Unaudited condensed consolidated interim results

for the six months ended 30 June 2024 and cash dividend declaration

Who we are

A fast-growing and profitable fintech-focused group providing digital consumer financial solutions and products to the smartphone-savvy mass market in South Africa.

With more than 2.5 million customers across the group, our customer is a digitally connected urban African woman. Our base comprises 63% of Millennials and GenZ consumers, who love our digital offering and access to their financial solutions anywhere and at any time.

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

HomeChoice is an omni-channel retailer, focused on quality homewares, own brands and sought-after external brands.

Revenue of
R2.0 billion
up 15%

Operating profit up 36% to
R388 million

Weaver Fintech
95% contribution
to operating profit before group costs

89% of transactions
conducted digitally

Earnings per share and **headline earnings per share** up 37% to
196.9 cents

Interim dividend declared of
95.0 cents per share

Digital revenue now
59%

Cash collections up 32% to
R5.2 billion

R1.1 billion of cash and
undrawn facilities

2.5 million customers
growing rapidly

COMMENTARY

		Unaudited 30 Jun 2024	% change	Restated* Unaudited 30 Jun 2023
Group				
Financial				
Revenue	(Rm)	**2 007**	14.6	1 751
Operating profit	(Rm)	**388**	36.1	285
Operating profit margin	(%)	**19.3**		16.3
Earnings per share (EPS)	(cents)	**196.9**	37.0	143.7
Headline EPS	(cents)	**196.9**	37.0	143.7
Interim dividend declared/paid	(cents)	**95.0**	35.7	70.0
Operational				
Cash used in operations	(Rm)	**(23)**		(26)
Cash collected	(Rm)	**5 205**	32.0	3 939
Available funding	(Rm)	**1 122**		391
Gross loans, payments and trade receivable	(Rm)	**6 711**	18.5	5 662
Debtor costs as a % of revenue**	(%)	**30.9**		28.7
Customers	(000's)	**2 530**	50.6	1 680
Digital transactions	(%)	**88.5**		80.7
Digital revenue contribution	(%)	**59.3**		56.5

* *Restated for the application of IFRS 17 disclosure requirements.*
** *Debtor costs include bad debts written off net of recoveries, as well as movements in provisions.*

Weaver Fintech momentum delivers exceptional profits

The digital nature of the group's fintech operations has again delivered strong group operating profit leverage. Our customer base of 2.5 million, primarily in Weaver Fintech, is a key driver of both revenue and profit growth. Revenue growth of 14.6% to R2.0 billion has converted to an operating profit growth of 36.1% to R388 million. Revenue received from fees increased by 32.6% and now amounts to 24.5% of group revenue (2023: 21.2%). Cash collections increased by 32.0% to R5.2 billion, a notable achievement in the face of headwinds from a constrained consumer environment.

Our continued investment in Weaver Fintech has delivered Weaver's 31.5% topline growth and 45.0% higher fees revenue. Weaver Fintech contributed 95% of operating profit before group costs, in line with H12023. Our fintech ecosystem is growing in its maturity, developing a strong base to drive customer lifetime value and profitability. This enables further growth and improving sales conversion for our increasing merchant base. 99% of Weaver's sales transactions were concluded digitally (2023: 97.2%).

We are seeing positive momentum in our omni-channel retailer, HomeChoice. Retail sales have shown steady improvement to R0.6 billion, a 1.7% increase from H12023, and momentum in operating profit is encouraging.

Debtor costs have increased by 23.3% on H12023. Weaver Fintech debtor costs increased by 26.7%, below its book growth of 33.3%. Retail debtor costs were 15.2% higher than last year mainly due to non-comparable provision movement on H12023 lower sales.

Trading expenses increased by 7.4%, with the materialisation of benefits achieved from resizing Retail's cost base (down 9.2%), off-setting a meaningful investment in Weaver's marketing, digital platforms and technology engineering teams. The digital platform enables scalable growth and generates cost efficiencies resulting in an improved operating profit margin of 19.3% (2023: 16.3%). A number of automation initiatives using machine learning and artificial intelligence have delivered efficiencies, reduced the need for additional people resources and improved customer experiences.

The group's credit books remain strongly cash generative despite the constrained financial position of consumers. Cash collections increased 32.0% to R5.2 billion in line with the debtors' books. Plans are in place to further increase digital collections strategies for longer-term Retail accounts, along with managing the mix of Weaver's book to be shorter term in nature.

Cash from operations is unchanged from H12023. An additional R546 million was utilised for Weaver's debtors' book and was partially funded by higher profitability and creditor balances. We continued to invest in Weaver's profitable growth with net debt increasing 29.2% to R2.3 billion. We remain well supported by our funders with R1.1 billion of cash and undrawn facilities and a further R1.0 billion of untapped Accordion facility available to fund future growth opportunities.

R69 million capital expenditure was invested in the ongoing roll-out of ten additional Retail showrooms, and Weaver's fintech product innovation and digital technology platform.

R2.0 billion revenue converted well to 36.1% higher operating profit of R388 million. Net interest expense increased by 39.4% due to higher funding for Weaver Fintech's growth combined with the higher interest rate environment. Profit before tax increased by 34.4% to R250 million (2023: R186 million).

Headline earnings per share increased 37.0% to 196.9 cents per share. An interim dividend of 95.0 cents has been declared by the board. The dividend cover of 2.0 times is unchanged.

