HiL PLC

NOTICE OF ANNUAL GENERAL MEETING

and summarised group financial statements for the year ended 31 December 2021 and cash dividend declaration

HOMECHOICE INTERNATIONAL PLC
(Registration number C171926)
(Incorporated in the Republic of Mauritius)
(the "Company")

Dear Shareholder

NOTICE OF ANNUAL GENERAL MEETING

We have pleasure in enclosing the notice of annual general meeting (Notice) and form of proxy for HomeChoice International plc's (Company) 7th annual general meeting (AGM) of Shareholders (Shareholders) to be held through electronic participation only on **Thursday, 26 May 2022 at 13:00 Mauritian time (11:00 South African time)**.

The Company's 2021 integrated annual report has been posted to Shareholders and the audited annual financial statements for the year ended 31 December 2021 is available for viewing and downloading on the Company's website: www.homechoiceinternational.com. Shareholders are advised that these documents are also available for inspection at HomeChoice Mauritius, Level 2, Maurice Publicité Ogilvy & Mather House, Inova Riche Terre Business Park, Riche Terre, Mauritius during business hours.

Shareholders are requested to e-mail governance@homechoiceinternational.com to request an electronic copy of the integrated annual report to be sent via e-mail.

Yours faithfully

Shirley Maltz
Executive chair

28 April 2022

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (AGM) of Shareholders of the Company will be held **through electronic participation only on Thursday, 26 May 2022 commencing at 13:00 Mauritian time (and 11:00 South African time)** to deal with the matters set out in the agenda below and to consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder, which meeting is to be participated in by Shareholders recorded in the Company's securities register as at the voting record date (defined below).

The record date to receive this notice of AGM is Friday, 22 April 2022. The integrated annual report for the year ended 31 December 2021 (integrated annual report) and audited annual financial statements for the year ended 31 December 2021 are available on our website at www.homechoiceinternational.com and are incorporated by reference in so far as the information contained therein relates to the resolutions in this notice of AGM (Notice of AGM).

The record date on which Shareholders must be recorded in the securities register of the Company for purposes of being entitled to attend and vote at the AGM is, Friday, 20 May 2022 (voting record date). The last date to trade in order to be entitled to vote at the meeting will therefore be Tuesday, 17 May 2022.

The quorum requirement for the AGM to proceed is 3 (three) Shareholders present in person or by proxy and entitled to vote and holding at least 25% (twenty-five percent) of all voting rights.

Apart from ordinary resolution number 7, the percentage of voting rights required to pass the ordinary resolutions is more than 50% of the voting rights exercised and the percentage of voting rights required to pass the special resolution is at least 75% of the voting rights exercised thereon.

In terms of the JSE Listings Requirements, ordinary resolution number 7 requires the support of at least 75% of the voting rights exercised thereon.

Equity shares held by a share trust or scheme of the Company, and any unlisted securities, will not have their votes taken into account for the purposes of resolutions passed in terms of the JSE Limited (JSE) Listings Requirements.

Agenda

1. To receive and adopt the annual financial statements of the Company and its subsidiaries (Group), which include the reports of the directors and auditor, for the year ended 31 December 2021.
2. To consider the re-election of Eduardo Garcia-Gutierrez and Amanda Chorn as independent non-executive directors, who retire in terms of the Company's Constitution (Constitution) and, being eligible for re-election in terms of the Constitution, have made themselves available for re-election.
3. To consider the reappointment of Marlisa Harris as member and chairperson of the audit and risk committee and the reappointment of Amanda Chorn and Pierre Joubert as members of the audit and risk committee.
4. To consider the reappointment of PricewaterhouseCoopers as the Company's external auditor.
5. To approve the Social and Ethics Committee Report.
6. To provide the board with a general authority to issue shares.
7. To provide the board with a general authority to issue shares for cash, as contemplated in terms of the JSE Listings Requirements.
8. To authorise the payment of the non-executive directors' fees for their services as non-executive directors on the board.
9. To consider, by way of separate non-binding advisory votes, the Group's remuneration policy and implementation report as included in the integrated annual report.
10. To provide the board with a general authority to repurchase shares, as contemplated in terms of the JSE Listings Requirements.
11. To consider any other matters raised by Shareholders which are appropriate to be raised and discussed at an AGM.

Resolutions and advisory votes

The Shareholders will be requested to consider and, if deemed fit, to pass, with or without modification, the following resolutions:

Presentation and adoption of annual financial statements

Ordinary resolution number 1

"It is hereby resolved that the annual financial statements of the Group, incorporating the report of the directors and audit report, for the year ended 31 December 2021, are hereby adopted and approved."

Explanatory information in respect of ordinary resolution number 1

The annual financial statements of the Group for the year ended 31 December 2021, which incorporate the report of the directors and audit report, have been distributed as required and will be presented to the Shareholders. The financial statements are available at www.homechoiceinternational.com.

Re-election of directors

Ordinary resolution number 2.1

"It is hereby resolved that Eduardo Garcia-Gutierrez, who retires by rotation in terms of the Constitution, is re-elected as an independent non-executive director of the Company."

Ordinary resolution number 2.2

"It is hereby resolved that Amanda Chorn, who retires by rotation in terms of the Constitution, is re-elected as an independent non-executive director of the Company."

Explanatory information in respect of ordinary resolution numbers 2.1 and 2.2

Article 34.4.1.3 of the Constitution requires one-third of the Company's non-executive directors to retire by rotation.

The nominations committee has reviewed the performance of the directors up for re-election and is of the view that the directors proposed in terms of ordinary resolution numbers 2.1 and 2.2 remain suitable candidates for re-election. The candidates, being eligible, offer themselves for re-election pursuant to article 34.4.1.3 of the Constitution. Brief curricula vitae of Eduardo Garcia-Gutierrez and Amanda Chorn are set out in annexure 1 to this Notice. The board supports the re-election of the candidates.

Appointment of audit and risk committee members

The audit and risk committee is required to be elected by Shareholders at each annual general meeting. In terms of King IV™ all the members of the audit and risk committee must be independent non-executive directors. Having regard to the above requirement, the nominations committee considered the expertise, experience and independence requirements of the members and recommended to the board to propose the following candidates to Shareholders.

Ordinary resolution number 3.1

"It is hereby resolved that Amanda Chorn, subject to ordinary resolution 2.2 being passed, is reappointed as a member of the audit and risk committee."

Ordinary resolution number 3.2

"It is hereby resolved that Marlisa Harris is reappointed as the chairperson of the audit and risk committee."

Ordinary resolution number 3.3

"It is hereby resolved that Pierre Joubert is reappointed as a member of the audit and risk committee."

Explanatory information in respect of ordinary resolution numbers 3.1 to 3.3

Brief curricula vitae of the nominees for election to the audit and risk committee are set out in annexure 1 to this Notice of AGM. The nominations committee is satisfied that the nominees can make a valuable contribution to the deliberations of the audit and risk committee. The board supports the election of the candidates.

Appointment of external auditor

Ordinary resolution number 4

"It is hereby resolved that PricewaterhouseCoopers is appointed as the external auditor of the Company, to hold office from the conclusion of the AGM until the conclusion of the next AGM."

Explanatory information in respect of ordinary resolution number 4

The audit and risk committee has nominated the appointment of PricewaterhouseCoopers as the external auditor of the Company and is of the opinion that they are independent from the Company. The effect of this resolution will be to authorise the appointment of PricewaterhouseCoopers as the external auditor of the Company.

Report by the social and ethics committee

Ordinary resolution number 5

"It is hereby resolved that the report by the social and ethics committee for the year ended 31 December 2021, is approved."

Explanatory information in respect of ordinary resolution number 5

The Company's social and ethics committee report, included in the integrated annual report published on the Company's website at www.homechoiceinternational.com, will serve as the social and ethics committee's report to the Shareholders on the matters within its mandate at the AGM. Any specific questions to the committee may be sent to the company secretary prior to the AGM at governance@homechoiceinternational.com.

Issue of shares

Ordinary resolution number 6

"It is hereby resolved that, in accordance with article 13.10.2 of the Constitution, the board is authorised, as it in its discretion deems fit, to allot, issue and grant options or any other rights exercisable for authorised but unissued shares in the Company from time to time on such terms as may be determined by the board in its discretion, for such monetary or other consideration (whether payable in cash or otherwise) and to such person or persons as it in its discretion deems fit, but subject to the JSE Listings Requirements. Such authority shall be valid until the next AGM."

