detail relating to short-term lease expenses.*

At 28 February 2022, the Company was not committed to short-term leases. The total commitment in the previous reporting period was R602 558.

	Group		Company	
Lease Liability commitments[1]	2022	2021	2022	2021
Minimum instalment payments due				
– within one year inclusive	-	6 024 384	-	1 304 763
– in second to fifth year inclusive	-	11 972 013	-	2 849 080
	-	17 996 397	-	4 153 843
Less: Future finance charges	-	(2 163 124)	-	(504 145)
Present value of minimum instalment payments	**-**	**15 833 273**	**-**	**3 649 698**
Present value of minimum instalment payments due				
– within one year inclusive	-	4 864 491	-	1 031 952
– in second to fifth year inclusive	-	10 968 782	-	2 617 746
	-	**15 833 273**	**-**	**3 649 698**
Non-current liabilities	-	10 968 782	-	2 617 746
Current liabilities	-	4 864 491	-	1 031 952
	-	**15 833 273**	**-**	**3 649 698**

1. *As referenced above, the Huge Group premises lease came to an end at the beginning of FY2021 resulting in the derecognition of the lease liability. Refer to point 1 (Reconciliation of right-of-use asset - Group - 2022) for further details.*

At 1 March 2021, all the right-of-use and lease liability balances were de-recognised pursuant to the change in investment entity status.

NOTE 4 - GOODWILL

	2022			2021		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	-	-	-	607 792 063	(97 774)	607 694 289

Reconciliation of goodwill – Group - 2022

	Opening Balance	Change in investment entity status[1]	Total carrying value
Goodwill	607 694 289	(607 694 289)	-

[1] *Refer to note 6 (investments held) and note 30 (business combinations) for further details relating to the change in investment entity status.*

Reconciliation of goodwill – Group – 2021

	Opening Balance	Total carrying value
Goodwill	**607 694 289**	**607 694 289**

Goodwill	2022	2021
Consisting of:		
Huge Distribution	-	9 075 964
Huge Networks	-	30 196 325
Huge Telecom	-	215 153 482
Huge Telecom CGU	**-**	**254 425 771**
Huge Connect	-	345 537 298
Huge Payments	-	3 268 169
Huge Connect CGU	**-**	**348 805 467**
Huge Software	-	4 463 051
Huge Software CGU	**-**	**4 463 051**
Total Goodwill	**-**	**607 694 289**

NOTE 4 - GOODWILL CONTINUED

Huge Telecom Cash Generating Unit

The goodwill balance of the Huge Telecom CGU as at 28 February 2021 amounted to R254 425 771. This goodwill balance is the sum of the goodwill of R215 153 482 that arose from the Huge Telecom acquisition on 9 July 2007 and the Huge Soho acquisition on 13 August 2007, the goodwill of R30 196 325 that arose from the Huge Networks acquisition on 30 March 2017, and the goodwill of R9 075 964 that arose from the Huge Distribution acquisition on 13 May 2019.

The goodwill that arose on the Huge Networks acquisition arose from two transaction involving Huge Networks, namely:

- the March 2017 intra-group acquisition of Sainet Internet by Huge Telecom. In terms of this agreement, Huge Networks became a wholly owned subsidiary company of Huge Telecom; and
- the acquisition by Huge Networks of the businesses of Otel Business and Otel Communications in February 2019 (the **Otel Transaction**). As a result of the Otel Transaction, Huge Telecom's shareholding in Huge Networks decreased from 100% to 50.03%.

On 28 February 2014, certain assets of Huge Telecom were transferred to Huge Technologies and accordingly Huge Technologies forms part of the Huge Telecom CGU for Goodwill Impairment Review purposes.

Up to 28 February 2018, the Huge Telecom CGU comprised of Huge Telecom, Huge Technologies, Huge Cellular and Huge Soho. On 27 February 2019, Huge concluded a B-BBEE transaction with Windfall, which resulted in its shareholding in both

Huge Cellular and Huge Soho decreasing below 50%. Huge's shareholding in Huge Cellular and Huge Soho decreased from 100% to 49% and as such there was a loss of control. Subsequently, Huge Cellular and Huge Soho ceased to form part of the Huge Telecom CGU. At 28 February 2019, the Huge Telecom CGU consisted of Huge Telecom and Huge Technologies.

During FY2020 Huge Telecom acquired the remaining 50% interest in Huge Services (formerly Gonondo and previously held as a joint venture). No goodwill arose on this transaction.

Huge also concluded various agreements which resulted in its acquisition of a controlling shareholding in Huge Distribution (formerly Pansmart). The agreements became unconditional on 13 May 2019. The purchase consideration for 50.25% of the ordinary shares of Huge Distribution was R100. Huge acquired 50% of the existing shareholder claims on loan account for an amount of R13 151 309. Goodwill of R9 075 964 arose on the acquisition of the controlling shareholding in Huge Distribution.

NOTE 4 - GOODWILL CONTINUED

Huge Telecom Cash Generating Unit continued

The goodwill balance of the Huge Telecom CGU as at 28 February 2021 amounted to R254 425 771. This goodwill balance is the sum of the goodwill of R215 153 482 that arose from the Huge Telecom acquisition on 9 July 2007 and the Huge Soho acquisition on 13 August 2007, the goodwill of
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 75.12%. This transaction with non-controlling interests became unconditional on the 15 February 2021. No change in control of Huge Distribution took place because of this transaction with non-controlling interest and no goodwill arose on this transaction. The increase in Huge's shareholding resulted in an equity transaction between non-controlling interest and retained earnings amounting to R6 436 904. Huge Distribution supplies world-class products from leading global vendors, including NEC, Yeastar and Yealink.

At 28 February 2021, Huge Telecom, Huge Technologies, Huge Distribution and Huge Networks collectively form the Huge Telecom CGU. Huge Networks, previously a stand-alone CGU, has been incorporated into the Huge Telecom CGU. Huge Telecom has a 50,03% shareholding in Huge Networks.

For FY2021 the recoverable amount of goodwill attributable to the Huge Telecom CGU was assessed and it was determined that no impairment was required at the date of approval of the FY2021 AFS.

The valuation of the goodwill attributable to the Huge Telecom CGU, as reported in the previous reporting period, was undertaken by Managhan SA Proprietary Limited and calculated to be R959 540 427 (FY2020: R681 915 984 in respect of the Huge Telecom CGU). Huge's share of the goodwill attributable to the Huge Telecom CGU for FY2021 was R254 425 771 (FY2020: R254 425 771).

A goodwill impairment review was undertaken in accordance with IFRS 3 and IAS 36 by:

- assessing the recoverable amount by determining the value-in-use amount and comparing this to the carrying amount;
- assessing the reasonability of management's cash flow forecasts through discussions with management, including discussions about the processes undertaken to develop the budgets and the forecasts as well as the assumptions utilised in compiling the budgets and forecasts;
- determining the recoverable amount or value-in-use by discounting the future cash flows generated; and
- conducting a sensitivity analysis over the value-in-use calculations, by varying the assumptions used (the revenue growth rate, the sustainable gross profit margins, and the weighted average cost of capital) and assessing the sensitivity of the values to changes in these assumptions.

NOTE 4 - GOODWILL CONTINUED

Huge Telecom Cash Generating Unit continued

The assumptions used in computing the value-in-use are based on estimates provided by management. In particular, the estimates provided by the management of Huge Telecom which take into account Huge Telecom's migration of its customer base from a second-tier mobile network operator to a first-tier mobile network operator, being MTN, the enhanced functionality provided by MTN to Huge Telecom's product/service, the improved coverage linked to the MTN mobile telephone network and the better quality of service that MTN can guarantee on its network. In general, the estimates of management also take into account of future expectations related to changes in the market in which the businesses in the Huge Telecom CGU operate. The weighted average cost of capital (WACC) is represented by a pre-tax discount rate which is based on a risk-free rate of return, adjusted by a premium applicable to the businesses and the market in which they operate as well as a beta to reflect an appropriate level of volatility relative to the market.

The assumptions that were used include:

- a projected revenue growth rate of 11% for the budget year 28 February 2022 (FY2021: 22%) and an average growth rate of 28% for the forecast period beyond the budget year (FY2021: 8%);
- a gross profit margin of 40% for the years 28 February 2022 to 28 February 2026 (FY2020: 57% Huge Telecom CGU only);
- a WACC represented by a pre-tax discount rate of 17% (FY2020: 17%); and
- a terminal growth rate of 2% (FY2020: 2%).

The Huge Telecom CGU's strategy for the forecast period beyond the budget year is to grow its revenue through customer acquisitions and churn reduction strategies. This has a compounding effect on its subscription-based line rental income, which is annuity in nature, in the years following customer growth. A drive to increase Business Partner activations is a priority for the forecast period. These new line installations will generate higher annuity line rental income. The recently launched 'all inclusive' service package will be the primary service offering of Huge Telecom and will largely contribute to the average projected growth.

Whilst the value-in-use calculation demonstrates no impairment at FY2021, the calculation is sensitive to the following inputs (assuming all others remain constant):

- an increase in the WACC;
- a decrease in the forecast gross profit percentage;
- a decrease in the expected revenue growth rates over the five-year forecast period; and
- a decrease in the terminal growth rate.

At this stage, no tested changes would have resulted in an impairment.

NOTE 4 - GOODWILL CONTINUED

Huge Connect and Huge Networks

Goodwill arose on the acquisition of Huge Connect (formerly ConnectNet Broadband Wireless) and Huge Networks (formerly Sainet Internet) on 30 March 2017. At the time of the acquisition of Huge Connect and Huge Networks, Huge Networks was a wholly owned subsidiary company of Huge Connect. The goodwill that arose on the acquisition of Huge Connect and Huge Networks amounted to R359 355 790. The goodwill attributable to Huge Connect was R345 537 298 and the goodwill attributable to Huge Networks was R13 818 492.

On 30 March 2017, Huge Connect sold its shares in Huge Networks to Huge Telecom in terms of a sale of shares agreement.

Huge Connect and Huge Networks were measured and viewed as separate CGUs from 2019, with Huge Networks forming part of the Huge Telecom CGU and Huge Connect forming a separate CGU. Therefore, independent, separate assessments were concluded in respect of the recoverable amounts of the goodwill attributable to Huge Connect and Huge Networks.

Huge Connect Cash Generating Unit

During FY2020, Huge Connect entered into an agreement with Windfall, an associate of VM Mokholo, who is a non-executive director of the Company and a related party to Huge. Various transaction agreements were concluded, including a preference share subscription agreement between Huge and Huge Connect, an ordinary share subscription agreement between Huge Connect and Windfall and a shareholders agreement between Huge, Windfall and Huge Connect.

Huge Connect declared an ordinary dividend of R457 075 000 to the holders of the ordinary shares in Huge Connect. In terms of the preference share subscription agreement, Huge subscribed for 1 000 preference shares in Huge Connect for a subscription price of R457 075 000. The obligation of the preference share subscription price was discharged in toto by set-off against the obligation of Huge Connect to effect payment of the ordinary dividend. Thereafter, in terms of the ordinary subscription agreement, Windfall subscribed for 36 ordinary no par value shares in the issued ordinary capital of Huge Connect, which resulted in Windfall owning 16.29% of the issued ordinary share capital of Huge Connect. The agreements became unconditional on 28 February 2020.

At the time that Huge acquired Huge Connect, the Huge Connect CGU comprised Huge Networks and Huge Payments (formerly IntelPay). Huge Connect did not own Huge Payments at the time but it did have the option to do so. On 5 April 2019 Huge acquired IntelPay and changed its name to Huge Payments. Huge Payments cannot operate without the development knowledge of Huge Connect, which created the coding and product, and therefore must form part of the Huge Connect CGU.

The goodwill related to the Huge Payments transaction amounted to R3 268 169. Following its acquisition by Huge, Huge Payments has been included as part of the Huge Connect CGU.

NOTE 4 - GOODWILL CONTINUED

Huge Connect Cash Generating Unit continued

The total goodwill for the Huge Connect CGU at 28 February 2021 amounted to R348 805 467, of which R345 537 298 arose on the Huge Connect acquisition in March 2017 and R3 268 169 arose on the Huge Payments acquisition in May 2019.

During the previous reporting period, Huge assessed the recoverable amount of goodwill and determined that no impairment was required.

The recoverable amount or value-in-use was determined by discounting the future cash flows generated by the Huge Connect CGU. The value of the goodwill attributable to the Huge Connect CGU, as reported in the previous reporting period, based on the valuation performed by Managhan SA Proprietary Limited, was R493 285 185 (FY2020: R473 228 465).

The assumptions used in computing the value-in-use are based on estimates provided by management, which take account of future expectations related to changes in the market in which the businesses in the Huge Connect CGU operate.

The WACC is represented by a pre-tax discount rate which is based on a risk-free rate of return, adjusted by a premium applicable to the businesses and the market in which they operate as well as a beta to reflect an appropriate level of volatility relative to the market. The assumptions that were used include:

- a projected revenue growth rate of 4% for the budget year to 28 February 2022 (FY2021: 13%), and an average projected growth rate of 10% for the forecast period beyond the budget year from 1 March 2023 to 28 February 2026 (FY2020: 10%);
- a gross profit margin of 64% for the forecast period from 1 March 2022 to 28 February 2026 (FY2020: 70%);
- a WACC represented by a pre-tax discount rate of 16% (FY2020: 17%); and
- a terminal growth rate of 2% (FY2020: 2%).

Whilst-the-value in use calculation demonstrates no impairment at year-end, the calculation is sensitive to the following inputs (assuming all others remain constant):

- an increase in the WACC;
- a decrease in the forecast gross profit percentage;
- a decrease in the expected revenue growth rates over the five-year forecast period; and
- a decrease in the terminal growth rate.

At this stage, no tested changes would have resulted in an impairment.

NOTE 4 - GOODWILL CONTINUED

Huge Software Cash Generating Unit

The goodwill arose on the acquisition of Huge Software on 30 June 2017. This business is measured and viewed as a single CGU.

During the previous reporting period, the Group assessed the recoverable amount of goodwill and determined that no impairment was required.

The recoverable amount or value-in-use was determined by discounting the future cash flows generated by this CGU, which consists only of Huge Software. The value of the goodwill of this CGU, as reported in the previous reporting period, was based on a valuation performed by Managhan SA Proprietary Limited and amounted to R9 582 793 (FY2020: R7 185 965). Huge's 75% share in the goodwill of this CGU was R7 187 095 (FY2020: R5 389 473).

The assumptions used in computing the value-in-use are based on estimates provided by management, which take account of future expectations related to changes in the market in which the business of the Huge Software CGU operates.

The weighted average cost of capital (WACC) is represented by a pre-tax discount rate which is based on a risk-free rate of return, adjusted by a premium applicable to the businesses and the market in which they operate as well as a beta to reflect an appropriate level of volatility relative to the market. The assumptions that were used include:

- a projected revenue growth rate of 41% for the budget year to 28 February 2022 (FY2020: 4%), and an average projected growth rate of 15% for the forecast period beyond the budget year from 1 March 2023 to 28 February 2026 (FY2020: 21%);
- an average gross profit margin of 86% for the years 28 February 2023 to 28 February 2026 (FY2020: 88%);
- a WACC represented by a pre-tax discount rate of 19% (FY2020: 21%); and
- a terminal growth rate of 2% (FY2020: 2%).

Whilst the value-in-use calculation demonstrates no impairment at year-end, the calculation is sensitive to the following inputs (assuming all others remain constant):

- an increase in the WACC;
- a decrease in the forecast gross profit percentage;
- a decrease in the expected revenue growth rates over the five-year forecast period; and
- a decrease in the terminal growth rate.

NOTE 4 - GOODWILL CONTINUED

Huge Software Cash Generating Unit continued

The qualitative factors that were summarised in the Purchase Price Allocation Report were:

- This proprietary intellectual property is integrated with HIVE, Huge Telecom's billing and rating engine and is thus critical for Huge Telecom's back office operations;
- It was more cost effective to acquire a shareholding in Huge Software than acquiring and customising a third-party accounting software product;
- Huge Software has under invested in its software assets and requires funding to create an asset that is capable of market penetration. Huge acquired Huge Software for its potential and to increase its scale by providing funding assistance; and
- Huge will benefit from the improved operational performance of an integrated platform.
- The goodwill relating to the Huge Software CGU is the excess over the purchase price paid by Huge for its 75% shareholding. A review of the goodwill relating to Huge's acquisition of Huge Software was undertaken and it was determined that the goodwill was not required to be impaired because of the following factors:
  - The historical cash flows of Huge Software were limited as a result of the limited access to customers and the sub-scale size of Huge Software;
  - Huge Software was previously under-funded; and
  - The future cash flows of Huge Software are able to increase substantially because (i) Huge will ensure that other subsidiary companies and future companies that are acquired make use of the Huge Software accounting software product, WebAccounting.

At this stage, no tested changes would have resulted in an impairment.

NOTE 5 - INTANGIBLE ASSETS

	2022			2021		
	Cost	Accumulated amortisation and impairment losses	Carrying value	Cost	Accumulated amortisation and impairment losses	Carrying value
Router Development Technology	-	-	-	3 304 599	(1 100 438)	2 204 161
Software, internally generated	-	-	-	40 671 557	(21 328 720)	19 342 837
Software, purchased	-	-	-	4 820 309	(3 108 752)	1 711 557
Patents	-	-	-	808 571	(274 522)	534 049
Other intangible assets	-	-	-	285 075	(169 270)	115 805
Total	**-**	**-**	**-**	**49 890 111**	**(25 981 702)**	**23 908 409**

Reconciliation of intangible assets – Group - 2022

	Opening balance	Change in investment entity status[1]	Total
Router Development Technology	2 204 161	(2 204 161)	-
Software, internally generated	19 342 837	(19 342 837)	-
Software, purchased	1 711 557	(1 711 557)	-
Patents	534 049	(534 049)	-
Other intangible assets	115 805	(115 805)	-
Total	**23 908 409**	**(23 908 409)**	**-**

1. *Refer to note 6 (investments held) and note 30 (business combinations) for further details relating to the change in investment entity status.*

NOTE 5 - INTANGIBLE ASSETS CONTINUED

Reconciliation of intangible assets – Group - 2021

	Opening balance	Additions	Transfer form Plant and equipment[1]	Other[2]	Amortisation	Total
Router Development Technology	2 464 107	111 050	-	-	(370 996)	2 204 161
Software, internally generated	18 560 794	2 371 237	-	-	(1 589 194)	19 342 837
Software, purchased	761 794	1 232 994	412 616	67 413	(763 260)	1 711 557
Patents	534 049	-	-	-	-	534 049
Other intangible assets	198 819	-	-	-	(83 014)	115 805
Total	**22 519 563**	**3 715 281**	**412 616**	**67 413**	**(2 806 464)**	**23 908 409**
Note			2			

1. *An assessment of the nature of individual property, plant and equipment assets was undertaken during the previous reporting period. The requirement for a reclassification between property, plant and equipment and intangible assets in order to correctly disclose computer software previously held under furniture and fittings was identified. This resulted in the reclassification of R412 616. This reclassification was assessed as qualitatively and quantitatively immaterial. Refer to note 2 (property, plant and equipment).*
2. *Other relates to adjustments made to purchased software during the previous reporting period due to the residual value and asset register assessment performed.*

NOTE 6 - INVESTMENTS HELD

Nature of company	Held by	% holding 2022	Group Fair value[1] 2022	Group Fair value 2021	Company Fair value[1] 2022	Company Fair value 2021
Huge Capital	Huge	100.00 %	-	-	-	-
Huge Connect – Ordinary shares held	Huge	83.70 %	106 173 816	-	106 173 816	-
Huge Connect – Preference shares held	Huge	100.00 %	457 075 000	-	457 075 000	457 075 000
Huge Distribution	Huge	75.12 %	17 012 127	-	17 012 127	-
Huge Management	Huge	100.00 %	-	-	10 151	-
Huge Media	Huge	96.00 %	-	-	-	-
Huge Messaging	Huge	100.00 %	704 360	-	704 360	-
Huge Payments	Huge	100.00 %	-	-	-	-
Huge Software	Huge	75.00 %	3 459 898	-	3 459 898	-
Huge Technologies	Huge	100.00 %	103 217 674	-	103 217 674	-
Huge Telecom Group	Huge	100.00 %	743 879 964	-	743 879 964	-
Huge Telecom	Huge	100.00%	676 849 896	-	676 849 896	-
Huge Cellular	Huge Telecom	49.00%	-	-	-	-
Huge Networks	Huge Telecom	50.03%	66 854 667	-	66 854 667	-
Huge Services	Huge Telecom	100.00%	175 401	-	175 401	-
Huge Soho	Huge	49.00 %	-	-	-	-
The CI Trust	Huge	100.00 %	-	-	-	-
GloVent[2]	Huge	5.00 %	3 000 000	-	3 000 000	-
Discovery Invest Endowment Plan	Huge	-	433 984	420 465	433 984	420 465
Total fair value[3]			**1 434 956 823**	**420 465**	**1 434 966 974**	**457 495 465**

1. Refer to accounting policy 8.3.1 (change in investment entity status) for further details.
2. The Company concluded an agreement to acquire a minority interest in Glovent Solutions by way of a subscription for new ordinary shares of Glovent. Huge Group acquired 5% of Glovent for R3 million on 16 February 2022. The fair value of the 5% holding in Glovent was measured at 28 February 2022 and the cost closely approximates its fair value therefore no adjustments have been made to this investment value.
3. All Investee Companies are incorporated in South Africa and their principal place of business is in South Africa.
4. There are no significant restrictions on the ability of the above Investee Companies to transfer funds to Huge in the form of cash dividends or the repayment of loans or advances. There are no commitments or intentions to provide financial or other support to an Investee Company. Support is provided as and when required through the required approval processes.

Continued on the next page

NOTE 6 - INVESTMENTS HELD CONTINUED

Investments in subsidiary companies - 2021

Name of subsidiary company	Held by	% holding 2021	Group Carrying value 2021	Company Carrying value 2021
Huge Capital	Huge	100.00	-	-
Huge Connect - Ordinary shares held	Huge	83.71	-	88 653 792
Huge Distribution	Huge	75.12	-	150
Huge Management	Huge	100.00	-	10 151
Huge Media	Huge	96.00	-	6 115 194
Huge Messaging	Huge	100.00	-	2 525 499
Huge Networks	Huge Telecom	50.03	-	-
Huge Payments	Huge	100.00	-	100 000
Huge Services	Huge Telecom	100.00	-	-
Huge Software	Huge	75.00	-	3 750 000
Huge Technologies	Huge	100.00	-	100
Huge Telecom	Huge	100.00	-	113 343 379
The CI Trust	Huge	100.00	-	-
			-	**214 498 265**
Provision for impairment of investment in Huge Media			-	(6 115 194)
Net carrying amount			**-**	**208 383 071**

Continued on the next page

NOTE 6 - INVESTMENTS HELD CONTINUED

Investments in associate companies - 2021

Name of subsidiary company	Held by	% holding 2021	Group Carrying value 2021	Company Carrying value 2021
Huge Soho	Huge	49.00	-	-
Huge Cellular	Huge Telecom	49.00	-	-
			-	**-**

Movement in investments held – Group - 2022

Investments held	Fair value at 1 March 2021	Acquisition during the year	Fair value gain/(loss) at 28 February 2022	Finance income on endowment	Sold during the year	Loss on sale	Closing balance - Fair value at 28 February 2022
Unlisted investments	1 310 073 845	3 000 000	121 869 459	13 519	-	-	1 434 956 823
Listed investments	-	20 397 193	(2 682 959)	-	(17 405 411)	(308 823)	-
Total	**1 310 073 845**	**23 397 193**	**119 186 500**	**13 519**	**(17 405 411)**	**(308 823)**	**1 434 956 823**

Continued on the next page

NOTE 6 - INVESTMENTS HELD CONTINUED

Movement in investments held – Company - 2022

Investments held	Opening balance – Cost at 28 February 2021	Acquisition during the year	Fair value gain/(loss) at 28 February 2022	Finance income on endowment	Sold during the year	Loss on sale	Closing balance - Fair value at 28 February 2022
Unlisted investments	665 878 536	3 000 000	766 074 919	13 519	-	-	1 434 966 974
Listed investments	-	20 397 193	(2 682 959)	-	(17 405 411)	(308 823)	-
Total	**665 878 536**	**23 397 193**	**763 391 960**	**13 519**	**(17 405 411)**	**(308 823)**	**1 434 966 974**

1. The fair value gain on unlisted investments includes the gain as at 1 March 2021 amounting to R 644 205 460 and the fair value gain as at 28 February 2022 amounting to R 121 869 459.

Continued on the next page

NOTE 6 - INVESTMENTS HELD CONTINUED

Net gain from financial assets at fair value through profit or loss - Group

Unlisted Investments	1 March 2021 Fair value	28 February 2022 Fair value	Fair value gain/(loss)
Huge Capital	-	-	-
Huge Connect (Ordinary shares)	72 616 002	106 173 816	33 557 814
Huge Connect (Preference shares)	458 394 199	457 075 000	(1 319 199)
Huge Distribution	8 583 476	17 012 127	8 428 651
Huge Media	-	-	-
Huge Messaging	1 243 654	704 360	(539 294)
Huge Payments	-	-	-
Huge Software	6 294 641	3 459 898	(2 837 743)
Huge Technologies	89 544 443	103 217 674	13 673 231
Huge Telecom Group	672 948 921	743 879 964	70 931 043
Huge Telecom	638 250 400	676 849 896	38 599 496
Huge Cellular	-	-	-
Huge Networks	34 444 523	66 854 667	32 410 144
Huge Services	253 998	175 401	(78 597)
Huge Soho	-	-	-
The CI Trust	28 044	-	(28 044)
GloVent	-	3 000 000	-
Total Unlisted Holdings	**1 309 653 380**	**1 434 522 839**	**121 869 459**
Discovery Invest Endowment Plan	420 465	433 984	-
Total Holdings	**1 310 073 845**	**1 434 956 823**	**121 869 459**
Adapt IT sale	-	-	(2 682 959)
Total Net Gain			**119 186 500**

Continued on the next page

NOTE 6 - INVESTMENTS HELD CONTINUED

Listed investment in Adapt IT

In accordance with the SENS released on 2 August 2021 detailing the results of the offer to Adapt IT shareholders (the Offer announced that Adapt IT shareholders holding 2 612 719 Adapt IT shares, representing 1.9% of Adapt IT's total ordinary share capital, excluding treasury shares, accepted the Offer Accordingly, Huge delivered 3 579 419 Huge shares and a total fractional entitlement in cash of R39.52 in settlement of the Offer consideration. The 2 612 719 Adapt IT shares were subsequently sold on 6 August 2021 for a sale consideration of R17 714 235. The investment was valued utilising the quoted share price on the Johannesburg Stock Exchange JSE and details are summarised below:

	Number of shares	Price per share	Total fair value
Listed Investments			
Huge Group shares issued 23 July 2021	3 579 419	5.70	20 397 194
Adapt IT shares held	2 612 719	6.78	17 714 235
Fair value loss to date of sale			**(2 682 959)**
Adapt IT shares held (cost)	2 612 719	6.78	17 714 235
Adapt IT shares sold	(2 612 719)	6.66	(17 405 411)
Loss on sale of Adapt IT shares			**308 824**

Continued on the next page

NOTE 6 - INVESTMENTS HELD CONTINUED

Net gain from financial assets at fair value through profit or loss - Company

Unlisted Investments	28 February 2021 Carrying value	28 February 2022 Fair value	Fair value gain/(loss)
Huge Capital	-	-	-
Huge Connect (Ordinary shares)	88 653 792	106 173 816	17 520 024
Huge Connect (Preference shares)	457 075 000	457 075 000	-
Huge Distribution	150	17 012 127	17 011 977
Huge Management	10 151	10 151	-
Huge Media	6 115 194	-	(6 115 194)
Huge Messaging	2 525 499	704 360	(1 821 139)
Huge Payments	100 000	-	(100 000)
Huge Software	3 750 000	3 459 898	(290 102)
Huge Technologies	100	103 217 674	103 217 574
Huge Telecom	113 343 379	743 879 964	630 536 585
Huge Soho	-	-	-
The CI Trust	-	-	-
GloVent[2]	-	3 000 000	-
Discovery Invest Endowment Plan	420 465	433 984	-
Total	**671 993 730**	**1 434 966 974**	**759 959 725**
Provision for impairment of investment in Huge Media	(6 115 194)	-	6 115 194
Total Holdings	**655 878 536**	**1 434 966 974**	**766 074 919**
Adapt IT sale	-	-	(2 682 959)
Total Net Gain			**763 391 960**

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NOTE 6 - INVESTMENTS HELD CONTINUED

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 company to be valued can be expected to generate in the future.