Our Weaver Fintech ecosystem delivers continued topline growth and profit conversion

		Unaudited 30 Jun 2024	% change	Restated* Unaudited 30 Jun 2023
Weaver Fintech				
Loan disbursements	(Rm)	**2 809**	17.4	2 392
Buy Now, Pay Later gross merchant value	(Rm)	**1 491**	174.1	544
Insurance gross written premium	(Rm)	**85**	25.0	68
Revenue	(Rm)	**1 141**	31.5	868
Fee revenue contribution	(%)	**35.6**		32.3
Segmental profit before tax	(Rm)	**275**	31.0	210
Profit before tax margin	(%)	**24.1**		24.2
Cash collections	(Rm)	**4 476**	44.3	3 100
Customers	('000)	**2 118**	75.9	1 204
Digital transactions	(%)	**98.0**		95.7
Digital revenue	(%)	**86.6**		84.1
Gross trade and loans receivable	(Rm)	**5 059**	33.3	3 796
Credit loss ratio	(%)	**19.3**		19.8
Provision for impairment as a % of gross receivables	(%)	**19.2**		16.0
Stages 2 and 3 loans cover	(%)	**67.4**		70.7

* *Restated for the application of IFRS 17 disclosure requirements.*

With more than 2.1 million fintech, a compelling financial services offering and more than 2 400 merchants in our digital ecosystem, Weaver Fintech is positioned for sustained high earnings growth.

Revenue grew 31.5%. Investments in technology and trading expenses were lower than the revenue growth rate which, together with judicious management of the debtors' book, resulted in segmental profit before tax increasing to 31.0% (R275 million for the half). In line with Weaver's revenue increase, the debtors' book increased by 33.3% to R5.1 billion (2023: R3.8 billion). Weaver has consistently maintained shorter-term duration debtors' books and leverages this strategy to react quickly to market conditions and manage credit risk in response. The 32.6% increase in expenses has been focused on investment in our design, data and engineering resources, and our digital platform infrastructure.

In the face of the economic headwinds, lending revenue generation was primarily focused to our loyal and more profitable existing customers, with a cautious approach to new customer acquisition. Loan disbursements increased by 17.4% to R2.8 billion for the half-year, with 87% (H22203: 86%) of the disbursement mix directed to proven existing customers. Our customer-focused fintech ecosystem provides a compelling opportunity to cross-sell our financial services products to our 2.1 million customer base. Currently, 21% of customers access two or more products from our ecosystem suite and we have a longer-term target of 50%.

Fee income has shown exceptional growth, increasing by 45.0% and now contributes 35.6% (2023: 32.3%) to revenue. Fees earned from our virally adopted Buy Now, Pay Later (BNPL) payment product are up 152%, alongside a 25.0% growth of gross written premium in our insurance offering.

Weaver debtor costs of R446 million increased by 26.7%, below the growth in the gross book of 33.3%. The usual sales of our rehabilitation books were deferred due to market factors, which impacted the overall book mix and resulted in the credit impairment provision increasing to 19.2% (FY2023: 18.7%, H12023: 16.0%). Pleasingly, cash collections from customers continued to be strong in the constrained economic conditions, increasing 44.4% to R4.5 billion (2023: R3.1 billion).

Gross merchant value (GMV) increased by 174.1% to R1.5 billion (2023: R0.5 billion) and generated fees of R73 million (2023: R29 million) from the digital BNPL product. BNPL is the fastest-growing product in the ecosystem, with an uptake of 1.8 million customers to date. The Weaver ecosystem is now signing up over 100 000 new customers every month. Customer stickiness in the ecosystem is high with 79% of transactions being from repeat customers.

The attractiveness of BNPL in our ecosystem is in the virtuous network effect of our growing customers and merchant base. The more customers we attract into our ecosystem, the more trade opportunities we provide our merchants; similarly, our growing merchant base gives our customers greater shopping options. More than 2 400 merchants are included in our ecosystem, covering 8 700 online and in-store points of sales. Our merchant base covers well-known retailers, for example Superbalist, Edgars, Makro and Cape Union Mart. Merchants benefit from 20.2 million referrals in the six-month period (2023: 11.7 million). The showcasing of our suite of merchants on the PayJustNow (PJN) website has driven 32.6 million in traffic to our valued merchants from the search and discover service used by customers in the last 12 months.

FinChoice MobiMoney™, our convenient and accessible three-month credit-backed wallet, continues to have strong appeal to customers. MobiMoney wallet withdrawals achieved a 29.4% growth to R1.1 billion, contributing 37.4% (2023: 34.0%) to total disbursements. New customers are typically introduced to this product through our mobi site, and thereafter engage with our smartphone app for its data-rich functionality. The app is the fastest-growing loan channel for our lending products.

Our stand-alone funeral and personal accident insurance offering continues to show good growth rates. Gross written premiums (GWP) increased by 25.0% to R85 million. 41% of new policies are now acquired end-to-end through digital channels (FY2023: 36%).

Constant innovation and expansion of the product offering is a key strategic driver of the Weaver Fintech business to attract and retain customers and serve our merchants. We are actively piloting our retail credit innovation, PayStretch™. We expect to scale this exciting product towards the end of 2024.

