

# 02 Strategic Performance continued

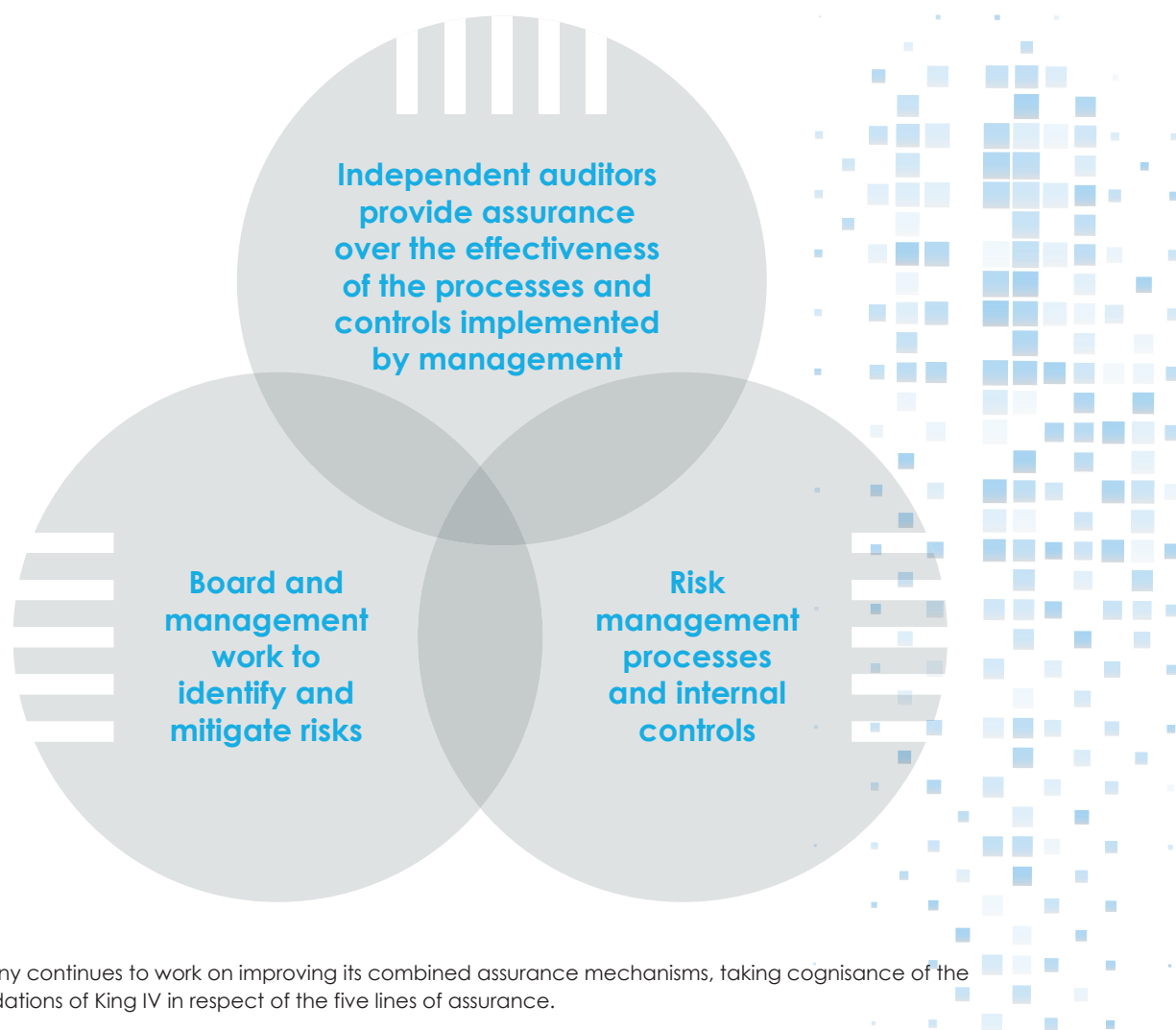
## Managing risks and opportunities



The Board considers risk as an integral component of its decision-making processes. Through the Risk Committee, it has delegated to management the responsibility of implementing and executing effective risk management.

*The Board exercises oversight over risk management, in respect of which it assesses:*

- risks and opportunities arising from the context in which Huge operates
- potential upside or opportunity presented by risks which could have an otherwise negative effect on achieving Huge's strategic objectives
- Huge's dependence on resources and relationships
- the design and implementation of appropriate risk responses
- the establishment and implementation of business continuity arrangements which allow Huge to continue operating in instances of business disruption
- the integration and embedding of risk management in business activities and the culture of the company



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.

<b>First line</b>	Line management is responsible for monitoring and managing risk and opportunity
<b>Second line</b>	Risk management functions in each subsidiary company, including those at Group level, review and consider risk and opportunity matters
<b>Third line</b>	Huge utilises the services of various external consultants to assist with managing risk in respect of revenue recognition and regulatory compliance
<b>Fourth line</b>	Independent auditors consider and review risk management and internal control processes throughout the Group and raise any areas which may require further attention
<b>Fifth line</b>	Risk Committee and the Audit Committee provide the Board with advice and recommendations in respect of risk management and opportunities

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## Managing risks and opportunities (continued)

CATEGORY	RISK	MITIGATING ACTION	OPPORTUNITY
<b>Competition</b>	Competitive forces attack the Huge business model and debase the revenue stream	<ul style="list-style-type: none"> <li>• Differentiation from competitors</li> <li>• Competitive pricing</li> <li>• Improve customer retention methods</li> <li>• Create alternative avenues to market</li> </ul>	Creation of partnerships which decrease competitive landscape, while improving expertise in delivering service, expanded offerings and increasing customer real estate
<b>Regulatory</b>	Changes in regulation require a change to the business model or increased expenditure to ensure compliance	<ul style="list-style-type: none"> <li>• Ongoing monitoring and active engagement with regulatory structures to ensure a comprehensive understanding of risks</li> <li>• Improved and streamlined governance processes which maintain business agility with suitable risk mitigation</li> </ul>	Adopting a proactive rather than reactionary response to regulatory changes creates a competitive advantage, particularly if it offers the 'first to market' opportunity
<b>Political, economic and social</b>	Foreign and local political, economic and social activity which has an impact on Huge's operating environment	<ul style="list-style-type: none"> <li>• Ongoing monitoring of current affairs, specifically those which impact government policy, the stock market, technological changes and social behaviour</li> </ul>	Awareness provides Huge with the opportunity to adjust its business model to circumvent risks over which it had little control
<b>Technology</b>	Changes in technology which result in the creation of new avenues to market and specifically expose Huge to disintermediation risk	<ul style="list-style-type: none"> <li>• Rigorous monitoring of market trends and developments</li> <li>• Diversification of product and service offerings</li> <li>• Industrialisation of the Huge business model</li> <li>• Manage control over and aggregate the value chain</li> </ul>	Business models are always developed with the future in mind, specifically for the purpose of being resilient to change. In addition, the ability to aggregate the value chain provides Huge with the platform for a consolidated offering, increasing its purchasing power