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 company 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.

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.

Fair value of investments held at 1 March 2021

The fair value of the investments held as at 1 March 2021 were calculated by an independent expert, Managhan Proprietary Limited, in accordance with IFRS 13. The valuation assumptions utilised as at 1 March 2021 for the loss of control of subsidiary companies' calculation, are detailed in the table on the next page:

NOTE 6 - INVESTMENTS HELD CONTINUED

Fair value of investments held at 1 March 2021 CONTINUED

Unlisted Investments	Economic interest	Primary valuation method	Fair value hierarchy	Significant and key inputs	Relationship of unobservable inputs	1 March 2021 fair value
Huge Capital	100.00%	Net assets	Level 3	Attributable NAV		-
Huge Connect (Ordinary shares)	83.70%	Income approach	Level 3	Maintainable earnings model	WACC 19.25% Terminal growth 2.34% Revenue growth 8.93% Sustainable GP margin 62.71%	72 616 002
Huge Connect (Preference shares)	100.00%	Dividend discount	Level 3	Dividend payable average coupon rate	Required rate of return 8.44%	458 394 199
Huge Distribution	75.12%	Income approach	Level 3	Maintainable earnings model	WACC 18.08% Terminal growth 2.34% Revenue growth 36.83% Sustainable GP margin 22.60%	8 583 476
Huge Media	96.00%	Net assets	Level 3	Attributable NAV		-
Huge Messaging	100.00%	Net assets	Level 3	Attributable NAV		1 243 654
Huge Payments	100.00%	Net assets	Level 3	Attributable NAV		-
Huge Software	75.00%	Income approach	Level 3	Maintainable earnings model	WACC 20.74% Terminal growth 2.34% Revenue growth 3.90% Sustainable GP margin 85.90%	6 294 641
Huge Technologies	100.00%	Net assets	Level 3	Attributable NAV		89 544 443
Huge Telecom	100.00%	Income approach	Level 3	Maintainable earnings model	WACC 19.95% Terminal growth 2.34% Revenue growth 30.20% Sustainable GP margin 66.10%	638 250 400
Huge Cellular	49.00%	Net assets	Level 3	Attributable NAV		-

Table continues on the next page

NOTE 6 - INVESTMENTS HELD CONTINUED

Fair value of investments held at 1 March 2021 CONTINUED

Unlisted Investments	Economic interest	Primary valuation method	Fair value hierarchy	Significant and key inputs	Relationship of unobservable inputs	1 March 2021 fair value
Huge Networks	50.03%	Income approach	Level 3	Maintainable earnings model	WACC 17.32% Terminal growth 2.34% Revenue growth 9.51% Sustainable GP margin 32.25%	34 444 523
Huge Services	100.00%	Net assets	Level 3	Attributable NAV		253 998
Huge Soho	49.00%	Net assets	Level 3	Attributable NAV		-
The CI Trust	100.00%	Net assets	Level 3	Attributable NAV		28 044
Total Unlisted Holdings						**1 309 653 380**
Discovery Invest Endowment Plan			Level 3			420 465
Total Holdings						**1 310 073 845**

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NOTE 6 - INVESTMENTS HELD CONTINUED

Key valuation components for the investment valuations as at 1 March 2021

Risk free rate

The risk-free rate is the rate that investors would require on a risk free asset. The risk-free rate we have 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 2021 of 9.43%.

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 0.92 was determined for Huge Telecom, Huge Connect, Huge Networks and Huge Media. 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 relevered beta of each specific entity listed above is calculated based on the target debt equity ratio of the related entity. An unlevered beta of 1.46 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.

Small stock premium (SSP)

Small companies have additional risk characteristics that are not fully captured by the standard estimates of beta. The small stock premium takes account of the lack of size and diversification of the company compared to its listed competitors. The small stock premium is based on the PWC guideline per the 2019 valuation methodology. Based on the size of the listed company, measured by market capitalisation on 10 March 2021 of R1.11 billion, a SSP of 1.79% was applied.

Weighting of Debt and Equity

The target debt equity ratios applied in the respective Weighted Average Cost of Capital (WACC) calculations of the entities are consistent with the ratios applied at FY2020 and FY2021.

NOTE 6 - INVESTMENTS HELD CONTINUED

Cost of Debt

The current terms of the Futuregrowth Facilities are JIBAR plus 400 basis points. The 3 month JIBAR rate at the 31 August 2021 valuation date was 3.68%. During FY2020 the executive management team created a centralised treasury function. This treasury function operates through Huge Management and is responsible for providing capital to Huge's Investee Companies. The objectives of this centralised treasury function include reducing the cost of debt and improving the internal oversight of each Investee Company borrowings and lending. The function provides the Investee Companies with a single point of contact for their borrowing requirements, and it simplifies processes and allows the Investee Companies to focus on important objectives relating to business strategies and growth. It also allows Huge to leverage the strong relationships it has with its lenders and the experience of the executive management team in cashflow management and funding processes. The debt to equity ratio of the Company is 7.83%. This provides Huge with a strategic advantage in pursuing and structuring acquisitions.

Sensitivity analysis for the investment valuations as at 1 March 2021

The valuation was tested for sensitivity to a range of valuation inputs and assumptions The inputs tested, which in our view, 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;
- Weighted Average Cost of Capital WACC used to discount future cash flows; and
- Forecast Gross Profit Margins.

The tables below set out the results for the sensitivity of the valuation to changes in the above variables for the relevant investments held. "High road" and "low road" case scenarios have been applied.

Huge Connect - Ordinary Shares

Assumption	WACC	Terminal Growth Rate	Revenue Growth	Sustainable GP Margin
High road	18.25%	3.00%	9.43%	63.71%
Base case	19.25%	2.34%	8.93%	62.71%
Low road	20.25%	2.00%	8.43%	61.71%
Equity Value	R	R	R	R
High road	93 172 000	89 436 000	98 634 990	93 357 342
Base case	86 747 105	86 747 105	86 747 105	86 747 105
Low road	81 097 000	85 442 000	75 047 738	76 649 405

Based on the assumptions applied in the Base Case with a WACC of between 18,25% and 20,25%, we estimate the value of 100% of Huge Connect's Ordinary Share to be in the range of R81 097 000 and R93 172 000.

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NOTE 6 - INVESTMENTS HELD CONTINUED

Huge Connect - Preference Shares

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 R25 650 000, whilst a decrease in the assumed prime rate will increase the Value by R28 880 000 to R487 270 000.

Huge Telecom

Assumption	WACC	Terminal Growth Rate	Revenue Growth	Sustainable GP Margin
High road	18.45%	3.00%	31.23%	68.07%
Base case	19.45%	2.34%	30.23%	66.07%
Low road	20.45%	2.00%	29.23%	64.07%
Equity Value	R	R	R	R
High road	708 534 162	666 360 187	690 328 709	667 106 091
Base case	638 250 400	638 250 400	638 250 400	638 250 400
Low road	576 093 076	624 598 152	589 211 203	593 766 417

Based on the assumptions applied in the base case with a WACC of between 18.45% and 20.45% the value of 100% of Huge Telecom (excluding Huge Networks) is estimated to be in the range of R576 093 076 and R708 534 162. Based on the assumptions applied in the base case with a WACC of between 16.36% and 18.36% the value of 50.03% of Huge Networks) is estimated to be in the range of R32 200 809 and R37 011 193.

The fair value gain on investments, subsequent to the change in nature of the business on 1 March 2021 to 28 February 2022 amounted to R119 186 500 (unlisted investments of R121 869 459 and listed investment of (R2 682 959)).

Continued on the next page

NOTE 6 - INVESTMENTS HELD CONTINUED

Fair value of investments held at 28 February 2022

The fair value of the investments retained as at 28 February 2022 were calculated by an independent expert, Managhan Proprietary Limited, in accordance with IFRS 13. The valuation assumptions utilised as at 28 February 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
Huge Capital	100.00%	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%	106 173 816
Huge Connect (Preference shares)	100.00%	Dividend discount	Level 3	Dividend payable average coupon rate	Required rate of return 8.29%	457 075 000
Huge Distribution	75.12%	Income approach	Level 3	Maintainable earnings model	WACC 23.01% Terminal growth 1.79% Revenue growth 31.69% Sustainable GP margin 20.71%	17 012 127
Huge Media	96.00%	Net assets	Level 3	Attributable NAV		-
Huge Messaging	100.00%	Net assets	Level 3	Attributable NAV		704 360
Huge Payments	100.00%	Net assets	Level 3	Attributable NAV		-
Huge Software	75.00%	Income approach	Level 3	Maintainable earnings model	WACC 23.82% Terminal growth 1.79% Revenue growth 15.56% Sustainable GP margin 82.70%	3 459 898
Huge Technologies	100.00%	Net assets	Level 3	Attributable NAV		103 217 674
Huge Telecom	100.00%	Income approach	Level 3	Maintainable earnings model	WACC 15.82% Terminal growth 1.79% Revenue growth 18.63% Sustainable GP margin 66.31 %	676 849 896
Huge Cellular	49.00%	Net assets	Level 3	Attributable NAV		-
Huge Networks	50.03%	Income approach	Level 3	Maintainable earnings model	WACC 16.46% Terminal growth 1.79% Revenue growth 15.44% Sustainable GP margin 33.50%	66 854 667
Huge Services	100.00%	Net assets	Level 3	Attributable NAV		175 401
Huge Soho	49.00%	Net assets	Level 3	Attributable NAV		-
The CI Trust	100.00%	Net assets	Level 3	Attributable NAV		-

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NOTE 6 - INVESTMENTS HELD CONTINUED

Fair value of investments held at 28 February 2022 continued

Unlisted Investments	Economic interest	Primary valuation method	Fair value hierarchy	Significant and key inputs	Relationship of unobservable inputs	28 February 2022 fair value
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 %	3 000 000
Total Unlisted Holdings						**1 434 522 839**
Discovery Invest Endowment Plan			Level 3			433 984
Total Holdings						**1 434 956 823**

Key valuation components for the investment valuations as at 28 February 2022

- The Income approach calculates the market value of the ordinary shares of a business based on the value of the cash flows that the company to be valued can be expected to generate in the future.
- 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 company 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.
- 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.

Risk free rate

The risk free rate is the rate that investors would require on a risk free asset. The risk free rate used of 7.29% is approximated by the spot rate of the South African Government Bond with a maturity of 5 years, as quoted by the South African Reserve Bank on 28 February 2022.

NOTE 6 - INVESTMENTS HELD CONTINUED

Systematic risk premium or market premium

The equity market risk premium (EMRP) was determined using Professor Aswath Damodaran's model to determine EMRP's for emerging markets and then adjusting this baseline figure to reflect each emerging market's inherent EMRP using the credit default swap spread and the sovereign debt rating of the relevant country. Applying this model generates an EMRP for the South African equity market of 7.21%

Beta

A beta analysis was conducted based on listed companies in the telecommunication sectors in emerging markets. An unlevered beta of 0.79 was determined for Huge Telecom as they are linked to services. An unlevered beta of 0.84 was determined for Huge Connect and Huge Networks, which is the average of the unlevered beta's of services and wireless companies. An unlevered beta of 1.24 for Huge Distribution was used, utilising equipment metrics. The assessment is based on the average beta of 290 listed emerging markets companies in the telecom equipment sector, 140 listed companies in the telecom services sector and 61 listed companies in the telecom wireless sector. The re-levered beta of each specific entity listed above is calculated based on the target debt equity ratio of the related entity. An unlevered beta of 1.48 was determined for Huge Software and Glovent Solutions. This was based on the average beta of 462 emerging markets companies listed in the software systems and application sector.

Specific risk (Alpha)

The specific risk for each individual Investee Company was considered. Risk premiums related to items such as managements depth of expertise, leverage, access to capital, forecasting risk, customer concentration, nature of revenue, sales model, current and potential competition, supplier concentration and pricing power, product diversification, geographical distribution, internal culture, industry specific regulations, litigation, technology risk, internal control were applied. Specific risk premia for each Investee Company are as follows: Huge Connect 11.82%; Huge Distribution 10.51%, Huge Software 9.88%, Huge Telecom 9.10% and Glovent at 12.13%.

Weighting of Debt and Equity

The target debt equity ratios applied in the respective Weighted Average Cost of Capital (WACC) calculations of the Investee Companies are consistent with the ratios applied at FY2020 and FY2021, other than Huge Telecom, where the target debt equity ratio has changed to 50%/50% which is more in line with expectations and a reflection of the current position of this Investee Company.

NOTE 6 - INVESTMENTS HELD CONTINUED

Key valuation components for the investment valuations as at 28 February 2022 continued

Cost of Debt

The current terms of the Futuregrowth Facility are JIBAR plus 400 basis points. The 3 month JIBAR rate at the 28 February 2022 valuation date was 4.17%. During FY2020 the executive management team created a centralised treasury function. This treasury function operates through Huge Management and is responsible for providing capital to Huge's Investee Companies . The objectives of this centralised treasury function include reducing the cost of debt and improving the internal oversight of each Investee Company's borrowings and lending. The function provides the Investee Companies with a single point of contact for their borrowing requirements, and it simplifies processes and allows the Investee Companies to focus on important objectives relating to business strategies and growth. It also allows Huge to leverage the strong relationships it has with its lenders and the experience of the executive management team in cashflow management and funding processes. The debt to equity ratio of the Company is 7.83%. This provides Huge with a strategic advantage in pursuing and structuring acquisitions.

Sensitivity analysis for the investment valuations as at 28 February 2022

The tables below set out the results for the sensitivity of the valuation to changes in the above variables for the relevant investments held ."High road" and "low road" case scenarios have been applied.

Huge Connect - Ordinary Shares

Assumption	WACC	Terminal Growth Rate	Revenue Growth	Sustainable GP Margin
High road	19.88%	3.00%	9.06%	64.48%
Base case	20.88%	1.79%	8.06%	62.48%
Low road	21.88%	2.00%	7.06%	60.48%
Equity Value	R	R	R	R
High road	115 084 209	109 779 184	140 708 903	112 956 354
Base case	106 173 816	106 173 816	106 173 816	106 173 816
Low road	98 238 333	102 507 100	94 034 944	86 335 001

Based on the assumptions applied in the Base Case with a WACC of between 19.88% and 21.88%, we estimate the value of 100% of Huge Connect's Ordinary Share to be in the range of R98 238 333 and R115 084 209.

NOTE 6 - INVESTMENTS HELD CONTINUED

Huge Connect - Preference Shares

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 R25 994 787, whilst a decrease in the assumed prime rate will increase the value by R29 331 016 to R486 406 106.

Huge Telecom

Assumption	WACC	Terminal Growth Rate	Revenue Growth	Sustainable GP Margin
High road	14.81%	2.50%	19.63%	68.31%
Base case	15.81%	1.79%	18.63%	66.31%
Low road	16.81 %	1.00%	17.63%	64.31%
Equity Value	R	R	R	R
High road	742 070 803	706 427 202	726 649 703	740 182 072
Base case	676 849 896	676 849 896	676 849 896	676 849 896
Low road	620 209 896	647 273 681	605 340 287	668 534 146

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 (excluding Huge Networks) is estimated to be in the range of R620 209 896 and R742 070 803. Based on the assumptions applied in the base case with a WACC of between 15.35% and 17.35% the value of 50.03% of Huge Networks) is estimated to be in the range of R61 827 692 and R72 689 623.

NOTE 7 - LOANS TO ASSOCIATE COMPANIES

	Group		Company	
Associate Companies	2022	2021	2022	2021
Huge Cellular[1]	-	61 269 182	-	-
Huge Soho[2]	-	2 406 542	-	1 206 542
Total	**-**	**63 675 724**	**-**	**1 206 542**
Non-current asset	-	63 675 724	-	1 206 542
Current assets	-	-	-	-
Total	**-**	**63 675 724**	**-**	**1 206 542**

1. ***Huge Cellular***
The loan is unsecured, bears interest at JIBAR plus 7% and has no fixed terms of repayment.
2. ***Huge Soho***
The loan between Huge Soho and the Company is unsecured, bears no interest and has no fixed terms of repayment.
The loan between Huge Soho and Huge Management, within the Group, is unsecured, bears interest at JIBAR plus 7% and has no fixed terms of repayment.

At 1 March 2021, all loans to associate companies were reclassified to loans receivable pursuant to the change in investment entity status. Refer to note 8 (loans receivable/payables) for further details.

NOTE 8 - LOANS RECEIVABLE/(PAYABLE)

	Group		Company	
	2022	2021	2022	2021
Huge Capital[1]	50 200	-	-	-
Huge Cellular[2]	19 109 082	-	-	-
Huge Distribution[3]	30 625 748	-	17 197 759	-
Huge Management[4]	-	-	142 976 048	-
Huge Media[5]	6 652 832	-	-	-
Huge Networks[6]	-	-	-	-
Huge Payments[7]	7 166 425	-	-	-
Huge Software[8]	5 947 649	-	-	-
Huge Technologies[9]	34 831 145	-	27 257 848	-
Huge Telecom[10]	104 443 344	-	24 225 855	-
Kliq Holdings[12]	-	809 336	-	-
Otel Communications[12]	-	262 521	-	-
Tethys Mobile[13]	5 901 121	-	5 901 121	-
Total	**214 727 546**	**1 071 857**	**217 558 631**	**-**
Impairment of Huge Media[5]	(6 640 000)	-	-	-
Loans receivable	**208 087 546**	**1 071 857**	**217 558 631**	**-**
Huge Messaging[14]	(800 000)	-	-	-
J Ingram[15]	-	(150 000)	-	-
GB Shiers[15]	-	(150 000)	-	-
Loans payable	**(800 000)**	**(300 000)**	**-**	**-**

	Group		Company	
	2022	2021	2022	2021
Huge Distribution[3]	-	-	-	15 902 217
Huge Management[4]	-	-	-	107 471 516
Huge Networks[6]	-	-	-	7 469 293
Huge Technologies[9]	-	-	-	27 257 848
Huge Telecom[10]	-	-	-	25 485 856
Total loans to group companies	**-**	**-**	**-**	**183 586 730**

	Group		Company	
Non-current and current portion	2022	2021	2022	2021
Non-current assets	208 087 546	633 073	217 558 631	183 586 729
Current assets	-	438 784	-	-
Total assets	208 087 546	1 071 857	217 558 631	183 586 729
Non-current liabilities	-	-	-	-
Current liabilities	(800 000)	(300 000)	-	-
Total	207 287 546	771 857	217 558 631	183 586 729

NOTE 8 - LOANS RECEIVABLE/(PAYABLE) CONTINUED

1. **Huge Capital**
The loan is unsecured, bears interest at JIBAR plus 7% and has no fixed terms of repayment. An advance of R50 000 was made to Huge Capital during the current reporting period.
2. **Huge Cellular**
The loan is unsecured, bears interest at JIBAR plus 7% and has no fixed terms of repayment. Multiple advances were made to Huge Cellular during the current reporting period, amounting to R16 600 000.
3. **Huge Distribution**
The loan between Huge Distribution and the Company is unsecured, bears interest at JIBAR plus 7% and has no fixed terms of repayment. The loan between Huge Distribution and Huge Management, within the Group, is unsecured, bears interest at JIBAR plus 7% and has no fixed terms of repayment. Multiple advances were made to Huge Distribution during the current reporting period, amounting to R8 000 000.
4. **Huge Management**
The loan is unsecured, bears interest at JIBAR plus 4% and has no fixed terms of repayment.
5. **Huge Media**
The loan is unsecured, bears interest at JIBAR plus 7% and has no fixed terms of repayment. An advance of R150 000 was made to Huge Media during the current reporting period.
6. **Huge Networks**
The loan is unsecured, bears interest at JIBAR plus 7% and has no fixed terms of repayment. The loan was fully settled during the current reporting period.
7. **Huge Payments**
The loan is unsecured, bears interest at JIBAR plus 7% and has no fixed terms of repayment. An advance of R7 100 000 was made to Huge Payments during the current reporting period.
8. **Huge Software**
The loan, amounting to R771 090, is unsecured, bears no interest and has no fixed terms of repayment.
The loan, amounting to R2 627 173, is unsecured, bears interest at Prime plus 2% and has no fixed terms of repayment.
The loan, amounting to R2 549 386, is unsecured, bears interest at JIBAR plus 7% and has no fixed terms of repayment.
An advance of R250 000 was made to Huge Software during the current reporting period.
9. **Huge Technologies**
The loan between Huge Technologies and the Company is unsecured, bears no interest and has no fixed terms of repayment.
The loan between Huge Technologies and Huge Management, within the Group, is unsecured, bears interest at JIBAR plus 7% and has no fixed terms of repayment.
Multiple advances were made to Huge Technologies during the current reporting period, amounting to R4 050 000.
10. **Huge Telecom**
The loan between Huge Telecom and the Company is unsecured, bears no interest and has no fixed terms of repayment.
The loan between Huge Telecom and Huge Management, within the Group, is unsecured, bears interest at JIBAR plus 7% and has no fixed terms of repayment.
An advance of R3 000 000 was made to Huge Telecom during the current reporting period.
11. **Kliq Holdings**
The loan was secured over network assets sold to Kliq Holdings (Pty) Ltd, bore interest at 15% and was repayable in 36 instalments amounting to R30 332 each.
12. **Otel Communications**
The loan was secured, bore interest at a rate of JIBAR plus 7% and was repayable in equal monthly instalments over a period of 36 months. Huge Telecom entered into a loan and pledge agreement with Otel Communications which became effective on 16 August 2019. All shares held by Otel Communications in Huge Networks (consisting of 49.97%) were ceded to Huge Telecom until such time as the loan was repaid in full.
13. **Tethys Mobile**
The loan is secured through the cession and pledge agreement executed on 10 November 2021 between the Company and Tethys Mobile. Tethys Mobile pledged the IT Intellectual Property to Huge as a continuing general covering collateral security for the payment in full of all the secured obligations as set out in the agreement. The loan is a secured obligation. The loan bears interest at JIBAR plus 7% and is repayable within in 5 business days of written demand by Huge.
14. **Huge Messaging**
The loan is unsecured, bears no interest and is repayable by 31 October 2022.
15. **J Ingram and GB Shiers**
The J Ingram and GB Shiers loans were unsecured, bore no interest and were repayable over 36 months in equal instalments of R25 000.

NOTE 8 - LOANS RECEIVABLE/(PAYABLE) CONTINUED

The value of all the above loans closely approximate their fair values. All loans advanced to Investee Companies are capital investments in order to support the growth of the Investee Company.

Financial risk disclosure

The above loans do not expose the Group to any significant amount of interest rate or credit risk. Loss allowances for loans are measured under the general expected credit loss impairment model to the categories detailed below:

Category	Description
Stage 1	These loans are loans which are up-to-date with no indication of significant increase in credit risk as well as loans which are fully secured.
Stage 2	These loans which have a significant increase in credit risk, but are not credit impaired. A significant increase in credit risk may result from instances such as: • The counterparty missing payments or; • The Investee Company not performing as expected.
Stage 3	These are loans which have been assessed to be credit impaired as a result of instances such as: • Legal proceedings have been instituted to try recover the loan
Stage 4	Loans are written off when there is no reasonable expectation of further recovery.

Loans and the related loss allowances can be analysed as follows applying the aforementioned categories:

Group	Stage 1	Stage 2	Total
Gross carrying value	**188 965 632**	**6 652 832**	**195 618 464**
Loss allowances	-	(6 640 000)	(6 640 000)
Opening balance	-	(6 640 000)	(6 640 000)
Charged to profit or loss	-	-	-
Net carrying value	**188 965 632**	**12 832**	**188 978 464**

The loans within the Company fall under stage 1 and do not require any impairment provisions.

NOTE 9 - TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
Financial instruments:				
Trade receivables	5 565 042	85 311 410	-	26 832 716
Loss allowance[1]	-	(32 757 894)	-	-
Trade receivables at amortised cost	**5 565 042**	**52 553 516**	**-**	**26 832 716**
Deposits	-	465 948	-	-
Profit warranty accrual[2]	-	10 072 898	-	-
Other receivables[3]	33 738 527	12 490 059	58 866 027	23 334 818
Credit note accrual[4]	-	4 336 278	-	-
Insurance receivable	-	482 500	-	-
	39 303 569	**80 401 199**	**58 866 027**	**50 167 534**
Non-financial instruments:				
Prepayments	109 352	463 490	-	-
VAT	1 487 987	3 408 819	45 550	-
	1 597 339	3 872 309	45 550	-
	40 900 908	**84 273 508**	**58 911 577**	**50 167 534**

1. *Refer to note 34 (financial instruments and risk management) for the credit loss allowance computation and measurement relating to fair value.*
2. *The profit warranty accrual is an accrual for a breach of profit warranty given by Otel Communications 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 862 345 and FY2020: R5 210 553) 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. Refer to Annexure A for further detail.*
3. *Included in other receivables for current reporting period are preference dividends receivable from Huge Connect in relation to the preference share subscription agreement concluded in FY2020. Refer to note 30 (business combinations) for further detail.*
4. *The credit note accrual related to an MTN billing adjustment which has been corrected in full during the current reporting period.*

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

	Group		Company	
	2022	2021	2022	2021
At amortised cost	39 303 569	80 401 199	58 866 027	50 167 534
Non-financial instruments	1 597 339	3 872 309	45 550	-
	40 900 908	**84 273 508**	**58 911 577**	**50 167 534**

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NOTE 9 - TRADE AND OTHER RECEIVABLES CONTINUED

	Group		Company	
	2022	2021	2022	2021
Current	39 520 908	63 712 332	32 404 077	23 660 034
Non-current[1]	1 380 000	20 561 176	26 507 500	26 507 500
	40 900 908	**84 273 508**	**58 911 577**	**50 167 534**

1. *For the Group, non-current trade and other receivables in the previous reporting period relate to 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 862 345 and FY2020: R5 210 553) 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 488 278 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. For the Company, the non-current trade and other receivable in the current reporting period relate to intercompany fees charged by Huge Group to Huge Management for services rendered. These are no longer current in nature as payment is not expected to be received within the next year.*

Trade and other receivables pledged as security

Huge Telecom has ceded, as security, all its rights, title, and interest in and to the Huge Telecom book debts to FirstRand Bank for an overdraft facility of R15 000 000. Utilisation of the facility may not exceed 100% (one hundred percent) of the value of the company's good, ceded debtors, which means any debts not older than 60 days and excluding credit losses, expected credit losses and any Group losses. *Refer to note 14 (cash and cash equivalents) for further detail.*

Financial risk disclosure – Credit risk

The trade and other receivables do not expose the Group to any significant amount of credit risk.

NOTE 10 - CONTRACT ASSETS

	2022			2021		
Group	Cost	Accumulated amortisation and impairment losses	Carrying value	Cost	Accumulated amortisation and impairment losses	Carrying value
Discretionary renewal bonuses	-	-	-	9 916 378	(5 629 100)	4 287 278
Total	**-**	**-**	**-**	**9 916 378**	**(5 629 100)**	**4 287 278**

Continued on the next page

NOTE 10 - CONTRACT ASSETS CONTINUED

	Group		Company	
	2022	2021	2022	2021
Non-current assets	-	2 664 496	-	-
Current assets	-	1 622 782	-	-
Total	**-**	**4 287 278**	**-**	**-**

Reconciliation of contract assets – Group - 2022

	Opening balance	Additions	Amortisation	Change in investment entity status[1]	Total
Discretionary renewal bonuses	4 287 278	-	-	(4 287 278)	-
Total	**4 287 278**	**-**	**-**	**(4 287 278)**	**-**

1. *Refer to note 30 (business combinations) for further details relating to the change in investment entity status.*

Reconciliation of contract assets – Group - 2021

	Opening balance	Additions	Amortisation	Total
Discretionary renewal bonuses	7 069 614	1 544 709	(4 327 045)	4 287 278
	7 069 614	**1 544 709**	**(4 327 045)**	**4 287 278**

At 1 March 2021, all the contract asset balances were de-recognised pursuant to the change in investment entity status.