Retail positive momentum evident

		Unaudited 30 Jun 2024	% change	Restated* Unaudited 30 Jun 2023
Retail				
Retail sales	(Rm)	**604**	1.7	594
Revenue	(Rm)	**869**	(1.6)	883
Gross profit margin	(%)	**45.5**		43.6
Segmental operating profit**	(Rm)	**19**	26.7	15
Operating profit margin	(%)	**2.2**		17.0
Cash collections	(Rm)	**729**	(13.1)	839
Customers	('000)	**525**	(10.4)	586
Digital transactions	(%)	**27.0**		32.3
Digital revenue	(%)	**23.5**		29.5
Gross trade receivables	(Rm)	**1 652**	(11.4)	1 866
Credit loss ratio	(%)	**20.2**		20.6
Provision for impairment as a % of gross receivables	(%)	**29.8**		32.8
Stages 2 and 3 loans cover	(%)	**61.7**		63.9

* *Restated for the application of IFRS 17 disclosure requirements.*
** *Segmental operating profit before interest. Profit for June 2023 excludes the property segment.*

The Retail business is showing positive signs of growth in H12024. Significant achievements have been made against the five key pillars to return to improved profitability and a sustainable retail business.

Revenue was marginally below H12023. An increase in retail sales, a sizeable increase in gross profit margin, a non-comparable debtor costs increase and lower trading expenses enabled an operating profit of R19.0 million, a 26.7% increase on H12023. The credit and cost base changes implemented in FY2023 are bearing fruit and establishing a new cost base for the future.

Retail sales increased by 1.7% as we saw a shift in momentum. The late onset of winter impacted on the Q2 sales, however we expect them to recover in H2. The implementation of a bespoke scorecard and new credit solutions in FY2023 have improved the quality of new customers acquired and the profitability of sales generated. The reduction in loadshedding levels in H1 has significantly restored our omni-channel contact centre's connectivity and new catalogue distribution partners have ensured that customers have a more reliable delivery of their catalogues. The use of social media channels and the use of customer self-service options improved the efficiency of the omni-channel agents, providing a more holistic selling experience.

While our digital sales growth did not match the total sales growth, the channel has the potential to increase their contribution to previous levels. We will have a particular focus on monetising our social media channels, targeting 1.3 million social media followers. Digital contribution was lower at 24% (2023: 29%) as we were heavily impacted by online pureplay Shein and Temu retailers. We have refocused our digital marketing approach to stimulate demand across our digital platform.

Our active credit customer base is in line with December 2023 at 525 000. The acquisition of 75 000 better-quality (growth of 20.7% year on year) was largely off-set by higher attrition rates, and this remains a key focus for us. Reactivations have increased by 38% over H12023 as 48% of our marketing spend was focused on this category of customers.

We are very pleased with the 190 bps improvement in gross profit margin to 45.5%. A higher product margin along with supply chain efficiencies from the implementation of the Smart Fulfilment system and the closure of our DC in Johannesburg benefited the margin. We are well within our gross profit margin targeted range of between 44% to 48%.

Our Retail debtors' book is 11.5% lower at R1.7 billion, and marginally higher than at December 2023, as new customers were acquired. Debtor costs have increased by 15.2% to R174 million (2023: R151 million) primarily driven by a lower movement in provision as the book balance reduction is smaller than 2023. Pleasingly, write-offs have reduced and are now lower than H12023. The concerted focus on improving new business and the implementation of a new credit scorecard is improving the book quality. The yield on the debtors' book has improved and is well on track to deliver on our FY2026 targets.

A key element in Retail's turnaround strategy was recalibrating its cost structure to make it more appropriate for the size of the business. Trading expenses reduced by 9.2%, which includes non-comparable expense growth in showrooms in H12024.

Our showroom channel is a key strategic priority for revenue growth and customer acquisition.

Ten showrooms, with smaller footprints of 250 m^2, opened in H1 bringing the complement to 32 locations. The sales contribution from showrooms has increased from 16% to 21%. The operating metrics of the showrooms are very compelling: cash sales contribution is 25%, compared with the total at 9%, and debtor costs percentage to revenue is much lower at 13% inherently making them more profitable. To enhance our customer experience, customers can now buy selected stock to take home immediately. We have also invested in digital solutions in our showrooms for self-service and ease of purchase.

Appreciation

We would like to express our appreciation to all our employees whose energy, innovative thinking and passion to deliver to our customers are reflected in the group's results.

The guidance and support from our board colleagues have been invaluable in the significant transformation of the group during the period.

Looking forward

Weaver Fintech's strong growth trajectory is expected to continue. The ecosystem will be further expanded as new customers are acquired from the BNPL product, additional products are introduced along with inclusion of more merchants. Cross-selling products digitally across the sizable customer base will continue to drive ecosystem engagement and efficiency. Our expertise in digital and data technology will be key in delivering innovative products to attract and retain our customer base.

The success of the implementation of Retail's key strategic pillars positions it for growth and continued cash generation.

The momentum in the group has continued into H22024, with growth in line with our expectations.

Any reference to future financial performance included in this announcement has not been reviewed or reported on by the group's external auditors and does not constitute an earnings forecast.

