



# Notice of Annual General Meeting



and summarised  
group financial  
statements for  
the year ended  
31 December 2022



**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) 8th annual general meeting (AGM) of Shareholders (Shareholders) to be held via electronic participation **only on Thursday, 8 June 2023 at 15:00 Mauritian time (13:00 South African time)**.

The Company's 2022 integrated annual report and the audited annual financial statements for the year ended 31 December 2022 is available for viewing and downloading on the Company's website: [www.homechoiceinternational.com](http://www.homechoiceinternational.com). Shareholders are advised that these documents are also available for inspection at Weaver Fintech House, Level 2, Inova Riche Terre Business Park, Riche Terre, Mauritius during business hours.

If you would like to receive an electronic copy of the integrated annual report to be sent via e-mail, please e-mail [governance@homechoiceinternational.com](mailto:governance@homechoiceinternational.com).

Yours faithfully

**Shirley Maltz**  
Executive chair

28 April 2023

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting (AGM) of Shareholders of the Company will be held via electronic participation **only on Thursday, 8 June 2023 commencing at 15:00 Mauritian time** to deal with the matters set out 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, 21 April 2023. The integrated annual report and the audited annual financial statements for the year ended 31 December 2022 are available on our website at [www.homechoiceinternational.com](http://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).

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, 2 June 2023, the voting record date. The last date to trade in order to be entitled to vote at the meeting will therefore be Tuesday, 30 May 2023.

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.

With the exception of ordinary resolution number 8, the percentage of voting rights required to pass the ordinary resolutions is more than 50% (fifty percent) of the voting rights exercised and the percentage of voting rights required to pass the special resolution is at least 75% (seventy-five percent) of the voting rights exercised thereon.

In terms of the JSE Limited (JSE) Listings Requirements, ordinary resolution number 8 requires the support of at least 75% (seventy-five percent) 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 Listings Requirements.

## 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 the external auditors report, for the year ended 31 December 2022, are hereby adopted and approved."

### Appointment of executive director of the board

#### Ordinary resolution number 2

"It is hereby resolved, in accordance with the provisions of Article 34.5.1.1 of the Constitution, that Sean Wibberley be and is hereby appointed as an executive director of the Company with effect from 15 December 2022."

A brief biography of Sean Wibberley is set out in annexure 1 to this Notice.

### Appointment of independent non-executive director of the board

#### Ordinary resolution number 3

"It is hereby resolved, in accordance with the provisions of Article 34.5.1.1 of the Company's Constitution, that Roderick Phillips be and is hereby appointed as an independent non-executive director of the Company with effect from 15 December 2022."

A brief biography of Roderick Phillips is set out in annexure 1 to this Notice.

### Re-election of directors

#### Ordinary resolution number 4.1

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

#### Ordinary resolution number 4.2

"It is hereby resolved that Marlisa Harris, who retires by rotation in terms of the Constitution,

# NOTICE OF ANNUAL GENERAL MEETING

## CONTINUED

is re-elected as an independent non-executive director of the Company.”

### Explanatory information in respect of ordinary resolution numbers 4.1 and 4.2

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 4.1 and 4.2 remain suitable candidates for re-election. The candidates, being eligible, offer themselves for re-election. The board supports the re-election of the candidates. Brief curricula vitae of Pierre Joubert and Marisa Harris are set out in annexure 1 to this Notice.

### Appointment and reappointment of audit and risk committee members

The audit and risk committee is required to be elected by Shareholders at each AGM. 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 5.1

“It is hereby resolved that, subject to the passing of ordinary resolution number 3, Roderick Phillips is appointed as the chairperson of the audit and risk committee.”

#### Ordinary resolution number 5.2

“It is hereby resolved that, subject to the passing of ordinary resolution number 4.1, Pierre Joubert is reappointed as a member of the audit and risk committee.”

#### Ordinary resolution number 5.3

“It is hereby resolved that, subject to the passing of ordinary resolution number 4.2, Marisa Harris is reappointed as a member of the audit and risk committee.”

### Explanatory information in respect of ordinary resolution numbers 5.1 to 5.3

Brief curricula vitae of the nominees for election to the audit and risk committee are set out in annexure 1 to this Notice. The nominations committee is satisfied that the directors 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 auditors

#### Ordinary resolution number 6

“It is hereby resolved that

PricewaterhouseCoopers is reappointed as the external auditors 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 6

The audit and risk committee has nominated the appointment of PricewaterhouseCoopers as the external auditors 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 auditors of the Company.

### Report by the social and ethics committee

#### Ordinary resolution number 7

“It is hereby resolved that the report by the social and ethics committee for the year ended 31 December 2022, is approved.”

### Explanatory information in respect of ordinary resolution number 7

The Company’s social and ethics committee report, as can be found in the integrated annual report published on the Company’s website at [www.homechoiceinternational.com](http://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](mailto:governance@homechoiceinternational.com).

## Issue of shares for cash

### Ordinary resolution number 8

“It is resolved that the board is 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. 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, excluding treasury shares. As at the date of this Notice, 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 the JSE Listings Requirements and to related parties, subject to the paragraph below:

Related parties may only participate in a general issue of shares for cash through a bookbuild process provided that:

- i. they may only participate with a maximum bid price at which they are prepared to take up shares or at book close price. In the event of a maximum bid price and the book closes at a higher price the relevant related party will be ‘out of the book’ and not be allocated shares; and
  - ii. equity securities must be allocated equitably ‘in the book’ through the bookbuild process and the measures to be applied must be disclosed in the Stock Exchange News Service (SENS) announcement launching the bookbuild;
- 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 SENS.”