NOTE 11 - DEFERRED TAX

	Group		Company	
	2022	2021	2022	2021
Deferred tax asset	17 548 859	41 966 455	9 586 550	19 085 111
Deferred tax liability	(27 329 377)	(73 694 468)	(162 612 323)	(882 320)
	(9 780 518)	**(31 728 013)**	**(153 025 773)**	**18 202 791**

Recognition of deferred tax asset

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences (as applicable) to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be used. The Group is required to make significant estimates in assessing whether future taxable profits will be available.

Continued on the next page

NOTE 11 - DEFERRED TAX CONTINUED

Future taxable profits are determined based on conservative forecasts and business plans for Huge Group and Huge Management and the probable reversal of taxable temporary differences in future. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. The directors are satisfied that the deferred tax assets will be recovered based on business plans, budgets, and forecasts of the respective entities.

The recoverability of prior year deferred tax assets in respect of tax losses was assessed by the respective Investee Companies management, taking cognisance of board-approved budgets and growth plans, and found adequately supported given the expected taxable income to be generated in future.

Numerous discussions and continual assessments have been performed by the directors in assessing the implications of COVID-19 on the individual Investee Companies as well as the now Group. The future economic activities and profit generation of the Investee Companies, although affected by COVID-19, are not believed to be materially impacted. The impact of COVID-19 has reducing significantly, each investee company within the Group is effectively trading and will continue to be effectively trading in the future.

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NOTE 11 - DEFERRED TAX CONTINUED

Reconciliation of deferred tax balances

	Group		Company	
	2022	2021	2022	2021
At beginning of year	(31 728 013)	(13 629 025)	18 202 791	10 799 305
Included in income tax	(30 593 537)	(9 596 831)	(171 228 564)	7 403 486
Included in other comprehensive income[1]	-	(8 502 157)	-	-
Adjustment due to change in investment entity status[2]	52 541 032	-	-	-
	(9 780 518)	**(31 728 013)**	**(153 025 773)**	**18 202 791**
Composition of deferred tax				
Adjustment due to change in investment entity status[3]	-	-	(135 313 564)	-
Fair value adjustments on investments held[3]	(27 298 759)	-	(27 298 759)	-
Accrual for leave pay	219 251	2 159 825	-	-
Allowance for credit losses	-	5 599 466	-	-
Waiver of loans[4]	-	18 776 136	-	16 916 936
Deferred expenditure	-	(270 714)	-	-
Right-of-use assets	-	(3 363 786)	-	(882 320)
Lease liabilities	-	3 833 659	-	1 021 915
Prepayments	(30 618)	(133 295)	-	-
Income received in advance	-	9 620	-	-
Provisions	1 859 200	(2 420 013)	-	-
Property, plant and equipment[5]	-	(63 694 440)	-	-
Intangible assets	-	(2 482 113)	-	-
Contract assets	-	(929 724)	-	-
Tax losses available for set-off against future taxable income	15 470 408	11 187 366	9 586 550	1 146 260
	(9 780 518)	**(31 728 013)**	**(153 025 773)**	**18 202 791**

1. *Refer to note 17 (revaluation reserve).*
2. *Refer to note 30 (business combinations).*
3. *Refer to note 6 (investments held).*
4. *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 75.12%. 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. 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 605 878 credit to the statement of profit or loss and other comprehensive income in the previous reporting period.*
5. *The movement in property, plant and equipment relates to the adjustment in the carrying value of the telephone line network asset referenced in note 4 (property, plant and equipment).*

NOTE 12 - INVENTORIES

	Group	
	2022	2021
Telephone lines[1]	-	43 584 862
Router equipment	-	20 262 132
Merchandise	-	8 792 431
Devices[2]	-	8 431 677
Data	-	2 413 997
	-	**83 485 099**
Merchandise (impairment provision)[3]	-	(1 379 994)
	-	**82 105 105**

1. *Telephone lines relate to the capitalisation of costs through work-in-progress associated with the development and build of telephone lines for resale.*
2. *Devices represents high-end mobile devices purchased by Huge Connect in prior reporting periods.*
3. *A provision for inventory impairment was raised on slow moving Panasonic merchandise held by Huge Distribution.*

Impairment of inventories in the previous reporting period

Work-in-progress (**WIP**), which is classified under the line-item telephone lines in 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 previous reporting period, which reduced its ability to reduce WIP. Management decided to impair WIP in the amount of R22 801 756 in the previous reporting period. The impairment is included in note 24 (cost of sales).

	Group	
	2022	2021
Carrying value of work-in-progress before impairment	**-**	**66 386 618**
Impairment of work-in-progress	-	(22 801 756)
Carrying value of work-in-progress after impairment	**-**	**43 584 862**

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 FY2020 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 431 677 in the previous reporting period to write it down to its net realisable value, which is in accordance with the accounting policy as referenced in Annexure A. The write-down has been included in note 24 (cost of sales).

NOTE 12 – INVENTORIES CONTINUED

Impairment of inventories in the previous reporting period continued

	Group	
	2022	2021
Carrying value of inventory (Devices) before impairment	**-**	**16 863 354**
Impairment of inventory	-	(8 431 677)
Carrying value of (Devices) after impairment	**-**	**8 431 677**

NOTE 13 - TAX PAID

	Group		Company	
	2022	2021	2022	2021
Balance at beginning of the year	(1 005 357)	(4 068 558)	-	-
Current tax for the year recognised in profit or loss	-	(1 114 784)	-	-
Prior year over/(under) provision	-	(264 078)	-	-
Disposal due to change in investment entity status[1]	1 005 357	-	-	-
Balance at end of the year	-	1 005 357		
	-	**(4 442 063)**	**-**	**-**
Current tax receivable	-	509 402	-	-
Current tax payable	-	(1 514 759)	-	-
	-	**(1 005 357)**	**-**	**-**

1. *Refer to note 30 (business combinations) for further details relating to the change in investment entity status.*

NOTE 14 - CASH AND CASH EQUIVALENTS

	Group		Company	
	2022	2021	2022	2021
Cash on hand	4 211	13 357	-	-
Bank balances	1 396 530	28 160 099	981 972	1 669 758
Short-term deposits	-	1 288 741	-	-
Bank overdraft	-	(12 177 266)	-	-
	1 400 741	**17 284 931**	**981 972**	**1 669 758**
Current assets	1 400 741	29 462 197	981 972	1 669 758
Current liabilities	-	(12 177 266)	-	-
	1 400 741	**17 284 931**	**981 972**	**1 669 758**

Continued on the next page

NOTE 14 - CASH AND CASH EQUIVALENTS CONTINUED

Huge Telecom Overdraft facility

Huge Telecom has concluded an agreement with FirstRand, a division of Rand Merchant Bank, for the provision of the following additional banking facilities which is subject to annual review. Amounts owing are repayable on demand:

- Overdraft Facility of R15 000 000;
- Short-term Direct Facility of R420 000 which is an auto card demand facility;
- Short-term Contingent Facility of R4 000 000 which is a demand facility where individual guarantees may not exceed 6 months;
- Long-term Contingent Facility of R180 000 which is a demand facility where individual guarantees may not exceed 36 months;
- Long-term Contingent Facility of R108 000 which is a demand facility where individual guarantees may not exceed 12 months; alternatively, individual guarantees must provide for notice of cancellation by the Bank with the notice period not exceeding three months; and
- Settlement Facility of R3 008 000 which is a demand facility.

The Overdraft Facility is subject to the following material terms and covenants:

Collateral

- a limited cession *in securitatem debiti* in the amount of R14 000 000 given in favour the bank by the borrower; and
- a limited cession *in securitatem debiti* in the amount of R15 000 000 given in favour of the bank by the borrower of any and all rights, title and interest which the borrower may have in its debtors from time to time;
- the borrower is also required to provide the following collateral or further agreements to the bank:
  - a limited cession *in securitatem debiti* in the amount of R15 000 000 give in favour of the bank by the borrower of any and all rights, title and interest which the borrower may have in CGIC insurance over its debtor's book from time to time;
  - a subordination in favour of the bank by Huge Management of any and all of its interest-bearing loans in the amount of R80 500 000;
  - a subordination in favour of the bank by Huge Cellular of any and all of its intercompany related party loans in the amount of R44 300 000;
  - a first demand guarantee in the amount of R15 000 000 from Huge Group in favour of the bank of any and all obligations of the borrower in respect of the facility listed;
  - Utilisation of the facility may not exceed 100% of the value of the borrower's good ceded debtors;
  - The borrower undertakes to maintain a minimum Net Debt to EBITDA of at least 2.5 times, consolidated EBITDA to Debt Interest ratio of at least 3 times and a security cover ratio of at least 3 times;
  - The borrower undertakes to maintain a tangible equity of R100 000 000; and
  - The borrower's current ratio shall be at least 1.1 of its current assets.

NOTE 14 - CASH AND CASH EQUIVALENTS CONTINUED

Huge Connect short-term deposit material terms

- Total cash and cash equivalents pledged as security, in the previous reporting period, were provided to Inani Property Holdings Proprietary Limited (Inani Properties) in the form of guarantees issued by ABSA Bank Limited (ABSA). FY2021: R688 742 (FY2020: R688 742) of one of the short-term deposits have been ceded to ABSA as security for the guarantees issued. These guarantees can only be called if the company does not settle its rental obligation to Inani Properties. The guarantees are limited to R688 742.
- The remaining balance of the short-term deposit account of R600 000 has been ceded to BankServ as security for Huge Connect's debit order service. The guarantee is limited to R600 000.

Guarantees

No liabilities have been recognised in relation to guarantees.

NOTE 15 - SHARE CAPITAL

	Group		Company	
	2022	2021	2022	2021
1 000 000 000 Authorised Shares	100 000	100 000	100 000	100 000
Reconciliation of number of shares in issue				
Issued shares as at 1 March	173 663 766	175 627 077	173 663 766	175 627 077
Shares issued during the current reporting period[1]	3 579 419	-	3 579 419	-
De-listed shares[2]	(4 181 464)	(1 963 311)	(4 181 464)	(1 963 311)
Issued shares as at 28 February	**173 061 721**	**173 663 766**	**173 061 721**	**173 663 766**
Shares held by Huge Telecom as treasury shares[3]	-	(9 646 926)	-	-
Shares held by Huge as treasury shares (share buy-back)[4]	-	(1 919 155)	-	(1 919 155)
Issued shares less treasury shares	**173 061 721**	**162 097 685**	**173 061 721**	**171 744 611**

1. *In accordance with the SENS released on 2 August 2021 detailing the results of the offer to Adapt IT Shareholders, Adapt IT Shareholders holding 2 612 719 Adapt IT shares, representing 1.9% of Adapt IT's total ordinary share capital, excluding treasury shares, accepted the Offer. Accordingly, Huge delivered 3 579 419 Huge Shares and a total fractional entitlement in cash of R39.52 in settlement of the Offer consideration. Huge issued the 3 579 419 Shares as follows:*
   a) 792 933 shares issued at R5.04 per share on 23 July 2021
   b) 54 800 shares issued at R5.18 per share on 26 July 2021
   c) 2 731 686 shares issued at R5.90 per share on 2 August 2021
2. *As at 28 February 2022, the Company had 173 061 721 (FY2021: 173 663 766) Shares in issue. 2 262 309 Shares (2 159 559 on market and 102 750 via a specific repurchase) were repurchased during FY2022 (FY2021: 3 882 466). 4 181 464 Shares were de-listed during FY2022.*
3. *As at 1 March 2021, 9 646 926 Shares held by Huge Telecom as treasury shares moved 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. Refer to note 6 (investments held) for further detail.*
4. *1 919 155 Shares repurchased during FY2021 (1 963 311 Shares) and FY2020 (12 500 Shares), were delisted during the previous reporting period and returned to authorised share capital.*

NOTE 15 - SHARE CAPITAL CONTINUED

	Group			Company	
Issued share capital	Number of Shares	Share capital	Share premium	Share Capital	Share Premium
Opening balance at 1 March 2016	101 254 517	10 125	229 313 266	11 090	230 675 334
14 650 000 Shares issued at R6.15 per share	14 650 000	1 465	90 096 035	1 465	90 096 035
Opening balance as at 1 March 2017	**115 904 517**	**11 590**	**319 409 301**	**12 555**	**320 771 369**
24 373 551 Shares issued at R6.15 per share	24 373 551	2 437	149 894 901	2 437	149 894 901
25 208 333 Shares issued at R6.00 per share	25 208 333	2 522	151 247 478	2 522	151 247 478
468 750 Shares issued at R8.00 per share	468 750	47	3 749 953	47	3 749 953
Capital raising expenses	-	-	(5 546 149)	-	(5 546 149)
Opening balance at 1 March 2018	**165 955 151**	**16 596**	**618 755 484**	**17 561**	**620 117 552**
25 000 Shares issued at R9.00 per share	25 000	2	224 999	2	224 999
Capital raising expenses	-	-	(729 000)	-	(729 000)
Treasury Shares held by The CI Trust[5]	(1 206 027)	(121)	(12 374 579)	-	-
Distribution of treasury Shares previously held by The CI Trust	-	-	2 895 747	-	-
Opening balance at 1 March 2019	**164 774 124**	**16 477**	**608 772 651**	**17 563**	**619 613 551**
Shares acquired by Windfall	-	-	180 000	-	-
Capital raising expenses	-	-	(720 000)	-	(720 000)
Share buy-back	-	-	(62 500)	-	(62 500)
Distribution of treasury Shares previously held by The CI Trust	-	-	3 697 492	-	-
Opening balance at 1 March 2020	**164 774 124**	**16 477**	**611 867 643**	**17 563**	**618 831 051**
Capital raising expenses	-	-	(60 000)	-	(60 000)
Share buy-back	(3 882 466)	(389)	(17 658 386)	(389)	(17 658 386)
Distribution of treasury Shares previously held by The CI Trust	1 028 127	103	2 458 072	-	-
Share-based payment reserve reclassification	-	-	2 504 823	-	-
Sale of treasury Shares previously held	177 900	18	818 322	-	-
Closing balance at 28 February 2021	**162 097 685**	**16 209**	**599 930 474**	**17 174**	**601 112 665**

Table continued on the next page

NOTE 15 - SHARE CAPITAL CONTINUED

	Group			Company	
Issued share capital	Number of Shares	Share capital	Share premium	Share Capital	Share Premium
792 933 Shares issued at R5.04 per share[1]	792 933	79	3 996 303	79	3 996 303
54 800 Shares issued at R5.18 per share[1]	54 800	5	283 859	5	283 859
2 731 686 Shares issued at R5.90 per share[1]	2 731 686	273	16 116 674	273	16 116 674
Share buy-back[2]	(2 159 559)	(216)	(8 486 329)	(216)	(8 486 329)
Specific share repurchase[2]	(102 750)	(10)	(462 365)	(10)	(462 365)
Deemed disposal of Huge Telecom treasury Shares previously held[3]	9 646 926	965	(64 946)	-	-
Deemed disposal of Shares previously acquired by Windfall	-	-	(180 000)	-	-
Adjustment to treasury Shares previously held by the CI Trust[5]	-	-	1 427 137	-	-
Closing balance at 28 February 2022	**173 061 721**	**17 306**	**612 560 807**	**17 306**	**612 560 807**

5. *As detailed in Huge's FY2019 Director's report, the parties to the ConnectNet transaction agreed to establish an incentive trust in FY2019 in the form of the Trust Deed and the Relevant Shareholders agreed to transfer for no consideration (in other words, the Relevant Shareholders agreed to donate) to the trust a portion of the Repurchase Consideration, being cash of R1.2 million (Donated Cash) and 1 466 667 Huge Shares (the Donation Shares). The 1 466 667 Huge Shares were distributed to the CI Trust at a share price of R9.048 per share. During FY2019, 260 640 Shares were distributed out of the CI Trust to share beneficiaries resulting in a net number of Shares in the CI Trust as at FY2019 of 1 206 027. The Shares distributed out of the CI Trust were distributed at the R9.048 per share. The total impact on the share premium relating to this transaction in FY2019 amounted to R10 912 132. An amount of R12 374 579 was raised in FY2019. This immaterial prior period error was identified during the current reporting period and corrected accordingly.*

NOTE 15 - SHARE CAPITAL CONTINUED

	Group			Company	
Treasury Shares	Number of shares	Share capital	Share premium	Share Capital	Share Premium
Opening balance at 1 March 2017	**9 646 926**	**965**	**(64 946)**	**-**	**-**
Closing balance at 28 February 2018	**9 646 926**	**965**	**(64 946)**	**-**	**-**
Treasury Shares held by The CI Trust	1 206 027	121	12 374 577	-	-
Closing balance at 28 February 2019	**10 852 953**	**1 086**	**12 309 631**	**-**	**-**
Distribution of treasury Shares previously held by The CI Trust	(468 038)	-	(3 697 492)	-	-
Share buy-back	12 500	-	(62 500)	-	-
Closing balance at 29 February 2020	**10 397 415**	**1 086**	**8 549 639**	**-**	**-**
Distribution of treasury Shares previously held by The CI Trust	(560 089)	(103)	(2 458 072)	-	-
Sale of treasury Shares previously held	(177 900)	(18)	(818 322)	-	-
Share buy-back	3 882 466	389	17 658 386	-	-
Shares delisted	(1 975 811)	-	(7 209 014)	-	-
Share-based payment reserve reclassification	-	-	(2 505 823)	-	-
Closing balance at 28 February 2021	**11 566 081**	**1 354**	**13 216 794**	**-**	**-**
Share buy-back[2]	2 159 599	216	8 486 329	-	-
Specific Share repurchase	102 750	10	462 365	-	-
Shares delisted[2]	(4 181 504)	(615)	(19 335 566)	-	-
Deemed disposal of Huge Telecom and related treasury Shares[3]	(9 646 926)	(965)	64 946	-	-
Correction to treasury Shares previously held by the CI Trust[5]	-	-	1 427 137	-	-
Deemed disposal of treasury Shares previously held by The CI Trust[6]	-	-	(4 322 005)	-	-
Closing balance at 28 February 2022	**-**	**-**	**-**	**-**	**-**

5. *The deemed disposal of treasury shares previously held by The CI Trust relates to the change in investment entity status of Huge whereby Huge derecognised Huge Connect and Huge Networks as subsidiary companies that held share-based payment reserves linked to The CI Trust distributions. The treasury Share balance is eliminated against the deemed disposal of these Investment Companies.*

NOTE 15 - SHARE CAPITAL CONTINUED

	Group		Company	
Total share capital	2022	2021	2022	2021
Issued shares	17 306	16 209	17 306	17 174
Share premium	612 560 807	599 930 474	612 560 807	601 112 665
	612 578 113	**599 946 683**	**612 578 113**	**601 129 839**

NOTE 16 - SHARE-BASED PAYMENT RESERVE

Employee share-based transactions

	Group		Company	
	2022	2021	2022	2021
Total share-based payment reserve	41 968 917	34 609 702	41 968 917	34 609 702

In terms of the subscription and repurchase agreement entered into between Huge and ConnectNet Broadband Wireless on 30 March 2017, Huge agreed to the transfer of 1 466 667 of the Shares issued to the relevant shareholders, to The CI Trust.

The CI Trust was established by the relevant shareholders for the purposes of creating incentives for certain employees, directors and/or consultants of ConnectNet Broadband Wireless and Sainet Internet to inter alia assist those companies to achieve the profit warranties given by the relevant shareholders in the subscription and repurchase agreement.

During FY2020, 468 038 Shares (FY2019: 131 226 and 129 415) were transferred by The CI Trust to share beneficiaries, being certain existing employees, directors and/or consultants to Huge Connect and Huge Networks, at a grant price of R6.30 (FY2019: R9.74 and FY2018: R8.90).

During FY2021, 560 089 Shares were transferred by The CI Trust to share beneficiaries, being certain existing employees, directors and/or consultants to Huge Connect and Huge Networks, at a grant price of R4.39. The remaining 177 900 Shares were sold on market during the current reporting period and the proceeds (R818 340) were utilised to settle the loan between Huge and The CI Trust. No Shares that had vested in the share beneficiaries were cash settled during FY2021 or FY2020.

Shares that have been allocated to share beneficiaries are not restricted.

All Shares held by The CI Trust were issued to the share beneficiaries by the end of the previous reporting period.

	2022	2021
Number of shares issued under the plan to participating employees	-	560 089

Expense arising from share-based payment transactions

Total expenses of R1 221 899 (FY2020: R3 461 559) which related to equity-settled share-based payment transactions were recognised in FY2021 and FY2020 respectively. There were no expenses arising from employee share-based payment transactions during the current reporting period other than those detailed below.

NOTE 16 - SHARE-BASED PAYMENT RESERVE CONTINUED

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**). As the options contemplated in the Option Agreements (the **Options**) were approved three days prior to the end of that reporting period, and the share price was below the Strike Price (defined below), the Options were not favourable to the executives to warrant exercising them.

The Option Agreements contemplate the granting by the Company of a right to subscribe for Shares at a strike price equal to the 30-day volume-weighted average price (**VWAP**) of a Share on the Effective Date, which is R5.31 per share (the **Strike Price**).

The Option Agreement concluded with JC Herbst contemplates the granting by the Company of a right to subscribe for 7 500 000 Shares at the Strike Price with a market value of R39.8 million.

The Option Agreement concluded with AP Openshaw contemplates the granting by the Company of a right to subscribe for 7 500 000 Shares at the Strike Price with a market value of R39.8 million.

The Option Agreement concluded with SL Sequeira contemplates the granting by the Company of a right to subscribe for 750 000 Shares at the Strike Price with a market value of R3.98 million.

A valuation of the Options was performed at 29 August 2019, using the Binomial Option Pricing Model. The following internal and external key value drivers (inputs for the Binomial Option Pricing Model) were taken into account:

- The price of a Huge Share on the Effective Date was R5.65;
- The exercise price of the Huge Shares underlying the Options is R5.31 per share;
- The Options vest in three equal tranches on 1 March 2020, 1 March 2021 and 1 March 2022;
- The Options are capable of being exercised over a period of five years from the date on which each tranche vests;
- The number of steps for each Option is 1 000;
- A risk-free rate based on the yield of the R186 Government Bond, being 8.19% on 29 August 2019 was used;
- The historic annual volatility of a Huge Share based on the then most recent 12-month period of 42.59% was referenced to the standard deviation of the daily closing share price movements. The historic volatility of a Huge Share over the then most recent 12-month period is considered the most appropriate bench mark in determining the possible magnitude of future stock price movements as this period excludes large corporate activity such as the acquisition of Huge Connect in March 2017; and
- The Company's average historic dividend yield is 2.35%.

NOTE 16 - SHARE-BASED PAYMENT RESERVE CONTINUED

Executive Share Option Agreements continued

In undertaking the valuation of the Options above, a core valuation was determined as follows:

- First tranche of the Option: R2.52 per Share;
- Second tranche of the Option: R2.67 per Share; and
- Third tranche of the Option: R2.80 per Share.

Executive Share Option Agreements

IFRS requires the Company 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 comprehensive income. An independent valuer determined that the value of the Options was R41 988 875 and as such the Company created a share-based payment reserve equal to this amount by charging the Company's statement of comprehensive income over time. This period's expense amounts to R7 359 215 (FY2021: R34 609 702), leaving R20 058 to be charged to future statements of comprehensive income. During FY2022 the executives did not elect to exercise their options.

NOTE 17 - REVALUATION RESERVE

	Group		Company	
	2022	2021	2022	2021
Opening balance	**21 862 656**	**-**	**-**	**-**
Revaluation of property, plant and equipment[1]	-	32 507 513	-	-
Derecognition of property, plant and equipment[2]	-	(2 142 700)	-	-
Deferred tax on revaluation	-	(8 502 157)	-	-
Disposal due to change in investment entity status[3]	(21 862 656)	-	-	-
	-	**21 862 656**	**-**	**-**

1. *Refer to note 2 (property, plant and equipment) and Annexure A for further details.*
2. *The derecognition of property, plant and equipment (i.e. decommissioning of telephone lines) resulted in a revaluation adjustment in the previous period. The revaluation portion of decommissioned lines is reversed against other comprehensive income and property, plant and equipment as there is no future economic benefits linked to the telephone lines that were decommissioned. Refer to note 2 (property, plant and equipment) for further details.*
3. *Refer to note 30 (business combinations) for further details relating to the change in investment entity status.*

NOTE 18 - NON-CONTROLLING INTEREST

	Huge Networks	Huge Media	Huge Software	Huge Distribution	Huge Connect	Total
Balance at 29 February 2020	**8 705 189**	**(2 173 715)**	**(381 984)**	**(9 167 700)**	**(57 234 860)**	**(60 253 070)**
Non-controlling interest	49.70%	4.00%	25.00%	24.87%	16.29%	
Share of profit/(loss) for the year	1 209 659	25 243	746 377	1 103 776	760 512	3 845 567
Transactions with non-controlling interests – control retained[1]	-	-	-	6 436 904	-	6 436 904
Balance at 28 February 2021	**9 914 848**	**(2 148 472)**	**364 393**	**(1 627 020)**	**(56 474 348)**	**(49 970 594)**
Non-controlling interest	0.00%	0.00%	0.00%	0.00%	0.00%	
Disposal due to change in investment entity status[2]	(9 914 848)	2 148 472	(364 393)	1 627 020	56 474 348	49 970 594
Balance at 28 February 2022	**-**	**-**	**-**	**-**	**-**	**-**

1. *The adjustment to non-controlling interest relates to a change in the proportion of equity held by non-controlling interests with 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.*
2. *Refer to note 30 (business combinations) for further details relating to the change in investment entity status.*

The below information represents 100% of the subsidiary companies' prior years results that are not wholly-owned by Huge.