Explanatory information in respect of ordinary resolution number 6

The resolution authorises the board, subject to the Mauritian Companies Act and JSE Listings Requirements, to issue, or grant rights exercisable for, the unissued authorised shares of the Company. Such authority shall endure until the forthcoming AGM of the Company (at which time this authority shall lapse, unless it is renewed at the aforementioned AGM).

Issue of shares for cash

Ordinary resolution number 7

"It is resolved that, subject to the passing of ordinary resolution number 6, the directors of the Company be and are hereby authorised, by way of a general authority, to allot and issue any of the Company's shares (and/or any options or convertible securities that are convertible into an existing class of securities) for cash as they in their discretion may deem fit, subject to the provisions of the Company's Constitution, the Mauritian Companies Act and the JSE Listings Requirements, provided that:

- the approval shall be valid until the date of the next AGM of the Company, provided it shall not extend beyond 15 months from the date of this resolution;
- the general issue of shares for cash under this authority may not exceed, in the aggregate, 15% of the Company's issued share capital, excluding treasury shares, as at the date of this Notice of AGM. The calculation of the Company's listed equity securities is a factual assessment of the listed equity securities as at the date of this Notice of AGM, excluding treasury shares. As at the date of this Notice of AGM, 15% of the issued shares of the Company, excluding treasury shares, amounts to 15 700 838 shares. Any shares issued under this authority prior to this authority lapsing shall be deducted from the 15 700 838 shares the Company is authorised to issue in terms of this authority for the purpose of determining the remaining number of shares that may be issued in terms of this authority. In the event of a subdivision or consolidation of shares, prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;
- in determining the price at which an issue of shares will be made in terms of this authority, the price (taking into consideration both the nominal value and the premium) shall not be lower than 90% of the volume weighted average traded price of such shares over the 30-business-day period prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities. The JSE will be consulted for a ruling if the securities have not traded daily over such 30-business-day period;

- any such general issue will only be made to public Shareholders, as defined in paragraphs 4.25 to 4.27 of the JSE Listings Requirements, and not to related parties;
- any such general issues are subject to exchange control regulations and approval at that point in time;
- any such issue will only comprise securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue; and
- in the event that the securities issued represent, on a cumulative basis within the period of this authority, 5% or more of the number of securities in issue prior to that issue, an announcement containing the full details of such issue shall be published on the Stock Exchange News Service."

In terms of the JSE Listings Requirements, in order for ordinary resolution number 7 to be adopted, the support of at least 75% of the total number of votes cast by Shareholders, present in person or by proxy, is required to pass this resolution.

Explanatory information in respect of ordinary resolution number 7

For listed entities wishing to issue shares for cash (other than issues by way of rights offers, in consideration for acquisitions and/or duly approved share incentive schemes), it is necessary for the board of the Company to obtain the prior authority of the Shareholders in accordance with the JSE Listings Requirements and the Constitution. Accordingly, the reason for ordinary resolution number 7 is to obtain a general authority from Shareholders to issue shares for cash in compliance with the JSE Listings Requirements and the Constitution.

The resolution authorises the board, subject to the Constitution, the JSE Listings Requirements and the Mauritian Companies Act, to issue, or grant rights exercisable for, the shares of the Company. Such authority shall endure until the next AGM of the Company (at which time this authority shall lapse, unless it is renewed at the aforementioned AGM), provided that the authority shall not endure beyond 15 months after the date of this resolution.

Directors' fees

Ordinary resolution number 8

"It is hereby resolved that payment of fees to each non-executive director for his/her services as director is hereby authorised up to a maximum amount of US Dollars 60 000.00 (sixty thousand US Dollars) per annum for the year ending 2022."

Explanatory information in respect of ordinary resolution number 8

The resolution obtains the advance approval of the Shareholders for the (maximum) fees that may be paid to the non-executive directors for their services as directors of the Company.

Remuneration policy and implementation report

Ordinary resolution number 9

"The Group's remuneration policy, as set out in the integrated annual report (excluding the remuneration of the non-executive directors for their services as directors and members of the board committees), is hereby endorsed by way of a non-binding advisory vote."

For details of the remuneration policy, please refer to the integrated annual report.

Ordinary resolution number 10

"The Group's remuneration implementation report, as set out in the integrated annual report, is hereby endorsed by way of a non-binding advisory vote."

For details of the remuneration implementation report, please refer to the integrated annual report.

Explanatory information in respect of ordinary resolution number 9 and ordinary resolution number 10

In terms of principle 14 contained in King IV™, the Company's remuneration policy and implementation report should be tabled to the Shareholders for separate non-binding advisory votes at the AGM. This vote enables Shareholders to express their views on the remuneration policies adopted and on their implementation.

Accordingly, the Shareholders are requested to endorse the Group's remuneration policy and implementation report, respectively, by way of separate non-binding advisory votes in the same manner as an ordinary resolution. As the votes on this endorsement are non-binding, the results will not be binding on the board. However, the board will take cognisance of the outcome of the vote when considering its remuneration policy and implementation report in future.

The remuneration policy contains the measures that the Company will take if 25% or more of votes are cast against the policy or implementation report at the AGM.

General authority to repurchase shares

Special resolution number 1

"It is hereby resolved, as a special resolution, that the board be and is hereby authorised, by way of a renewable general authority, to approve the repurchase from time to time of its own issued ordinary shares by the Company, or approve the purchase of ordinary shares in the Company by any subsidiary of the Company upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but always subject to the provisions of the Mauritian Companies Act, the Constitution and the JSE Listings Requirements, when applicable, and any other relevant authority, provided that:

- a resolution has been passed by the board confirming that the board has authorised any proposed repurchase, that the Company and its subsidiaries passed the solvency and liquidity test as set out in section 6 of the Mauritian Companies Act and that, since the application of such test, there have been no material changes to the financial position of the Group;
- the authority hereby granted shall be valid only until the next AGM or for 15 months from the date of this special resolution, whichever period is the shorter;
- the general repurchase of shares will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);
- repurchases may not be made at a price greater than 10% above the weighted average of the market value of the Company's shares over the five business days immediately preceding the date of the repurchase of such ordinary shares by the Company. The JSE should be consulted for a ruling if the Company's securities have not traded in such five-business-day period;
- the repurchase of ordinary shares in aggregate in any one financial year does not exceed 5% of the Company's issued ordinary share capital as at the beginning of that financial year;
- the Company or subsidiaries are not repurchasing securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements, unless the Company has in place a repurchase programme, as contemplated in paragraph 5.72(h) of the JSE Listings Requirements, where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and has been submitted to the JSE in writing prior to the commencement of the prohibited period. The Company must instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
- when the Company has cumulatively repurchased 3% of the initial number (the number of that class of shares in issue at the time that the general authority from Shareholders is granted) of the relevant class of securities, and for each 3% in aggregate of the initial number of that class acquired thereafter, an announcement in compliance with paragraph 11.27 of the JSE Listings Requirements shall be published on the Stock Exchange News Service;
- at any point in time, the Company will only appoint one agent to effect any repurchase(s) on its behalf;
- any such general repurchases are subject to exchange control regulations and approval at that point in time; and
- the number of shares purchased and held by a subsidiary or subsidiaries of the Company shall not exceed 5% in the aggregate of the number of issued shares in the Company at the relevant times."

Reason and effect

The purpose of this resolution is to authorise the Company and any of its subsidiaries, by way of general approval, to repurchase the Company's issued shares on the terms and conditions and in such amounts to be determined from time to time by the directors, subject to the limitations set out above.

Statement of board's intention

The directors have no specific intention to effect the provisions of this special resolution but will continually review the Group's position. Any consideration to effect the provisions of the special resolution will take into account the prevailing circumstances and market conditions.

Statement of directors

As per the JSE Listings Requirements, the Company's directors, after considering the effect of the maximum repurchase, are of the opinion that:

(a) the Company and the Group will be in a position to repay their debts in the ordinary course of business for a period of 12 months following the date of this Notice of AGM;

(b) the assets of the Company and the Group, being fairly valued in accordance with International Financial Reporting Standards, will be in excess of the liabilities of the Company and the Group for a period of 12 months following the date of this Notice of AGM (for this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the Company's latest audited annual group financial statements);

(c) the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months following the date of this Notice of AGM; and

(d) the available working capital will be adequate for ordinary business purposes of the Company and the Group for a period of 12 months following the date of this Notice of AGM.