In terms of the JSE Listings Requirements, in order for ordinary resolution number 8 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.

# NOTICE OF ANNUAL GENERAL MEETING

## CONTINUED

### Explanatory information in respect of ordinary resolution number 8

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 8 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 for cash. 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 9

"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 65 000.00 (sixty-five thousand US Dollars) per annum for the years ending 31 December 2023 and 31 December 2024."

### Explanatory information in respect of ordinary resolution number 9

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

#### Non-binding advisory resolution number 1

"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.

#### Non-binding advisory resolution number 2

"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 non-binding advisory resolution numbers 1 and 2

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 remuneration 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 where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme (as contemplated in paragraph 5.72(h) of the JSE Listings Requirements) have 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 SENS;
- 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.”

# NOTICE OF ANNUAL GENERAL MEETING

## CONTINUED

### 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 undertake that they will not implement a repurchase in terms of the proposed repurchase authority unless the directors, after considering the effect of the maximum repurchase, are of the opinion that:

- (a) the Company and its subsidiaries (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 the repurchase;
- (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 the repurchase (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 the repurchase; 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 the repurchase.

### 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:

	2022	
	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 12 of the annual financial statements.

### Directors' responsibility statement

The directors, whose names are given on page 37 of this Notice, 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 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 annual financial statements for the financial year ended 31 December 2022 and up to the date of this Notice.

## General

Shareholders are informed that:

- a Shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy to attend, participate in and speak and vote at the AGM in the place of the Shareholder. Such Shareholder entitled to vote may appoint more than 1 (one) proxy to exercise voting rights attached to different shares held by that 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;
- 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](mailto:governance@homechoiceinternational.com) **at least 48 hours** before the appointed time of the meeting, that is Tuesday, 6 June 2023 at 15:00 Mauritian time (13:00 South African time). Any form of proxy not delivered by this time may be delivered to the chairman of the AGM at [governance@homechoiceinternational.com](mailto:governance@homechoiceinternational.com); and
- any person attending or participating in a meeting of Shareholders 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 in order to participate at the meeting they must register such request in writing with the company secretary ([governance@homechoiceinternational.com](mailto:governance@homechoiceinternational.com)) by no later than **Friday, 2 June 2023** 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 2023

# NOTICE OF ANNUAL GENERAL MEETING

## CONTINUED

### Annexure 1

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

##### **Sean Wibberley (52)**

Executive director  
*BSc (Elec) Eng, MBA*  
Member of the social and ethics committee

Appointed 15 December 2022

Sean has over 20 years' experience in the consumer credit and financial services industry. He holds an honours degree in Electrical Engineering and an MBA from the University of Cape Town. Sean has been with the HIL Group for more than 16 years and was one of the founders of FinChoice within the HomeChoice Group in 2007. Previously, Sean was head of American Express Charge Cards at Nedbank and a senior consultant with Deloitte Consulting.

Sean has played a key role in evolving the Group's financial services business into a truly digital business, and his track record contributes towards the board's belief that he will add value to the broader Group.

##### **Roderick Phillips (49)**

Independent non-executive director  
*B.Com, CA(SA)*  
Chairperson of the audit and risk committee and member of the social and ethics committee

Appointed 15 December 2022

Executive Chairman of Sanlam Trustees International in Mauritius, a management company providing independent trust, company fund administration services to private, corporate and institutional clients around the world. Roderick is a non-executive director for a number of Sanlam's key clients including pan-African private equity funds, regulated financial services businesses and early-stage technology companies.

Prior to this, Roderick was actively involved in a number of start-up businesses with particular focus on provider of outsourced services to the small and medium enterprise market in the greater London area up until 2010, whereafter he relocated to Mauritius to start up Sable Offshore Management Company, which is now known as Sanlam Trustees International.

##### **Marlisa Harris (49)**

Independent non-executive director  
*BBusSci (Hons), CA(SA), Dip Intl Tax*  
Member of the audit and risk committee and the remuneration and nominations committee

Appointed 23 February 2021

Marlisa is a Chartered Accountant and 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 chief financial officer of Econet Global and has over 20 years' experience in managing financial functions across international jurisdictions.

##### **Pierre Joubert (57)**

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



# Summary Consolidated Financial Statements



for the year ended  
31 December 2022



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## Who we are

A fast-growing fintech-focused group providing digital consumer services and products to the mobile-savvy, mass market in South Africa.

With more than 1.4 million customers across the group, our customer is a digitally savvy urban African woman. Our base comprises 59% of Millennials and GenZ consumers, who love our digital offering and in-store shopping and access to their financial services products anywhere and at any time.

Weaver Fintech offers digital personal lending, 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 growing online channel provides a convenient shopping experience on customers' mobile phones.