Summary of Group's interest in subsidiary companies – previous reporting period

	Huge Networks 2021	Huge Media 2021	Huge Software 2021	Huge Distribution 2021	Huge Connect 2021
Statement of financial position					
Non-current assets	28 661 640	554 695	3 558 108	5 933 339	116 470 608
Current assets	21 770 963	26 046	6 077 037	9 836 714	63 235 517
Non-current liabilities	(21 661 797)	(6 821 476)	(5 331 944)	(21 646 901)	(57 446 712)
Current liabilities	(8 050 580)	(172 239)	(3 035 553)	(1 388 069)	(36 539 464)
Equity	**20 720 226**	**(6 412 974)**	**1 267 648**	**(7 264 917)**	**85 719 949**
Statement of comprehensive income					
Revenue	99 717 791	1 000 000	8 112 488	14 651 707	167 466 672
Cost of sales	(63 817 021)	-	(406 135)	(10 432 317)	(72 900 656)
Other income	717 011	-	-	18 607 654	1 672 473
Other expenses	(30 815 687)	(226 746)	(3 143 116)	(6 346 322)	(78 870 650)
Finance costs	(1 741 897)	(31 942)	(416 715)	(1 923 044)	(555 563)
Investment income	60 129	-	16	-	1 291 511
Income tax expense	(1 699 556)	(207 567)	(1 161 031)	(3 034 221)	(5 129 578)
Profit/(loss) for the year	**2 420 770**	**533 745**	**2 985 507**	**11 523 457**	**12 974 209**
Statement of cash flows					
Cash flows from operating activities	7 292 499	14 591 486	493 402	(2 858 240)	27 240 148
Cash flows from investing activities	(1 883 420)	-	(1 357 266)	(142 021)	(27 916 555)
Cash flows from financing activities	(2 366 287)	(14 566 592)	766 713	4 246 934	7 127 432
Net cash movement for the year	**3 042 792**	**24 894**	**2 617 381**	**1 246 673**	**6 451 025**

NOTE 19 - INTEREST-BEARING LIABILITIES HELD AT AMORTISED COST

	Group		Company	
	2022	2021	2022	2021
Futuregrowth – held through Huge	121 495 580	121 448 845	121 495 580	121 448 845
The loan bears interest compounded quarterly at three-month JIBAR plus 4.0%. The final repayment date is the 5th anniversary of the first utilisation date. There was a capital moratorium for calendar year 2021. This loan approximates the fair value.				
Covenants:				
Group EBITDA to Debt Interest Ratio shall not be less than 3 times;				
Group EBITDA to Debt Service Ratio shall not less than 1.5 times;				
Group Debt to Group EBITDA Ratio shall be between 0 and 2.5 times;				
A Security Cover Ratio which is equal to or greater than 3.				
Futuregrowth – Held through Huge Technologies	-	30 591 189	-	-
The loan bears interest compounded quarterly at three-month JIBAR plus 4.5%. The loan is repayable by 29 November 2021. This loan approximates the fair value.				
Covenants:				
Debt to EBITDA Ratio shall be between 0 and 4 times;				
EBITDA to Debt Interest Ratio not less than 4 times;				
Group Debt to Group EBITDA Ratio shall be between 0 and 2.5 times; and				
Group Debt Interest to Group EBITDA Ratio shall not be less than 3 times.				
	121 495 580	**152 040 034**	**121 495 580**	**121 448 845**

	Group		Company	
	2022	2021	2022	2021
Non-current liabilities				
At amortised cost	90 059 072	100 776 683	90 059 072	100 776 683
	90 059 072	**100 776 683**	**90 059 072**	**100 776 683**
Current liabilities				
At amortised cost	31 436 508	51 263 351	31 436 508	20 672 162
	31 436 508	**51 263 351**	**31 436 508**	**20 672 162**
Total liabilities	**121 495 580**	**152 040 034**	**121 495 580**	**121 448 845**

NOTE 19 - INTEREST-BEARING LIABILITIES HELD AT AMORTISED COST CONTINUED

Futuregrowth Term Facility Agreement – Held through Huge

On 14 December 2018, Huge concluded a Term Facility Agreement with Futuregrowth for R200 million (the Facility). The Facility replaced the R90 million Term Facility Agreement concluded as part of the acquisition of ConnectNet Broadband Wireless and Sainet Internet and provides Huge with access to additional funds to fulfil its growth aspirations. Huge has the ability to draw down on the Facility as and when its needs require. The principal amounts outstanding are payable in quarterly tranches of R10 million, with the final quarterly tranche due for payment in December 2023. Interest on the Facility is payable on a quarterly basis.

On 29 November 2019, Huge Technologies concluded an Addendum to the R30 million Term Facility Agreement with Futuregrowth. The parties amended the final repayment date to 29 November 2021 and agreed to increase the lending margin from JIBAR + 400 bps to JIBAR + 450 bps, nominal annual, compounded quarterly.

The Facility involves various Investee Companies **(the Obligors)** providing various guarantees, cessions, pledges and subordinations.

The Obligors irrevocably and unconditionally undertake to pay to Futuregrowth all amounts which Huge and any other Obligor is obliged to pay to Futuregrowth in terms of the Facility, to the extent to which Huge or any other Obligor fails to pay those amounts.

In terms of the cession and pledge agreement between Futuregrowth and Huge, Huge cedes in securitatem debiti and pledges to Futuregrowth as continuing covering security for the fulfilment of its obligations under the Facility, all of its right, title and interest in and to all of the shares held by Huge in and claims held by Huge against the Obligors.

In terms of a Subordination Agreement between Futuregrowth, Huge and the Obligors, Huge and each of the Obligors, where applicable, irrevocably and unconditionally subordinate all of their claims in favour of Futuregrowth's claims against Huge arising from or related to the Facility.

Huge has provided Futuregrowth with a positive undertaking that Huge will not create any further obligations in each of the Obligors without Futuregrowth's written consent.

On 15 January 2021, Huge and Futuregrowth concluded a fourth addendum to the ZAR200 Million Term Facility Agreement. In terms of the Fourth Addendum, Huge was required to only service the interest on the subsequent four payment dates of 31 March, 30 June, 30 September and 31 December 2021. Thereafter, Huge will continue to service both capital and interest, thus reducing cash outflows.

NOTE 19 - INTEREST-BEARING LIABILITIES HELD AT AMORTISED COST

Rand Merchant Bank ZAR240 Million Facility

In October 2021, Huge started engaging with Rand Merchant Bank (RMB), a division of FirstRand Bank Limited, to raise debt finance to (i) replace Futuregrowth as Huge's primary debt provider and to (ii) raise additional finance to fund Huge's acquisition aspirations.

The Board is pleased announce that Huge Group has concluded its negotiations with RMB; and has secured a ZAR240 million facility, R150 million of which will be used to settle outstanding obligations to Futuregrowth (the ZAR200 Million Futuregrowth Facility held by Huge and the ZAR30 Million Futuregrowth Facility held by Huge Technologies). The RMB Facilities were concluded on 26 May 2022.

As the ZAR200 Million Futuregrowth Facility has been refinanced subsequent to year end, the short-term portion of the interest-bearing liability has been computed utilising the RMB Facility amortisation schedule. This is what management has estimated to be the most reasonable representation of the current portion of interest-bearing liabilities.

The RMB loan bears interest compounded quarterly at three-month JIBAR plus 4.5%. The final repayment date is the 5th anniversary of the first utilisation date.

Covenants:

Debt Service Cover Ratio must be greater than 1.25 times;
Interest Service Cover Ratio must be greater than 4 times;
Net Debt to EBIDTA Ratio in respect of any Measurement Period which ends during the period:

- commencing on the Signature Date until and including the first anniversary of the Signature Date, must be less than 2 times;
- commencing on the first anniversary of the Signature Date until and including the second anniversary of the Signature Date must be less than 1.75 times;
- after the second anniversary of the Signature Date must be less than 1.5 times.

NOTE 20 - DEFERRED INCOME

	Group		Company	
	2022	2021	2022	2021
Non-current liabilities	-	-	-	-
Current liabilities	-	34 434	-	-
	-	**34 434**	**-**	**-**

NOTE 20 - DEFERRED INCOME CONTINUED

Reconciliation of deferred income – Group – 2022

	Opening Balance	Change in investment entity status[1]	Closing balance
Deferred income	34 434	(34 434)	-
	34 434	**(34 434)**	**-**

1. *Refer to note 30 (business combinations) for further details relating to the change in investment entity status.*

Reconciliation of deferred income – Group – 2021

	Opening Balance	Utilisation	Closing balance
Deferred income	6 092 003	(6 057 569)	34 434
	6 092 003	**(6 057 569)**	**34 434**

This contract liability relates to income from an agreement entered into in FY2018 by Huge Connect as compensation for the use and supply of Telkom SIM cards and data packages to a Huge Connect customer operating a taxi-hailing service. The amounts were utilised on a monthly basis when the performance obligations were met. These contracts generally ran for periods of 2 to 3 years and a majority of these contracts came to an end during FY2021, resulting in the decrease in the deferred income liability.

At 1 March 2021, all the deferred income balances were de-recognised pursuant to the change in investment entity status.

NOTE 21 - TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
Financial instruments:	-	-	-	-
Trade payables	471 240	15 690 901	348 327	1474 241
Payroll accruals	193 236	1 971 336	-	-
Accrued leave pay	786 040	7 713 662	-	-
Accrued business partner fees	-	2 076 567	-	-
Other accruals	-	3 741 993	-	50
Deposits received	-	585 232	-	-
Non-financial instruments:				
VAT	-	6 438 025	-	2 653 497
	1 450 516	**38 217 716**	**348 327**	**4 127 788**
Financial instruments	1 450 516	31 779 691	348 327	1 474 291
Non-financial instruments	-	6 438 025	-	2 653 497
Total trade and other payables	**1 450 516**	**38 217 716**	**348 327**	**4 127 788**

NOTE 22 - INVESTMENT INCOME

	Group		Company	
	2022	2021	2022	2021
Interest received on loans				
Loans to associate companies[1]	1 357 769	465 313	-	-
Loans receivable[2]	12 939 130	-	9 599 637	6 003 819
Total interest received on loans	**14 296 899**	**465 313**	**9 599 637**	**6 003 819**
Finance income				
Bank	25 892	585 853	25 892	227 434
Discovery endowment	13 518	12 786	13 518	12 786
Interest charged on trade and other receivables	-	91 909	-	-
Other receivables	152 359	129 461	152 359	-
Total finance income	**191 769**	**820 009**	**191 769**	**240 220**
Dividends received				
Investment companies[3]	38 873 709	-	38 873 709	38 334 818
Total dividends received	**38 873 709**	**-**	**38 873 709**	**38 334 818**
Total investment income	**53 362 377**	**1 285 322**	**48 665 115**	**44 578 857**

1. *Refer to note 9 (loans to associate companies) for further details.*
2. *Refer to note 10 (loans receivable) for further details.*
3. *During FY2020 Huge Connect, a then wholly owned subsidiary company of Huge, entered into a transaction with Windfall, a 100% black-owned company, wherein Windfall subscribed for 36 ordinary shares in Huge Connect, constituting 16.29% of the ordinary share capital in Huge Connect (**Windfall Subscription Shares**) for a total subscription consideration of R180 000 (**Windfall Subscription Price**), which subscription consideration was settled in cash. To give effect to the transaction, Huge, Huge Connect and Windfall concluded a series of interlinked and inter-conditional agreements wherein:*
   - *Huge subscribed for 1 000 preference shares in Huge Connect (the **Preference Shares**) for a cumulative subscription price of R457 075 000 (the **Preference Share Subscription Price**). The Preference Shares are unsecured, cumulative, redeemable at the option of the issuer and bear a variable coupon rate of prime plus one percent;*
   - *Huge Connect declared an ordinary dividend, in an aggregate amount equivalent to the Preference Share Subscription Price (the **Huge Connect Ordinary Dividend**);*
   - *The obligation of Huge Connect to effect payment of the Huge Connect Ordinary Dividend to Huge was discharged by set-off against the obligation of Huge to effect payment of the Preference Share Subscription Price to Huge Connect;*
   - *Windfall subscribed for the Windfall Subscription Shares for the Windfall Subscription Price; and*
   - *Post implementation of the above transactions, Huge holds 100% of the preference share capital in Huge Connect and 83.71% of the ordinary share capital of Huge Connect, with the remainder of the 16.29% issued ordinary share capital being held by Windfall.*
   - *Preference dividends amounting to R38 873 709 were raised during the current reporting period in terms of the Preference Shares held in Huge Connect (FY2021: R23 334 818) and ordinary dividends of Rnil (FY2021: R15 000 000).*

NOTE 23 - REVENUE

Disaggregation of revenue

	Group		Company	
Group	2022	2021	2022	2021
South Africa	7 100 000	460 713 407	-	23 050 000
Africa	-	9 144 093	-	-
	7 100 000	**469 857 500**	**-**	**23 050 000**
Major goods/service lines				
Network devices	-	9 758 743	-	-
Network services	-	437 888 905	-	-
Software license fees	-	7 712 369	-	-
Communication equipment	-	14 497 483	-	-
Fee income[1]	7 100 000	-	-	23 050 000
	7 100 000	**469 857 500**	**-**	**23 050 000**
Timing of revenue recognition				
Goods transferred at a point in time	-	25 588 900	-	-
Services transferred over time	7 100 000	444 268 600	-	23 050 000
	7 100 000	**469 857 500**	**-**	**23 050 000**

1. *The investee entities under Huge make use of the name 'Huge' and Huge Group's logo. Their profile is raised because Huge Group is a listed company and they are part of a larger community with significantly more investment scale. Huge Group provides each investee entity with access to its relationships, including relationships with service providers and debt providers, and it also gives them access to legal advice, professional services, executive management and the board of directors at Huge Group. It is on this basis that Huge generates its revenue in the form of dividends, interest income and fee income.*

In the following table (on the next page), revenue from contracts with customers is disaggregated by primary geographical markets, major products and service lines and timing of revenue recognition. The table includes a reconciliation of the disaggregated revenue with the then Group's reportable segments for FY2021. Due to the change in nature of Huge from an operating company to an Investment Holding Company, there are no longer reportable segments for Huge from 1 March 2022.

Continued on the next page.

NOTE 23 - REVENUE CONTINUED

Group	Fintech Grouping 2021	Corporate Office 2021	Telecom Grouping 2021	Total Operating Segments 2021
South Africa	158 440 347	7 445 170	294 827 890	460 713 407
Africa	8 983 753	-	160 340	9 144 093
	167 424 100	**7 445 170**	**294 988 230**	**469 857 500**
Major goods/service lines				
Network devices	1 978 753	-	7 779 990	9 758 743
Network services[1]	165 445 347	-	272 443 558	437 888 905
Software license fees	-	7 445 170	267 199	7 712 369
Communication equipment	-	-	14 497 483	14 497 483
	167 424 100	**7 445 170**	**294 988 230**	**469 857 500**
Timing of revenue recognition				
Goods transferred at a point in time	1 978 753	-	23 610 146	25 588 899
Services transferred over time	165 445 347	7 445 170	271 378 084	444 268 601
	167 424 100	**7 445 170**	**294 988 230**	**469 857 500**

1. *The service line Network services can be broken down further into the following revenue streams:*

	2021
Network services	
Voice connectivity services	187 096 109
Payment connectivity services	165 445 346
Data connectivity services	81 736 613
Messaging services	2 313 644
Telephone management services	1 297 193
Total	**437 888 905**

NOTE 24 - COST OF SALES

Sale of goods

	Group		Company	
	2022	2021	2022	2021
Voice connective services	-	25 812 133	-	-
Business partner fees	-	23 443 472	-	-
Payment connectivity services	-	59 229 649	-	-
Data connectivity services	-	53 851 926	-	-
Messaging services	-	1 273 335	-	-
Telephone management services	-	588 764	-	-
Software license fees	-	406 134	-	-
Electronic equipment	-	12 543 220	-	-
	-	177 148 633	-	-

NOTE 24 - COST OF SALES CONTINUED

Depreciation and amortisation

	Group		Company	
	2022	2021	2022	2021
Contract asset amortisation	-	4 327 045	-	-
Customer premises equipment depreciation[1]	-	11 683 548	-	-
	-	16 010 593	-	-

Other

	Group		Company	
	2022	2021	2022	2021
Impairment of inventories[2]	-	31 233 433	-	-
	-	**31 233 433**	**-**	**-**

1. *Customer premises equipment depreciation was included under cost of sales as the devices were directly linked to services provided by the then Fintech Grouping.*

2. *The impairment of inventories in the previous reporting period related to the write down of work-in-progress (WIP) held in the then Telecom Grouping, amounting to R22 801 756, and devices held in the then Fintech Grouping, amounting to R8 431 677, to their net realisable value. Refer to note 12 (inventories) for additional detail.*

NOTE 25 - OTHER INCOME

	Group		Company	
	2022	2021	2022	2021
Gain on deemed disposal and reacquisition of subsidiaries at fair value[1]	416 114 833	-	-	-
Gain on loss of control of subsidiary companies	**416 114 833**	**-**	**-**	**-**
Gain on sale of property, plant and equipment	-	1 938 751	-	-
Gain on sale of property, plant and equipment	**-**	**1 938 751**	**-**	**-**
Insurance proceeds	-	27 004	-	-
Rental income	-	499 809	-	-
Learnership and SETA	-	90 869	-	-
Other income[2]	1 479 012	387 786	486 087	480 910
Credit losses recovered	-	851 371	-	-
Profit warranty accrual[3]	-	4 862 345	-	-
	1 479 012	**6 719 184**	**486 087**	**480 910**
MIA family trust[4]	-	18 605 878	-	-
Waiver of loans	**-**	**18 605 878**	**-**	**-**
Total other income	**417 593 845**	**27 263 813**	**486 087**	**480 910**

Continued on the next page.

NOTE 25 - OTHER INCOME CONTINUED

1. *Refer to note 30 (business combinations) for further detail.*
2. *Other income includes items such as opex recoveries, income from foreign exchange etc.*
3. *This profit warranty accrual relates to an accrual for a breach of profit warranty given by Otel Communications 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 two reporting period (FY2021: R4 862 345 and FY2020: R5 210 553) 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. Refer to note 9 (trade and other receivables for further detail).*
4. *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 605 878 credit to the statement of profit or loss and other comprehensive income in the previous reporting period.*

NOTE 26 - OPERATING PROFIT

Operating profit for the year is stated after accounting for the following:

	Group		Company	
	2022	2021	2022	2021
Short-term lease charges[1]				
Premises				
Straight-line basis	1 207 754	5 497 418	-	-
IFRS16 lease modification	(498 554)	-	(498 554)	-
Equipment				
Straight-line basis	-	113 247	-	-
	709 200	**5 610 665**	**(498 554)**	**-**
Depreciation of property, plant and equipment[2]	(91 980)	13 592 723	-	-
Depreciation of right-of-use assests[1]	-	5 626 563	-	1 050 381
Depreciation of contract assets[3]	-	4 327 045	-	-
Depreciation of intangible assets[4]	-	2 806 464	-	-
Total depreciation and amortisation	**(91 980)**	**26 352 795**		**1 050 381**
Gain on sale of property, plant and equipment	-	(1 938 751)	-	-
Loss on exchange differences	-	116 746	-	-
Loss on sale of investments held	308 824	-	308 823	-
Insurance expenses	1 691 682	1 473 357	-	-
Statutory and listing fees	1 650 463	1 811 080	779 674	198 114
Legal expenses[5]	5 854 296	4 987 445		
Consulting and professional fees[6]	3 880 759	3 882 348	9 306	-
Executive share-based payment expense[7]	7 359 215	34 609 702	7 359 215	34 609 702
	20 745 239	**44 941 927**	**8 457 018**	**34 807 816**

Continued on the next page.

NOTE 26 - OPERATING PROFIT CONTINUED

	Group		Company	
	2022	2021	2022	2021
Employee costs				
Salaries, wages, bonuses and other benefits	11 923 544	122 541 324	-	-
Retirement benefit plans: defined contribution expense	490 164	3 422 731	-	-
Non-executive director fees	3 075 000	2 796 000		
Share-based compensation expense[7]	-	1 221 899	-	-
Total employee costs	**15 488 708**	**129 981 954**	**-**	**-**
Less: Employee costs included in cost of sales	-	(36 512 873)	-	-
Total employee costs expensed	**15 488 708**	**93 469 081**	**-**	**-**

1. *Refer to note 3 (right-of-use assets) for additional detail.*
2. *Refer to note 2 (property, plant and equipment) for additional detail. Depreciation consists of amounts recognised in selling and administration expenses as well as cost of sales.*
3. *Refer to note 10 (contract assets) for additional detail. Amortisation consists of amounts recognised in selling and administration expenses as well as cost of sales.*
4. *Refer to note 5 (intangible assets) for additional detail.*
5. *Legal expenses in the current reporting period include costs of R5 751 269 that are acquisition related and therefore are variable in nature.*
6. *Consulting and professional fees in the current reporting period include costs of R2 684 007 that are acquisition related and therefore are variable in nature.*
7. *Refer to note 16 (share-based payment reserve) for additional detail.*

NOTE 27 - FINANCE COSTS

	Group		Company	
	2022	2021	2022	2021
Shareholders' loans	-	65	-	-
Interest bearing liabilities	9 249 574	13 665 796	9 249 574	10 995 780
Trade and other payables	4	66 337	-	-
Bank	642	474 775	-	2
Tax authority	-	1 223	-	-
	9 250 220	**14 208 196**	**9 249 574**	**10 995 782**
Lease liabilities	-	1 477 930	-	357 189
	9 250 220	**15 686 126**	**9 249 574**	**11 352 971**

NOTE 28 - INCOME TAX (EXPENSE)/ (INCOME)

Major components of the tax expense/(income)

	Group		Company	
	2022	2021	2022	2021
Current				
Local income tax – current period	-	(1 108 140)	-	-
Local income tax – recognised in current period for prior period	-	(264 078)	-	-
Security transfer tax	-	(6 646)	-	-
	-	**(1 378 864)**	**-**	**-**
Deferred				
Deferred tax asset	**(76 558 244)**	**16 178 987**	**(9 498 560)**	**7 109 379**
Originating temporary differences	8 529 461	24 813 678	8 529 461	16 916 936
Reversing temporary differences	(85 087 705)	(8 634 691)	(18 028 021)	(9 807 557)
Deferred tax liability	**45 964 707**	**(25 775 818)**	**(161 730 005)**	**294 107**
Originating temporary differences	(27 298 759)	(26 734 046)	(162 612 325)	-
Reversing temporary differences	73 263 466	958 228	882 320	294 107
	(30 593 537)	**(9 596 831)**	**(171 228 565)**	**7 403 486**
Total	**(30 593 537)**	**(10 975 695)**	**(171 228 565)**	**7 403 486**

Reconciliation of tax expense

Reconciliation between the statutory tax rate and the average effective tax rate

	Group		Company	
	2022	2021	2022	2021
Applicable tax rate	**28.00%**	**28.00%**	**28.00%**	**28.00%**
Exempt income[1]	(1.99%)	-	(1.38%)	(25.73%)
Disallowable expenditure[2]	-	1.67%	-	0.02%
Unutilised assessed loss[3]	-	(31.51%)	-	(40.55%)
Expenses attributable to dividend income[4]	0.04%	-	0.03%	-
Donations	-	0.01%	-	-
Gain on deemed disposal and reacquisition of subsidiaries at fair value[5]	(19.99%)	-	-	-
Prior year under/ (over) provision	-	0.49%	-	-
Reversal of impairments on consolidation[6]	-	5.72%	-	-
Capital gains tax effect	(0.86%)	(2.72%)	(5.38%)	(2.85%)
Share-based payments	0.38%	18.90%	0.26%	23.36%
	5.58%	**20.56%**	**21.53%**	**(17.75%)**

NOTE 28 - INCOME TAX (EXPENSE)/ (INCOME) CONTINUED

1. *Exempt income consists of dividends received.*
2. *Disallowed expenditure consists of fines, penalties, donations, finance costs of a capital nature and legal fees of a capital nature.*
3. *Unutilised assessed losses related to unrecognised deferred tax assets on assessed losses.*
4. *Expenses attributable to dividend income relates to expenses that are not deductible at the proportion to which the Company receives income from non-deductible sources such as dividends.*
5. *Gain on deemed disposal and reacquisition of subsidiaries at fair value relates to the impact on the deemed disposal of subsidiary companies. Refer to note 30 (business combinations).*
6. *Includes the tax effects of impairments reversed on consolidation in the previous reporting period relating to the loan impairment on the Huge Media loan. Refer to note 8 (loans receivable).*

NOTE 29 EARNINGS AND HEADLINE EARNINGS PER SHARE

Basic earnings and headline earnings per share are calculated by dividing the relevant earnings amount by the weighted-average number of shares in issue. Diluted earnings and diluted headline earnings per share are calculated by dividing the relevant earnings by the weighted-average number of shares in issue after taking the dilutive impact of potential ordinary shares to be issued into account.

Earnings and headline earnings per share

2022	Gross	Tax	Net
Profit attributable to owners of the parent adjusted for[1]	-	-	517 643 139
Gain on deemed disposal and reacquisition of subsidiaries at fair value	(416 114 833)	-	(416 114 833)
Headline earnings	**(416 114 833)**	**-**	**101 528 306**

1. *The basic earnings per share includes the R7 359 215 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.*
2. *Gain on deemed disposal and reacquisition of subsidiaries at fair value relate to the change in nature of the business of Huge as detailed in note 6 (investments held). In accordance with IFRS10 (B101), when an entity becomes an investment entity, it shall cease to consolidate its subsidiaries at the date of the share in status. This gain relates to this deemed disposal of subsidiary companies.*

2021	Gross	Tax	Net
Profit attributable to owners of the parent adjusted for[1]	-	-	38 568 656
Impairment of plant and equipment[2]	11 529 788	(3 228 341)	8 301 447
Gain on disposal of property, plant and equipment	(1 938 751)	542 850	(1 395 901)
Headline earnings	**9 591 037**	**(2 685 491)**	**45 474 202**

1. *The basic earnings per share includes the R34 609 702 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 presented on page 168 is a better representation of the Group's operating performance.*
2. *Impairment of plant and equipment relates to the decommissioning of telephone lines owned by the Group which are held under property, plant and equipment, in the Telecom Grouping, as a result of customer contract cancellations during the reporting period.*

NOTE 29 EARNINGS AND HEADLINE EARNINGS PER SHARE CONTINUED

	2022	2021	2022	2021
Weighted average number of ordinary shares				
Issued shares at 1 March[1]	173 663 766	175 627 077	-	-
Less: Treasury Shares[2]	(11 566 081)	(10 397 415)	-	-
Outstanding shares 1 March	**162 097 685**	**165 229 662**	**-**	**-**
Weighted averages shares distributed to the CI Trust share beneficiaries during the year	-	371 347	-	-
Weighted average shares sold by the CI Trust during the year	-	36 555	-	-
Weighted average share buy-back – treasury shares held by Huge[2]	(1 200 066)	(1 272 572)	-	-
Weighted average treasury shares returned to external shares[3]	9 646 926	-	-	-
Weighted average shares issued during the current reporting period[4]	2 087 887	-	-	-
Weighted average number of ordinary shares in issue at 28 February (basic, and headline)	**172 632 432**	**164 364 992**	**-**	**-**
Share buy-back anti-dilutive[5]	1 200 066	1 272 572	-	-
Weighted average number of ordinary shares in issue at 28 February (diluted)	**173 832 498**	**165 637 564**	**-**	**-**
Per share statistics (cents)				
Earnings per share	299.85	23.47	-	-
Headline earnings per share	58.81	27.67	-	-
Diluted basic earnings per share	297.78	23.28	-	-
Diluted headline earnings per share	58.41	27.45	-	-

1. *Refer to note 15 (share capital) for further detail.*
2. *The treasury shares held by Huge relate to the share buy-backs that took place during the current and previous reporting period as well as the treasury shares previously held by Huge Telecom amounting to 9 646 926 shares. Refer to note 15 (share capital) for further detail.*
3. *Treasury shares previously held by Huge Telecom amounting to 9 646 926 have moved from treasury shares to external shares due to the change in investment entity status and derecognition of Huge Telecom as a subsidiary company. This has increased the weighted average number of shares in issue from the previous reporting period.*
4. *In accordance with the SENS released on 2 August 2021 detailing the results of the offer to Adapt IT shareholders (the **Offer**) announced that Adapt IT shareholders holding 2 612 719 Adapt IT shares, representing 1.9% of Adapt IT's total ordinary share capital, excluding treasury shares, accepted the Offer. Accordingly, Huge delivered 3 579 419 Huge shares and a total fractional entitlement in cash of R39.52 in settlement of the Offer consideration.*
5. *The share buy-backs undertaken during the current and previous reporting year were calculated and identified as anti-dilutive for the previous reporting period and therefore there is no effect to the earnings and headline earnings calculation. As the share buy-backs would result in an increase in the earnings per share they are excluded from the weighted average number of Shares in issue for the computation of basic and headline earnings and thus need to be added back for the weighted average number of Shares in issue utilised in the diluted basic and diluted headline share computation.*

Huge confirms that it utilises HEPS and EPS as its key performance metrics for trading statement purposes.

NOTE 30 - BUSINESS COMBINATIONS

IFRS 10 contains special accounting requirements for an investment entity. Where an entity meets the definition of an investment entity, it does not consolidate its subsidiaries, but rather measures subsidiaries at fair value through profit or loss (FVTPL). However, an investment entity is still required to consolidate subsidiaries that provide services related to the investment entity's investment activities (i.e. those wholly-owned subsidiaries comprising Huge's head office operations).