Other disclosure in terms of paragraph 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosure in support of this special resolution number 1:

- Major shareholders of the Company:

  In so far as is known to the Company, the name of any Shareholder, other than a director, that, directly or indirectly, is beneficially interested in 5% or more of a class of securities issued by the Company, together with the amount of each such Shareholder's interest, is set out in the table below:

	2021	
	Number of shares	%
GFM Holdings Limited	**73 745 889**	**69.1**
ADP II Holdings 3 Limited	**23 031 927**	**21.6**
Other	**9 952 560**	**9.3**
Total	**106 730 376**	**100**

The total authorised and issued share capital of the Company can be found in note 2 of the annual financial statements.

Directors' responsibility statement

The directors, whose names are given on page 37 of this Notice of AGM, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 1 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 special resolution number 1 contains all information required by law and the JSE Listings Requirements.

No material changes to report

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the financial position or trading position of the Company and its subsidiaries since the date of signature of the audit and risk report for the financial year ended 31 December 2021 and up to the date of this Notice of AGM.

General

Shareholders are informed that:

- a Shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy (or more than one proxy) to attend, participate in and speak and vote at the AGM in the place of the Shareholder, and Shareholders are referred to the form of proxy included with this Notice of AGM;
- a proxy need not also be a Shareholder of the Company;
- the proxy may delegate the authority granted to him/her/it as proxy, subject to any restriction in the form of proxy itself;
- a Shareholder entitled to vote may appoint more than 1 (one) proxy to exercise voting rights attached to different shares held by that Shareholder entitled to vote in respect of any Shareholders' meeting and may appoint more than 1 (one) proxy to exercise voting rights attached to different shares held by the Shareholder which entitle him/her/it to vote;
- Shareholders who wish to appoint proxies are required to complete and return the form of proxy to reach the registered office of the Company and/or via the company secretary: governance@homechoiceinternational.com **at least 48 hours** before the appointed time of the meeting, that is Tuesday, 24 May 2022 at 13:00 Mauritian time (11:00 South African time). Alternatively, the form of proxy may be handed to the chairman of the AGM at any time prior to the commencement of the AGM; and
- any person attending or participating in a meeting of Shareholders electronically must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as Shareholder or as proxy for a Shareholder) has been reasonably verified. Acceptable forms of identification include valid identity documents, driver's licences and passports.

Electronic participation

Shareholders are advised that they, or their proxies, will be able to participate in the AGM by way of electronic communication.

Shareholders who wish to participate by way of electronic communication must register such request in writing with the company secretary (governance@homechoiceinternational.com) by no later than **Monday, 23 May 2022** and provide their e-mail and cell phone contact details.

Each participant will be contacted in advance of the meeting via e-mail and/or SMS and will be provided with a link to allow them to dial in to the AGM.

The cost of the Shareholder dialling in will be for his/her account. By registering the abovementioned request, the Shareholder acknowledges that the telecommunication lines are provided by a third party and indemnifies and holds the Company harmless against any loss, injury, damage, penalty, or claim arising in any way from the use or possession of the telecommunication lines whether or not the problem is caused by any act or omission on the part of the Shareholder, the Company, the third-party service provider, or anyone else.

By order of the board

Sanlam Trustees International Limited
Company Secretary

Mauritius
28 April 2022

Annexure 1

BRIEF CURRICULA VITAE OF DIRECTORS STANDING FOR RE-ELECTION TO THE BOARD AND RE-ELECTION TO THE AUDIT AND RISK COMMITTEE

Amanda Chorn (63)
Independent non-executive director
BA, LLB, LLM
Member of the audit and risk committee

Appointed 12 November 2014

Amanda is an attorney of the High Court of South Africa and currently resides in the United Kingdom where she is a director of companies. Amanda is also a non-executive director of Spur Corporate Limited. Amanda is co-founder of a group providing private office services to clients, including portfolio management and international structuring.

Marlisa Harris (48)
Independent non-executive director
BBusSci (Hons), CA(SA), Dip Intl Tax
Chair of the audit and risk and remuneration and nominations committees

Appointed 23 February 2021

Marlisa is a Chartered Accountant, holds a business science degree and a diploma in international tax. Marlisa is the chief executive officer of a Family Office, providing financial advisory and management services to the family and their private corporations and non-profit organisations across Africa, Europe and the US. She was previously the Group CFO of Econet Global and has over 20 years' experience in managing financial functions across international jurisdictions.

Eduardo Garcia-Gutierrez (54)
Independent non-executive director
BSc (Med) (Hons), PGDipAcc, CA(SA)
Chair of the social and ethics committee and member of the remuneration and nominations committee

Appointed 9 May 2019

Eduardo is a partner of Development Partners International LLP, an investment adviser to private equity funds that invest across Africa and has over 25 years of African private equity experience. Eduardo has served on the board of directors of numerous public and private companies in South Africa and elsewhere. He was an executive director of Brait South Africa Limited and Brait's private equity division, playing a leading role in several landmark South African private equity transactions. Prior to Brait, Eduardo was corporate finance manager at JCI Limited.

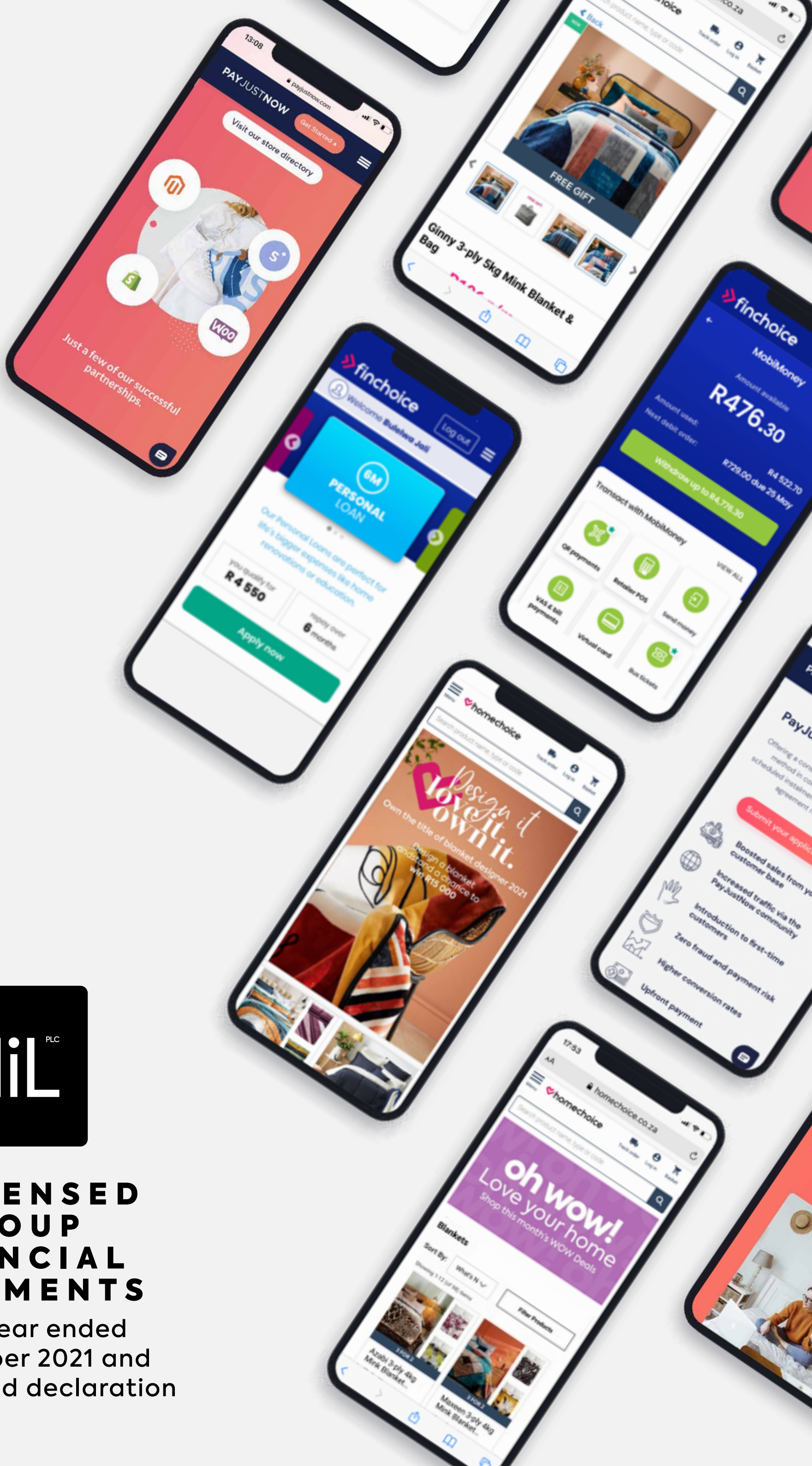
Pierre Joubert (56)
Independent non-executive director
B.Com, CA(SA)
Member of the audit and risk committee and the remuneration committee

Appointed 9 May 2019

Executive director and CEO of Universal Partners Limited, an investment holding company listed on the Mauritian Stock Exchange and JSE AltX, South Africa.