## Fast-growing profitable Fintech Group

**Revenue**  
up 6.5% to

**R3.6 billion**

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**Operating profit**  
up 83.3% to

**R482 million**

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**Loan disbursements**  
up 28.9% to

**R4.3 billion**

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**BNPL gross merchant value growth** up 260% to

**R747 million**

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**Retail sales**  
down 5.6% to

**R1.6 billion**

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**Earnings per share**  
up 81.1% to

**289.4 cents**

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**Headline earnings per share**  
up 41.8% to

**288.5 cents**

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**Final dividend** declared of

**77.0 cents**

per share (2021: 20.0 cents per share)

# COMMENTARY

## Financial results

		2022	2021*	% change
<b>Group</b>				
Revenue	(Rm)	<b>3 656</b>	3 432	6.5
Operating profit**	(Rm)	<b>482</b>	263	83.3
Operating profit margin	(%)	<b>13.2</b>	7.7	
Earnings per share (EPS)	(cents)	<b>289.4</b>	159.8	81.1
Headline EPS	(cents)	<b>288.5</b>	203.5	41.8
Final dividend declared/paid	(cents)	<b>77.0</b>	20.0	>100.0
Total dividend declared/paid	(cents)	<b>141.0</b>	67.0	>100.0
<b>Weaver Fintech</b>				
Loan disbursements	(Rm)	<b>4 301</b>	3 336	28.9
Buy Now, Pay Later (BNPL) gross merchant value	(Rm)	<b>747</b>	204	>100.0
Revenue	(Rm)	<b>1 447</b>	1 105	31.1
Operating profit**	(Rm)	<b>438</b>	339	29.2
Operating profit margin	(%)	<b>30.3</b>	30.7	
<b>Retail</b>				
Revenue	(Rm)	<b>2 209</b>	2 326	(5.0)
Retail sales	(Rm)	<b>1 610</b>	1 706	(5.6)
Gross profit margin	(%)	<b>46.6</b>	45.1	
Operating profit/(loss)**	(Rm)	<b>78</b>	(43)	>100.0
Operating profit/(loss) margin	(%)	<b>3.5</b>	(1.8)	

\* Results of PayJustNow (South Africa's BNPL market leader) are included effective 1 March 2021.

\*\* Segmental operating profit before interest, other group companies amounts to R37 million loss.

## Digital focus has transformed the group

HiL plc has transformed itself into a fast-growing and profitable fintech-focused group. 75% of the group's transactions take place using digital channels – 95% of Weaver Fintech's 940 500 customers are digital users, and 35% of HomeChoice Retail customers are digital shoppers. It is our "digital-first" strategy which drives accelerating customer acquisition as customers demand access to financial services and retail products 24/7. While the digital nature of the group provides customer convenience, it also delivers cost efficiencies and scalability of operations.

## Strong growth in profits with improved conversion

The group delivered operating profit of R482 million (up 83% on last year), primarily driven by continued strong growth of Weaver Fintech, which now accounts for 85% of the group's profit (before other group costs).

Group revenue increased by 6.5% – boosted by a 31.1% increase from Weaver Fintech and a more muted decrease of 5.0% from the HomeChoice Retail business. FinChoice loan disbursements grew by 28.9% to R4.3 billion, and PayJustNow's (PJN) gross merchant value (GMV) increased by 260% to R0.7 billion, as its digital payment product gathers momentum. Retail revenue was negatively impacted by loadshedding and strategic credit risk tightening.

Finance income grew by 16.3% to R1.4 billion primarily driven by the Weaver Fintech gross debtors' book increasing by 33.2% to R3.3 billion. The 325 basis points (bps) increase in the repo rate during FY2022 was also a contributing factor in higher finance income earned. Pleasingly, the group's strategy to diversify revenue is also gaining momentum, with the contribution of fee and other income continuing to grow, now accounting for 18.3% (2021: 15.8%) of the group's total revenue. Key drivers of this fee-generation vertical are the fees earned from fast-growing PJN's Buy Now, Pay Later (BNPL) product offering and the growing suite of personal insurance products.

Gross profit margin achieved a 150 bps increase from 2021, driven by effective merchandise management and supply chain optimisation initiatives to partially shield the customer from higher shipping, transport and fuel costs.

Debtor costs have been well managed, with the 10.9% increase reflective of the sizeable growth in FinChoice loan disbursements and lower write-off costs in Retail. Appropriate provisions continue to be maintained in Weaver Fintech and HomeChoice Retail.

The group's digital-first strategy continues to deliver meaningful cost efficiencies and trading expenses have been tightly controlled. Retail has benefited from a restructured and lower cost base. Weaver FinTech invested in higher digital marketing expenses to drive the strategic growth in customers and loan disbursements.

Operating profit increased by 83.3%, driven by Weaver Fintech's strong growth and HomeChoice Retail returning to profitability. Operating profit growth benefited from R123 million of once-off costs incurred in FY2021 mainly from Retail's turnaround strategy and an improved operating margin of 13.2%. Given the higher debt levels to support the funding requirements for Weaver Fintech's growth, interest paid increased by 44.8%, also impacted by repo rate increases during the year.

Headline earnings per share increased by 41.8% to 288.5 cents per share (cps). The board has declared a final dividend of 77.0 cps, bringing the total dividend for the year to 141.0 cps, up 110%.

## Highly profitable and fast-growing Weaver Fintech

Weaver Fintech continued its strong top-line growth trajectory, delivering operating profit (before interest) growth of 29.2% to R438 million. These results have been supported by substantial demand for FinChoice digital loan products and the rapid adoption of PJN's digital BNPL product. Exceptional growth rates in new customers, high levels of repeat business, credit management within risk tolerance levels and optimising our customers' digital journeys are all contributing factors to 2022's success. Revenue increased 31.1% to R1.4 billion with finance and other income up 27.3% to R1.0 billion (2021: R0.8 billion). Fee income earned increased by 38.8%, primarily resulting from BNPL fees and a 22% increase in insurance premiums. Against this high growth in activity, the 23.0% growth in trading expenses highlights the efficiencies of a digital business, which have reduced the cost-to-income ratio from 28% to 26%.