IFRS 10 requires a parent that becomes an investment entity to account for the change in its status prospectively from the date at which the change in status occurred. Having considered various factors, including the timelines and decision-making processes leading up to aforementioned disposals, Huge's application of the investment entity exception is effective from 1 March 2021. Accordingly, on such date the group's existing subsidiaries (other than the aforementioned wholly-owned head office subsidiaries providing investment activities to Huge) were deemed to be disposed of and re-acquired at fair value, with the resultant R416.1mn gain being recognised as a non-headline item in the statement of comprehensive income. Such investments were subsequently measured at FVTPL for the entire year under review.

Continued on the next page.

NOTE 30 - BUSINESS COMBINATIONS CONTINUED

Group	Huge Connect	Huge Distribution	Huge Media	Huge Messaging	Huge Payments	Huge Software	Huge Technologies	Huge Telecom	The CI Trust	Total
Investment at fair value raised	**531 010 201**	**8 583 476**	**-**	**1 243 654**	**-**	**6 294 641**	**89 544 443**	**672 948 921**	**28 044**	**1 309 653 380**
Less: net assets value	(73 246 149)	7 292 530	6 412 975	(1 243 654)	(5 863 885)	(1 254 655)	(102 371 643)	(65 571 138)	(28 044)	(235 873 663)
Less: Goodwill	(345 537 298)	(9 075 964)	-	-	(3 268 169)	(4 463 051)	-	(245 349 807)	-	(607 694 289)
Less: Non-controlling interest removed	(56 474 348)	(1 627 020)	(2 148 472)	-	-	364 398	-	9 914 847	-	(49 970 595)
Gain/(loss) on deemed disposal and reacquisition of subsidiary companies at fair value	**55 752 406**	**5 173 022**	**4 264 503**	**-**	**(9 132 054)**	**941 333**	**(12 827 200)**	**371 942 823**	**-**	**416 114 833**

NOTE 30 - BUSINESS COMBINATIONS CONTINUED

Included in the net asset values of the previously reported subsidiary companies were cash and cash equivalent balances as at 1 March 2021, detailed below:

	Cash balances 1 March 2021
Huge Connect	16 242 477
Huge Distribution	1 718 195
Huge Media	26 046
Huge Messaging	1 417 105
Huge Networks	3 915 631
Huge Payments	511 917
Huge Services	174 526
Huge Software	246 798
Huge Technologies	114 297
Huge Telecom	(9 387 822)
The CI Trust	66 743
	15 045 913

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 436 904 and no goodwill arose on this transaction.

	Group		Company	
	2022	2021	2022	2021
Fair value of assets acquired and liabilities assumed				
Investment acquired in Huge Distribution for cash	-	50	-	-
Non-controlling interest[1]	-	6 436 904	-	-
	-	**6 436 954**	**-**	**-**
Acquisition date fair value of consideration paid				
Investment acquired in Huge Distribution for cash	-	(50)	-	-
Transaction with non-controlling interests	-	(6 436 904)	-	-
	-	**(6 436 954)**	**-**	**-**

1. *The non-controlling interest is measured at the fair value of the acquiree's identifiable net assets.*

NOTE 31 - CASH GENERATED FROM/(USED IN) OPERATIONS

		Group		Company	
	Note(s)	2022	2021	2022	2021
Profit before taxation		**548 236 676**	**53 389 918**	**795 333 846**	**41 721 405**
Adjustments for					
Depreciation	26	91 980	19 540 416	-	1 050 381
Amortisation	26	-	7 133 510	-	-
Profit on sale of property, plant and equipment		-	(1 938 751)	-	-
Decommissioning of telephone lines		-	11 529 788	-	-
Waiver of loans		-	(18 605 878)	-	-
Impairment of inventory		-	31 233 433	-	-
Dividends received	22	(38 873 709)	-	(38 873 709)	(38 334 818)
Finance income received	22	(14 488 668)	(1 285 322)	(9 791 405)	(6 244 038)
Finance costs	27	9 250 220	15 686 126	9 249 574	11 352 971
Reversal of impairment provision raised on loans to subsidiary company		-	-	-	(21 238 535)
Net gain from financial assets at fair value through profit or loss	6	(119 186 500)	-	(119 186 500)	-
Gain on deemed disposal and reacquisition of subsidiary companies at fair value	25	(416 114 833)	-	(644 205 460)	-
Loss on sale of investments held	26	308 824	-	308 823	
Profit warranty accrual		-	(4 862 345)	-	-
Movement in credit loss allowance		-	14 751 923	-	-
Lease modification	26	(498 554)	-	(498 554)	-
Share-based payments raised	26	7 359 215	35 831 475	7 359 215	34 609 702
Other non-cash items		-	100 372	-	25 871
Changes in working capital:					
Inventories		-	(53 299 724)	-	-
Trade and other receivables		19 646 998	(14 742 676)	279 666	(22 418 917)
Contract assets		-	(1 544 710)	-	-
Trade and other payables		(5 098 856)	(12 184 722)	(3 476 031)	3 731 154
Deferred income		-	(6 057 569)	-	-
		(9 367 207)	**74 675 264**	**(3 500 535)**	**4 255 176**

NOTE 31 - CASH GENERATED FROM/(USED IN) OPERATIONS CONTINUED

Reconciliation of cash arising from financing activities related to borrowings:

	Group	
	2022	2021
Borrowings at the beginning of the year	**152 040 034**	**172 519 872**
Current	51 263 351	51 583 574
Non-current	100 776 683	120 936 298
Cashflows	**-**	**(20 000 000)**
Proceeds from borrowings	-	20 000 000
Repayment of borrowings	-	(40 000 000)
Other movements	**(30 544 454)**	**(479 838)**
Interest accrued	9 249 574	13 666 624
Interest paid	(9 202 840)	(14 146 462)
Change in investment entity status	(30 591 188)	-
Borrowings at the end of the year[1]	**121 495 580**	**152 040 034**
Current	31 436 508	51 263 351
Non-current	90 059 072	100 776 683

1. *Refer to note 19 (Interest-bearing liabilities) for further detail.*

NOTE 32 - RELATED PARTIES

Relationships	2022
Subsidiary company	Huge Management
Associate company	Huge Soho
Investment Companies	Huge Capital
	Huge Connect
	Huge Distribution
	Huge Media
	Huge Messaging
	Huge Payments
	Huge Software
	Huge Technologies
	Huge Telecom
	Glovent
Subsidiary of Investment Company (Huge Telecom)	Huge Services
	Huge Networks
Associate of Investee Company (Huge Telecom)	Huge Cellular
Members of key management	JC Herbst
	AP Openshaw
	SL Sequeira

NOTE 32 - RELATED PARTIES CONTINUED

Related party balances

Loan accounts – Owing by Investee Companies and subsidiary/associate of Investee Company

Figures in Rand	Group 2022	Group 2021	Company 2022	Company 2021
Huge Capital	50 200	-	-	-
Huge Cellular	19 109 082	61 269 182	-	-
Huge Distribution	30 625 748	-	17 197 759	-
Huge Management	-	-	142 976 048	-
Huge Media	6 652 832	-	-	-
Huge Messaging	(800 000)	-	-	-
Huge Payments	7 166 425	-	-	-
Huge Software	5 947 649	-	-	-
Huge Soho	-	2 406 542	-	-
Huge Technologies	34 831 145	-	27 257 848	-
Huge Telecom	104 443 346	-	24 225 856	-
Total	**208 026 427**	**63 675 724**	**211 657 511**	**-**

Trade receivables/(Trade payables) – Owing (to)/by Investee Companies and subsidiary/associate of Investee Company

Figures in Rand	Group 2022	Group 2021	Company 2022	Company 2021
Huge Connect	2 734 783	-	-	-
Huge Distribution	6 038	-	-	-
Huge Media	577 760	-	-	-
Huge Networks	11 908	-	-	-
Huge Payments	2 760	-	-	-
Huge Software	1 413 005	-	-	-
Huge Telecom	2 703 144	-	-	-
Huge Telecom	(24 143)	-	-	-
Total	**7 425 255**	**-**	**-**	**-**

Trade receivables/(Trade payables) – Owing by/(to) associate company

Figures in Rand	Group 2022	Group 2021	Company 2022	Company 2021
Huge Soho	11 040	-	-	-
Total	**11 040**	**-**	**-**	**-**

NOTE 32 - RELATED PARTIES CONTINUED

Dividend receivable – Owing by Investee Company

Figures in Rand	Group 2022	Group 2021	Company 2022	Company 2021
Huge Connect	**32 358 527**	**-**	**32 358 527**	**-**
Total	**32 358 527**	**-**	**32 358 527**	**-**

Other receivables owed by subsidiary company

Figures in Rand	Group 2022	Group 2021	Company 2022	Company 2021
Huge Management	-	-	26 507 500	-
Total	**-**	**-**	**26 507 500**	**-**

Related party transactions

Interest income – received from Investee Companies and subsidiaries/associated of Investee Companies

Figures in Rand	Group 2022	Group 2021	Company 2022	Company 2021
Huge Capital	200	-	-	-
Huge Cellular	1 357 769	115 000	-	-
Huge Distribution	1 295 542	-	1 295 542	-
Huge Media	763 130	-	-	-
Huge Management	-	-	8 179 673	-
Huge Networks	152 359	-	-	-
Huge Payments	60 110	-	-	-
Huge Software	488 235	-	-	-
Huge Technologies	750 488	-	-	-
Huge Telecom	8 369 423	-	-	-
Total	**13 237 256**	**115 000**	**9 475 215**	**-**

Dividends received – from Investee Company

Figures in Rand	Group 2022	Group 2021	Company 2022	Company 2021
Huge Connect	38 873 709	-	38 873 709	-
Total	**38 873 709**	**-**	**38 873 709**	**-**

NOTE 32 - RELATED PARTIES CONTINUED

Fee income received – from Investee Company

Figures in Rand	Group 2022	Group 2021	Company 2022	Company 2021
Huge Media	500 000	-	-	-
Huge Telecom	6 600 000	-	-	-
Total	**7 100 000**	**-**	**-**	**-**

Recoveries – from Investee Companies and subsidiaries/associated of Investee Companies

Figures in Rand	Group 2022	Group 2021	Company 2022	Company 2021
Huge Connect	362 952	-	-	-
Huge Distribution	31 500	-	-	-
Huge Media	28 800	-	-	-
Huge Messaging	28 800	-	-	-
Huge Networks	124 254	-	-	-
Huge Payments	28 800	-	-	-
Huge Services	19 200	-	-	-
Huge Software	91 997	-	-	-
Huge Technologies	7 200	-	-	-
Huge Telecom	656 994	-	-	-
Total	**1 380 497**	**-**	**-**	**-**

Recoveries – from associate company/associated of Investee Companies

Figures in Rand	Group 2022	Group 2021	Company 2022	Company 2021
Huge Cellular	7 200	-	-	-
Huge Soho	57 600	29 000	-	-
Total	**64 800**	**29 000**	**-**	**-**

NOTE 33 - REMUNERATION AND BENEFITS PAID TO DIRECTORS/PRESCRIBED OFFICERS

Executive

2022	Services to the Company[1]	Incentives	Services to the other Group companies	Services in connection with the affairs of the Company or Group	Risk, retirement and medical contributions paid or payable	Total
JC Herbst	4 005 501	-	-	-	534 029	4 539 530
AP Openshaw	3 312 246	600 000	-	-	89 394	4 001 640
SL Sequeira	1 699 080	60 000	-	-	-	1 759 080
Total	**9 016 827**	**660 000**	**-**	**-**	**623 423**	**10 300 250**

1. *The services to the Company include UIF and Skills Development Levies.*

2021	Services to the Company[1]	Incentives	Services to the other Group companies	Services in connection with the affairs of the Company or Group	Risk, retirement and medical contributions paid or payable	Total
JC Herbst	3 759 981	-	-	-	498 555	4 258 536
AP Openshaw	2 942 610	-	-	-	85 959	3 028 569
SL Sequeira	1 358 499	-	-	-	-	1 358 499
Total	**8 061 090**	**-**	**-**	**-**	**584 514**	**8 645 604**

Non-Executive

2022	Directors' fees	Total
BC Armstrong	492 000	492 000
DF da Silva	939 000	939 000
DR Gammie	648 000	648 000
CWJ Lyons	534 000	534 000
VM Mokholo	462 000	462 000
Total	**3 075 000**	**3 075 000**

Continued on the next page

NOTE 33 - REMUNERATION AND BENEFITS PAID TO DIRECTORS/PRESCRIBED OFFICERS CONTINUED

2021	Directors' fees	Total
BC Armstrong	425 000	425 000
DF da Silva	744 000	744 000
DR Gammie	559 000	559 000
CWJ Lyons	439 000	439 000
VM Mokholo	398 333	398 333
SP Tredoux[1]	246 000	246 000
Total	**2 811 333**	**2 811 333**

1. *Huge announced on 23 September 2020 that Steve Tredoux, an independent non-executive director, resigned from the Board.*

Prescribed Officers

2022	Services to the Company	Services to Investee Companies	Risk, retirement and medical contributions paid or payable	Total
RR Burger[1]	-	2 900 608	172 862	3 073 470
SJ Morony[2]	-	2 403 169	166 798	2 569 967
K Sinclair[3]	-	2 319 248	68 342	2 387 590
SM Oberholzer[4]	-	2 244 480	58 440	2 302 920
M Granville[5]	-	698 335	-	698 335
D Cameron[6]	-	600 000	-	600 000
Total	**-**	**11 165 840**	**466 442**	**11 632 282**

1. *RR Burger, in his capacity as Managing Director of Huge Telecom, is a prescribed officer of the Company.*
2. *SJ Morony, in his capacity as Commercial Director of Huge Telecom, is a prescribed officer of the Company.*
3. *K Sinclair, in his capacity as Managing Director of Huge Connect, is a prescribed officer of the Company.*
4. *SM Oberholzer, in his capacity as Managing Director of Huge Networks, is a prescribed officer of the Company.*
5. *M Granville, in his capacity as Managing Director of Huge Software, is a prescribed officer of the Company.*
6. *D Cameron, in his capacity as Managing Director of Huge Distribution, is a prescribed officer of the Company. He took over this position from L Fourie who held this position until 25 March 2021.*

NOTE 33 - REMUNERATION AND BENEFITS PAID TO DIRECTORS/PRESCRIBED OFFICERS CONTINUED

2021	Services to the Company	Services to Investee Companies	Risk, retirement and medical contributions paid or payable	Total
RR Burger	-	2 163 586	377 340	2 540 926
SJ Morony	-	1 378 364	149 817	1 528 181
A Lessing	-	787 888	208 808	996 696
K Sinclair	-	2 208 551	65 128	2 273 679
SM Oberholzer	-	2 238 065	58 440	2 296 505
M Granville	-	422 167	-	422 167
L Fourie	-	1 806 282	-	1 806 282
Total	**-**	**11 004 903**	**859 533**	**11 864 436**

NOTE 34 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Risk management is carried out as part of the day-to-day activities by each major Investee Company under policies approved by the respective boards of directors. Each major Investee Company's board of directors provides principles for overall risk management, as well as policies covering specific areas. Risk areas are discussed in the risk register presented on pages 36 to 37 of the Integrated Report.

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

Continued on the next page

NOTE 34 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Financial assets by category

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

Group – 2022	Note(s)	Financial assets at amortised cost	Total	Fair value
Loans receivable	8	208 087 546	208 087 546	208 087 546
Trade and other receivables	9	39 303 569	39 303 569	39 303 569
Cash and cash equivalents	14	1 400 741	1 400 741	1 400 741
		248 791 856	**248 791 856**	**248 791 856**

Group – 2021	Note(s)	Financial assets at amortised cost	Total	Fair value
Loans to associate companies	7	63 675 724	63 675 724	63 675 724
Loans receivable	8	1 071 857	1 071 857	1 071 857
Trade and other receivables	9	80 401 199	80 401 199	80 401 199
Cash and cash equivalents	14	29 462 197	29 462 197	29 462 197
		174 610 977	**174 610 977**	**174 610 977**

Company – 2022	Note(s)	Financial assets at amortised cost	Total	Fair value
Loans receivable	8	217 558 631	217 558 631	217 558 631
Trade and other receivables	9	58 866 027	58 866 027	58 866 027
Cash and cash equivalents	14	981 972	981 972	981 972
		277 406 630	**277 406 630**	**277 406 630**

Company – 2021	Note(s)	Financial assets at amortised cost	Total	Fair value
Loans to associate companies	7	1 206 542	1 206 542	1 206 542
Loans receivable	8	183 586 729	183 586 729	183 586 729
Trade and other receivables	9	50 167 534	50 167 534	50 167 534
Cash and cash equivalents	14	1 669 758	1 669 758	1 669 758
		236 630 563	**236 630 563**	**236 630 563**

Financial liabilities by category

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

Group – 2022	Note(s)	Financial liabilities at amortised cost	Total	Fair value
Trade and other payables	21	1 450 516	1 450 516	1 450 516
Interest-bearing liabilities	19	121 495 580	121 495 580	121 495 580
		122 946 096	**122 946 096**	**122 946 096**

NOTE 34 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Group – 2021	Note(s)	Financial liabilities at amortised cost	Total	Fair value
Trade and other payables	21	31 779 691	38 217 714	38 217 714
Interest-bearing liabilities	19	152 040 034	152 040 034	152 040 034
Lease liabilities	3	15 833 273	15 833 273	15 833 273
Bank overdraft	14	12 177 266	12 177 266	12 177 266
		211 830 264	**218 268 287**	**218 268 287**

Company – 2022	Note(s)	Financial liabilities at amortised cost	Total	Fair value
Trade and other payables	21	348 327	348 327	348 327
Interest-bearing liabilities	19	121 495 580	121 495 580	121 495 580
		121 843 907	**121 843 907**	**121 843 907**

Company – 2021	Note(s)	Financial liabilities at amortised cost	Total	Fair value
Trade and other payables	21	1 474 290	1 474 290	1 474 290
Lease liabilities	3	3 649 698	3 649 698	3 649 698
Interest-bearing liabilities	19	121 448 845	121 448 845	121 448 845
		126 572 833	**126 572 833**	**126 572 833**

Fair value estimation

Investments held at fair value through profit or loss

Group – 2022	Note(s)	Fair value through profit or loss	Total	Fair Value
Investments held	6	1 434 956 823	1 434 956 823	1 434 956 823
		1 434 956 823	**1 434 956 823**	**1 434 956 823**

Group – 2021	Note(s)	Fair value through profit or loss	Total	Fair Value
Investments held	6	420 465	420 465	420 465
		420 465	**420 465**	**420 465**

Company – 2022	Note(s)	Fair value through profit or loss	Total	Fair Value
Investments held	6	1 434 966 974	1 434 966 974	1 434 966 974
		1 434 966 974	**1 434 966 974**	**1 434 966 974**

Company – 2021	Note(s)	Fair value through profit or loss	Total	Fair Value
Investments held	6	457 495 465	457 495 465	457 495 465
		457 495 465	**457 495 465**	**457 495 465**

NOTE 34 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Discovery endowments

The discovery endowments have been classified at level 3 of the fair value hierarchy for the reporting period in terms of IFRS13 Fair Value Measurement. The fair value of the Discovery Invest Endowment plan is determined using observable direct inputs provided by Discovery. The value per the statement at year-end is therefore deemed to be the fair value amount as per IFRS 13. Refer to note 6 (investments held).

Profit warranty accrual

The profit warranty accrual has been classified at level 3 of the fair value hierarchy for the previous reporting period in terms of IFRS13 Fair Value Measurement. The fair value is determined utilising the signed agreement between Otel Communications and Huge Telecom. The fair value was based on unobservable market inputs including Huge Network profit as at year end. The fair value is calculated by determining Huge Networks' profit shortfall as at year-end for each year as per the signed agreement and then multiplying this by Huge Telecom's percentage shareholding in Huge Networks. Any estimated profits used to derive the existing fair value are solely based on the underlying operating entity's management assumptions and market estimates on financial growth, costs and performance. Refer to note 9 (trade and other receivables).

Inputs utilised to compute the fair value of the profit warranty accrual:

- Huge Networks profit after tax for FY2020, FY2021 and FY2022.
- In accordance with the Otel Communications sale of business agreement, the profits in each of the above years shall not be less than the stipulated profit threshold, being R10.4 million.
- In the event of a breach, 50% of the difference between the stipulated profit threshold and the Huge Networks' profit for each of the years above will form a part of the profit warranty accrual against Otel Communications.
- The fair value of the accrual utilises actual FY2020 and FY2021 shortfalls against the stipulated profit threshold amounting to R10.1 million.

Telephone line network asset

The telephone line network has been classified at level 3 of the fair value hierarchy for the previous reporting period in terms of IFRS13 Fair Value Measurement. The fair value is determined by utilising unobservable inputs from multiple market players within the industry, being independent industry expert consultants, whereby inputs have been assessed for reasonability and applied in order to compute a fair estimation of the valuation of the telephone line network.

NOTE 34 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Inputs utilised to compute the fair value of the telephone line network asset:

- Forward looking information, including the expected annual growth rate of revenue of 4.6% and a discount rate of 4.7% for the preceding 5 years, was used to obtain the current average discounted revenue value of R201 million.
- The average number of telephone lines for the current reporting period, being 41 784, over the average discounted value computed above provides a new average value per telephone line based on forward looking information of R4 800.
- The above inputs produce the fair value for the telephone line network asset utilising the actual number of telephone lines at the end of the reporting period, being 40 360, multiplied by the newly computed fair value of R4 800 per telephone line and substantiating a value of R194 million.
- The R194 valuation is considered reasonable as this has been assessed by an independent expert.

Detailed assessment of inputs for reasonability:

- In determining the appropriate discount rate to use, the fact that only the cash flows related to revenue, was noted. The use of a WACC is not considered appropriate due to the fact that the discount rate is not specific enough for the revenue cash flows. Therefore, the normalised inflation rate is considered a better rate to use to discount the revenue cash flows. The average inflation rate for the past 5 years has been obtained and the normalised inflation rate computed is 4.7%
- In considering the Telecom Grouping, the decreases in revenue over the last 3 reporting periods was considered. These decreases relate to many external factors (e.g. COVID-19, poor economic conditions). It was determined that using historical data would not lead to reliable predictions. Huge Telecom has recently signed contracts with network service providers and plans to expand its operations and increase its annuity revenue. Management have compared the growth rate in FY2022 of 5.0% with the growth rate in FY2021. Management took into account that the growth rate of 5.0% in FY2021 not only included growth in revenue but also growth in customers. It is noted that the weighted average increase of revenue within the telecommunication sector over the last 6 reporting periods is 5.8%.
- However, due to the fact that Huge Telecom has showed a decline in voice connectivity revenue over the past 3 financial periods, management decided to apply a conservative growth rate of 4.6% per annum, which is closer to the current inflation rate of 4.3% in the current reporting period.
- In addition, management has elected to rank the revenue from likely to unlikely. FY2020 was considered the most likely and FY2021was considered the least likely, due to the impact of COVID-19.

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NOTE 34 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

- In order to determine the revenue to be generated by Huge Telecom in FY2022 for voice connectivity services, the actual revenue for the FY2021 financial period of R180 million was utilised and normalised to R185 million (i.e. months have been removed where anomalies were present). The remaining months were then annualised and multiplied by the expected annual growth rate of 4.6% to identify the expected revenue to be generated in FY2022.

Refer to note 2 (property, plant and equipment).
Refer to accounting policies paragraph in Annexure A for further detail.

Fair value hierarchy

Refer to note 6 (investments held) for further detail relating to the fair value hierarchy, significant and key inputs, relationship of unobservable inputs and fair value of investments held.

Reconciliation of level 3 financial assets not included in note 6

Profit warranty accrual	Group
Opening balance 1 March 2019	-
Accrual raised	5 210 553
Balance at 1 March 2020	**5 210 553**
Accrual raised	4 862 436
Balance at 1 March 2021	**10 072 989**
Adjustment due to change in investment entity status	(10 072 989)
Balance at 28 February 2022	-

Telephone line network asset	Group
Opening balance 1 March 2020	**174 922 429**
Decommissioning of telephone lines	(11 529 788)
Revaluation	**32 507 513**
Derecognition due to decommissioning	(2 142 700)
Balance at 1 March 2021	**193 757 454**
Adjustment due to change in investment entity status	(193 757 454)
Balance at 28 February 2022	-

NOTE 34 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Stress testing and sensitivity measures

Comprehensive stress testing was conducted by the Group in the previous reporting period in which the following, at a minimum, was considered:

- 5-year historical movement in telephone lines in order to obtain highest percentage movement, lowest percentage movement and mid-point percentage movement off historical trends;
- 5-year historical line and minute revenue in order to obtain highest percentage movement, lowest percentage movement and mid-point percentage movement off historical trends;
- Scenario testing to evaluate plausible future events on revenue growth off financial growth plans of the then Telecom Grouping.

Sensitivity of revenue per line

Based on the above, the sensitivity outcomes were as follows:

- Highest point of historical average revenue generated per active telephone line, of R6 795 (the active telephone lines remaining constant) being a 38% increase on the current average revenue generated per line, results in a 47% increase in the fair value of the telephone line network, amounting to R283.9 million.
- Mid-point of historical average revenue generated per active telephone line, of R5 185, being a 5% increase on the current average revenue generated per line, results in a 12% increase in the fair value of the telephone line network, amounting to R216.6 million.
- Lowest point of historical average revenue generated per active telephone line, of R4 313, being a 12% decrease on the current average revenue generated per line, results in a 7% decrease in the fair value of the telephone line network, amounting to R180.2 million.

Sensitivity of number of active lines

Based on the above, the sensitivity outcomes were as follows:

- Highest point of historical average number of active lines at the average revenue generated per line (average revenue generated per line remaining constant) results in a 2% increase in the current number of active telephone lines, being 42 514, which results in a 8% increase in the fair value of the telephone line network, amounting to R197.1 million.
- Mid-point of historical average number of active lines at the average revenue generated per line (average revenue generated per line remaining constant) results in no change in the fair value of the telephone line network asset as the average number of active telephone lines closely approximates the current average number of active telephone lines.
- Lowest point of historical average number of active lines at the average revenue generated per line (average revenue generated per line remaining constant) results in a 4% decrease in the current number of active telephone lines, being 40 079, which results in a 4% decrease in the fair value of the telephone line network, amounting to R185.9 million.

NOTE 34 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Sensitivity based on forward-looking information

Based on the above, the sensitivity outcomes were as follows:

- FY2022 forward-looking average number of active telephone lines at the average forward-looking revenue generated per telephone line (average revenue generated per line remaining constant at R4 802) results in a 13% increase in the current number of active telephone lines to 47 164 telephone lines, resulting in a 17% increase in the fair value of the telephone line network, amounting to R226.5 million.
- FY2023 forward-looking average number of active telephone lines at the average forward-looking revenue generated per telephone line (average revenue generated per line remaining constant) results in a 52% increase in the current number of active telephone lines to 63 333 telephone lines, resulting in a 57% increase in the fair value of the telephone line network, amounting to R 304.1 million.
- FY2024 forward-looking average number of active telephone lines at the average forward-looking revenue generated per telephone line (average revenue generated per line remaining constant) results in a 109% increase in the current number of active telephone lines to 87 508 telephone lines, resulting in a 117% increase in the fair value of the telephone line network, amounting to R420.2 million.

Fair value measurements for financial instruments not measured at fair value:

Financial assets at amortised cost - the carrying value of current receivables and assets measured at amortised cost approximates their fair value.

The fair values of the majority of the non-current receivables and assets measured at amortised costs do not significantly differ from their carrying values due to their short-term nature.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 19 (interest-bearing liabilities), loans as disclosed in notes 7 (loans to associates), 8 (loans receivable/payable) and 21 (trade and other payables) as well as equity as disclosed in the statement of financial position.

NOTE 34 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

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

There are externally imposed capital requirements. Refer to bank covenants in notes 14 (cash and cash equivalents) and 19 (interest-bearing liabilities).