Prior to joining Universal Partners, Pierre was the chief investment officer of the Richmark Group of companies, which he joined in November 2015. Previously he spent 13 years at Rand Merchant Bank (RMB) fulfilling various roles including senior transactor in the Corporate Finance division, head of the Equities and co-head of the Global Markets divisions. Pierre is a member of the RMB investment committee, a position he has held for 19 years. He is also a non-executive director of Brait PLC.

Pierre held various executive positions at Connection Group Holdings Limited including that of chief executive officer of Connection Group for four years, leading the successful turnaround of the business that culminated in the group being acquired by JD Group Limited.



HiL PLC

CONDENSED GROUP FINANCIAL STATEMENTS

for the year ended
31 December 2021 and
cash dividend declaration

WHO WE ARE

A growing diversified consumer services group providing financial services and retail to the mobile-savvy, mass market in South Africa.

Weaver Fintech offers quick, seamless and secure personal lending, digital payment solutions, value-added services and insurance products using innovative mobile-first platforms.

Our omni-channel retailer, HomeChoice, delivers innovative, quality own-brands and sought-after external brands across homeware categories.
A rapidly accelerating online channel provides a convenient shopping experience on customers' mobile phones.

Revenue
up 4.8% to
R3.4 billion

Loan disbursements
up 73.8% to
R3.3 billion

Retail sales
down 4.8% to
R1.7 billion

Trading profit*
up 43.0% to
R386 million

HEPS
up 24.0% to
203.5 cents

Final dividend
20.0 cents

* *Operating profit before once-off software impairment and staff restucturing costs.*

COMMENTARY

Financial results

		2021*	2020	% change
Group				
Revenue	(Rm)	**3 432**	3 275	4.8
Trading profit**	(Rm)	**386**	270	43.0
Operating profit	(Rm)	**263**	270	(2.6)
Operating profit margin	(%)	**7.7**	8.2	
Earnings per share (EPS)	(cents)	**159.8**	160.4	(0.4)
Headline EPS	(cents)	**203.5**	164.2	24.0
Final dividend declared/paid	(cents)	**20.0**	–	>100.0
Total dividend declared/paid	(cents)	**67.0**	–	>100.0
Weaver Fintech*				
Loan disbursements	(Rm)	**3 336**	1 919	73.8
Buy Now, Pay Later gross merchant value	(Rm)	**194**	–	
Revenue	(Rm)	**1 104**	835	32.2
Trading profit**	(Rm)	**279**	165	69.1
Operating profit	(Rm)	**270**	165	63.6
Operating profit margin	(%)	**24.5**	19.8	
Retail				
Revenue	(Rm)	**2 326**	2 440	(4.7)
Retail sales	(Rm)	**1 706**	1 792	(4.8)
Gross profit margin	(%)	**45.1**	44.9	
Trading profit**	(Rm)	**71**	60	18.3
Operating (loss)/profit	(Rm)	**(43)**	60	<(100)
Operating (loss)/profit margin	(%)	**(1.8)**	2.5	

* *The acquisition of PayJustNow is accounted for as a subsidiary and shown in the Weaver Fintech segment. Results are included for a ten-month period effective 1 March 2021.*

** *Trading profit – operating profit before once-off software impairment and staff restructuring costs.*

Trading performance

The group delivered a robust performance for the twelve months to December 2021, with trading profit** increasing by 43.0% to R386 million. Weaver Fintech produced an outstanding 69.1% trading profit growth for the year, continuing to gain market share in the South African unsecured credit market.

Revenue grew by 4.8% to R3.4 billion on the back of a strong 73.8% growth in FinChoice loan disbursements to R3.3 billion tempered by a disappointing 4.8% decline in retail sales.

Finance income grew by 14.2% to R1.2 billion as the Weaver Fintech gross debtors' book grew to R2.5 billion and was partially off-set as the 300 bps decrease in repo rate was annualised. Fees and other income increased by 21.6%, driven by continued growth of Weaver Fintech's insurance income of 29.6% and the merchant fee income earned by PayJustNow (PJN). Fee and other income contribution has increased to 16.6% in FY2021 from 13.6% in FY2020, as the group makes a sustainable shift to diversifying fintech income.

A 45.1% (2020: 44.9%) gross margin percentage was achieved with high supply chain costs and increases in petrol prices dampening the benefits achieved from range rationalisation and lower markdowns.

Group debtor costs increased at a slower rate of 11.6% compared to the book growth of 16.7%. Conservative provisions were maintained with a reduction in Weaver Fintech's provision from 16.1% to 14.9% and an increase for the Retail book.

Trading profit grew by 43.0% to R386 million. Comparable other trading costs have been held at R1.2 billion, a 1.4% increase on FY2020. Once-off costs of R123 million have been incurred mainly in the Retail segment relating to impairments of information technology (IT) legacy software and staff restructuring costs. As a result operating profit decreased by 2.6% to R263 million. Headline earnings per share increased by 24.0% to 203.5 cents. The group has maintained the dividend cover at 2.4 times and has declared a final dividend of 20.0 cents per share.

Weaver Fintech, the recently rebranded group's financial services business, has been set up to spearhead a stable of consumer fintech businesses using the strength of its digital platforms.

An 85% stake in the fastest-growing Buy Now, Pay Later (BNPL) business in southern Africa, start-up PayJustNow, was acquired in the year under review.

PayJustNow offers customers a seamless, risk-free, interest-free digital payment process while merchants experience increased brand awareness and upliftment in sales and conversion rates.

Mixed performance impacts debtor costs, conservative provisions held

The group's gross credit book showed positive growth, up 13.1% to R4.5 billion. The Weaver Fintech book increased by 38.8% to R2.5 billion on the back of the excellent growth in loan disbursements and the acquisition of PJN. PJN has a high-yielding book with low levels of default. Group debtor costs, at 28.4% (2020: 26.7%) of revenue, increased due to higher provisions in Retail.

The Weaver Fintech and Retail credit books are separately managed and operate on independent platforms. Credit performance for the period is summarised below:

		2021	Restated 2020*	Reported 2020	% change on restated
Group					
Gross trade and loans receivable	(Rm)	**4 495**	3 975	3 685	13.1
Debtor costs as a % of revenue**	(%)	**28.4**	26.7	26.7	
Weaver Fintech					
Number of FinChoice active accounts		**289 388**		239 956	
FinChoice active accounts able to reloan	(%)	**81.4**		74.3	
Gross trade and loans receivable	(Rm)	**2 470**	1 780	1 762	38.8
Debtor costs as a % of revenue**	(%)	**37.3**	38.1	38.1	
Provision for impairment	(Rm)	**368**	287	269	28.4
Provision for impairment as a % of gross receivables	(%)	**14.9**	16.1	15.3	
Stages 2 and 3 loans cover	(%)	**65.3**	72.7	71.4	
Retail					
Number of active accounts		**456 932**		564 359	
Active accounts able to purchase	(%)	**63.0**		64.8	
Gross trade and loans receivable	(Rm)	**2 025**	2 195	1 923	(7.8)
Debtor costs as a % of revenue**	(%)	**24.2**	22.8	22.8	
Provision for impairment	(Rm)	**661**	678	406	(2.6)
Provision for impairment as a % of gross receivables	(%)	**32.6**	30.9	21.1	
Stages 2 and 3 loans cover	(%)	**67.2**	66.4	56.4	

* *Changes were made to the reporting of partially written off accounts from disclosing on a net basis to reflecting them as gross and provision elements. This has had the effect of increasing the gross and provision value of trade and loan receivables and consequently the provision % has increased. This adjustment has mainly impacted Retail.*

** *Credit impairment costs include bad debts written off net of recoveries, as well as movements in provisions.*

Strong credit performance from Weaver Fintech

Weaver Fintech debtor costs increased by 29.6% to R412 million, comparing favourably with the FinChoice loan disbursement growth of 73.8% and increase of 38.8% on the gross credit book.