The Weaver Fintech customer database doubled during 2022 to 940 500 customers as at December 2022 (2021: 450 000). High customer engagement and an attractive product suite offering, along with excellent customer service ratings, provides a platform for Weaver Fintech's continued strong growth. A key strategy for Weaver Fintech is to unlock the cross-sell opportunity within the customer base – FinChoice has commenced making loans and insurance products available to customers on the PJN digital platform. Currently there is only a 2.6% overlap in PJN and FinChoice customers, thereby offering a unique opportunity to cross-sell financial products through integrated digital flows.



**WEAVER FINTECH HOUSES THE GROUP'S FINTECH BUSINESS OPERATIONS. IT COMPRISES THE FINCHOICE BRAND – OFFERING DIGITAL PERSONAL LENDING, INSURANCE AND VALUE-ADDED SERVICES, AND THE PAYJUSTNOW™ BRAND – OFFERING A DIGITAL BUY NOW, PAY LATER (BNPL) PAYMENT PRODUCT.**

## FinChoice

FinChoice loan disbursements increased by 28.9% to R4.3 billion, with a strong demand for consumer credit facilities. Loan disbursements have doubled in the last two years, a testament to the loyalty of existing customers and the appeal of the brand to new customers. We have seen an improvement in the contribution of existing customers for our loan products from 81.2% to 84.5%, and 95% of these repeat customers transact digitally.

During the year 93 716 new customers were acquired, up 11% from FY2021, and 74% of these customers were acquired through digital channels, further entrenching the digital fintech offering. Pleasingly, 72% (2021: 64%) of FinChoice's new customers are acquired externally of the group. These customers, using digital application programming interface (API) technology and data-driven personalised offers, are offered shorter-term loan products with initial low levels of credit in line with our "low and grow" credit strategy.

The FinChoice MobiMoney™ credit-backed digital wallet is the cornerstone product in the FinChoice stable and has high customer appeal. MobiMoney wallet customers increased by 27% to 215 000 (2021: 169 000) and withdrawals of R1.4 billion were up 38%. With an average of 65 000 transactions occurring monthly, the expanded functionality is very attractive to customers. Customers can make payments using quick response (QR) codes, purchase value-added services and make bill payments. Using FinChoicePay, the newly launched retail instalment credit product, customers now have the ability to pay retailers at point of sale.

FinChoice provides a range of funeral policies to 108 000 customers, a base that has increased by 50% in the last two years. During the year we launched a personal accident cover product and are pleased with the response to date for this product. Steady momentum has been achieved in the digital acquisition of policies, with 23% of policies acquired through digital channels, up from 20% in 2021.

## PayJustNow

PJN generated R747 million of GMV, up 260% from 2021.

With a strong customer appeal, PJN rapidly increased its base to 649 000 signed up customers (2021: 180 000) and is experiencing a high level of repeat business. Customer transactions increased by 250% year on year in Q4 2022, with 58% of these transactions stemming from returning customers. On average, the top 10% of the customer base used the BNPL product 7.75 times and spent R9 500 during the year. PJN customers are all acquired digitally.

Customer growth and product utilisation are largely a factor of the number of merchants offering PJN's product. There are now 2 350 merchants offering the brand with more than 4 600 active points of presence available online and in-store. Merchant acquisition is digitally enabled through bespoke technology solutions. The PJN offering extends to merchants across a wide spectrum of the consumer retail market, and 1 770 merchants make use of the bespoke Payup App which provides them with an easy-to-use digital operational tool. All merchants have access to their PJN customers' analytics with in-depth analysis of customer shopping behaviour. The top 10 merchants have seen a 270% increase in the number of total transactions. The newly introduced 'MyDeals' portal will enable merchants to target their offers to customers using the insights gleaned from shopping behaviour.

With 11 million lead referrals from the PJN website, merchants enjoy high brand awareness from potential customers.

## HomeChoice Retail returns to profitability

Steady progress has been made with the turnaround in our Retail business delivering an operating profit of R78 million in 2022 after posting an operating loss of R43 million in FY2021 (which included R114 million of once-off costs attributable to the recovery plan).

While sales decreased by a disappointing 5.6%, and finance and other income decreased by 3.5% on a comparable basis, the gross profit improved by 150 bps, debtor costs were well managed and reduced by 14.2%. Higher direct trading expenses were required to increase targeted marketing reach.

Sales – R1.6 billion – were negatively impacted by a strategic shift in credit granting to acquire more profitable customers within reduced risk tolerance levels aligned with current market conditions. Our TV media acquisition strategy did not deliver the expected acquisition targets as television viewership was severely impacted by the particularly high levels of loadshedding experienced in Q4.

As customers return to shopping in malls post Covid, the showroom contribution to sales has increased from 12% to 14%. A new smaller-format showroom opened in December 2022 to good customer response. We will continue to monitor its performance and anticipate rolling out a further 10 showrooms using digital technology to drive higher returns from smaller footprints. We have also marginally increased the digital sales contribution to 28%.

Despite a reduction of 4.6% in the active credit customer base to 436 000 (2021: 457 000), retention of existing customers has improved. 179 000 new customers were acquired, with a 34% increase year on year in H2 2022. While customer reactivations are up 24.9%, and attritions and write-offs are down 7.2% and 15.4% respectively, a net outflow of customers remains.

We have seen a noticeable improvement in our gross profit margin, with a 150 bps increase to 46.6%. An increased focus on our heritage home textiles products, selective price increases, more effective management of markdowns coupled with warehouse consolidation and fulfilment optimisation have brought margins back in line with pre-Covid-19 levels.

