

Mergers and acquisitions remain a key strategic objective of the Growing Huge Strategy and a central focus for the executive management team. Huge already has a substantial real estate of customers and growing this real estate by acquisition is a very important objective for the executive management team.

The executive management team believes that there are many acquisition opportunities related to businesses which provide various forms of, and attend to, various needs for connectivity, including IoT. In addition, businesses which provide Fintech solutions to customers would also fit into the gamut of acquisition opportunities which would fall within the framework of the Growing Huge Strategy. COVID-19 has made the world more reliant on connectivity, virtual delivery mechanisms and contactless digital payment solutions. The value of Huge's customer real estate has enhanced its investment case and not simply preserved it.

The post-COVID-19 environment is likely to result in an acceleration of acquisitive opportunities. Valuation expectations are likely to be more tempered, thus increasing the number of viable opportunities open to Huge. Huge's appeal remains its critical mass of customers and its ability to leverage them.

During FY2020, the executive management team closed the Otel Transaction and the Pansmart Transaction. These transactions were concluded without significant outflows of cash and were also concluded by way of an unlisted share swap. As a result of the Otel Transaction, Huge Network's year-on-year increase in revenue was 120%. The Pansmart Transaction is an example of the revenue leverage that Huge can extract by giving an acquisition target access to its real estate of customers.

The executive management team will continue to focus on acquisition targets which have strong annuity revenue streams, high gross margins, low levels of service intensity, high operating profit margins and a high cash conversion rate.



Mergers and Acquisitions