While the provision % has reduced from 16.1% (restated) to 14.9% based on the good quality of the book, the provision movement aligns to the size of the credit book. Well-controlled credit strategies have resulted in vintages being tightly managed.

Stages 2 and 3 trade receivables cover is conservatively held at 65.3% (2020 restated: 72.7%). All Weaver Fintech customers are collected digitally.

Collections challenges in Retail

Retail debtor costs have increased marginally by 1.3% to R563 million on lower revenue and a lower gross book of R2.0 billion (2020 restated: R2.2 billion).

The quality of the credit book has deteriorated despite an upfront focus on tighter credit strategies to manage credit risk within the risk appetite. A suboptimal implementation of DebiCheck (the system enabling customers to authorise debit order mandates directly with their bank) and collections strategies not aligned with digital payments has impacted the quality of the book. Corrective action has been taken with improvements starting to be realised. Consequently, the credit provision has increased to 32.6% (2020 restated: 30.9%).

Stages 2 and 3 trade receivables cover is conservatively held at 67.2% (2020 restated: 66.4%).

Product progression in Weaver Fintech stable drives growth

Weaver Fintech has had an exceptional year, delivering significant trading profit growth up 69.1% on a credible performance in FY2020. The results have been supported by strong growth in customer acquisition, combined with effective credit limit management of existing customers, the successful roll-out of the new DebiCheck collections system, and a focus on streamlining and optimising the customer digital journey. Debtor costs increased by 29.6%. Trading costs increased by 22.9% with the inclusion of PJN expenses, and higher marketing and technology costs to support the growth in FinChoice loan disbursements, digital efficiency drive and cost-to-income ratio.

FinChoice loan disbursements increased by 73.8% to R3.3 billion, continuing to take advantage of a more buoyant demand for consumer credit facilities. The market share of the FinChoice unsecured lending book increased by 12 bps to 1.17%. The growth has been driven mainly by repeat business, with 81% of disbursements made to proven existing customers, and a healthy growth of new customers. Three million visits to the PJN website provides merchant brand awareness to potential customers. Newly acquired start-up PJN generated R194 million of gross merchant value (GMV).

The Weaver Fintech customer database is up 106% to 450 000 customers as at December 2021. The acquisition of PJN added 180 000 new customers to the base and FinChoice successfully onboarded 85 000 new customers, a 55% growth on 2020.

62 000 or 73% of FinChoice's new customers were digitally acquired from sources external to the group. The business leverages data-driven application programming interface (API) technology to acquire external customers digitally with personalised offers. In line with the "low and grow" credit strategy, external customers are offered shorter-term loan products with initial low levels of credit provided to them. 70% of new FinChoice customers are acquired end-to-end digitally. PJN customers are all acquired digitally with 1 165 merchants offering the BNPL payment product to their customers at over 2 500 active online and in-store points of presence.

The FinChoice MobiMoney™ credit-backed wallet continues to be the cornerstone product for the business. MobiMoney wallet customers increased by 48 000 to 170 000, up 40% on 2020. With 170 000 active accounts now in force, 82% of our active customers have a MobiMoney wallet account. An average of 55 000 transactions occur monthly through the digital wallet, up 34% from 2020. The new FinChoice app is in pilot stage with select customers and will be scaled to the full base in the first half of 2022. The app functionality will support additional quick response (QR) payment methods for wallet customers and provide greater levels of customer convenience and engagement.

Our stand-alone insurance products have shown consistent growth, with a 42% increase in gross written premiums. We now have 93 000 customers, a 30% increase over 2020, and a 45% penetration of the FinChoice customer base. 50 000 new policies were written and, pleasingly, 20% through digital channels, up from 11% in 2020. We are happy with the ongoing success of the digital acquisition of insurance policies and look to build on this with new product offerings.

Retail – implementing the turnaround plan

Retail performance is influenced by the implementation of the turnaround plan, with 2021 a year to stabilise, reset and start implementation. Trading profit increased by 18.3% despite a 4.7% reduction in revenue, evident of the effectiveness of the turnaround plan in delivering a reduction in expenses.

Retail sales declined by 4.8% to R1.7 billion, reflecting the tightening of credit and a lower level of customer acquisition. Sales were negatively impacted by the knock-on effects of the July civil unrest and the Western Cape taxi violence which led to high levels of absenteeism in our contact centre and collections teams. Digital growth has outperformed sales in other channels and now represents 27.6% contribution (2020: 25.4%). Digital customer engagement continues to be strong – with 59 000 customers making use of the HomeChoice app.

Successful shifts in the merchandise strategy have delivered a gross profit margin improvement to 45.1% from 44.9% in 2020. Headwinds in stubbornly high global supply chain costs, coupled with the increase in local fuel costs not passed onto customers, muted the gains already achieved.

The strategic decision to reduce credit risk drove a 30.7% reduction to 167 000 new customers acquired in the year. Higher attrition and a write-off of poor-performing accounts has reduced the active customer base to 707 000, a 13% decline from 2020. Pleasingly, existing customers' spend increased by 9% and now accounts for 81% of sales, exceeding pre-Covid contributions of 77%. In addition, the effective reactivation of dormant customers drove increased spend.

Debtor costs were in line with those of 2020 and other trading expenses were well controlled, reducing by 6.7%. Challenges were encountered with our implementation of DebiCheck, the system enabling customers to authorise debit order mandates directly with their bank. As a result the customer payment experience was negatively impacted and our cash collections were lower than expected. High levels of customer frustration were experienced. Processes have been rectified, with substantial improvements in the collections in February 2022. Further enhancements will be made with all new mandates experiencing a much-improved customer experience and uplift in the collection process.

A key component of Retail's turnaround plan is to "right-size" and reset the cost base to be more relevant to a digital-first retailer. Good successes have been achieved, with a 6.7% reduction in costs from R835 million to R779 million. Marketing spend was 13.3% down and staffing and technology costs decreased by 4.6%.

Part of the turnaround plan was a detailed review of the IT used in the business. This review identified some legacy systems that are no longer fit for purpose and do not generate future value for the group and as a result impairments of R61 million have been actioned. An IT roadmap has been developed with clear prioritisation and robust return on investment metrics to ensure that future technology investments deliver the required benefits to the group. Staff restructuring costs and the impairments resulted in once-off costs of R114 million during the year.

The Retail business is implementing a comprehensive turnaround plan to reset the cost base, improve customer retention and marketing, migrate off legacy IT systems and further accelerate digital transformation. Margin deterioration has been corrected and the business is getting the right focus to restore its profitability and provide its loyal customers with quality innovative products and an excellent customer experience.

Well capitalised to fund growth opportunity

R30 million of net cash was utilised in operations with the strong growth in loan disbursements off-set with lower retail sales. Collections from customers amounted to R5.8 billion, 22% higher than the comparable period.

Group capital expenditure was actively managed to below 2020 levels. At R49 million capex was 58.8% lower than 2020, with a R70 million reduction in Retail's original plan. Capex investments by Weaver Fintech amounted to R12 million, focused on additional technology and systems to streamline customer experience journeys.

Cash on hand at the end of December 2021 amounts to R203 million. The group has successfully concluded an additional R750 million of available banking facilities, with ample undrawn funding of R1.1 billion available to fund the expected growth in Weaver Fintech.

Change in directorate

As advised on the SENS service of the JSE, Rob Hain, an independent non-executive director, resigned from the board effective 14 January 2022. The board extends its gratitude to Rob for his valued contribution to the group over the last seven years.

Outlook

The group is well positioned for future growth, with a clear, diversified digital consumer growth strategy.

Together with data-rich customer insights, strategic product progression to drive customer acquisition, a digital mindset that delivers cost-efficiencies and top-line growth, and an obsessive focus on customers, the group is fully funded to support the growth ambitions of the board.

HomeChoice Retail will strengthen its focus on implementing the turnaround plan with successful inroads already achieved in 2021.

Weaver Fintech will take advantage of market share opportunities to progress product offerings across payments, lending and insurance and to broaden the offers to merchants.

The above information has not been reviewed or reported on by the group's external auditor.

S Maltz
Executive Chair

G Lartigue
Chief Executive Officer

Mauritius, 15 March 2022

Dividend declaration

Notice is hereby given that the board of directors has declared a final gross cash dividend of 20.000 cents (16.000 cents net of dividend withholding tax) per ordinary share for the twelve months ended 31 December 2021. The dividend has been declared from income reserves. HIL is registered in Mauritius and the dividend is classified as a foreign dividend. Withholding tax of 20% will be applicable to all South African shareholders who are not exempt.