Our Retail trading costs have decreased by 3.6% to R802 million (a 3% increase on a comparable basis as R53 million once-off costs were incurred in FY2021). Marketing costs increased by 9.6% to support new customer acquisition, drive sales to existing customers and upweight our printed catalogue and digital media to reach a wider audience. Customer support costs reduced by 29.1%, as we provide additional customer self-service options and digitalise more processes. The right-sizing of the structure, in line with our business focus, has delivered a 9.5% reduction in staff and technology costs.

## Appropriate credit provisions held on a growing debtors' book

The group's gross trade and loan receivables increased by 18.4% to R5.3 billion (2021: R4.5 billion), a consequence of Weaver Fintech's strong top-line growth.

Group debtor costs, at 29.6% of revenue, increased due to the impact of the provision required on FinChoice's increased loan disbursements.

Credit performance for the period is summarised below:

		2022	2021	% change
<b>Group</b>				
Gross trade and loans receivable	(Rm)	5 323	4 495	18.4
Debtor costs as a % of revenue*	(%)	29.6	28.4	
<b>Weaver Fintech</b>				
Number of FinChoice active accounts		316 088	289 388	
FinChoice active accounts able to reloan	(%)	83.2	81.4	
Gross trade and loans receivable	(Rm)	3 290	2 470	33.2
Debtor costs as a % of revenue*	(%)	41.3	37.3	
Provision for impairment	(Rm)	508	368	38.0
Provision for impairment as a % of gross receivables	(%)	15.4	14.9	
Stages 2 and 3 loans cover	(%)	68.9	65.3	
<b>Retail</b>				
Number of active accounts		436 001	456 932	
Active accounts able to purchase	(%)	65.1	63.0	
Gross trade and loans receivable	(Rm)	2 033	2 025	0.4
Debtor costs as a % of revenue*	(%)	21.9	24.2	
Provision for impairment	(Rm)	692	661	4.7
Provision for impairment as a % of gross receivables	(%)	34.0	32.6	
Stages 2 and 3 loans cover	(%)	67.2	67.2	

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

## **Quality Weaver Fintech credit book with growth well managed**

Weaver Fintech's gross debtors' book increased by R820 million to R3.3 billion driven by a 28.9% increase in FinChoice loan disbursements. Loans to existing customers with a proven track record grew to 84.5% of total loan disbursements (2021: 81.2%), resulting in a modest increase in book term to 20.9 months (2021: 19.2 months).

The sizeable growth in the gross debtors' book resulted in an expected increase in the IFRS 9 provision required, and debtor costs as a percentage of revenue increased to 41.3% (2021: 37.3%). Market wide, consumer stress is evident in higher levels of debt review transfers and we have also experienced an increase in demand for our debt rehabilitation products. This is evident in the provision for impairment increasing by 20 bps from June 2022 to 15.4% at the end of the year (2021: 14.9%). Stages 2 and 3 loans cover percentage have been conservatively increased to 68.9% from 65.3% as at December 2021.

Despite the tough financial conditions faced by consumers, real-time DebiCheck mandate integration has ensured customer collections of R5.1 billion.

## **Significant focus on improving Retail credit book**

Retail debtor costs have decreased by 14.2% to R483 million, benefiting from the credit risk tightening at the end of FY2021 and during FY2022. Gross debtors remained flat year on year. The average book term has been maintained at 18.6 months.

We have seen a stabilising of Retail's vintages with improvements evident in the early roll rates. New digital collections strategies are expected to deliver higher collections and further improvement in the debtors' book.

The provision has increased to 34.0% (2021: 32.6%) reflective of market conditions. Stages 2 and 3 cover percentage has been maintained at 67.2%.

## **Additional funding used to deliver Weaver Fintech growth**

Group operating cash flows increased by 42.1% and, together with the utilisation of some of our banking facilities, were mainly applied to fund Weaver Fintech's growth. Working capital was also used to bring forward Retail stock purchases so as to mitigate any potential supply chain challenges arising from the Chinese Covid-19 policies.

Capital expenditure increased by 16.3% to R56 million, as Retail resumed its capital expenditure and Weaver Fintech continued to invest in technology supporting new products to market and an optimisation of our customers' digital journeys.

Net debt of R1.5 billion is up 50% (2021: R1.0 billion). Net debt:equity at 45.8% is well within our long-term target of <60%. The group has cash on hand and ample undrawn funding facilities of R0.6 billion to fund the continuing growth in Weaver Fintech.

## 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 has been invaluable in the significant transformation of the group in the year.

## Looking forward

The group is well positioned to drive the growth ambitions of the board and further entrench the group as a profitable fintech-focused business.

Weaver Fintech has a strong track record of product innovation and is well positioned to accelerate market share growth capitalising on scalable digital operations with high customer conversion. A sizeable fintech customer base, with strong customer engagement across both FinChoice and PayJustNow brands, presents significant cross-sell opportunities to drive growth.

Our Retail business is demonstrating good momentum to return to improved levels of profitability with renewed investment in technology platforms and retail showrooms.

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

**S Maltz**

Executive Chair

Mauritius, 14 March 2023

**S Wibberley**

Chief Executive Officer

## **Dividend declaration**

Notice is hereby given that the board of directors has declared a final gross cash dividend of 77.0 cents (61.60 cents net of dividend withholding tax) per ordinary share for the year ended 31 December 2022. 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, 11 April 2023
Shares commence trading "ex" dividend	Wednesday, 12 April 2023
Record date	Friday, 14 April 2023
Payment date	Monday, 17 April 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 12 April 2023 and Friday, 14 April 2023, both days inclusive.

