



Equity Capital Market Appetite

Access to equity capital is key to Huger's growth aspirations and delivery of the Growing Huger Strategy.

The global trend in asset management from active to passive fund management has had a marked impact on stock markets. This has resulted in investments becoming concentrated in large capitalisation companies. This trend has meant that small capitalisation companies and their shares are paid little attention.

Huger's executive management team continues to engage investors about the Group's value proposition and investment case so that Huger might be positioned as a preferred investment destination.

Huger's executive management team believes that there are many organic and acquisitive growth opportunities for Huger and that the Company can still leverage both its listed shares as well as the unlisted shares of its operating companies. The Group's cash position and its access to reasonably priced debt means that it is unlikely that the Group will need to consider raising equity capital in the short to medium-term.

During FY2020, Huger established a share repurchase programme. In terms of this repurchase programme Huger and/or its subsidiary companies can repurchase up to 4 million Huger Shares for an aggregate consideration not exceeding R20 million. Undertaking the share repurchase programme reflects the Board's belief in the value of the Huger Share.

During FY2020, the vendors of Huger Connect and Huger Networks agreed to restrict the sale of the Huger Shares that they received as consideration in the transaction which took place in March 2017, for an additional two-year period. In return, Huger waived the profit warranties it held against the vendors. This decision was made easy because Huger Connect and Huger Networks have exceeded Huger's initial profit expectations. The vendors form part of the key management teams at Huger Connect and Huger Networks and are also substantial shareholders in Huger. This undertaking shows their commitment to Huger and their view of the long-term value proposition of being invested in Huger.