The issue share capital at the declaration date is 106 730 376 ordinary shares.

The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend	Tuesday, 19 April 2022
Shares commence trading "ex" dividend	Wednesday, 20 April 2022
Record date	Friday, 22 April 2022
Payment date	Monday, 25 April 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 20 April 2022 and Friday, 22 April 2022, both days inclusive.

Sanlam Trustees International (Mauritius)
Company Secretary

Mauritius, 15 March 2022

CONDENSED GROUP FINANCIAL STATEMENTS

Independent auditor's review report on condensed consolidated financial statements

To the shareholders of HomeChoice International plc

We have reviewed the condensed consolidated financial statements of HomeChoice International plc, set out on pages 12 to 27 of the provisional report, which comprise the condensed group statement of financial position as at 31 December 2021 and the related condensed group statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' responsibility for the condensed consolidated financial statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the condensed consolidated financial statements, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluating the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements of HomeChoice International plc for the year ended 31 December 2021 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the financial statements.

PricewaterhouseCoopers
Olivier Rey
Licensed by FRC

Mauritius, 15 March 2022

Condensed group statement of financial position

	Notes	2021 Rm	% change	2020 Rm
Assets				
Non-current assets				
Property, plant and equipment		**448**	(5.9)	476
Intangible assets		**192**	(8.6)	210
Right-of-use assets		**49**	(18.3)	60
Other investments		**55**	61.8	34
Deferred taxation		**85**	88.9	45
		829	0.5	825
Current assets				
Inventories	2	**264**	(16.2)	315
Taxation receivable		**3**	(76.9)	13
Trade and other receivables	3	**3 528**	16.7	3 024
Trade receivables – Retail		**1 364**	(10.1)	1 517
Loans receivable – Weaver Fintech		**2 102**	40.8	1 493
Other receivables		**62**	>100.0	14
Cash and cash equivalents		**203**	(51.1)	415
		3 998	6.1	3 767
Total assets		**4 827**	5.1	4 592
Equity and liabilities				
Capital and reserves				
Stated and share capital		**1**	–	1
Share premium		**3 039**	0.8	3 014
Reorganisation reserve		**(2 961)**	–	(2 961)
Treasury shares		**(47)**	42.4	(33)
Other reserves		**64**	36.2	47
Retained earnings		**3 168**	3.9	3 048
Equity attributable to equity holders of the parent		**3 264**	4.7	3 116
Non-controlling interest		**(1)**	100.0	–
Total equity		**3 263**	4.7	3 116
Non-current liabilities				
Interest-bearing liabilities		**1 060**	13.6	933
Lease liabilities		**23**	(52.1)	48
Deferred taxation		**44**	(36.2)	69
Other payables		**4**	–	4
		1 131	7.3	1 054
Current liabilities				
Interest-bearing liabilities		**44**	12.8	39
Lease liabilities		**33**	50.0	22
Taxation payable		**18**	50.0	12
Trade and other payables		**338**	(3.1)	349
		433	2.6	422
Total liabilities		**1 564**	6.0	1 476
Total equity and liabilities		**4 827**	5.1	4 592

Condensed group statement of profit or loss and other comprehensive income

	Notes	2021 Rm	% change	2020 Rm
Revenue		**3 432**	4.8	3 275
Retail sales	4	**1 706**	(4.8)	1 792
Finance income		**1 185**	14.2	1 038
Fees from ancillary services	5	**541**	21.6	445
Cost of Retail sales		**(936)**	(5.2)	(987)
Other operating costs		**(2 208)**	9.3	(2 020)
Credit impairment losses	6	**(975)**	11.6	(874)
Other trading expenses	7	**(1 233)**	7.6	(1 146)
Other net gains and losses	8	**(43)**	>100.0	(8)
Other income		**18**	80.0	10
Operating profit		**263**	(2.6)	270
Interest income		**6**	20.0	5
Interest expense		**(93)**	–	(93)
Profit before taxation		**176**	(3.3)	182
Taxation		**(9)**	(40.0)	(15)
Profit and total comprehensive income for the period		**167**	–	167
Profit and total comprehensive income for the period attributable to:				
Owners of the parent		**170**	1.8	167
Non-controlling interest		**(3)**		–
		167	–	167
Earnings per share (cents)				
Basic	9	**159.8**	(0.4)	160.4
Diluted		**155.7**	(1.9)	158.6
Headline earnings per share (cents)				
Basic	9	**203.5**	24.0	164.2
Diluted		**198.3**	22.1	162.4

Condensed group statement of changes in equity

	Stated and share capital Rm	Share premium Rm	Treasury shares Rm	Reorganisation reserve Rm	Other reserves Rm	Retained earnings Rm	Non-controlling interest Rm	Total Rm
Balance at 1 January 2020 – audited	1	3 010	(18)	(2 961)	33	2 881	–	2 946
Changes in equity								
Profit and total comprehensive income for the period	–	–	–	–	–	167	–	167
Shares issued	–	4	–	–	–	–	–	4
Share incentive schemes	–	–	–	–	15	–	–	15
Shares purchased	–	–	(16)	–	–	–	–	(16)
Forfeitable shares vested	–	–	1	–	(1)	–	–	–
Total changes	–	4	(15)	–	14	167	–	170
Balance at 1 January 2021 – audited	**1**	**3 014**	**(33)**	**(2 961)**	**47**	**3 048**	**–**	**3 116**
Changes in equity								
Acquisition of subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**2**	**2**
Profit and total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**170**	**(3)**	**167**
Shares issued	**–**	**25**	**–**	**–**	**–**	**–**	**–**	**25**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(50)**	**–**	**(50)**
Shares purchased	**–**	**–**	**(14)**	**–**	**–**	**–**	**–**	**(14)**
Share incentive schemes	**–**	**–**	**–**	**–**	**17**	**–**	**–**	**17**
Total changes	**–**	**25**	**(14)**	**–**	**17**	**120**	**(1)**	**147**
Balance at 31 December 2021	**1**	**3 039**	**(47)**	**(2 961)**	**64**	**3 168**	**(1)**	**3 263**

Condensed group statement of cash flows

	Notes	2021 Rm	2020 Rm
Cash flows from operating activities			
Operating cash flows before working capital changes		**392**	315
Movements in working capital		**(422)**	315
Cash (used in)/generated from operations	10	**(30)**	630
Interest received		**6**	5
Interest paid		**(92)**	(93)
Taxation paid		**(58)**	(56)
Net cash (outflow)/inflow from operating activities		**(174)**	486
Cash flows from investing activities			
Additions of property, plant and equipment		**(18)**	(46)
Additions of intangible assets		**(31)**	(71)
Acquisition of subsidiary, less cash acquired	11	**(23)**	–
Other investments		**(5)**	–
Net cash outflow from investing activities		**(77)**	(117)
Cash flows from financing activities			
Proceeds from the issuance of shares		**–**	4
Purchase of shares to settle forfeiture share scheme obligations		**(14)**	(16)
Proceeds from interest-bearing liabilities		**355**	781
Repayments of interest-bearing liabilities		**(224)**	(737)
Principal elements of lease payments		**(28)**	(18)
Dividends paid		**(50)**	–
Net cash inflow from financing activities		**39**	14
Net (decrease)/increase in cash and cash equivalents and bank overdrafts		**(212)**	383
Cash and cash equivalents and bank overdrafts at the beginning of the period		**415**	32
Cash and cash equivalents and bank overdrafts at the end of the period		**203**	415

Group segmental information

		2021					
		Total Rm	Retail Rm	Weaver Fintech Rm	Property Rm	Other Rm	Intra-group Rm
Segmental revenue		3 432	2 326	1 104	39	–	(37)
Retail sales		1 706	1 706	–	–	–	–
Finance income		1 185	429	756	–	–	–
Fees from ancillary services		541	191	348	39	–	(37)
EBITDA		433	135	360	13	(34)	(41)
Depreciation and amortisation		(104)	(116)	(17)	–	(1)	30
Impairment of assets		(66)	(62)	(4)	–	–	–
Interest income		1	–	–	–	66	(65)
Interest expense		(72)	–	(69)	–	(68)	65
Segmental operating profit/(loss)*		192	(43)	270	13	(37)	(11)
Interest income		5	5	–	–	–	–
Interest expense		(21)	(25)	–	(10)	–	14
Profit/(loss) before taxation		176	(63)	270	3	(37)	3
Taxation		(9)	22	(32)	(1)	3	(1)
Profit/(loss) after taxation		167	(41)	238	2	(34)	2
Segmental assets		4 827	2 275	2 415	347	1 596	(1 806)
Segmental liabilities		1 546	1 155	1 363	260	611	(1 825)
Gross profit margin	(%)	45.1	45.1				
Segmental results margin	(%)	5.6	(1.8)	24.5	33.3		
Capital expenditure							
Property, plant and equipment		18	16	2	–	–	–
Intangible assets**		49	21	28	–	–	–