### **Sanlam Trustees International Limited**

Company Secretary

Mauritius, 14 March 2023

# SUMMARY CONSOLIDATED FINANCIAL STATEMENTS



## Summary consolidated statement of financial position

	Notes	2022 Rm	% change	2021 Rm
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		421	(6.0)	448
Intangible assets		187	(2.6)	192
Right-of-use assets		32	(34.7)	49
Other investments		93	69.1	55
Deferred taxation		115	35.3	85
		<b>848</b>	2.3	829
<b>Current assets</b>				
Inventories	2	403	52.7	264
Taxation receivable		2	(33.3)	3
Trade and other receivables	3	4 212	19.4	3 528
Trade receivables – Retail		1 341	(1.7)	1 364
Loans receivable – Weaver Fintech		2 782	32.4	2 102
Other receivables		89	43.5	62
Cash and cash equivalents		116	(42.9)	203
		<b>4 733</b>	18.4	3 998
<b>Total assets</b>		<b>5 581</b>	15.6	4 827
<b>Equity and liabilities</b>				
<b>Capital and reserves</b>				
Stated and share capital		1	–	1
Share premium		3 039	–	3 039
Reorganisation reserve		(2 961)	–	(2 961)
Treasury shares		(45)	(4.3)	(47)
Other reserves		49	(23.4)	64
Retained earnings		3 386	6.9	3 168
<b>Equity attributable to equity holders of the parent</b>		<b>3 469</b>	6.3	3 264
Non-controlling interest		(7)	>100.0	(1)
<b>Total equity</b>		<b>3 462</b>	6.1	3 263
<b>Non-current liabilities</b>				
Interest-bearing liabilities		1 483	39.9	1 060
Lease liabilities		19	(17.4)	23
Deferred taxation		50	13.6	44
Other payables		22	>100.0	4
		<b>1 574</b>	39.1	1 131
<b>Current liabilities</b>				
Interest-bearing liabilities		44	–	44
Lease liabilities		19	(42.4)	33
Taxation payable		20	11.1	18
Trade and other payables		360	6.5	338
Bank overdraft		102	100.0	–
		<b>545</b>	25.9	433
<b>Total liabilities</b>		<b>2 119</b>	35.4	1 564
<b>Total equity and liabilities</b>		<b>5 581</b>	15.6	4 827

## Summary consolidated statement of profit or loss and other comprehensive income

	Notes	2022 Rm	% change	2021 Rm
<b>Revenue</b>		<b>3 656</b>	6.5	3 432
Retail sales	4	1 610	(5.6)	1 706
Finance income		1 378	16.3	1 185
Fees from ancillary services	5	668	23.5	541
Cost of Retail sales		(859)	(8.2)	(936)
<b>Other operating costs</b>		<b>(2 340)</b>	6.0	(2 208)
Credit impairment losses	6	(1 081)	10.9	(975)
Other trading expenses	7	(1 259)	2.1	(1 233)
Other net gains and (losses)	8	9	>100.0	(43)
Other income	9	16	(11.1)	18
<b>Operating profit</b>		<b>482</b>	83.3	263
Interest income		3	(50.0)	6
Interest expense		(129)	38.7	(93)
<b>Profit before taxation</b>		<b>356</b>	>100.0	176
Taxation		(54)	>100.0	(9)
<b>Profit and total comprehensive income for the period</b>		<b>302</b>	80.8	167
<b>Profit and total comprehensive income for the period attributable to:</b>				
Owners of the parent		308	81.2	170
Non-controlling interest		(6)	100.0	(3)
		302	80.8	167
<b>Earnings per share (cents)</b>				
Basic	10	289.4	81.1	159.8
Diluted		282.7	81.6	155.7
<b>Headline earnings per share (cents)</b>				
Basic	10	288.5	41.8	203.5
Diluted		281.8	42.1	198.3

## Summary consolidated statement of changes in equity

	Stated and share capital Rm	Share premium Rm	Treasury shares Rm	Reorgan- isation reserve Rm	Other reserves Rm	Retained earnings Rm	Non- controlling interest Rm	Total Rm
<b>Balance at 1 January 2021 – audited</b>	1	3 014	(33)	(2 961)	47	3 048	–	3 116
<b>Changes in equity</b>								
Acquisition of subsidiary	–	–	–	–	–	–	2	2
Profit and total comprehensive income for the period	–	–	–	–	–	170	(3)	167
Shares issued	–	25	–	–	–	–	–	25
Dividends paid	–	–	–	–	–	(50)	–	(50)
Share incentive schemes	–	–	–	–	17	–	–	17
Shares purchased	–	–	(14)	–	–	–	–	(14)
<b>Total changes</b>	–	25	(14)	–	17	120	(1)	147
<b>Balance at 1 January 2022 – audited</b>	<b>1</b>	<b>3 039</b>	<b>(47)</b>	<b>(2 961)</b>	<b>64</b>	<b>3 168</b>	<b>(1)</b>	<b>3 263</b>
<b>Changes in equity</b>								
Transfer to medium-term incentive scheme liability*	–	–	–	–	(16)	–	–	(16)
Profit and total comprehensive income for the period	–	–	–	–	–	308	(6)	302
Dividends paid	–	–	–	–	–	(90)	–	(90)
Share incentive schemes	–	–	–	–	10	–	–	10
Shares purchased	–	–	(7)	–	–	–	–	(7)
Forfeitable shares vested	–	–	9	–	(9)	–	–	–
<b>Total changes</b>	–	–	2	–	(15)	218	(6)	199
<b>Balance at 31 December 2022</b>	<b>1</b>	<b>3 039</b>	<b>(45)</b>	<b>(2 961)</b>	<b>49</b>	<b>3 386</b>	<b>(7)</b>	<b>3 462</b>

\* During the period there were amendments to the short and medium-term incentive schemes whereby the majority of participants on the forfeiture share scheme were offered and have elected to be cash settled in future. The amendment did not have a material impact on profit and loss.