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 businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Group's exposure to liquidity risk is that there may be insufficient funds available to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities.

The Group manages its liquidity needs by carefully monitoring the scheduled debt servicing payments of long-term interest-bearing financial liabilities as well as forecasting cash inflows and outflows on a day-to-day basis. Liquidity needs are monitored in various time bands, on a day-to-day and 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. This analysis indicates whether available borrowing facilities are expected to be sufficient over the outlook period.

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

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

There are no amounts, in the current or previous reporting periods, in trade and other receivables subject to legal dispute.

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NOTE 34 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Group	Note(s)	Carrying value	Contractual cash flow	Between one and 12 months	Between one and five years
Non-current liabilities					
Interest-bearing liabilities	19	90 059 072	90 059 072	-	90 059 072
Lease liabilities	3	-	-	-	-
Current liabilities					
Trade and other payables	21	1 450 516	1 450 516	1 450 516	-
Lease liabilities	3	-	-	-	-
Interest-bearing liabilities	19	31 436 508	31 436 508	31 436 508	-
Bank overdraft	14	-	-	-	-
At 28 February 2022		**122 946 096**	**122 946 096**	**32 887 024**	**90 059 072**

Group	Note(s)	Carrying value	Contractual cash flow	Between one and 12 months	Between one and five years
Non-current liabilities					
Interest-bearing liabilities	19	100 776 683	130 236 815	-	130 236 815
Lease liabilities	3	10 968 782	11 972 013	-	11 972 013
Current liabilities					
Trade and other payables	21	38 217 714	38 217 714	38 217 714	-
Lease liabilities	3	4 864 491	6 024 383	6 024 383	-
Interest-bearing liabilities	19	51 263 351	55 938 461	55 938 461	-
Bank overdraft	14	12 177 266	12 177 266	12 177 266	-
At 28 February 2021		**218 268 287**	**254 566 652**	**112 357 824**	**142 208 828**

Company	Note(s)	Carrying value	Contractual cash flow	Between one and 12 months	Between one and five years
Non-current liabilities					
Interest-bearing liabilities	19	90 059 072	90 059 072	-	90 059 072
Current liabilities					
Trade and other payables	21	348 327	348 327	348 327	-
Interest-bearing liabilities	19	31 436 508	31 436 508	31 436 508	-
At 28 February 2022		**121 843 907**	**121 843 907**	**31 784 835**	**90 059 072**
Non-current liabilities					
Interest-bearing liabilities	19	90 936 298	90 936 298	-	90 936 298
Lease liabilities	3	3 649 698	4 153 843	-	4 153 843
Current liabilities					
Trade and other payables	21	396 632	396 632	396 632	-
Interest-bearing liabilities	19	51 583 574	51 583 574	51 583 574	-
Lease liabilities	3	873 720	1 230 908	-	1 230 908
At 28 February 2021		**147 439 922**	**148 301 255**	**51 980 206**	**96 321 049**

Continued on the next page.

NOTE 34 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Interest rate risk

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

At 28 February 2022, if interest rates on Rand-denominated borrowings had been 0.1% higher/lower with all other variables held constant, pre-tax profit for the year of the Group would have been R159 737 lower/higher.

	Group		Company	
Variable interest rate instruments	2022	2021	2022	2021
Cash and cash equivalents	1 400 741	17 284 931	981 972	1 669 758
Interest-bearing liabilities	121 495 580	152 040 034	121 495 580	121 448 845
Lease liabilities	-	15 833 273	-	3 649 698
	122 896 321	**185 158 238**	**122 477 552**	**126 768 301**

Credit risk

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

	Group		Company	
Financial assets	2022	2021	2022	2021
Loans to associate companies	-	63 675 724	-	1 206 542
Loans receivable	208 087 546	1 071 857	217 558 631	183 586 729
Trade and other receivables	40 900 908	84 273 508	58 911 577	50 167 534
Cash and cash equivalents	1 400 741	17 284 931	981 972	1 669 758
	250 389 195	**166 306 020**	**277 452 180**	**236 630 563**

The Group's exposure to credit risk related to trade and other receivables is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Trade receivables inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if customers fail to make payments as they fall due.

The Group does not require collateral in respect of trade and other receivables and loans advanced. The Group does not have trade receivables or loan advances for which no credit loss allowance is recognised because it is in possession of collateral. These loans and advances relate mainly to advances to Investee Companies which have been assessed in terms of recoverability.

NOTE 34 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Credit Risk continued

Management, of the Investee Companies have established a credit policy which is aligned to the Group's policy, under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, including credit scoring (TBD47) and Compuscan, financial statements, credit agency information, industry information and bank references. Credit limits are established for each customer and are reviewed quarterly. Any sales exceeding these credit limits require approval from management of the relevant entities within the Group in accordance with Group policy. The Group continuously monitors the potential default by its customers and other counterparties, identified either individually or as a Group and incorporates this information into its credit risk controls.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one month for external customers. External credit ratings and/or reports on customers and counterparties are obtained and used. The Group's policy is to deal only with suitably creditworthy counterparties. Average debtors' terms are 30 days. Interest is charged on overdue customer accounts.

The Group continuously monitors the potential default by its customers and other counterparties, identified either individually or as a group and incorporates this information into its credit risk controls.

The Group's management considers that all of the above financial assets, which are not impaired or past their due date, for each of the reporting dates under review, are of good credit quality.

Loans to Group companies and shareholders are assessed in accordance with IFRS 9. The expected credit losses are calculated using historical and forward-looking potential default risks. Each Investee Company has the necessary means to settle its obligations and no risk of default or concern has been identified through the IFRS 9 credit loss allowance process. No credit loss allowance has therefore been raised on these loan balances.

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

Cash and cash equivalents

The Group held cash and cash equivalents of R1 400 741 at 28 February 2022 (FY2021: R17 284 931). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- to AA+, based on Standard & Poor's ratings.

NOTE 34 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Cash & Equivalents continued

Impairment of cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

On initial application of IFRS 9, the Group did not recognise an impairment allowance for cash and cash equivalents. At 28 February 2022 the Group's assessment of expected credit losses of cash and cash equivalents was not material and therefore no impairment allowance was raised.

Trade and other receivables – previous reporting period

The Group established an allowance for impairment of debtors' balances that represented its estimate of potential credit losses in respect of trade and other receivables. The main components of this credit loss allowance were a specific loss component that related 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.

The Group allocated each exposure to a credit risk grade based on data that was 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 available press information about customers) and applied 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.

The Group used a credit loss allowance matrix to measure the expected credit losses of trade receivables from customers, which comprised a very large number of small balances. Loss rates were calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off utilising historical data over the past six years.

Risk levels were assigned to the customer status: Level 1 relates to trade and other receivables balances outstanding where the risk of default did not increase during the FY2021 year – therefore a lower risk factor was applied, Level 2 relates to trade and other receivables balances where the risk of default did increase in the FY2021 year and therefore a mid to low risk factor was applied, Level 3 relates to trade and other receivables balances which were considered to be credit impaired and a high risk factor was applied.

NOTE 34 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Trade and other receivables – previous reporting period continued

The Group's historical credit loss experience identified the requirement to disaggregate the trade and other receivables into further risk profiles relating to a customer's credit status. These risk profiles included active, suspended, payment plan, disconnected and handed-over, and pending. In monitoring customer credit risk, customers were grouped according to these profiles and the credit risk levels and expected credit loss rate were assigned to these profiles. The provision for credit losses was therefore based on past due status of these profiles. The exposure to credit risk and expected credit loss allowances for trade and other receivables was determined as follows:

Exposure to credit risk – previous reporting period

	2021		
Trade receivables – Group[1]	Estimated gross carrying amount at default	Loss allowance rate	Loss allowance
Active	44 435 852	2.2%	958 963
Disconnected	522 738	75.0%	392 053
Payment plan	4 132 882	18.3%	758 059
Handover pending	2 866 950	63.3%	1 814 773
Suspended	33 352 988	86.5%	28 834 046
Total	**85 311 410**		**32 757 894**

1. *As trade receivables are being managed on a collective basis, the details relating to each profile is as follows:*
   a. *Active – Customers where no risks of non-payment have been identified which fall within the current to 30-day ageing brackets;*
   b. *Disconnected – Customers who are in the 90-120 day ageing brackets who have defaulted on payment;*
   c. *Payment Plan – Customers who have defaulted but have subsequently entered into formal or informal payment plans;*
   d. *Handover Pending – Disconnected customers who have defaulted further and where a greater loss allowance has been applied;*
   e. *Suspended – Relates to customers who have been handed over to legal.*

Assessments performed at FY2021 highlight an increase in customers who had defaulted but who subsequently entered into formal or informal payment plans this was mainly as a result of COVID-19. An increased loss allowance rate was raised on these customers. Subsequent assessments post FY2021 on these customers identified recoverability and thus the level of credit loss raised on these customers were assessed as reasonable. A number of customers were handed over to legal during FY2021, mainly related to the fraud that occurred in Huge Connect in the prior year. Legal proceedings are still underway and the recoverability of these trade and other receivable balances are being closely monitored.

NOTE 34 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Reconciliation of loss allowances - previous reporting period

The following table shows the movement in the credit loss allowance (lifetime expected credit losses) for trade and other receivables:

Reconciliation of loss allowances - previous reporting period continued

	2021
Opening balance in accordance with IFRS 9	**(22 778 642)**
Amounts written off against provision	4 841 559
Amounts recovered	(849 848)
Business combination additions	-
Net movement of loss allowance	(13 970 963)
Closing balance	**(32 757 894)**

The Group is not exposed to any significant credit risk for any single counterparty or any group of counterparties having similar characteristics. Trade receivables comprise a large number of customers in various industries and geographical areas.

Financial assets exposed to credit risk at year-end were as follows:

		2021		
Group	Note(s)	Gross carrying amount	Credit loss allowance	Amortised cost/Fair value
Loans to associate companies	11	63 675 724	-	63 675 724
Loans receivable	12	1 071 857	-	1 071 857
Trade and other receivables	19	84 273 508	(32 757 894)	51 515 614
Contract assets	13	4 287 278	-	4 287 278
Cash and cash equivalents	20	17 284 931	-	17 284 931
		170 593 298	**(32 757 894)**	**137 835 404**

				2021
Company	Note(s)	Gross carrying amount	Credit loss allowance	Amortised cost/Fair value
Loans to group companies	11	183 586 729	-	183 586 729
Loans to associate companies	11	1 206 542	-	1 206 542
Trade and other receivables	19	26 832 716	-	26 832 716
Cash and cash equivalents	20	1 669 758	-	1 669 758
		213 295 745	-	**213 295 745**

NOTE 34 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Reconciliation of provision for impairment of trade and other receivables

The Group is not exposed to any significant credit risk for any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas.

EVENTS AFTER THE REPORTING PERIOD

Rand Merchant Bank ZAR240 Million Facility

In October 2021, Huge started engaging with Rand Merchant Bank (RMB), a division of FirstRand Bank Limited, to raise debt finance to (i) replace Futuregrowth as Huge's primary debt provider and to (ii) raise additional finance to fund Huge's acquisition aspirations.

The Board is pleased to announce that Huge Group has concluded its negotiations with RMB; and has secured a ZAR240 million facility, R150 million of which will be used to settle outstanding obligations to Futuregrowth (the ZAR200 Million Futuregrowth Facility held by Huge and the ZAR30 Million Futuregrowth Facility held by Huge Technologies). The RMB Facilities were concluded on 26 May 2022.

Refer to note 19 (interest-bearing liabilities) in the AFS for further detail relating to the RMB Facilities.

Acquisition of remaining 49.97% of Huge Networks

Huge Telecom concluded an agreement to acquire the remaining 49.97% interest in Huge Networks from Otel Communications for a purchase consideration of R15 million. Huge Telecom will hold 2001 ordinary shares in Huge Networks, making Huge Networks a wholly owned subsidiary company of Huge Telecom. The agreement was concluded on 27 May 2022.

Acquisition of remaining 24.88% of Huge Distribution

The Company concluded an agreement to acquire the remaining 24.88% interest in Huge Distribution from the MIA Family Trust for a purchase consideration of R 400 000. Huge will hold 100% of the ordinary shares of Huge Distribution. The agreement was concluded on 30 May 2022.

EVENTS AFTER THE REPORTING PERIOD CONTINUED

Charges relating to the Executive Share Option Agreements

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 R7.4 million in the current reporting period (FY2022), R34.6 million in the previous reporting period (FY2021), and a marginal amount in FY2023. These charges are non-cash charges that have no effect on the operating performance of the Company.

ANNEXURE A – ACCOUNTING POLICIES APPLICABLE TO THE PREVIOUS REPORTING PERIOD

PRESENTATION OF CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The AFS 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 AFS have been prepared on the historical-cost basis, and incorporate the principal accounting policies set out below. 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.

Basis of preparation

The AFS have been prepared on the going-concern basis, which assumes that the Company and its subsidiary companies will continue in operational existence for the foreseeable future.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. Each operating segment's results are reviewed regularly by the Executive Committee, under the authority delegated by the Board (which is the Chief Operating Decision-Maker or CODM) to make decisions about resources to be allocated to each segment and to assess each segment's performance, and for which discrete financial information is available.

Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Huge Group Limited and all its subsidiary companies and controlled structured entities for the reporting date 28 February 2021 on the basis outlined below.

The Group controls an entity when it is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether control exists, the Group considers all existing substantive rights that result in the current ability to direct relevant activities.

These AFS incorporate the financial statements of the Company, all of its subsidiary companies and a joint venture company. The AFS represent the results of the Company and its subsidiary companies (the Group) as if they formed a single entity. Intercompany transactions and balances between Group companies are eliminated in full.

Subsidiary companies

Subsidiary companies are entities controlled by the Company. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date that control ceases (disposal date).

The accounting policies of the subsidiary companies have been changed where necessary to align them with the accounting policies adopted by the Company. Losses applicable to non-controlling interests in a subsidiary company are allocated to the non-controlling interests, even if doing so causes the non-controlling interests to have a deficit balance. Investments in subsidiary companies are carried at cost less accumulated impairment losses in the separate AFS of the Company.

Associate companies

An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but where the Company is not able to control or share joint control of these policies.

The Group accounts for its interest in associate companies using the equity method of accounting, whereby the interests in the associate companies are recorded initially at the cost of the investment, including transaction costs, and are adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associate companies. The profit and loss reflects the Group's share of the results of operations of the associate companies.

Goodwill

Goodwill is determined as the fair value of the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the investee. When the excess is negative, a gain on bargain purchase is recognised immediately in profit or loss.

On disposal of a subsidiary company, the attributable amount of goodwill is included in the determination of the profit or loss. Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

As at 1 March 2021, Huge became an investment entity. In accordance with IFRS 10 (B 101), 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. Due to the above, Goodwill has been de-recognised during the current reporting period.

Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business Combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

In terms of the guidance provided by IFRS 15 Revenue from Contracts with Customers, a payment received from the seller of a business in a business combination is recognised as a reduction of the transaction price and the investment, unless the payments received from the seller is in exchange for a distinct good or service that the seller receives from the Group, in a similar way in which the consideration payable to a customer is recognised as a reduction of the transaction price and revenue, unless the payment made to the customer is in exchange for a distinct good or service that the customer transfers to the entity.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for Group purposes. This excludes lease agreements and insurance contracts, whose classification remains the same as those on their inception date.

Non-controlling interests in the acquiree are measured on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This treatment applies to non-controlling interests which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by an IFRS.

In cases where the Group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The change in the measurement of fair value is included in profit or loss for the year.

SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

Introduction

In preparing the AFS, 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 change in nature of the business of Huge referred to 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 accounting policy

An entity is permitted to change an accounting policy only if the change:

- is required by a standard or interpretation;
- or results in the financial statements providing reliable and more relevant information;

about the effects of transactions, other events or conditions on the entity's financial position, financial performance, or cash flows.

<u>Telephone Line Network Asset</u>

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. Refer to note 2 (property, plant and equipment).

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 376 494 (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 237 851 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 341 560. There was no further change to the residual values for the reporting period. Refer to note 34 (financial instruments and risk management, subsection fair value estimation) for further detail on the inputs utilised in the residual valuation computation.

As the carrying value of the telephone line network asset as at 1 March 2020 was R174 992 429 and the total residual value of the telephone line network asset was R180 237 851, no depreciation was raised in the current reporting period. The residual value exceeded the carrying value throughout the year. Refer to note 2 (property, plant and equipment).

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

Impact of the COVID-19 pandemic

On 11 March 2020, the World Health Organisation officially declared the coronavirus, COVID-19, a pandemic. The South African market, along with the rest of the world, have taken extreme measures to reduce the spread of the virus by introducing social distancing and lock down restrictions. These measures impacted the financial position of individuals, small and medium-sized businesses, as well as corporates to varying degrees, thereby impacting the customer base of Huge.

With the uncertainties surrounding the continued impact of COVID-19 on the economy, the Group remains focused on preservation of cash and strengthening its operational and financial position, without ignoring opportunities that present themselves because of possible market changes. The Group has implemented cost control measures, focusing on critical expenses and enhanced oversight of expenditure that supports margin management and liquidity across the business.

The telecommunication sector was identified as an essential service which allowed the Group to continue operations during all phases of lockdown. The customers of Huge, being predominantly small to medium enterprises, were affected in varying degrees. The restrictions placed on movement resulted in people spending more time at home, resulting in Huge having to adapt to the changing circumstances and introduce work from home service offerings, which it successfully did. During the initial hard lockdown Huge saw an impact in voice call revenue for the months of April 2020 to July 2020, which recovered with work-from-home offerings as well as people returning to their offices over time. An assessment has shown that while customers were lost, during the period, mainly due to business closure or downsizing, there is clear trend of new customer acquisitions over the last few months which is evidence that the base will return to growth in the short term. Trends indicate that organisations are better managing their crises as a result of the necessity, in the initial lockdown, to evolve and restructure their businesses. Price and service delivery focus is key to ensure the businesses remain competitive. New product and solution offerings have been released to market and new channels of supply have been implemented to expand market penetration.

For the year ended 28 February 2021, there has been direct and indirect financial effects caused by the COVID-19 pandemic. We highlight the following:

- During the reporting period, the Group continued to provide telecommunication services across its customer base as an essential service. The Group's various revenue streams per operation are disclosed in the disaggregation of revenue. Refer to note 26 (revenue). There has been revenue growth in software license fees resulting from strong growth in online financial ERP software service requirements as well as an increase in communication equipment revenue arising from small to medium enterprises capacitating their businesses with fibre and communication equipment during the pandemic. Conversely, revenue from the sale of network devices and network services have slowed due to the economic strain placed on customers and the various lockdown stages. The resilience of the annuity revenue stream, generated from the essential requirement for connectivity services in both payment and telephony, placed the Group in a solid position to weather the COVID-19 storm.

- The Group's capital expenditure (capex) focus is to ensure the resilience and capacity of its network, including the telephone lines that service over 16 000 customers. Capex has been maintained despite disruptions relating to the litigation with Cell C SPC and the migration to MTN's mobile telephone network. As lockdown regulations in markets lifted towards the end of the year, and as restrictions on movement and logistical bottlenecks eased, the Group was able to resume a more regular rollout of network investment.
- Cash flow management remained a focus during the reporting period. As at 28 February 2021 the Group had repaid R40 million of its interest-bearing liabilities and negotiated a capital repayment moratorium with Futuregrowth. For FY2022, the Group will pay only interest due, reducing cash outflows. Huge has already repaid Futuregrowth R80 million under the ZAR200 Million Facility. Assessing available facilities and the relationship with Futuregrowth, the Group is in a positive position to continue to support the capex investment in its network and the drive for customer acquisition and revenue. This provides comfort that the Group is well positioned for further growth.
- The financial impact of the crisis has put pressure on certain small to medium entities which are customers to the Group. As the Group has over 40 000 customers, none of which individually contribute a material amount to the Group's revenue, the Group has mitigated its risk in relation to individual customer requests for a reduction in rate or hold on their account. An assessment was performed which indicated that the number of customers who approached the Group were minimal and the financial implication resulting from the negotiated rate or term of repayment being extended during March 2020 to July 2020, was quantitatively immaterial to the Group. The number of assistance requests has reduced significantly since July 2020, and the vast majority of customers are paying their accounts as they did pre-COVID. COVID-19 did not indicate that the portfolio of customers required rebalancing as the were no material changes to the credit characteristics of the customers.
- There have been no major impacts on leases and no related accounting impacts as a result of COVID-19. With telecommunications being treated as an essential service in most economies, our operations have continued to provide services to customers. The Group has not been granted rent concessions or COVID-19 related amendments to lease arrangements.

The Group is not only focused on managing the risks brought about by COVID-19, but also on the opportunities it creates in the accelerated digitalisation it has brought about. The Group is well positioned to benefit from this evolution, especially given its focus on connectivity, cloud, software and xTech.

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 801 756 in the current reporting period. The impairment is included in cost of sales. Refer to note 12 (inventories) and note 24 (cost of sales).

Figures in Rand	2021	2020
Carrying value of work-in-progress before impairment	66 386 618	24 568 896
Impairment of work-in-progress	(22 801 756)	-
Carrying value of work-in-progress after impairment	43 584 862	24 568 896

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 431 677 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	2021	2020
Carrying value of inventory (Devices) in the Fintech Grouping before impairment	16 863 354	16 863 354
Impairment of inventory	(8 431 677)	-
Carrying value of inventory (Devices) in the Fintech Grouping after impairment	8 431 677	16 863 354

Decommissioning of telephone lines in the previous reporting period

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 672 488. As a result of the decommissioned lines, the initial revaluation of the telephone line asset was impaired by R2 142 700. Refer to note 2 (property, plant and equipment) and note 17 (revaluation reserve) for further details.

Leases – Renewal and termination options

The Group applies judgement in determining the lease term by considering all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option and whether it is reasonably likely that options will be exercised by considering factors such as how far in the future an option occurs, the Group's business planning cycle and past history of terminating/not renewing leases. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The average lease term for recognised leases in the previous reporting period was 3 years. Refer to note 3 (right-of-use assets/lease liabilities) for further details.

ESTIMATES AND ASSUMPTIONS

Trade receivables, loans, receivables and contract assets

Under IFRS 9 the Group calculates its allowance for credit losses as expected credit losses (**ECLs**) for financial assets measured at amortised cost and contract assets (Discretionary Renewal Bonuses). ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the original effective interest rate (EIR) of the financial asset. To calculate ECLs the Group segments its trade receivables by risk types i.e. active, disconnected, payment plan, handover pending and suspended. The Group applies the simplified approach to determine the ECL for trade receivables, loans receivable and contract assets. This results in calculating lifetime expected credit losses for trade receivables, loans receivable and contract assets. ECLs for trade receivables is calculated using a provision matrix. Refer to note 34 (financial instruments and risk management) for more detail about ECLs and how these are calculated.

Further details can be found in note 7 (loans receivable), note 8 (loans to associate companies), note 9 (trade and other receivables) and note 10 (contract assets).

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises a tax liability for all items for which audit adjustments have become necessary. Where the final tax outcome of these matters is different from the amounts that were recorded initially, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period may be impacted.

Future taxable profits are determined based on business plans for individual subsidiary companies in the Group and the probable reversal of taxable temporary differences in future. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. Refer to note 11 (deferred tax), note 13 (current tax receivable) and note 28 (income tax expense).

Determination of possible impairment of goodwill

The Group determines annually whether goodwill has been impaired. This requires an estimation of the value-in-use of the CGUs to which goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of these cash flows. The Group assesses the above and uses an expert in these assessments. Goodwill impairments cannot be reversed. Based on the calculations performed in the previous reporting period, there are no indications that goodwill has been impaired at year-end. Due to the change in nature of business of Huge, there is no longer Goodwill to report on in the current reporting period. Refer to note 4 (goodwill) and note 30 (business combinations).

Determination of impairment of intangible assets

Management is required to make judgements concerning the cause, timing and amount of the possible impairment of such assets. In the identification of impairment indicators, management considers the impact of changes in current market conditions, technological obsolescence, the cost of capital and other circumstances that could indicate that impairment exists. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

Where impairment indicators exist, determination of the recoverable amount requires management to make assumptions to determine the fair value less costs to sell and value in use. Fair value less costs to sell is based on the best information available to management that reflects the amount that the Company could obtain, at the year-end, from the disposal of the asset in an arm's length transaction with a market participant in its principal market, after deducting the costs of disposal. Value in use is based on key assumptions on which management has based its determination, which include projected revenues, gross margins, capital expenditure, expected customer bases and market share.

Further details can be found in note 5 (intangible assets).

REVENUE FROM CONTRACTS WITH CUSTOMERS

Introduction

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The Group principally generates revenue from the supply of fixed voice and data services to SME customers. The Group also sells fixed line customer premises equipment and services for both voice and data needs as well as software license offerings. The equipment and services are sold both on their own in separate identified contracts with customers and together as a bundled package of goods and/or services.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or services to a customer.
For bundled packages, the Group accounts for individual pro
ducts and services separately if they are distinct – i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells devices and network services separately.

The main categories of revenue and the basis of recognition are as follows:

Network services

The Group provided telecommunication services, including fixed voice and data services. Network services (comprising data, voice and SMS) were considered to represent separate performance obligations as they were all are distinctly supplied within the customer contracts and charged accordingly. As Huge does not own its own network, voice, data and SMS were not seen as a simple digital signal on a network like it would be if one owned the network. The transmission of voice, data and SMS were billed separately and were considered separate performance obligations.

Customers pay monthly instalments over the contractual period.

The Group recognised revenue from these services as they were provided. Revenue was recognised based on actual units of network services provided during the reporting period. The customer received and used the benefits of these services simultaneously. Units of network services outside of fixed customer contracts were recognised as the service is provided.

Devices

The Group sold a range of network devices. The Group recognised revenue when customers obtain control of network devices, being when the customers, took possession of the devices. For network devices sold separately, including NEC, Yealink, Yeastar and Panasonic devices, customers' obligations arose in full at the time of sale.

Capitalisation and customer acquisition costs

With the adoption of IFRS 15 in FY2020, Discretionary Renewal Bonuses (DRB's) paid to the Business Partners at the renewal date of revenue contracts (between Huge Telecom or Huge Connect and their customers where the duration and benefit of such contracts extend into future reporting periods), were classified as contract assets in the previous reporting period. Refer to note 10 (contract assets) for further details. Incremental customer acquisition costs for renewing contracts are recoverable. These costs include Business Partners' commission on fixed line network contracts. The Group therefore capitalised these costs as contract costs. Capitalised contract costs are amortised on a systematic basis over the average customer contract term and are included in selling, distribution and marketing expenses in profit or loss. The average contract term was 27 months.

In terms of a practical expediency, the Group has elected to recognise the incremental costs of obtaining contracts as a selling, distribution and marketing expenses in profit or loss in the previous reporting period, when incurred, if the amortisation period of the assets that the Group otherwise would have recognised is 12 months or less.

Contract costs are assessed for impairment in terms of IAS 36 Impairment of Assets when there is an indication of impairment.

Management fees

The Company charges management fees to underlying Investee Entities within the Group. In return, the entities make use of the name 'Huge' and Huge Group's logo. The Investee Company's profile is raised because Huge Group is a listed company, and they are part of a larger group with significantly more investment scale than on a stand-alone basis. Huge provides each Investee Company with access to its relationships, including relationships with service providers and debt providers, and it also gives them access to legal advice, professional services, executive management and the Board. It is on this basis that Huge generates its revenue in the form of management fees. These management fees are services which are recognised over time when performance obligations are met.

Significant financing component

The Group assesses customer contracts including devices to determine whether a significant financing component exists. The Group has elected to apply the practical expedient that allows the Group not to adjust the transaction price for the significant financing component for contracts where the time difference between customer payment and transfer of goods or services is expected to be one year or less. For contracts containing significant financing components, the Group reduces device revenue and recognises interest revenue over the period between satisfying the related performance obligation and payment.

Refer to note 22 (investment income) and note 23 (revenue) for further details.