S Maltz
Executive chair

S Wibberley
Chief Executive Officer

13 August 2024

DIVIDEND DECLARATION

Notice is hereby given that the board of directors has declared an interim gross cash dividend of 95.0 cents (76.0 cents net of dividend withholding tax) per ordinary share for the six months ended 30 June 2024. The dividend has been declared from income reserves. HIL is registered in the Republic of Mauritius and the dividend is a foreign dividend. A dividend withholding tax of 20% will be applicable to all South African shareholders who are not exempt.

The issued 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, 3 September 2024
Shares commence trading “ex” dividend	Wednesday, 4 September 2024
Record date	Friday, 6 September 2024
Payment date	Monday, 9 September 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 4 September 2024 and Friday, 6 September 2024, both days inclusive.

Sanlam Trustees International
Company Secretary

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed consolidated statement of profit or loss and other comprehensive income

	Notes	**Unaudited Jun 2024 Rm**	% change	Restated* Unaudited Jun 2023 Rm	Audited Dec 2023 Rm
Revenue		**2 007**	14.6	1 751	3 672
Fees	2	**238**	38.4	172	389
Insurance		**181**	6.5	170	345
BNPL fees		**73**	>100.0	29	81
Finance income		**911**	15.9	786	1 630
Retail sales	3	**604**	1.7	594	1 227
Retail cost of sales		**(329)**	(1.8)	(335)	(699)
Operating costs		**(1 313)**	14.4	(1 148)	(2 382)
Credit impairment losses	4	**(620)**	23.3	(503)	(1 092)
Insurance expenses		**(111)**	14.4	(97)	(189)
Trading expenses	5	**(582)**	6.2	(548)	(1 101)
Other net gains		**–**	(100.0)	6	4
Other income		**23**	>100.0	11	24
Operating profit		**388**	36.1	285	619
Interest income		**5**	>100.0	1	7
Interest expense		**(143)**	43.0	(100)	(232)
Profit before taxation		**250**	34.4	186	394
Taxation		**(47)**	30.6	(36)	(67)
Profit and total comprehensive income for the period		**203**	35.3	150	327
Profit and total comprehensive income for the period attributable to:					
Owners of the parent		**205**	33.1	154	335
Non-controlling interest		**(2)**	(50.0)	(4)	(8)
		203	35.3	150	327
Earnings per share (cents)					
Basic	6	**196.9**	37.0	143.7	313.4
Diluted		**195.2**	38.8	140.6	310.6
Headline earnings per share (cents)					
Basic	6	**196.9**	37.0	143.7	309.3
Diluted		**195.2**	38.8	140.6	306.5

* *The prior year statement of comprehensive income has been restated to appropriately reflect the incremental IFRS 17 disclosure enchancements to fees, insurance, credit impairment losses and insurance expenses.*

Condensed consolidated statement of financial position

	Notes	**Unaudited Jun 2024 Rm**	% change	Restated* Unaudited Jun 2023 Rm	Audited Dec 2023 Rm
Assets					
Non-current assets					
Property, plant and equipment		**451**	10.3	409	428
Intangible assets		**225**	19.0	189	217
Right-of-use assets		**52**	85.7	28	38
Insurance contract assets		**73**	1.4	72	86
Other investments		**23**	(23.3)	30	23
Deferred taxation		**85**	(17.5)	103	85
		909	9.4	831	877
Current assets					
Inventories	7	**286**	(28.9)	402	285
Trade and other receivables	8	**5 378**	17.9	4 561	4 773
Loans receivable – Weaver Fintech		**4 088**	28.2	3 189	3 529
Trade receivable – Retail		**1 160**	(7.5)	1 254	1 141
Other receivables		**130**	10.2	118	103
Cash and cash equivalents		**191**	(12.4)	218	137
		5 855	13.0	5 181	5 195
Total assets		**6 764**	12.5	6 012	6 072
Equity and liabilities					
Capital and reserves					
Stated and share capital		**1**	–	1	1
Share premium		**3 039**	–	3 039	3 039
Reorganisation reserve		**(2 961)**	–	(2 961)	(2 961)
Treasury shares		**(41)**	(2.4)	(42)	(48)
Other reserves		**55**	1.9	54	57
Retained earnings		**3 682**	6.5	3 458	3 566
Equity attributable to equity holders of the parent		**3 775**	6.4	3 549	3 654
Non-controlling interest		**(17)**	54.5	(11)	(15)
Total equity		**3 758**	6.2	3 538	3 639
Non-current liabilities					
Interest-bearing liabilities	9	**2 439**	45.2	1 680	1 901
Lease liabilities		**37**	>100.0	11	24
Deferred taxation		**–**	(100.0)	51	10
Other payables		**16**	(38.5)	26	31
		2 492	41.0	1 768	1 966
Current liabilities					
Interest-bearing liabilities	9	**46**	(83.4)	277	43
Lease liabilities		**18**	(18.2)	22	18
Taxation payable		**11**	(50.0)	22	9
Trade and other payables		**413**	31.9	313	321
Insurance contract liabilities		**23**	(4.2)	24	22
Bank overdraft		**3**	(93.8)	48	54
		514	(27.2)	706	467
Total liabilities		**3 006**	21.5	2 474	2 433
Total equity and liabilities		**6 764**	12.5	6 012	6 072

* *The prior year has been restated to appropriately reflect trade payables and insurance contract liabilities aligned with IFRS 17.*