## Summary consolidated statement of cash flows

	Notes	2022 Rm	2021 Rm
<b>Cash flows from operating activities</b>			
Operating cash flows before working capital changes		556	392
Movements in working capital		(770)	(422)
<b>Cash used in operations</b>	11	<b>(214)</b>	(30)
Interest received		3	6
Interest paid		(129)	(92)
Taxation paid		(75)	(58)
<b>Net cash outflow from operating activities</b>		<b>(415)</b>	(174)
<b>Cash flows from investing activities</b>			
Additions of property, plant and equipment		(15)	(18)
Additions of intangible assets		(41)	(31)
Acquisition of subsidiary, less cash acquired		–	(23)
Other investments		(18)	(5)
<b>Net cash outflow from investing activities</b>		<b>(74)</b>	(77)
<b>Cash flows from financing activities</b>			
Purchase of shares to settle forfeiture share scheme obligations		(7)	(14)
Proceeds from interest-bearing liabilities		552	355
Repayments of interest-bearing liabilities		(129)	(224)
Principal elements of lease payments		(26)	(28)
Dividends paid		(90)	(50)
<b>Net cash inflow from financing activities</b>		<b>300</b>	39
<b>Net decrease in cash and cash equivalents and bank overdrafts</b>		<b>(189)</b>	(212)
Cash and cash equivalents and bank overdrafts at the beginning of the period		203	415
<b>Cash and cash equivalents and bank overdrafts at the end of the period</b>		<b>14</b>	203

Interest received has been included in cash generated from operations. Refer to note 11 for details.

Cash and cash equivalents comprise cash balances of R116 million and an overdraft balance of R102 million.

## Group segmental information

	2022					
	Total Rm	Retail Rm	Weaver Fintech Rm	Property Rm	Other Rm	Intra-group Rm
<b>Segmental revenue</b>	<b>3 656</b>	<b>2 209</b>	<b>1 447</b>	<b>41</b>	<b>-</b>	<b>(41)</b>
Retail sales	1 610	1 610	-	-	-	-
Finance income	1 378	414	964	-	-	-
Fees from ancillary services	668	185	483	41	-	(41)
<b>EBITDA</b>	<b>589</b>	<b>194</b>	<b>459</b>	<b>13</b>	<b>(35)</b>	<b>(40)</b>
Depreciation and amortisation	(107)	(114)	(21)	-	-	28
Impairment of assets	(2)	(2)	-	-	-	-
Interest income	-	-	-	-	46	(46)
Interest expense	(109)	-	(106)	-	(49)	46
<b>Segmental operating profit/(loss)*</b>	<b>373</b>	<b>78</b>	<b>332</b>	<b>13</b>	<b>(38)</b>	<b>(12)</b>
Interest income	3	-	3	-	-	-
Interest expense	(20)	(21)	-	(11)	-	12
<b>Profit/(loss) before taxation</b>	<b>356</b>	<b>57</b>	<b>335</b>	<b>2</b>	<b>(38)</b>	<b>-</b>
Taxation	(54)	(10)	(42)	1	(3)	-
<b>Profit/(loss) after taxation</b>	<b>302</b>	<b>47</b>	<b>293</b>	<b>3</b>	<b>(41)</b>	<b>-</b>
<b>Segmental assets</b>	<b>5 581</b>	<b>2 297</b>	<b>3 903</b>	<b>347</b>	<b>1 537</b>	<b>(2 503)</b>
<b>Segmental liabilities</b>	<b>2 119</b>	<b>1 200</b>	<b>1 513</b>	<b>257</b>	<b>687</b>	<b>(1 538)</b>
Gross profit margin (%)	46.6	46.6				
Segmental results margin (%)	10.2	3.5	22.9	31.7		
Capital expenditure						
Property, plant and equipment	15	10	5	-	-	-
Intangible assets	41	18	23	-	-	-
Significant expenses included in operating profit						
Credit impairment losses	1 081	483	598	-	-	-
Marketing costs	273	224	49	-	-	-
Staff costs	528	358	157	-	13	-

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

2021					
Total Rm	Retail Rm	Weaver Fintech Rm	Property Rm	Other Rm	Intra-group Rm
3 432	2 326	1 104	39	–	(37)
1 706	1 706	–	–	–	–
1 185	429	756	–	–	–
541	191	348	39	–	(37)
433	135	360	13	(34)	(41)
(104)	(116)	(17)	–	(1)	30
(66)	(62)	(4)	–	–	–
1	–	–	–	66	(65)
(72)	–	(69)	–	(68)	65
192	(43)	270	13	(37)	(11)
5	5	–	–	–	–
(21)	(25)	–	(10)	–	14
176	(63)	270	3	(37)	3
(9)	22	(32)	(1)	3	(1)
167	(41)	238	2	(34)	2
4 827	2 275	2 415	347	1 596	(1 806)
1 564	1 155	1 363	260	611	(1 825)
45.1	45.1				
5.6	(1.8)	24.5	33.3		
18	16	2	–	–	–
49	21	28	–	–	–
975	563	412	–	–	–
245	204	41	–	–	–
522	391	123	–	8	–