PROPERTY, PLANT AND EQUIPMENT

Initial recognition

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Measurement – Cost model

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Customer premises equipment	Ten years
Telephone line network	Twenty years
Furniture and fixtures	Six years
Motor vehicles	Four years
Leasehold improvements	Lease period
Computer equipment	Three years

The residual value, useful life and depreciation method of each asset is reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The depreciation charge for each period is recognised in profit or loss.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. Refer to note 2 (property, plant and equipment) for additional details.

Measurement – Revaluation model

The telephone line network asset, under property, plant and equipment, is carried at a revalued amount, being its fair value at the date of revaluation less subsequent depreciation and impairment.

Under the revaluation model, revaluations should be carried out regularly, so that the carrying amount of an asset does not differ materially from its fair value at the balance sheet date.

If an item is revalued, the entire class of assets to which that asset belongs should be revalued.

Revalued assets are depreciated in the same way as under the cost model (see above).

If a revaluation results in an increase in value, it should be credited to other comprehensive income and accumulated in equity under the heading "revaluation surplus" unless it represents the reversal of a revaluation decrease of the same asset previously recognised as an expense, in which case it should be recognised in profit or loss.

A decrease arising as a result of a revaluation should be recognised as an expense to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset.

When a revalued asset is sold any revaluation surplus is transferred directly to retained earnings. The transfer to retained earnings is not made through profit or loss.

Item	Average useful life
Telephone line network asset	Twenty years

INTANGIBLE ASSETS

Introduction

Intangible assets are recognised when:

- it is probable that future economic benefits associated with the item will flow to the Company; and
- the cost of the item can be measured reliably.

Intangible assets are carried at cost less accumulated amortisation and any impairment costs.

Router Development Technology

The cost model has been applied to the Router Development Technology expenditure, and the asset is carried at cost less any accumulated amortisation and accumulated impairment. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefits. Impairment tests are carried out on intangible assets that are not yet available for use annually or more frequently when an indication of impairment arises during the reporting year.

No research costs have been capitalised to Router Development Technology.

Refer to note 5 (intangible assets) for additional details.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits; and
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and the expenditure attributable to the asset during its development can be measured reliably.

Patents

Patents are recognised initially at cost. Patents are carried subsequently at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of a patent over its estimated useful life of 20 years.

The patents are currently in a pending status and subject to annual fees. Once the patent has been granted, it will be valid for 20 years from the date of first registration.

Subsequent expenditure on software, which is internally generated and software which is purchased

Subsequent expenditure is capitalised only when it meets the recognition criteria of an intangible asset. All other expenditure is expensed when incurred.

Software internally generated and/or purchased is carried at cost less any accumulated amortisation and any impairment losses. The amortisation period and the amortisation method for software is reviewed every period-end.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values, which are reviewed on an annual basis, as follows:

Item	Useful life
Patents	Twenty years from date of first granting of patent
Router Development Technology	Ten years
Software, internally generated	Ten years
Software, purchased	Three years
Other intangible assets	Three years

RIGHT-OF-USE ASSETS / LEASE LIABILITIES

Introduction

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying asset and lease liabilities representing its obligation to make lease payments. In terms of IFRS 16, the Group recognises a depreciation expense on the right-of-use assets and an interest expense accruing on the lease liabilities and no longer recognises an operating lease expense. Cash generated from operations includes the interest portion of the lease liability payments and the capital portion of the lease liability repayments, included in cash used in financing activities.

Leasing activities and significant accounting policies

The Group's leases include network infrastructure (including towers/hi-sites), premises, office and IT equipment. Contracts are typically concluded for fixed periods varying between 2 to 5 years but may have renewal periods as described below.

From March 2020, for most leases the Group recognises right-of-use assets and lease liabilities at the lease commencement date. The Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets (e.g. premises and IT equipment) and for short-term leases (e.g. leases that at the commencement date have lease terms of 12 months or less). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

At the inception of a contract, the Group assesses whether the contract is, or contains a lease. A contract is a lease or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or may be implicit but should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has the substantive right to substitute the asset, then the asset is not an identified asset;
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use;
- The Group has the right to direct the use of the asset, i.e. the Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. There are rare cases when the right may be pre-determined. The Group has the right to direct the use of the asset if either: the Group has the right to operate the asset or the Group designed the asset in a way that predetermines how and for what purpose it will be used.

Initial measurement

The right-of-use asset is initially measured at cost, comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any incentives received;
- Any initial direct costs;
- Decommissioning costs.

The right-of-use asset is subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The right-of-use assets are depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured as the present value of the lease payments that are not paid at the commencement date, discounted at the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate, being the rate that the lessee would have to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Generally, the Group uses the incremental borrowing rate as the discount rate.

Treatment of lease payments

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments (including in-substance fixed payments), less any incentives receivable;
- Variable lease payments that are based on an index or rate, measured using the index or rate as at the lease commencement date;
- Lease payments in an optional renewal period if the Group is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Interest costs are charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability at each period. It is remeasured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount payable under a residual value guarantee, or as appropriate changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Renewal and termination options

A number of lease contracts include the option to renew the lease for a further period or terminate the lease earlier. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group applies judgement in assessing whether it is reasonably likely that options will be exercised. Factors considered include how far in the future an option occurs, the Group's business planning cycle of three to five years and the past history of terminating/not renewing leases.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects the assessment and is within the control of the lessee.

A number of leases entitle both the Group and the lessor to terminate the lease without a termination penalty. In determining whether the Group has an economic incentive to not exercise the termination option, the Group considers the broader economics of the contract and not only contractual termination payments.

Lease and non-lease components

A number of lease contracts include both lease and non-lease components. The Group has elected the practical expedient to account for non-lease components as part of its lease liabilities and right-of-use assets.

Inventories

Inventories as reported in the previous reporting period comprise stock held by Huge Connect, Huge Networks, Huge Telecom and Huge Distribution and consists of telephone line work-in-progress and equipment as well as merchandise not yet deployed and installed at customers' premises.

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business after the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense (under cost of sales) in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value is recognised as an expense (under cost of sales) in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense (under cost of sales) in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Refer to note 12 (inventories) for further detail.

FINANCIAL INSTRUMENTS

Introduction

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Group, as applicable, are as follows:

Financial assets are measured at amortised cost, when the contractual terms of the instrument gives rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows; or Fair value through profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not recognised at fair value through profit or loss:

- It is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

Financial liabilities include trade and other payables, loans payable, finance lease liabilities and other financial liabilities, and bank overdrafts. Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

Initial recognition and measurement

Trade and other receivables are initially recognised when they are originated.

All other financial assets and financial liabilities are initially recognised when the Group becomes party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financial component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets and financial instruments at amortised cost – The carrying value of current receivables and liabilities measured at amortised cost approximate their fair values. The fair values of the majority of the non-current receivables and liabilities measured at amortised cost are also not significantly different to their carrying values.

Derecognition

Derecognition of a financial asset occurs when the Group no longer controls the contractual rights relating to the financial instrument in question, which is normally the case when the financial instrument is sold, or all the cash flows attributable to the financial instrument are passed through to an independent third party.

The Group derecognises a financial liability when its contractual obligations are extinguished, cancelled or have expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Subsequent measurement

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Fair value estimation

A number of the Group's accounting policies and disclosures require the measurement of fair values. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value.

Refer to note 34 (financial instruments and risk management) for further detail relating to the fair value techniques, methods, risks and assumptions.

Principal and interest assessment

For the purposes of this assessment, 'principal' is defined as the fair value of the financial instrument on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the financial instrument. This includes assessing whether the financial instrument contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows or obligations from specified assets, i.e., non-recourse features

Impairment

The Group recognises loss allowances for expected credit losses (**ECL's**) on its financial assets measured at amortised cost.
The Group measures loss allowances at an amount equal to lifetime ECLs. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.
The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due; and

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be Baa3 or higher per Rating Agency Moody's Investors service or BBB- or higher per Rating Agency Standard & Poor's.
Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.
The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. All income and expenses relating to financial assets that are recognised in profit or loss are presented as part of finance costs, finance income or financial items, with the exception of the impairment of trade receivables which is presented within other expenses.

Measurement and expected credit losses

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value ofall cash shortfalls, i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive.
ECLs are discounted at the effective interest rate of the financial asset.

Write-off policy

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of a write-off based on whether there is a reasonable expectation of recovery, or the Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.
Refer to note 34 (financial instruments and risk management) for further details on financial instruments and risk management.

Credit risk

Details of credit risk are included in note 9 (trade and other receivables) and note 34 (financial instruments and risk management).

Classification

Description of asset/liability	Classification
Loans to associate companies	Financial asset at amortised cost
Loans receivable	Financial asset at amortised cost
Investments held	Financial asset at fair value through profit or loss
Trade and other receivables	Financial asset at amortised cost
Cash and cash equivalents	Financial asset at amortised cost
Trade and other payables	Financial asset at amortised cost
Lease liabilities	Financial asset at amortised cost
Interest-bearing liabilities	Financial asset at amortised cost
Bank overdraft	Financial asset at amortised cost
Telephone line network	Non-financial asset at fair value through Other Comprehensive Income (OCI)

Tax

<u>Current tax assets and liabilities</u>

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.
Refer to note 13 (current tax receivable/payable) for further details.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all temporary differences between the accounting treatment and tax treatment of items, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, is not a business combination and affects neither accounting profit/(loss) nor taxable income/(tax loss).
A deferred tax asset is recognised for all temporary differences between the accounting treatment and tax treatment of items to the extent that it is probable that taxable profit will be available against which the temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, is not a business combination and affects neither accounting profit/(loss) nor taxable profit/(tax loss).
A deferred tax asset is recognised for tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.
Deferred tax for the period is recognised in profit or loss. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off tax assets against tax liabilities and provided that the deferred taxes relate to the same taxable entity and the same taxation authority.
Deferred tax is provided for on temporary differences between the carrying values and the tax base of assets and liabilities.
Refer to note 11 (deferred tax) for further details.

Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset other than goodwill may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.
The recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell and its value in use.
If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.
The Group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated. The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss cannot

exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss on assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.
Share premium includes any premium received on the issue of share capital and premiums paid on the repurchase of share capital. Any transaction cost associated with the issuing of shares is deducted from share premium, net of any related income tax benefit.
Shares of the Company acquired by the Company are cancelled once bought back.
Retained earnings include all current and prior period retained profits.
Refer to note 15 (share capital) for further detail.

Treasury shares

Shares in Huge held by a subsidiary company or Huge itself are treated as treasury shares on consolidation. These shares are treated as a deduction from the issued and weighted average numbers of shares in issue, and the cost of the shares is deducted from share capital and share premium in the statement of financial position on consolidation. Dividends received on treasury shares are eliminated on consolidation.
Refer to note 15 (share capital) for further detail.

Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid annual leave and sick leave, bonuses, and non-monetary benefits such as medical care) are recognised in the period in which the service is rendered and are not discounted.
The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Share-based payment

Equity settled share-based payment transactions:

The cumulative expense recognised in terms of the Group's share-based payment schemes reflects the extent, in the opinion of management, to which the vesting period has expired and the number of rights to equity instruments granted that will ultimately vest. At the end of each reporting date the unvested rights are adjusted by the number forfeited during the period to reflect the actual number of instruments outstanding. Management is of the opinion that this represents the most accurate estimate of the number of instruments that will ultimately vest. The valuation of the Option was performed using the Binomial Option Pricing Model. Refer to note 16 (share-based payment reserve) in the AFS for details relating to the key value drivers (inputs for the Binomial Option Pricing Model) that were taken into account for the valuation.

The grant-date fair value of equity-settled share-based payment arrangements is generally recognized as an expense, with a corresponding increase in the share-based payment reserve in equity over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of shares for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date.

The fair value of shares granted by the Group to employees for no consideration is recognised as an expense over a relevant service period and vesting period. The fair value is measured at the grant date of the shares and is recognised in equity in a share-based payment reserve. Where the granting of shares arises from a business combination and the shares are recognised as a reduction of the transaction price in the business combination (please refer to note 4: goodwill) a negative reserve (the **trust donation reserve**) is established in equity and represents an accelerated reversal of the transfer which would take place from the share-based payment reserve when the shares in question have vested.

Refer to note 16 (share-based payment reserve) for details and note 4 (goodwill).

Earnings and headline earnings per share

The Group presents EPS and HEPS, diluted EPS and diluted HEPS data in relation to its shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number shares in issue during the period, adjusted for treasury shares held. Diluted EPS is determined by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of shares in issue adjusted for treasury shares held and for the effects of all potential shares to be issued in the future.

The calculation of HEPS is based on the net profit attributable to equity holders of the parent, after excluding all items of a non-trading nature as well as remeasurements of assets and liabilities, divided by the weighted average number of shares in issue during the year. The

presentation of headline earnings is not an IFRS requirement but is required by the JSE and Circular 1 of 2021. An itemised reconciliation of the adjustments to net profit attributable to equity holders of the parent is provided in note 29 (earnings and headline earnings per share).

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Refer to note 27 (finance costs) for further detail.

Investment income / Other income

Interest received is recognised, in profit or loss, using the effective interest rate method (note 22). Gain on loss of control of subsidiary companies, in profit or loss, is recognised at the date of the change in nature of business of Huge being 1 March 2021 (note 27).

SHAREHOLDER ANALYSIS

	2022		2021	
	Number of Shares	Number of Shareholders	Number of Shares	Number of Shareholders
Public	87 841 970	2 599	87 402 603	986
Non-Public	85 219 751	21	86 261 163	20
	173 061 721	2 620	173 663 766	1 006

NON-PUBLIC SHAREHOLDER ANALYSIS	2022 Number of Shares	Number of Shareholders	2021 Number of Shares	Number of Shareholders
Shareholders related to directors of Huge	318 370	2	318 370	2
Shareholders related to directors of major subsidiaries	658 085	3	50 813	2
Beneficial direct holdings relating to directors of Huge	976 455	5	369 183	4
Shareholdings related to directors of Huge	-	-	-	-
Shareholdings related to the directors of major subsidiaries	10 564 208	3	12 315 642	5
Beneficial indirect holdings relating to directors of Huge	10 564 208	3	12 315 642	5
Shareholdings related to directors of Huge	24 504 958	4	24 504 958	4
CNet Empowerment (Pledged)	-	-	1 706 728	1
CNet Empowerment	2 724 454	1	1 017 726	1
Associates of directors of Huge	200 000	3	200 000	3
Associates of directors of major subsidiaries	-	-	30 114	1
Non-beneficial indirect holdings relating to directors of Huge	27 429 412	9	27 429 412	9
Treasury shares (Huge Telecom)	9 646 926	1	9 646 926	1
Treasury shares relating to entities controlled by Huge	9 646 926	1	9 646 926	1
Praesidium Hedge Fund	36 602 750	1	36 500 000	1
TOTAL	**85 219 751**	**21**	**86 261 163**	**20**

MAJOR SHAREHOLDERS	2022 Number of Shares	2022 % Shareholding	2021 Number of Shares	2021 % Shareholding
Praesidium Hedge Fund	36 602 750	21.15%	36 500 000	21.02%
Pacific Breeze Trading 417	14 260 891	8.24%	14 260 891	8.21%
Peresec Prime Brokers	10 312 927	5.96%	10 146 022	5.84%
Stanlib Absolute Plus Fund	9 967 386	5.76%	9 967 386	5.74%
Eagle Creek Investments 223	9 805 567	5.67%	9 805 567	5.65%
Huge Telecom	9 646 926	5.57%	9 646 926	5.55%
Government Employees Pension Fund	8 544 124	4.94%	8 623 678	4.97%
Total	**99 140 571**	**57.29%**	**98 950 470**	**56.98%**

SHAREHOLDER ANALYSIS AND INFORMATION	2022 Number of Shareholders	2022 Number of Shares	2021 Number of Shareholders	2021 Number of Shares
Individuals	2 488	17 514 463	883	15 468 088
Nominees and Trusts	19	17 724 565	17	21 144 273
Close Corporations	8	974 868	6	793 293
Companies, financial and other institutions	105	136 847 825	100	136 258 112
Total	**2 620**	**173 061 721**	**1 006**	**173 663 766**

SIZE OF SHAREHOLDING	2022 Number of Shareholders	2022 Number of Shares	2021 Number of Shareholders	2021 Number of Shares
0 – 1000	2 054	233 716	664	91 664
1001 – 5000	269	662 616	117	333 809
5001 – 100 000	222	5 360 922	147	3 821 553
100 000 – 1 000 000	49	18 643 435	50	19 555 381
1 000 001 +	26	148 161 032	28	149 861 359
Total	**2 620**	**173 061 721**	**1 006**	**173 663 766**

Notice of Annual General Meeting

HUGE GROUP LIMITED
(INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA)
(REGISTRATION NUMBER 2006/023587/06)
SHARE CODE: HUG
ISIN: ZAE00101042
(**"HUGE"** OR **"THE COMPANY"**)

Notice is hereby given to shareholders that the annual general meeting (**AGM**) of Huge for the year ended 28 February 2022 will be held on Wednesday, 10 August 2022 at 11:00 by electronic communication, to:

- Deal with such business at the meeting with which the Company may lawfully deal; and
- Consider, and if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Companies Act 71 of 2008 (as amended) (the **Companies Act**), as read with the Company's Memorandum of Incorporation (**MOI**) and the Listings Requirements of the JSE Limited (**Listings Requirements**), being the stock exchange on which the Company's ordinary shares (**shares**) are listed.

ELECTRONIC PARTICIPATION

The board of directors of the Company (the **Board**) is of the view that it would be in the best interests of stakeholders to convene the AGM by electronic communication only.

Huge has engaged the services of The Meeting Specialist (**TMS**) to host the AGM on an electronic communication platform which will facilitate the remote participation and voting by shareholders. TMS will be available to assist shareholders in registering to participate and vote on the electronic communication platform in accordance with the Companies Act. While voting during the AGM will be permitted, shareholders are strongly encouraged to submit votes by proxy before the AGM. Shareholders wishing to participate in the AGM should instruct their CSDP or broker to issue them with the necessary letter of representation.

Shareholders who wish to participate in the AGM by way of the electronic communication platform are required to contact TMS at JSE Limited, One Exchange Square, 2 Gwen Lane, Sandown, Johannesburg, PO Box 62043, Marshalltown, 2107, or proxy@tmsmeetings.co.za, as soon as practically possible, but by no later than 11:00 on Monday, 8 August 2022.

Shareholders will be liable for their own network charges in relation to electronic participation in and/or voting at the AGM. Any such charges will not be for the account of the JSE, Huge nor TMS. Neither the JSE, Huge nor TMS can be held accountable in the case of a loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such shareholder from participating in and/or voting at the AGM.

RECORD DATES, PROXIES AND VOTING

In terms of section 59(1)(a) and (b) of the Companies Act, the Board has set the record dates for the purposes of determining which shareholders are entitled to receive notice, participate in, and vote:

	2022
Record date to receive the notice of AGM	Friday, 20 May
Last date to trade to be eligible to participate in and vote at the AGM	Tuesday, 26 July
Record date to be eligible to participate in and vote at the AGM	Friday, 29 July

Kindly note that in terms of section 63(1) of the Companies Act, shareholders (including proxies) will be required to provide reasonably satisfactory identification before being entitled to participate in or vote at the AGM. The form of identification that will be accepted includes an original and valid identity document, a driver's license and a passport.

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration and who are entitled to attend, participate in and vote at the AGM are entitled to appoint a proxy to attend, speak and vote in their stead. A proxy need not be a shareholder and shall be entitled to vote. It is requested that forms of proxy be forwarded so as to reach TMS by no later than 24 (twenty-four) hours before the commencement of the AGM. If shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration and who are entitled to attend, participate in and vote at the AGM do not deliver the form of proxy to TMS by the relevant time, such shareholders will nevertheless be entitled to lodge the form of proxy in respect of the AGM immediately prior to the proxy exercising such shareholder's rights as a shareholder at the AGM, in accordance with the instructions therein, with the Chairperson of the AGM. Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own name" registration, should contact their Central Securities Depository Participant (**CSDP**) or broker in the manner and within the time stipulated in the agreement entered into between them and their CSDP or broker:

- to furnish them with their voting instructions; or
- in the event that they wish to attend the AGM, to obtain the necessary letter of representation to do so.
- every shareholder present in person or represented by proxy and entitled to vote shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by such shareholder bears to the aggregate amount of the nominal value of all shares issued by the Company.

NOTE

In order for an ordinary resolution to be adopted it must be supported by more than 50% (fifty percent) of the voting rights exercised in respect of the resolution, unless otherwise specified.

In order for a special resolution to be adopted it must be supported by at least 75% (seventy-five percent) of the voting rights exercised in respect of the resolution.

When reading the resolutions, please refer to the explanatory notes in respect thereof.

PRESENTATION TO SHAREHOLDERS

In terms of the requirements of the Companies Act and the Company's MOI, the following documents have been distributed as required and/or will be presented to the shareholders at the AGM:

- The Consolidated Annual Financial Statements (**AFS**) of the Company for the year ended 28 February 2022
- Directors' Report
- Independent Auditor's Report
- Audit Committee Report
- Social and Ethics Committee Report

A complete set of the AFS, together with the abovementioned reports, are set out in the Integrated Report, of which this notice of AGM forms part. The Integrated Report is available on the Company's website: www.hugegroup.com

SOCIAL AND ETHICS COMMITTEE REPORT

In accordance with Regulation 43(5)(c) of the Companies Act, the Chairperson of the Social and Ethics Committee will report to shareholders at the AGM.

ORDINARY RESOLUTION NUMBER 1

Re-appointment of the independent auditor

"Resolved that Moore Johannesburg Incorporated and CA Whitefield as the designated audit partner, following the recommendation of the current Audit Committee of the Company, be re-appointed as the independent auditor of the Company, until the conclusion of the next AGM."

Explanatory note

In terms of section 90(1) of the Companies Act, each year at its AGM, the Company must appoint an auditor who complies with the requirements of section 90(2) of the Companies Act. Following a detailed review, which included an assessment of its independence, the current Audit Committee of the Company has recommended that Moore Johannesburg Incorporated be re-appointed as the independent auditor of the Company.

ORDINARY RESOLUTION NUMBER 2 (2.1 TO 2.2)

Re-election of directors

"Resolved, to re-elect, by way of separate resolutions, the following non-executive directors who retire by rotation and who are eligible and available for re-election."

2.1 BC Armstrong (Independent non-executive director)

2.2 CWJ Lyons (Independent non-executive director)

A brief CV of each director appears on page 21 of the Integrated Report of which this notice of AGM forms part.

Explanatory note
In terms of the Company's MOI, one third of the non-executive directors shall retire from office at each AGM. The Board, through the Nomination Committee, has evaluated the past performance and contribution of the retiring directors and recommends that they be re-elected.

ORDINARY RESOLUTION NUMBER 3 (3.1 TO 3.3)
Election of Audit Committee members

"Resolved, to elect, by way of separate resolutions, the following independent non-executive directors as members of the Company's Audit Committee."

3.1 DR Gammie (Chairperson)

3.2 BC Armstrong (Independent non-executive director)(subject to resolution 2.1)

3.3 CWJ Lyons (Independent non-executive director)(subject to resolution 2.2)

A brief CV of each director appears on pages 21 to 22 of the Integrated Report of which this notice of AGM forms part.

Explanatory note
The members of the Audit Committee have been nominated by the Board for election as members of the Company's Audit Committee in terms of section 94(2) of the Companies Act. The Board has reviewed the proposed composition of the Audit Committee against the requirements of the Companies Act and Regulations and has confirmed that, if elected, the membership of the Audit Committee will comply with the relevant requirements and the members will have the necessary knowledge, skills and experience to enable it to perform its duties in terms of the Companies Act.

ORDINARY RESOLUTION NUMBER 4
General authority to allot and issue equity securities (securities) (including ordinary shares) for cash

"Resolved that, subject to the approval of 75% of the shareholders present in person and by proxy and entitled to vote at the AGM, the directors of the Company be and are hereby authorised, by way of a general authority, to allot and issue up to 30% of the authorised but unissued securities (including ordinary shares) of the Company as they in their discretion deem fit, subject to the provisions of the Companies Act, the Listings Requirements and the Company's MOI, provided that:

(i) The securities (including ordinary shares) which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities (including ordinary shares) or rights that are convertible into a class already in issue;
(ii) The securities (including ordinary shares) are issued to public shareholders, as defined in terms of the Listings Requirements, and not to related parties;

(iii) This authority shall not endure beyond the next AGM of the Company, nor shall it endure beyond 15 (fifteen) months of the date of this meeting, whichever period is shorter;

(iv) Upon any issue of securities (including ordinary shares) which, together with prior issues during the last 15 (fifteen) months from the date on which the resolution is passed or until the next AGM (whichever period is shorter), will constitute 5% or more of the number of securities (including ordinary shares) of the class in issue, the Company shall by way of an announcement on the Securities Exchange News Service of the JSE Limited provide full details thereof in terms of the Listings Requirements;

(v) The number of securities (including ordinary shares) issued for cash shall not, in aggregate, exceed 30% of the Company's securities (including ordinary shares) as at the date of this notice of AGM, which, in the case of the Company's listed ordinary shares is 49 024 438 ordinary shares, which is 30% of 173 061 721 listed ordinary shares less 9 646 926 ordinary shares held as treasury shares, as at the date of this notice. Any securities (including ordinary shares) issued under this authority during the period of its validity must be deducted from the above number of ordinary shares and in the event of a sub-division or consolidation of the securities (including ordinary shares), this authority must be adjusted accordingly to represent the same allocation ratio; and

(vi) The maximum discount at which securities (including ordinary shares) may be issued is 10% of the weighted average traded price of such securities (including ordinary shares) measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed or determined between the Company and the party subscribing for the securities (including ordinary shares)."

Explanatory note

In terms of the Listings Requirements, when securities (including ordinary shares) are issued, or where consideration is being given to issuing securities (including ordinary shares), for cash (including the extinction of a liability, obligation or commitment, restraint, or settlement of expenses), the shareholders are required to authorise such issue with a 75% (seventy-five percent) majority of the votes cast in favour of the resolution.

The directors consider it advantageous to renew this authority to enable the Company to take advantage of any business opportunity that may arise in future.

ADVISORY ENDORSEMENT NUMBER 1

Approval of the Company's Remuneration Policy

"To endorse, through a non-binding advisory vote, the Company's Remuneration Policy, as contained on pages 41 to 43 of the Integrated Report, of which this notice of AGM forms part".

ADVISORY ENDORSEMENT NUMBER 2

Approval of the Company's Remuneration Implementation Report

"To endorse, through a non-binding advisory vote, the Company's Remuneration Implementation Report, as contained on pages 43 to 46 of the Integrated Report, of which this notice of AGM forms part".

Explanatory Note in respect of Advisory Endorsement Number 1 and Number 2
The King IV Report on Corporate Governance and the Listings Requirements require that the Board (with the assistance of the Remuneration Committee) table the Remuneration Policy and the Remuneration Implementation Report every year at the AGM for separate non-binding advisory votes by shareholders. In accordance with the provisions of the Listings Requirements, the Company shall give shareholders the right to express their views on the Remuneration Policy and the Remuneration Implementation Report. In the event that either the Remuneration Policy or the Remuneration Implementation Report, or both, have been voted against by 25% (twenty-five per cent) or more of the voting rights exercised by the shareholders, the Company will issue an invitation to shareholders who voted against these resolutions to engage with the Company. Details of such invitation will be communicated in the voting results announcement.

SPECIAL RESOLUTION NUMBER 1
Approval of the remuneration of non-executive directors

"Resolved as a special resolution that, in terms of section 66(9) of the Companies Act, the following remuneration shall be payable to non-executive directors of the Company in respect of the year ended 28 February 2023, for their services as directors."