Condensed consolidated 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 2023 – audited	1	3 039	(45)	(2 961)	49	3 386	(7)	3 462
Changes in equity								
Profit and total comprehensive income for the period	–	–	–	–	–	154	(4)	150
Dividends paid	–	–	–	–	–	(82)	–	(82)
Share incentive schemes	–	–	–	–	10	–	–	10
Shares purchased	–	–	(2)	–	–	–	–	(2)
Forfeitable shares vested	–	–	5	–	(5)	–	–	–
Total changes	–	–	3	–	5	72	(4)	76
Balance at 30 June 2023 – unaudited	1	3 039	(42)	(2 961)	54	3 458	(11)	3 538
Changes in equity								
Profit and total comprehensive income for the period	–	–	–	–	–	181	(4)	177
Shares issued	–	–	–	–	–	(73)	–	(73)
Share incentive schemes	–	–	–	–	3	–	–	3
Shares purchased	–	–	(6)	–	–	–	–	(6)
Total changes	–	–	(6)	–	3	108	(4)	101
Balance at 1 January 2024 – audited	**1**	**3 039**	**(48)**	**(2 961)**	**57**	**3 566**	**(15)**	**3 639**
Changes in equity								
Profit and total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**205**	**(2)**	**203**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(89)**	**–**	**(89)**
Share incentive schemes	**–**	**–**	**–**	**–**	**9**	**–**	**–**	**9**
Shares purchased	**–**	**–**	**(4)**	**–**	**–**	**–**	**–**	**(4)**
Forfeitable shares vested	**–**	**–**	**11**	**–**	**(11)**	**–**	**–**	**–**
Total changes	**–**	**–**	**7**	**–**	**(2)**	**116**	**(2)**	**119**
Balance at 30 June 2024 – unaudited	**1**	**3 039**	**(41)**	**(2 961)**	**55**	**3 682**	**(17)**	**3 758**

Condensed consolidated statement of cash flows

	Notes	**Unaudited Jun 2024 Rm**	% change	Unaudited Jun 2023 Rm	Audited Dec 2023 Rm
Cash flows from operating activities					
Operating cash flows before working capital changes		**436**	36.3	320	686
Movements in working capital		**(459)**	32.7	(346)	(430)
Cash (used)/generated in operations	10	**(23)**	(11.5)	(26)	256
Interest received		**5**	>100.0	1	7
Interest paid		**(143)**	43.0	(100)	(215)
Taxation paid		**(55)**	>100.0	(19)	(86)
Net cash outflow from operating activities		**(216)**	50.0	(144)	(38)
Cash flows from investing activities					
Additions of property, plant and equipment		**(36)**	>100.0	(6)	(36)
Additions of intangible assets		**(33)**	26.9	(26)	(63)
Insurance contract assets		**24**	>100.0	–	–
Net cash outflow from investing activities		**(45)**	40.6	(32)	(99)
Cash flows from financing activities					
Purchase of shares to settle forfeiture share scheme obligations		**(4)**	100.0	(2)	(8)
Proceeds from interest-bearing liabilities		**933**	69.0	552	742
Repayments of interest-bearing liabilities		**(392)**	>100.0	(122)	(343)
Cash flows from transaction costs		**–**	–	–	(2)
Principal elements of lease payments		**(13)**	(7.1)	(14)	(28)
Dividends paid		**(89)**	8.5	(82)	(155)
Net cash inflow from financing activities		**435**	31.0	332	206
Net increase in cash and cash equivalents and bank overdrafts		**174**	11.5	156	69
Cash and cash equivalents and bank overdrafts at the beginning of the period		**14**	–	14	14
Cash and cash equivalents and bank overdrafts at the end of the period		**188**	10.6	170	83

Cash and cash equivalents comprise cash balances of R191 million and an overdraft balance of R3 million.

Group segmental information

		Unaudited six months ended June 2024			
		Total Rm	Weaver Fintech Rm	Retail[1] Rm	Other/ Intra-group Rm
Total revenue		2 007	1 141	869	(3)
Digital technology platforms		1 192	987	205	–
Showrooms and contact centre		815	154	664	(3)
Revenue earned	(%)				
Digital technology platforms		59.3	86.6	23.5	
Showrooms and contact centre		40.7	13.4	76.5	
Segmental revenue		2 007	1 141	869	(3)
Fees		238	170	68	–
Insurance		181	163	18	–
BNPL fees[2]		73	73	–	–
Finance income		911	735	176	–
Retail sales		604	–	604	–
Intergroup rental income		–	–	3	(3)
EBITDA		448	422	61	(35)
Depreciation and amortisation		(60)	(20)	(42)	2
Interest expense		(130)	(130)	–	–
Segmental operating profit/(loss)[3]		258	272	19	(33)
Interest income		5	3	2	–
Interest expense		(13)	–	(15)	2
Profit/(loss) before taxation		250	275	6	(31)
Taxation		(47)	(52)	2	3
Profit/(loss) after taxation		203	223	8	(28)
Segmental assets		6 764	5 464	2 244	(944)
Segmental liabilities		3 006	2 635	1 251	(880)
Gross profit margin	(%)	45.5	–	45.5	–
Segmental results margin	(%)	12.9	23.8	2.2	–
Capital expenditure					
Property, plant and equipment		36	2	34	–
Intangible assets		33	27	6	–
Credit impairment losses		620	446	174	–
Marketing costs		133	23	110	–
Staff costs		262	82	171	9
Insurance expenses		111	86	25	–