* *Refer to note 12 for further details on segments and segmental results.*

** *Capital expenditure on intangible assets is R31 million excluding R18 million assets aquired in the PJN business combination (refer to note 11).*

	2020					
	Total Rm	Retail Rm	Weaver Fintech Rm	Property Rm	Other Rm	Intra-group Rm
	3 275	2 440	835	48	–	(48)
	1 792	1 792	–	–	–	–
	1 038	468	570	–	–	–
	445	180	265	48	–	(48)
	356	145	235	22	(30)	(16)
	(86)	(85)	(8)	–	–	7
	–	–	–	–	–	–
	2	–	8	–	65	(71)
	(67)	–	(70)	–	(68)	71
	205	60	165	22	(33)	(9)
	3	3	–	–	–	–
	(26)	(21)	–	(12)	–	7
	182	42	165	10	(33)	(2)
	(15)	7	(26)	(3)	7	–
	167	49	139	7	(26)	(2)
	4 592	2 621	1 850	353	1 515	(1 747)
	1 476	1 376	917	269	678	(1 764)
	44.9	44.9				
	6.3	2.5	19.8	45.8		
	46	42	2	2	–	–
	71	50	21	–	–	–

Notes to the condensed group financial statements

1. Basis of presentation and accounting policies

The group annual financial statements for the year ended 31 December 2021 and these condensed group financial statements have been prepared by the group's finance department, acting under the supervision of P Burnett, CA(SA), the finance director of the group.

The condensed group financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by *IAS 34, Interim Financial Reporting*.

The accounting policies applied in the preparation of the condensed group financial statements are in terms of IFRS and are consistent with those applied in the previous group annual financial statements, other than as outlined below.

2. Inventories

	2021 Rm	% change	2020 Rm
Merchandise for resale	**243**	(17.2)	293
Provision for inventory obsolescence	**(28)**	(3.1)	(29)
Goods in transit	**49**	(3.0)	51
	264	(16.2)	315

The total amount of inventories expensed to cost of Retail sales during the year ended 31 December 2021 was R768 million (2020: R828 million). Inventory sold at less than cost during the year ended 2021 amounted to R51 million (2020: R24 million) and inventory write-downs recognised as an expense during the year ended 2021 amounted to R1 million (2020: R11 million).

3. Trade and other receivables

		2021 Rm	% change	2020 Rm
Group				
Trade and loan receivables		**4 495**	13.1	3 975
Provision for impairment		**(1 029)**	6.6	(965)
Other receivables		**62**	>100.0	14
		3 528	16.7	3 024
Provision for impairment as a % of gross receivables	(%)	**22.9**	(5.8)	24.3
Credit impairment costs as a % of revenue	(%)	**28.4**	6.4	26.7
Credit impairment costs as a % of gross receivables	(%)	**21.7**	(1.4)	22.0
Retail				
Gross carrying amount		**2 025**	(7.8)	2 195
Performing (stage 1)		**1 041**	(11.4)	1 174
Underperforming (stage 2)		**381**	7.9	353
Non-performing (stage 3)		**603**	(9.7)	668
Provision for impairment		**(661)**	(2.6)	(678)
Performing		**(119)**	(2.5)	(122)
Underperforming		**(162)**	37.3	(118)
Non-performing		**(380)**	(13.2)	(438)
Net carrying amount		**1 364**	(10.1)	1 517
Performing		**922**	(12.4)	1 052
Underperforming		**219**	(6.8)	235
Non-performing		**223**	(3.0)	230
Provision for impairment as a % of gross receivables	(%)	**32.6**		30.9
Performing	(%)	**11.4**		10.7
Underperforming	(%)	**42.4**		34.3
Non-performing	(%)	**63.0**		64.5
Credit impairment costs as a % of revenue	(%)	**24.2**		22.8
Credit impairment costs as a % of gross receivables	(%)	**27.8**		25.3
Stages 2 and 3 loans cover	(%)	**67.2**		66.4

3. Trade and other receivables (continued)

		2021 Rm	% change	2020 Rm
Weaver Fintech				
Gross carrying amount		**2 470**	38.8	1 780
Performing (stage 1)		**1 905**	37.6	1 385
Underperforming (stage 2)		**197**	8.6	181
Non-performing (stage 3)		**368**	72.1	214
Provision for impairment		**(368)**	28.4	(287)
Performing		**(69)**	3.5	(67)
Underperforming		**(55)**	(0.1)	(55)
Non-performing		**(244)**	47.5	(165)
Net carrying amount		**2 102**	40.8	1 493
Performing		**1 836**	39.3	1 318
Underperforming		**142**	12.3	126
Non-performing		**124**	>100.0	49
Provision for impairment as a % of gross receivables	(%)	**14.9**		16.1
Performing	(%)	**3.6**		4.8
Underperforming	(%)	**27.8**		30.4
Non-performing	(%)	**66.4**		77.1
Credit impairment costs as a % of revenue	(%)	**37.3**		38.1
Credit impairment costs as a % of gross receivables	(%)	**16.7**		17.9
Stages 2 and 3 loans cover	(%)	**65.3**		72.7

Trade and loan receivables have repayment terms of between 1 and 36 months and attract interest based on rates as determined by the National Credit Act. Included in trade and loan receivables are amounts approximating R785 million (2020: R683 million) that contractually fall due in excess of one year. These amounts are reflected as current as they form part of the normal operating cycle.

Included in the trade and loan receivables prior-year balance is a refund liability for expected returns of R10 million. The refund liability has been reclassified to trade and other payables for the year ended 31 December 2021.

3. Trade and other receivables (continued)

In the prior year certain amounts relating to the provision for impairment in respect of late-stage delinquency and partially written off accounts were erroneously presented on a net basis against the gross trade and loan receivable amounts. The 2020 numbers have been restated to ensure consistency between the current and comparative figures. The impact of the restatement is as follows:

	Gross receivable		Net receivable		Provision as a % of gross receiveable	
	Reported 2020 Rm	Restated 2020 Rm	Reported 2020 Rm	Restated 2020 Rm	Reported 2020 %	Restated 2020 %
Retail						
Performing	1 203	1 174	1 125	1 052	6.5	10.4
Underperforming	359	353	230	235	35.9	33.5
Non-performing	361	668	162	230	55.1	65.5
	1 923	2 195	1 517	1 517	21.1	30.9
Weaver Fintech						
Performing	1 385	1 385	1 309	1 318	5.5	4.8
Underperforming	181	181	115	126	36.5	30.4
Non-performing	196	214	69	49	64.8	77.1
	1 762	1 780	1 493	1 493	15.3	16.1

4. Retail sales

	2021 Rm	% change	2020 Rm
Disaggregation of Retail sales by product type is as follows:			
Homeware	**1 137**	(7.6)	1 231
Appliances and electronics	**406**	(7.1)	437
Fashion and footwear	**56**	9.8	51
Furniture	**107**	46.6	73
	1 706	(4.8)	1 792
Disaggregation of Retail sales by channel is as follows:			
Contact centre	**991**	(11.3)	1 117
Digital	**472**	2.2	462
Showroom and ChoiceCollect	**213**	32.3	161
Sales agents	**30**	(42.3)	52
	1 706	(4.8)	1 792

Retail sales are settled at a point in time.

5. Fees from ancillary services

	2021 Rm	% change	2020 Rm
Retail	**193**	7.3	180
Service fees	**87**	(48.8)	170
Insurance fees	**94**	>100.0	7
Other	**12**	>100.0	3
Weaver Fintech	**348**	31.3	265
Service fees	**119**	19.0	100
Insurance fees	**210**	29.6	162
Buy Now, Pay Later fees	**15**	100.0	–
Other	**4**	31.7	3
	541	21.6	445

6. Credit impairment losses

	2021 Rm	% change	2020 Rm
Trade receivables – Retail	**563**	1.3	556
Loans receivable – Weaver Fintech	**412**	29.6	318
Total credit impairment losses	**975**	11.6	874

There were no significant recoveries in the current period or in the prior period.