	Fees payable for the financial year ended 28 February 2022		Proposed fees payable in financial year ended 28 February 2023	
	Monthly retainer	Meeting attendance fees	Monthly retainer	Meeting attendance fees
Chairperson of the Board	R60 000	R18 000	R63 000	R18 000
Chairperson of the Audit Committee	R45 000	R18 000	R45 000	R18 000
Chairperson of the Risk Committee	R45 000	R18 000	R45 000	R18 000
Chairperson of any other Committee	R35 000	R18 000	R35 000	R18 000
Member	R31 000	R18 000	R31 000	R18 000

A non-executive director of two or more committees or a non-executive director who is chairperson of the Board and who is a chairperson of a committee will be paid the higher of the applicable fees. The fees are not aggregated per role, per non-executive director. These fees are exclusive of Value-Added Tax, where applicable.

Explanatory note
Special resolution number 1 is proposed to enable the Company to comply with the provisions of sections 65(11)(h), 66(8) and 66(9) of the Companies Act, which stipulate that remuneration to directors for their services as directors may be paid only in accordance with a special resolution approved by

shareholders. For further information on the Group's remuneration practices, please refer to the Remuneration Report contained on pages 38 to 46 of the Integrated Report, of which this notice of AGM forms part.

SPECIAL RESOLUTION NUMBER 2

Authority for the Company to grant financial assistance in terms of section 45 of the Companies Act

"Resolved as a special resolution that, in terms of section 45 of the Companies Act, the shareholders of the Company hereby approve of the Company providing, at any time and from time to time but subject to Board approval at such time, during the period of 2 (two) years commencing from the date of this special resolution, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act and provided that the Board is satisfied that:

- immediately after providing the financial assistance, the Company will satisfy the solvency and liquidity test; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company."

Explanatory note

Special resolution number 2 is proposed in order to obtain approval from shareholders to enable the Company to provide financial assistance, when the need arises, in accordance with the provisions of section 45 of the Companies Act in order to provide for inter-company loans within the Group.

SPECIAL RESOLUTION NUMBER 3

General authority to repurchase (acquire) securities (including ordinary shares)

"Resolved as a special resolution that the Board is hereby authorised in terms of section 48(8) of the Companies Act by way of a renewable general authority, subject to the provisions of the Listings Requirements and as permitted by the Company's MOI, to approve the repurchase by the Company of its own securities (including ordinary shares) and/or the acquisition of the Company's securities (including ordinary shares) by any of its subsidiary companies, upon such terms and conditions and in such amounts as the Board may from time to time determine but subject to the Company's MOI, the provisions of the Companies Act and the Listings Requirements, where applicable, and provided that:

- The repurchase by the Company of its own securities (including ordinary shares) or the acquisition of the Company's securities (including ordinary shares) by any subsidiary company of the Company in terms of this general authority may not, in the aggregate, exceed in any one financial year 5% of the Company's issued securities (including ordinary shares) constituting its share capital as at the beginning of the financial year. If applicable and subject to section 48(8)(b) of the Companies Act, the acquisition of securities (including ordinary shares) as treasury shares by a subsidiary company of the Company may not exceed 10% of the number of securities (including ordinary shares) issued by the Company;
- This general authority shall lapse on the earlier of the date of the next AGM of the Company or the date that is 15 (fifteen) months after the date on which this special resolution is passed;

- The Board has resolved to authorise the repurchase by the Company or the acquisition by any subsidiary company of the Company securities (including ordinary shares) and provided further that the resolution of the Board and the resolution of the board of directors of any subsidiary company of the Company confirms, as part of the resolution, that it will satisfy the solvency and liquidity test immediately after the repurchase or acquisition, as the case may be, and that subsequent to the tests being undertaken, that there have been no material changes to its financial position;
- The repurchase or acquisition must be effected through the order book operated by the trading system of the JSE Limited and done without any prior understanding or arrangement between the Company or any subsidiary company of the Company and the counterparty (reported trades are prohibited);
- At any point in time, the Company or the subsidiary company of the Company only appoints one agent to effect any repurchase or acquisition, as the case may be, on its behalf;
- The price paid per security (including an ordinary share) may not be greater than 10% above the weighted average of the market value of the securities (including ordinary shares) for the 5 (five) business days immediately preceding the date on which a repurchase or an acquisition, as the case may be, is effected;
- The repurchase or acquisition of securities (including ordinary shares) by the Company or any subsidiary company of the Company may not be effected during a prohibited period, as defined by the Listing Requirements, unless the Company has in place a repurchase programme where the full details of the programme have been submitted to the JSE Limited in writing prior to the commencement of the prohibited period, including the dates and quantities of securities (including ordinary shares) to be traded during the relevant period, which must be fixed and not subject to any variation. The Company must instruct an independent third party, which makes its investment decisions in relation to the Company's securities (including ordinary shares) independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period, to execute the repurchase programme submitted to the JSE Limited; and
- An announcement containing the full details of any repurchase or acquisition of securities (including ordinary shares) must be published as soon as the Company and/or any of its subsidiary companies have repurchased or acquired, as the case may be, securities (including ordinary shares) constituting, on a cumulative basis, 3% of the number of securities (including ordinary shares) in issue at the time the general authority for this special resolution is granted and for each 3% in aggregate of the initial number acquired thereafter."

Explanatory note
Special resolution number 3 is sought to allow the Company and/or any of its subsidiary companies, by way of a general authority, to repurchase or acquire, as the case may be, the Company's securities.

The Company, or any of its subsidiary companies, operating under the general authority granted by special resolution 3, may continue to repurchase or acquire, as the case may be, ordinary shares, taking to account prevailing market conditions and other factors. The Board, having considered the effect of a maximum repurchase and/or acquisition, as the case may be, under this general authority, is of the opinion that for a period of 12 months from the date of the AGM notice:

(i) The Company will be able to pay their debts in the ordinary course of business;
(ii) The assets of the Company will be in excess of the liabilities of the Company, with such assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements;
(iii) The share capital and reserves of the Company will be adequate for ordinary business purposes; and
(iv) The working capital of the Company will be sufficient for ordinary business purposes.

The Listings Requirements require the following disclosures relative to special resolution number 3, which appear in the Integrated Report:

Major shareholders – page 234
Share capital of the Company – page 157

MATERIAL CHANGES

Other than the facts and developments reported in the Integrated Report, there have been no material changes in the financial or trading position of the Company and its subsidiary companies between the date of signature of the audit report and the date of this notice of AGM.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names appear in the Integrated Report and the AFS, collectively and individually, accept full responsibility for the accuracy of the information given in this special resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this special resolution contains all information required by law and the Listings Requirements.

By order of the Board

Rokeya Hansa
Company Secretary
Johannesburg
31 May 2022

Form of Proxy

HUGE GROUP LIMITED
(INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA)
(REGISTRATION NUMBER 2006/023587/06)
SHARE CODE: HUG
ISIN: ZAE00101042
("HUGE" OR "THE COMPANY")

FOR USE BY CERTIFICATED SHAREHOLDERS AND OWN-NAME DEMATERIALISED SHAREHOLDERS AT THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON WEDNESDAY, 10 AUGUST 2022 AT 11:00, BY ELECTRONIC COMMUNICATION.

Certificated shareholders or dematerialised shareholders with "own name" registration who are entitled to attend and vote at the annual general meeting (**AGM**), are entitled to appoint one or more proxies to attend, speak and vote in their stead. A proxy need not be a shareholder and shall be entitled to vote on a show of hands or poll. Dematerialised shareholders, other than dematerialised shareholders with "own-name" registrations, must return this form of proxy to the Company's meeting scrutineers or deliver it to the Chairperson of the AGM. Dematerialised shareholders, other than dematerialised shareholders with "own-name" registration, should instruct their Central Securities Depository Participant (**CSDP**) or broker as to what action they wish to take. This must be done in the manner and time stipulated in the agreement entered into between them and their CSDP or broker.

I/We (please print) ________________________________

of (address) ________________________________

Telephone numbers – Landline: ________________ Mobile: ________________

Email: ________________________________

being the holder/s of ________________ ordinary shares of R R0,0001 each in Huge, appoint (see note 1)

1. ________________________________ or failing him/her

2. ________________________________ or failing him/her

3. the Chairperson of the AGM, as my/our proxy to act for me/us and on my/our behalf at the AGM which will be held on Wednesday, 10 August 2022 at 11:00 for the purpose of considering, and if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against such resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions (see note 3):

	Number of votes		
	For	Against	Abstain
Ordinary Resolution Number 1 – Re-appointment of the independent auditor			
Ordinary Resolution Number 2.1 – Re-election of a director: BC Armstrong			
Ordinary Resolution Number 2.2 – Re-election of a director: CWJ Lyons			
Ordinary Resolution Number 3.1 – Election of Audit Committee member and Chairperson: DR Gammie			
Ordinary Resolution Number 3.2 – Election of Audit Committee member: BC Armstrong			
Ordinary Resolution Number 3.3 – Election of Audit Committee member: CWJ Lyons			
Ordinary Resolution Number 4 – General authority to allot and issue securities (including ordinary shares) for cash			
Advisory Endorsement Number 1 – Approval of the Company's Remuneration Policy			
Advisory Endorsement Number 2 – Approval of the Company's Remuneration Implementation Report			
Special Resolution Number 1 – Approval of the remuneration of non-executive directors			
Special Resolution Number 2 – Authority for the Company to grant financial assistance in terms of section 45 of the Companies Act			
Special Resolution Number 3 – General authority to repurchase (acquire) securities (including ordinary shares)			

Every person entitled to vote and who is present at the AGM shall be entitled to either:

(a) One vote, irrespective of the number of shares such person holds or represents, provided that a proxy shall, irrespective of the number of shareholders they represent, have only one vote; or

(b) That proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by the shareholder bears to the aggregate amount of the nominal value of all shares issued by the Company in respect of every matter that may be decided by polling.

A proxy may not delegate his/her authority to act on his/her behalf to another person (see note 5).
This form of proxy will lapse and cease to be of force and effect immediately after the AGM of the Company and any adjournment(s) thereof unless it is revoked earlier (as to which see notes 10 and 11)

Signed at ______________________ on ______________________ 2022

Signature ______________________

Assisted by me (where applicable)

Name: ______________ Capacity: ______________ Signature ______________

Notes to the form of proxy

1. This form of proxy is for use by certificated shareholders and dematerialised shareholders with "own name" registration whose shares are registered in their own names on the record date and who wish to appoint another person to represent them at the annual general meeting (**AGM**). If duly authorised, companies and other corporate bodies who are shareholders having shares registered in their own names may appoint a proxy using this form of proxy or may appoint a representative in accordance with the last paragraph below.
2. Other shareholders should not use this form of proxy. All beneficial holders who have dematerialised their shares through a Central Securities Depository Participant (**CSDP**) or broker and do not have their shares registered in their own name, must provide the CSDP or broker with their voting instructions. Alternatively, if they wish to attend the AGM in person, they should request the CSDP or broker to provide them with a letter of representation in terms of the custody agreement entered into between the beneficial owner and the CSDP or broker.
3. Shareholders are requested to lodge this form of proxy with the Company's meeting scrutineers, The Meeting Specialist Proprietary Limited, JSE Limited, One Exchange Square, 2 Gwen Lane, Sandown, Johannesburg, P O Box 62043, Marshalltown, 2107, or proxy@tmsmeetings.co.za, by not later than 11:00 on Monday, 8 August 2022. If shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration and who are entitled to attend, participate in and vote at the AGM do not deliver the form of proxy to the meeting scrutineers by the relevant time, such shareholders will nevertheless be entitled to lodge the form of proxy in respect of the AGM immediately prior to the proxy exercising such shareholder's rights as a shareholder at the AGM, in accordance with the instructions therein, with the Chairperson of the AGM.
4. This form of proxy shall apply to all the shares registered in the name of shareholders at the record date unless a lesser number of shares is inserted.
5. A shareholder may appoint one person as the proxy by inserting the name of such proxy in the space provided. Any such proxy need not be a shareholder of the Company. If the name of the proxy is not inserted, the Chairperson of the AGM will be appointed as proxy. If more than one name is inserted, then the person whose name appears first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of any persons whose names follow. The proxy appointed in the form of proxy may delegate the authority given to him/her in the form of proxy by delivering to the Company, in the manner required by these instructions, a further form of proxy which has been completed in a manner consistent with the authority given to the proxy of the form of proxy.
6. Unless revoked, the appointment of proxy in terms of the form of proxy remains valid until the end of the AGM even if such meeting or a part thereof is postponed or adjourned.
7. If:
   - 7.1. a shareholder does not indicate on this instrument that the proxy is to vote in favour of or against or to abstain from voting on any resolution; or
   - 7.2. the shareholder gives contrary instructions in relation to any matter; or
   - 7.3. any additional resolution/s which are properly put before the AGM; or
   - 7.4. any resolution listed in the form of proxy is modified or amended, the proxy shall be entitled to vote or abstain from voting, as he/she thinks fit, in relation to that resolution or matter. If, however, the shareholder has provided further written instructions which accompany this form of proxy and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in 7.1 to 7.4, then the proxy shall comply with those instructions.
8. If the form of proxy is signed by a person (signatory) on behalf of the shareholder, whether in terms of a power of attorney or otherwise, then the form of proxy will not be effective unless:
   - 8.1. it is accompanied by a certified copy of the authority given by the shareholder to the signatory; or
   - 8.2. the Company has already received a certified copy of that authority.
9. Any alterations made to the form of proxy must be initialled by the authorised signatory/ies.
10. The form of proxy is revoked if the shareholder who granted the proxy:
    - 10.1. delivers a copy of the revocation instrument to the Company and to the proxy or proxies concerned, so that it is received by the Company prior to the proxy exercising such shareholder's rights as a shareholder at the AGM, in accordance with the instructions therein, with the Chairperson of the AGM; or
    - 10.2. appoints a later, inconsistent appointment of proxy for the AGM; or
    - 10.3. attends the AGM in person.
11. If duly authorised, companies and other corporate bodies who are shareholders of the Company having shares registered in their own name may, instead of completing the form of proxy, appoint a representative to represent them and exercise all of their rights at the AGM by giving written notice of the appointment of that representative. This notice should be received by the Company's meeting scrutineers, The Meeting Specialist Proprietary Limited, JSE Limited, One Exchange

Square, 2 Gwen Lane, Sandown, Johannesburg, not later than 11:00 on Monday, 8 August 2022 and must be accompanied by a duly certified copy of the resolution/s or other authorities in terms of which that representative is appointed.

Summary of rights established by section 58

Summary of rights established by section 58 of the Companies Act, 71 of 2008 (**Companies Act**), as required in terms of sub-section 58(8)(b)(i):

1. A shareholder may at any time appoint any individual, including a non-shareholder of the Company, as a proxy to participate in, speak and vote at a shareholders' meeting on his/her behalf (section 58(1)(a)), or to give or withhold consent on behalf of the shareholder to a decision in terms of section 60 (shareholders acting other than at a meeting) (section 58(1)(b)).
2. A proxy appointment must be in writing, dated and signed by the shareholder, and remains valid for one year after the date on which it was signed or any longer or shorter period expressly set out in the appointment, unless it is revoked in terms of paragraph 6.3 below or expires earlier in terms of paragraph 10.4 below (section 58(2)).
3. A shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder (section 58(3)(a)).
4. A proxy may delegate his/her authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy (**proxy instrument**) (section 58(3)(b)).
5. A copy of the proxy instrument must be delivered to the Company, or to any other person acting on behalf of the Company before the proxy exercises any rights of the shareholder at a shareholders' meeting (section 58(3)(c)) and in terms of the Memorandum of Incorporation (**MOI**) of the Company at least 24 hours before the meeting commences.
6. Irrespective of the form of instrument used to appoint a proxy:
    6.1. the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder (section 58)4)(a));
    6.2. the appointment is revocable unless the proxy appointment expressly states otherwise (section 58(4)(b)); and
    6.3. if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing or by making a later, inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company (section 58(4)(c)).
7. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 6.3 above (section 58(5)).
8. If the proxy instrument has been delivered to a company, as long as that appointment remains in effect, any notice required by the Companies Act or the company's MOI to be delivered by the company to the shareholder must be delivered by the company to the shareholder (section 58(6)(a)), or the proxy or proxies, if the shareholder has directed the company to do so in writing and paid any reasonable fee charged by the company for doing so (section 58(6)(b)).
9. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the MOI or proxy instrument provides otherwise (section 58(7)).
10. If a company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of proxy instrument:
    10.1. the invitation must be sent to every shareholder entitled to notice of the meeting at which the proxy is intended to be exercised (section 58(8)(a));
    10.2. the invitation or form of proxy instrument supplied by the company must:
        10.2.1. bear a reasonably prominent summary of the rights established in section 58 of the Companies Act (section 58(8)(b)(i));
        10.2.2. contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name, and if desired, an alternative name of a proxy chosen by the shareholder (section 58(8)(b)(ii)); and
        10.2.3. provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the meeting, or is to abstain from voting (section 58(8)(b)(iii));
    10.3. the company must not require that the proxy appointment be made irrevocable (section 58(8)(c)); and
    10.4. the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to paragraph 7 above (section 58(8)(d)).

CORPORATE INFORMATION

Company registration number	2006/023587/06
Country of incorporation and domicile	South Africa
JSE Code	HUG
A2X Code	HUG
ISIN	ZAE000102042
Nature of business and principal activities	Investment holding entity holding investments in Investee Companies operating in the connectivity, cloud, software, and xTech markets
Executive directors	James Herbst (*Chief Executive Officer*) Andy Openshaw (*Chief Operating Officer*) Samantha Sequeira (*Chief Financial Officer*)
Non-executive directors	Duarte da Silva *(Independent Chairperson)* Brian Armstrong *(Independent)* Dennis Gammie *(Independent)* Craig Lyons *(Independent)* Vincent Mokholo
Registered address	Unit 6, 1 Melrose Boulevard, Melrose Arch, Johannesburg, Gauteng, 2076
Business address	Unit 6, 1 Melrose Boulevard, Melrose Arch, Johannesburg, Gauteng, 2076
Postal address	PO Box 262, Melrose Arch, 2076
Auditor	Moore Johannesburg Incorporated
Business address	50 Oxford Road, Parktown, Johannesburg 2193
Postal address	PO Box 3094, Houghton, 2041
Company Secretary	Rokeya Hansa
Business address	Unit 6, 1 Melrose Boulevard, Melrose Arch, Johannesburg, Gauteng, 2076
Postal address	PO Box 262, Melrose Arch, 2076

Sponsor	Questco Advisory Proprietary Limited
Business address	Ground floor, Block C, Investment Place, 10th Road, Hyde Park, Johannesburg, 2196
Transfer secretaries	Computershare Services Proprietary Limited
Business address	Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
Postal address	Private Bag X9000, Saxonwold, 2132
Email	web.queries@computershare.co.za
Tax reference number	9378909155

Definitions

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

ABSA	ABSA Bank Limited, registration number 1986/003934/06
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 Act	the Companies Act 71 of 2008 (as amended)
Adapt IT	Adapt IT Holdings Limited, registration number 1998/017276/06, a public company duly incorporated in accordance with the laws of South Africa
Adapt IT Shareholder	The shareholders of Adapt IT from time to time
Adapt IT Share	An Adapt IT ordinary share with no par value
AFS	Consolidated Annual Financial Statements in the case of the Group, and Separate Annual Financial Statements in the case of the Company
AGM	the annual general meeting of the Company
AltX	the Alternative Exchange of the JSE
B-BBEE	Broad-Based Black Economic Empowerment
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
Cell C Service ProviderCompany	Cell C Service Provider Company Proprietary Limited, registration number 2001/008017/07, a supplier of services to Huge Cellular, referred to as Cell C SPC
Cell C SPC Dispute	the legal proceedings between Huge Cellular and Cell C Service Provider Company on the matter of the written agreement between the parties
COVID-19	an infectious disease caused by a newly discovered coronavirus and which has been declared a pandemic by the World Health Organisation
CGU	cash generating unit
the Companies Act	the Companies Act 71 of 2008 (as amended)
ConnectNet BroadbandWireless	ConnectNet Broadband Wireless Proprietary Limited (now Huge Connect Proprietary Limited), registration number2004/005721/07, a 83.71% held subsidiary of Huge
ConnectNet BroadbandWireless Group	ConnectNet Broadband Wireless Proprietary Limited and Sainet Internet Proprietary Limited collectively, prior to the acquisition by Huge on 30 March 2017
Devices	High-end mobile phones
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
Directors	the directors of Huge
DRBs	Discretionary Renewal Bonuses
EBITDA	earnings before interest, taxation, depreciation and amortisation
EPS	earnings per share
Executive Committee	refers to Mr Herbst, Mr Openshaw and Mrs Sequeira
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)
Executive Options	Share options awarded to the Executive in accordance with the Executive Share Option Agreements
Financial Growth Plan	the financial forecast prepared by the Group reflecting the profit or loss expectations for FY2022
Fintech	computer programs and other technology used to support or enable banking and financial services
FirstRand Bank	FirstRand Bank Limited, registration number 1929/001225/06
Functional currency	South African Rands
Futuregrowth	Futuregrowth Asset Management Proprietary Limited, registration number 1996/018222/07, financing agent of Huge
FST	Full Suite Telephony
FVTPL	fair value through profit and loss
FY2020	the financial year commencing 1 March 2019 and ending on 29 February 2020
FY2021	the financial year commencing 1 March 2020 and ending on 28 February 2021
FY2022	the financial year commencing 1 March 2021 and ending on 28 February 2022
FY2023	the financial year commencing 1 March 2022 and ending on 28 February 2023
Glovent	Glovent Solutions Proprietary Limited, registration number 2011/132991/07, a 7.5% held Investee Company of Huge, following the conclusion of a Subscription Agreement in February 2022.
Goodwill	the goodwill acquired by Huge on the acquisition of Huge Software, Huge Connect, Huge Networks, Huge Services, Huge Payments, Huge Telecom, Otel and Huge Distribution
Group	Collectively, Huge and Huge Management
GSM	Global System for Mobile communication and in the context of this Report, refers to a digital mobile telephone system
HEPS	headline earnings per share
Huge or the Company	Huge Group Limited, registration number 2006/023587/06, a company whose Shares are listed on the JSE and A2X Markets
Huge Capital	Huge Capital Proprietary Limited, registration number 2018/636769/07, an Investee 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, registration number 2004/005721/07, an Investee Company of Huge, of which 16.29% was acquired by Windfall in a B-BBEE transaction during FY2020
Huge Distribution	Huge Distribution Proprietary Limited, registration number 2015/142454/07, a 75.12% held Investee 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, registration number 2007/033510/07, a wholly owned subsidiary company of Huge
Huge Media	Huge Media Proprietary Limited, registration number2007/004818/07, a 96% held Investee Company of Huge
Huge Messaging	Huge Messaging Proprietary Limited, registration number2008/001288/07, an Investee Company of Huge
Huge Networks	Huge Networks 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 ownedsubsidiary company of Huge Telecom
Huge Payments	Huge Payments Proprietary Limited (formerly IntelPay Proprietary Limited), registration number 2014/112952/07, an Investee Company of Huge
Huge Services	Huge Services Proprietary Limited, registration number 2006/027671/07, an Investee Company of Huge
Huge Soho	Huge Soho Proprietary Limited, registration number 2002/022642/07, a 49% held Investee Company of Huge, 51% of the shares having been acquired by the company's B-BBEE partner, Windfall, during FY2019
Huge Software	Huge Software Proprietary Limited, registration number2005/042514/07, a 75% held Investee Company of Huge
Huge Strategy	the board approved comprehensive strategy to grow Huge, both organically and by way of acquisition, in the short, medium and long-term
Huge Technologies	Huge Technologies Proprietary, registration number 2008/006066/07, an Investee Company of Huge
Huge Telecom	Huge Telecom Proprietary Limited, registration number 1993/003902/07, an Investee Company of Huge
IASB	International Accounting Standards Board
IFRIC	IFRS Interpretations Committee
IFRS	International Financial Reporting Standards
Investee Company	Investee Entity and Investee Company/ies shall have a corresponding meaning
Investment Entity	an entity whose business purpose is to make investments for capital appreciation, investment income, or both, evaluating the performance of those investments on a fair value basis
Investment Policy	formal document outlining the main principles underlying the investment philosophy and strategies of the Company
IRE	investment return expectation
IRR	internal rates of return
JSE	the JSE Limited, a stock exchange licenced in terms of the Financial Markets Act 19 of 2012, on which the company has its primary listing
King IV	King IV Report on Corporate Governance for South Africa, 2016
Listings Requirements	the Listings Requirements of the JSE
Lockdown	the restriction of movement of persons defined by section 8 of Amended Regulations issued in terms of the Disaster Management Act 57 of 2002 and with reference to the definition of Alert Levels contained in Regulation 480 thereof
The Mia Family Trust	the trustees for the time being of The Mia Family Trust, Masters reference No. IT 4648/99, a trust duly registered in accordance with the laws of the Republic of South Africa, which holds 24.88% of the shares in Huge Distribution
Mia Loan	loans that existed on acquisition of Pansmart (now Huge Distribution) on 13 May 2019
Mia Telecomms	Mia Telecomms Proprietary Limited, registration number 1998/024633/07, a private company duly incorporated in accordance with the laws of South Africa
MNOs	Mobile Network Operators
MOI	Memorandum of Incorporation
Moore Johannesburg	Moore Johannesburg Incorporated, the independent auditor of the Group from 18 March 2019
MTN	Mobile Telephone Networks Proprietary Limited, registration number 1993/001436/07, an MTN Group Limited company and supplier of services to Huge Cellular

NCIB	Nedbank Corporate Investment Bank, a division of Nedbank and the sponsors of Huge until 15 August 2021
Nedbank	Nedbank Limited, registration number 1951/000009/06
Normalised profit	profit that excludes non-cash charges that have no effect on operating performance of the underlying companieswithin the Group
NPV	net present value
the Offer	the offer by the Company, in terms of section 117(1)(c)(v) of the Act to acquire, from the Adapt IT Shareholders, all or part of their Adapt IT Shares
Otel	Otel Business and Otel Communications, collectively
Otel Business	Otel Business Proprietary Limited, registration number 2008/006890/07
Otel Communications	Otel Communications Proprietary Limited, registration number 2015/034240/07
Otel Transaction	the acquisition by Huge Networks of the businesses of Otel
PPE	Property, plant and equipment
Questco	Questco Advisory Proprietary Limited, sponsor to the Company with effect from 16 August 2021
Report	the Integrated Report including the AFS
Repurchase Programme	a Share Repurchase Programme announced by the Company on 15 January 2020, in terms of which the Company and/or its subsidiaries may repurchase Shares, pursuant to and in accordance with the authority granted by Shareholders at the Company's annual general meeting held 29 August 2020 and 31 August 2021
RMB	Rand Merchant Bank, registration number 1929/001225/06, and the bankers to Huge
RMB Facilities	the ZAR240 million term facilities agreement concluded by RMB and the Company on 26 May 2022
SAICA	South African Institute of Chartered Accountants
Sainet Internet	Sainet Internet Proprietary Limited (now Huge Networks 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 ownedsubsidiary company of Huge Telecom
SENS	Stock Exchange News Service
Shares	ordinary par value Shares of R0.0001 each
Software	computer programs that run on PCs, mobile phones, tablets, or other smart devices
SPPI	solely payments of principal and interest
Telemasters	Telemasters Holdings Limited, registration number 2006/015734/06
Telkom	Telkom SA SOC Limited, registration number 1991/005476/30
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
VAT	Value Added Tax
WANOS	weighted average number of outstanding Shares
Windfall	Windfall 111 Properties Proprietary Limited, registration number 2013/169340/07, a company controlled by Mr V Mokholo (a related party to Huge given that V Mokholo is a non-executive director of the Company)

xTech	the opportunity where digital and other emerging technologies converge and transform diverse traditional industry sectors, through new processes, products, channels and business models
ZAR200 Million Facility	Means the lending agreement as concluded between Futuregrowth and the Company on 16 December 2018 and as amended by the First Addendum, Second Addendum, Third Addendum and Fourth Addendum.

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