1 *The Property segment has been included as part of the Retail segment from 1 January 2024. The June 2023 segmental report has been restated for the same. Refer to note 1.*
2 *Buy Now, Pay Later fees.*
3 *Refer to note 11 for further details on segments and segmental results.*

		Restated[1] Unaudited six months ended June 2023			
		Total Rm	Weaver Fintech Rm	Retail[2] Rm	Other Intra-group Rm
Total revenue		1 751	868	883	
Digital technology platforms		990	729	261	
Showrooms and contact centre		761	139	622	
Revenue earned	(%)				
Digital technology platforms		56.5	84.1	29.5	
Showrooms and contact centre		43.5	15.9	70.5	
Segmental revenue		1 751	868	883	–
Fees		172	115	57	–
Insurance		170	136	34	–
BNPL fees[3]		29	29	–	–
Finance income		786	588	198	–
Retail sales		594	–	594	–
EBITDA		339	307	77	(45)
Depreciation and amortisation		(54)	(12)	(56)	14
Interest expense		(89)	(87)	–	(2)
Segmental operating profit/(loss)[4]		196	208	21	(33)
Interest income		1	2	–	(1)
Interest expense		(11)	–	(16)	5
Profit/(loss) before taxation		186	210	5	(29)
Taxation		(36)	(34)	2	(4)
Profit/(loss) after taxation		150	176	7	(33)
Segmental assets		6 012	3 938	2 475	(401)
Segmental liabilities		2 474	1 464	1 305	(295)
Gross profit margin	(%)	43.6	–	43.6	–
Segmental results margin	(%)	11.2	23.7	1.6	–
Capital expenditure					
Property, plant and equipment		6	1	5	–
Intangible assets		26	13	13	–
Credit impairment losses		503	352	151	–
Marketing costs		125	21	104	–
Staff costs		232	56	170	6
Insurance expenses		97	72	25	–

1 *The June 2023 segmental report has been restated, refer to note 1.*
2 *The Property segment has been included as part of the Retail segment from 1 January 2024. The June 2023 segmental report has been restated for the same. Refer to note 1.*
3 *Buy Now, Pay Later fees.*
4 *Refer to note 11 for further details on segments and segmental results.*

Notes to the condensed consolidated financial statements

1. Basis of presentation and accounting policies

1.1 Basis of preparation

The condensed consolidated financial statements for the year ended 30 June 2024 have been prepared by the group's finance department, acting under the supervision of P Burnett, CA(SA), the chief financial officer of the group.

These condensed consolidated financial statements are prepared in accordance with and contain the information required by IAS 34, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act of Mauritius and the JSE Limited Listings Requirements for interim reports.

The accounting policies applied in the preparation of these condensed consolidated financial statements are in terms of IFRS Accounting Standards and are consistent with those applied in the previous consolidated annual financial statements.

The June 2023 statement of financial position, statement of comprehensive income, related notes and segmental report has been restated to appropriately reflect incremental disclosure enhancements to IFRS 17. The restatement is not material and has no impact on profit for the period.

The group no longer discloses the property segment. The June 2023 segmental report has been restated to reflect this change. Refer to note 11.

2. Fees

	Unaudited Jun 2024 Rm	% change	Restated* Unaudited Jun 2023 Rm	Audited Dec 2023 Rm
Service fees	**164**	29.1	127	276
Arrear collection fees	**42**	>100.0	20	59
Commission – insurance fees	**32**	28.0	25	54
	238	38.4	172	389

* *June 2023 restated to appropriately reflect incremental disclosure enhancements related to IFRS 17. The restatement is not material and has no impact on profit for the period.*

3. Retail sales

	Unaudited Jun 2024 Rm	% change	Restated Unaudited Jun 2023 Rm	Audited Dec 2023 Rm
Disaggregation of Retail sales by product type is as follows:				
Homeware	**407**	2.8	396	793
Appliances and electronics	**166**	7.8	154	318
Fashion and footwear	**10**	(41.2)	17	30
Furniture	**21**	(22.2)	27	86
	604	1.7	594	1 227
Disaggregation of Retail sales by channel is as follows:				
Contact centre	**330**	12.6	293	677
Digital	**142**	(19.8)	177	324
Showroom and ChoiceCollect	**124**	8.8	114	207
Sales agents	**8**	(20.0)	10	19
	604	1.7	594	1 227

Retail sales are settled at a point in time.