7. Other trading expenses

	2021 Rm	% change	2020 Rm
Expenses by nature			
Auditor's remuneration	**7**	16.7	6
Audit-related services	**6**	20.0	5
Other non-audit services	**1**	–	1
Amortisation of intangible assets	**39**	56.0	25
Depreciation of property, plant and equipment	**65**	6.6	61
Marketing costs	**245**	(3.2)	253
Policyholder claims and benefits paid	**73**	16.5	63
Customer operations and support	**90**	9.3	82
IT costs	**66**	42.6	46
Facility expenses	**42**	0.8	41
Staff costs: short-term employee benefits	**493**	10.0	448
Total staff costs	**560**	7.1	523
Less: disclosed under cost of Retail sales	**(35)**	2.9	(34)
Less: staff costs capitalised to intangibles	**(32)**	(22.0)	(41)
Other costs	**113**	(5.7)	120
Total other costs	**254**	4.6	243
Less: disclosed under cost of Retail sales	**(141)**	14.6	(123)
Total other trading expenses	**1 233**	7.6	1 146

Policyholder claims and benefits, customer operations and support, IT costs and facility expenses were previously included in other costs and have been separately disclosed for the year ended 31 December 2021.

8. Other net gains and losses

	2021 Rm	% change	2020 Rm
Impairment of assets	**(66)**	>100.0	(5)
Fair value gain	**6**	100.0	–
Foreign exchange gain/(loss)	**17**	<(100.0)	(3)
	(43)	>100.0	(8)

9. Basic and headline earnings per share

The calculation of basic and headline earnings per share is based upon profit for the period attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue as follows:

	2021 Rm	% change	2020 Rm
Profit for the period	**167**	–	167
Adjusted for the effect of:			
Compensation from third parties for damage to property, plant and equipment	**(4)**	<(100.0)	–
Impairment of property, plant and equipment	**5**	>100.0	–
Impairment of intangible assets	**61**	>100.0	5
Taxation effect	**(16)**	>100.0	(1)
Headline earnings for the period	**213**	24.4	171
Weighted average number of ordinary shares in issue ('000)	**104 505**		104 128
Weighted average number of diluted shares in issue ('000)	**107 283**		105 291
Earnings per share (cents)			
Basic	**159.8**	(0.4)	160.4
Headline	**203.5**	24.0	164.2
Basic – diluted	**155.7**	(1.9)	158.6
Headline – diluted	**198.3**	22.1	162.4

10. Reconciliation of cash generated from operations

	2021 Rm	% change	2020 Rm
Profit before taxation	**176**	(3.3)	182
Deduct finance income earned	**(1 185)**	14.2	(1 038)
Add back finance income received	**1 143**	15.8	987
Profit from insurance cells	**(10)**	–	(10)
Depreciation and amortisation	**104**	20.9	86
Impairment of assets	**66**	>100.0	5
Share-based employee share expense	**17**	13.3	15
Fair value gain	**(6)**	<(100.0)	–
Interest expense	**93**	–	93
Interest income	**(6)**	20.0	(5)
Operating cash flows before working capital changes	**392**	24.5	315
Movements in working capital	**(422)**	<(100.0)	315
Decrease in inventories	**51**	50.0	34
Decrease in trade receivables – Retail	**185**	83.2	101
(Increase)/decrease in loans receivable – Weaver Fintech	**(594)**	<(100.0)	104
(Increase)/decrease in other receivables	**(48)**	<(100.0)	10
(Decrease)/increase in trade and other payables	**(16)**	<(100.0)	66
	(30)	<(100.0)	630

11. Acquisition of subsidiary, less cash acquired

HomeChoice International plc acquired an 85% interest in the issued share capital of a financial services company, PayJustNow Proprietary Limited (PJN), for a consideration of R45 million on 1 March 2021. The acquisition of the interest in PJN is in line with the group's fintech strategy to curate an ecosytem of consumer-serving fintech businesses that empower customers with digital convenience and generate shared group value.

	2021 Rm
The fair value of assets and liabilities assumed at date of acquisition	
Assets	
Intangible assets	**18**
Trade and other receivables	**5**
Cash and cash equivalents	**7**
	30
Liabilities	
Interest-bearing liabilities	**(2)**
Intercompany loans payable	**(10)**
Trade and other payables	**(4)**
	(16)
Total assets and liabilities acquired	**14**
Recognition of non-controlling interest	**(2)**
Goodwill attributable to the acquisition	**33**
Total consideration	**45**
Cash on hand at date of acquisition	**(7)**
Intercompany loans acquired	**10**
Issuance of shares	**(25)**
Net cash outflow on acquisition of subsidiaries	**23**

The goodwill is attributable to the future profitablility of PJN. It will not be deductible for tax purposes.

PJN's contribution to group revenue and profit is not material for the period ended 31 December 2021.

12. Group segmental analysis

The group's operating segments are identified as being Retail, Weaver Fintech (previously referred to as Financial Services), Property and Other. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, being HomeChoice International plc's executive directors. The group's reportable segments are unchanged from the previous reporting date.

Retail consists of the group's HomeChoice operations. Weaver Fintech consists of personal loans, insurance products and value-added services (sold digitally under the FinChoice brand) and Buy Now, Pay Later payments solutions (sold digitally under the PayJustNow brand). The group's property company, which owns commercial properties utilised within the group, are included in the Property segment. The Other segment relates mainly to the results of the holding companies, as well as those of the HomeChoice Development Trust.

The chief operating decision-maker monitors the results of the business segments separately for the purposes of making decisions about resources to be allocated and of assessing performance. They assess the performance of Retail and Property segments based upon a measure of operating profit and Weaver Fintech and Other segments based on a measure of operating profit after interest income and interest expense. This is consistent with how retailers and financial services businesses monitor financial performance.

13. Related party transactions and balances

Related party transactions, similar to those disclosed in the group's annual financial statements for the year ended 31 December 2020, took place during the period and related party balances exist at the reporting date. Related party transactions include key management personnel compensation and intragroup transactions which have been eliminated on consolidation.

14. Capital commitments for property, plant and equipment and intangible assets

	2021 Rm	% change	2020 Rm
Approved by the directors	**1**	(94.4)	18

15. Contingent liabilities

The group had no contingent liabilities at the reporting date.

16. Financial impact of Covid-19 and going concern

The group assessed the going concern assumption at 31 December 2021 as a result of the current economic, trading and operational conditions on the group consolidated financial statements, as well as the financial statements of each statutory entity. The directors are comfortable, based on the forecast evaluation and current financial position, that the group will continue to operate as a going concern for the 12 months after 31 December 2021.

17. Events after the reporting date

The corporate income tax rate will reduce from 28% to 27% and it will come into effect for years of assessment ending on or after 31 March 2023 and will affect the group from the 2023 financial year. This is considered a non-adjusting post-balance sheet event. The group has taken note of South Africa's Finance Minister's announcement on 23 February 2022 relating to the future limitation on the utilisation of assessed losses to 80% of taxable income. It has been indicated in the 2022 budget speech that the amendment will come into effect for years of assessment ending on or after 31 March 2023.

Other than the matters noted above, no event material to the understanding of these condensed group financial statements has occurred between the year ended 31 December 2021 and the date of approval.

18. Review conclusion

These condensed group financial statements for the year ended 31 December 2021 have been reviewed by PricewaterhouseCoopers Inc., who expressed an unmodified review conclusion.

The directors take full responsibility for the preparation of these condensed group financial statements.

Administration

Country of incorporation
Republic of Mauritius

Date of incorporation
9 April 2020

Company registration number
C171926

Registered office
c/o Sanlam Trustees International Limited
Labourdonnais Village
Mapou
Riviere du Rempart
31803
Mauritius

Company secretary
Sanlam Trustees International (Mauritius)

Auditors
PricewaterhouseCoopers
Republic of Mauritius

Corporate bank
The Mauritius Commercial Bank Limited

JSE listing details
Share code: HIL
ISIN: MT0000850108

Sponsor
Rand Merchant Bank, a division of FirstRand Bank Limited

Transfer secretaries
Computershare Investor Services Proprietary Limited

Directorate

Executive directors
S Maltz (Chair)*, G Lartigue (Chief Executive Officer), P Burnett

Non-executive directors
A Chorn, A Ogunsanya* (alternate), E Gutierrez-Garcia*, M Harris, P Joubert (Lead Independent Director)

* Non-independent

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