4. Credit impairment losses

	Unaudited Jun 2024 Rm	% change	Restated* Unaudited Jun 2023 Rm	Audited Dec 2023 Rm
Loans receivable – Weaver Fintech	**446**	26.7	352	760
Trade receivables – Retail	**174**	15.2	151	332
Total credit impairment losses	**620**	23.3	503	1 092

* *June 2023 restated to appropriately reflect incremental disclosure enhancements related to IFRS 17. The restatement is not material and has no impact on profit for the period.*

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

5. Trading expenses

	Unaudited Jun 2024 Rm	% change	Restated* Unaudited Jun 2023 Rm	Audited Dec 2023 Rm
Expenses by nature				
Auditor's remuneration	**4**	–	4	8
Amortisation of intangible assets	**29**	20.8	24	39
Depreciation of property, plant and equipment and right-of-use assets	**28**	–	28	52
Total depreciation of property, plant and equipment and right-of-use assets	**31**	3.3	30	56
Less: disclosed under insurance expenses	**(3)**	50.0	(2)	(4)
Marketing costs	**133**	6.4	125	245
Customer operations and support	**78**	39.3	56	119
IT costs	**18**	–	18	41
Facility expenses	**20**	5.3	19	39
Staff costs: short-term employee benefits	**262**	12.9	232	527
Total staff costs	**301**	9.5	275	618
Less: disclosed under Retail cost of sales	**(13)**	(18.8)	(16)	(28)
Less: staff costs capitalised to intangibles	**(13)**	(13.3)	(15)	(28)
Less: disclosed under insurance expenses	**(13)**	8.3	(12)	(35)
Other costs	**10**	(76.2)	42	31
Total other costs	**148**	(10.8)	166	282
Less: Warehouse and fulfilment cost disclosed under Retail cost of sales	**(59)**	11.3	(53)	(116)
Less: disclosed under insurance expenses	**(79)**	11.3	(71)	(135)
Total other trading expenses	**582**	6.2	548	1 101

* *June 2023 restated to appropriately reflect incremental disclosure enhancements related to IFRS 17. The restatement is not material and has no impact on profit for the period.*

6. 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:

	Unaudited Jun 2024 Rm	% change	Unaudited Jun 2023 Rm	Audited Dec 2023 Rm
Earnings attributable to ordinary shareholders	**205**	36.7	150	327
Adjusted for the effect of:				
Impairment of intangible assets	**–**	–	–	8
Impairment of intangible assets reversal	**–**	–	–	(14)
Taxation effect	**–**	–	–	2
Headline earnings for the period	**205**	36.7	150	323
Weighted average number of ordinary shares in issue ('000)	**104 090**		104 408	104 329
Weighted average number of diluted shares in issue ('000)	**105 026**		106 717	105 295
Earnings per share (cents)				
Basic	**196.9**	37.1	143.7	313.4
Headline	**196.9**	37.1	143.7	309.3
Basic – diluted	**195.2**	38.8	140.6	310.6
Headline – diluted	**195.2**	38.8	140.6	306.5

7. Inventories

	Unaudited Jun 2024 Rm	% change	Unaudited Jun 2023 Rm	Audited Dec 2023 Rm
Merchandise for sale	**284**	(29.4)	402	269
Provision for inventory obsolescence	**(21)**	(4.5)	(22)	(19)
Goods in transit	**23**	4.5	22	35
	286	(28.9)	402	285

The total amount of inventories expensed to Retail cost of sales during the six months ended 30 June 2024 was R259 million (six months ended 30 June 2023: R266 million, year ended 31 December 2023: R555 million). Inventory sold at less than cost during the six months ended 30 June 2024 amounted to R7 million (six months ended 30 June 2023: R2 million, 31 December 2023: R15 million) and inventory write-downs recognised as an expense during the six months ended 30 June 2024 amounted to R1 million (six months ended 30 June 2023: R7 million, year ended 31 December 2023: R4 million).

8. Trade and other receivables

		Unaudited Jun 2024 Rm	% change	Restated Unaudited Jun 2023 Rm	Audited Dec 2023 Rm
Group					
Trade and loan receivables		**6 711**	18.5	5 662	5 955
Provision for impairment		**(1 463)**	20.0	(1 219)	(1 285)
Legal book sale receivable		**2**	100.0	–	38
Other receivables		**128**	8.5	118	65
		5 378	17.9	4 561	4 773
Provision for impairment as a % of gross receivables	(%)	**21.8**		21.5	21.6
Credit impairment costs as a % of revenue	(%)	**30.9**		28.7	29.7
Weaver Fintech					
Gross carrying amount		**5 059**	33.3	3 796	4 339
Performing (stage 1)		**3 618**	23.2	2 937	3 127
Underperforming (stage 2)		**781**	>100.0	254	653
Non-performing (stage 3)		**660**	9.1	605	559
Provision for impairment		**(971)**	60.0	(607)	(810)
Performing		**(131)**	1.6	(129)	(123)
Underperforming		**(393)**	>100.0	(84)	(307)
Non-performing		**(447)**	13.5	(394)	(380)
Net carrying amount		**4 088**	28.2	3 189	3 529
Performing		**3 487**	24.2	2 808	3 004
Underperforming		**388**	>100.0	170	346
Non-performing		**213**	0.9	211	179
Provision for impairment as a % of gross receivables	(%)	**19.2**		16.0	18.7
Performing	(%)	**3.6**		4.4	3.9
Underperforming	(%)	**50.3**		33.1	47.0
Non-performing	(%)	**67.8**		65.1	68.0
Credit impairment costs as a % of revenue	(%)	**39.1**		40.6	40.3
Stages 2 and 3 loans cover	(%)	**67.4**		70.7	66.8

8. Trade and other receivables (continued)

		Unaudited Jun 2024 Rm	% change	Restated Unaudited Jun 2023 Rm	Audited Dec 2023 Rm
Retail					
Gross carrying amount		**1 652**	(11.5)	1 866	1 616
Performing (stage 1)		**855**	(5.8)	908	893
Underperforming (stage 2)		**241**	(6.9)	259	244
Non-performing (stage 3)		**556**	(20.5)	699	479
Provision for impairment		**(492)**	(19.6)	(612)	(475)
Performing		**(78)**	(25.0)	(104)	(99)
Underperforming		**(91)**	(7.1)	(98)	(92)
Non-performing		**(323)**	(21.2)	(410)	(284)
Net carrying amount		**1 160**	(7.5)	1 254	1 141
Performing		**777**	(3.4)	804	794
Underperforming		**150**	(6.8)	161	152
Non-performing		**233**	(19.4)	289	195
Provision for impairment as a % of gross receivables	(%)	**29.8**		32.8	29.4
Performing	(%)	**9.1**		11.5	11.1
Underperforming	(%)	**37.8**		37.8	37.6
Non-performing	(%)	**58.1**		58.7	59.4
Credit impairment costs as a % of revenue	(%)	**20.0**		17.1	18.6
Stages 2 and 3 loans cover	(%)	**61.7**		63.9	65.7

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 R1 259 million (30 June 2023: R1 865 million, 31 December 2023: R1 329 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.

9. Interest-bearing liabilities

Total interest-bearing liabilities movement at 30 June 2024:

	Mortgage bond Rm	Suspensive sale agreement Rm	Commercial term loan Rm	Total Rm
Balance at 30 June 2023 (unaudited)	162	31	1 764	1 957
Balance at 31 December 2023 (audited)	148	21	1 775	1 944
Balance at 30 June 2024 (unaudited)	**133**	**36**	**2 316**	**2 485**

During the previous year the group refinanced and upsized its interest-bearing loans and borrowings facilities from R1.8 billion to R3.0 billion. The facilities consist of a revolving credit facility and bullet term loan facilities. The existing group facility lenders all participated in the upsizing and one new lender was added to the group.

The refinancing constituted a qualitatively substantial modification on the basis that the refinanced facilities were replaced by upsized new facilities with a revised tenure and the old loan being derecognised and the new loan recognised at fair value. The impact on profit/(loss) is deemed immaterial.

10. Reconciliation of cash generated from operations

	Unaudited Jun 2024 Rm	% change	Unaudited Jun 2023 Rm	Audited Dec 2023 Rm
Profit before taxation	**250**	34.4	186	394
Deduct finance income earned	**(911)**	15.9	(786)	(1 630)
Add back finance income received	**888**	16.4	763	1 585
Profit from insurance cells	**(11)**	22.2	(9)	(23)
Depreciation and amortisation	**60**	11.1	54	95
(Reversal of impairment)/Impairment of assets	**–**	–	–	(6)
Cash and equity-settled compensation plan	**22**	69.2	13	39
Fair value loss/(gain)	**–**	–	–	7
Interest expense	**143**	43.0	100	232
Interest income	**(5)**	>100.0	(1)	(7)
Operating cash flows before working capital changes	**436**	36.3	320	686
Movements in working capital	**(459)**	32.7	(346)	(430)
(Increase)/decrease in inventories	**(1)**	<(100.0)	1	118
(Increase)/decrease in loans receivable – Weaver Fintech	**(546)**	<(100.0)	102	228
Increase in trade receivables – Retail	**(9)**	(97.7)	(399)	(730)
Increase in other receivables	**(27)**	(52.6)	(57)	(14)
Increase/(decrease) in trade and other payables	**123**	>100.0	1	(29)
Increase/(decrease) in insurance contract liability	**1**	(83.3)	6	(3)
	(23)	(11.5)	(26)	256

11. Group segmental analysis

The group has three reportable operating segments: Weaver Fintech, Retail and Other. The segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, being HomeChoice International plc's directors.

On 1 January 2024 the Retail and the Property segments were amalgamated to more appropriately reflect that the Retail segment uses the properties as part of their business operations. Consequently, the Retail segment has been restated for 30 June 2023.

Weaver Fintech is a rapidly growing diversified digital fintech provider. The fintech ecosystem consists of payment, personal loans and insurance products for customers and services to merchants in the Buy Now, Pay Later solutions sold under the PayJustNow brand. Personal loans, insurance products and value-added services are sold under the FinChoice brand.

Retail consists of the group's HomeChoice omni-channel retail operations focused on homeware categories.

The Other segment relates mainly to the results of the holding companies, as well as those of the HomeChoice Development Trust.

Intercompany loans are shown on a net basis.

The reportable segments are separately monitored by the chief operating decision-maker for the purposes of decision-making for capital allocation and assessing performance. All segments are measured against operating profit.

12. 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 2023, 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.

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

	Unaudited Jun 2024 Rm	% change	Unaudited Jun 2023 Rm	Audited Dec 2023 Rm
Approved by the directors	**12**	20.0	10	11

14. Fair value

In terms of paragraph 29(a) of IFRS 7, the carrying amounts reported in the balance sheet approximates fair value.

15. Contingent liabilities

The group had no significant contingent liabilities at the reporting date.

16. Going concern

The group assessed the going concern assumption at 30 June 2024 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 30 June 2024.

17. Events after the reporting date

No event material to the understanding of these condensed group financial statements has occurred between the six-month period ended 30 June 2024 and the date of approval.

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)*, S Wibberley (Chief Executive Officer), P Burnett (Chief Financial Officer)

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

* Non-independent

HiL PLC