# Notes to the summary consolidated financial statements

## 1. Basis of presentation and accounting policies

The summary consolidated financial statements for the year ended 31 December 2022 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 summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, and the requirements of the Companies Act applicable to summary financial statements. 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 consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

## 2. Inventories

	2022 Rm	% change	2021 Rm
Merchandise for resale	371	52.7	243
Provision for inventory obsolescence	(15)	(46.4)	(28)
Goods in transit	47	(4.1)	49
	403	52.7	264

The total amount of inventories expensed to cost of Retail sales during the year ended 31 December 2022 was R693 million (2021: R768 million). Inventory sold at less than cost during the year ended 31 December 2022 amounted to R27 million (2021: R51 million) and net inventory write-downs recognised as an expense during the year ended 31 December 2022 amounted to R6 million (2021: R1 million).

### 3. Trade and other receivables

		2022 Rm	%	2021 Rm
			change	
<b>Group</b>				
Trade and loan receivables		<b>5 323</b>	18.4	4 495
Provision for impairment		<b>(1 200)</b>	16.6	(1 029)
Other receivables		<b>89</b>	43.5	62
		<b>4 212</b>	19.4	3 528
Provision for impairment as a % of gross receivables	(%)	<b>22.5</b>		22.9
Credit impairment costs as a % of revenue	(%)	<b>29.6</b>		28.4
<b>Retail</b>				
Gross carrying amount		<b>2 033</b>	0.4	2 025
Performing (stage 1)		<b>1 004</b>	(3.6)	1 041
Underperforming (stage 2)		<b>371</b>	(2.6)	381
Non-performing (stage 3)		<b>658</b>	9.1	603
Provision for impairment		<b>(692)</b>	4.7	(661)
Performing		<b>(127)</b>	6.7	(119)
Underperforming		<b>(160)</b>	(1.2)	(162)
Non-performing		<b>(405)</b>	6.6	(380)
Net carrying amount		<b>1 341</b>	(1.7)	1 364
Performing		<b>877</b>	(4.9)	922
Underperforming		<b>211</b>	(3.7)	219
Non-performing		<b>253</b>	13.5	223
Provision for impairment as a % of gross receivables	(%)	<b>34.0</b>		32.6
Performing	(%)	<b>12.6</b>		11.4
Underperforming	(%)	<b>43.1</b>		42.4
Non-performing	(%)	<b>61.6</b>		63.0
Credit impairment costs as a % of revenue	(%)	<b>21.9</b>		24.2
Stages 2 and 3 loans cover	(%)	<b>67.2</b>		67.2

**NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**  
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**3. Trade and other receivables (continued)**

	2022 Rm	% change	2021 Rm
<b>Weaver Fintech</b>			
Gross carrying amount	<b>3 290</b>	33.2	2 470
Performing (stage 1)	<b>2 553</b>	34.0	1 905
Underperforming (stage 2)	<b>215</b>	9.1	197
Non-performing (stage 3)	<b>522</b>	41.8	368
Provision for impairment	<b>(508)</b>	38.0	(368)
Performing	<b>(114)</b>	65.2	(69)
Underperforming	<b>(68)</b>	23.6	(55)
Non-performing	<b>(326)</b>	33.6	(244)
Net carrying amount	<b>2 782</b>	32.4	2 102
Performing	<b>2 439</b>	32.8	1 836
Underperforming	<b>147</b>	3.5	142
Non-performing	<b>196</b>	58.1	124
Provision for impairment as a % of gross receivables	(%) <b>15.4</b>		14.9
Performing	(%) <b>4.5</b>		3.6
Underperforming	(%) <b>31.6</b>		27.9
Non-performing	(%) <b>62.5</b>		66.3
Credit impairment costs as a % of revenue	(%) <b>41.3</b>		37.3
Stages 2 and 3 loans cover	(%) <b>68.9</b>		65.3

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 078 million (2021: R785 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.

#### 4. Retail sales

	2022 Rm	% change	2021 Rm
Disaggregation of Retail sales by product type is as follows:			
Homeware	1 008	(11.3)	1 137
Appliances and electronics	425	4.7	406
Fashion and footwear	61	8.9	56
Furniture	116	8.4	107
	<b>1 610</b>	<b>(5.6)</b>	<b>1 706</b>
Disaggregation of Retail sales by channel is as follows:			
Contact centre	914	(7.8)	991
Digital	457	(3.2)	472
Showroom and ChoiceCollect	219	2.8	213
Sales agents	20	(33.3)	30
	<b>1 610</b>	<b>(5.6)</b>	<b>1 706</b>

Retail sales are settled at a point in time.

#### 5. Fees from ancillary services

	2022 Rm	% change	2021 Rm
Service fees	226	9.8	206
Credit life	251	15.7	217
Insurance	108	24.1	87
Other	83	>100.0	31
	<b>668</b>	<b>23.5</b>	<b>541</b>

#### 6. Credit impairment losses

	2022 Rm	% change	2021 Rm
Trade receivables – Retail	483	(14.2)	563
Loans receivable – Weaver Fintech	598	45.1	412
<b>Total credit impairment losses</b>	<b>1 081</b>	<b>10.9</b>	<b>975</b>

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

Included in the credit impairment losses for the year are the following gains and losses arising from derecognition of financial assets measured at amortised cost:

- Gain on sale of the retail debt review book: RNil (2021: R1.9 million)
- Gain on sale of the Weaver Fintech debt review and other books: R21 million (2021: R10.3 million)

**NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**  
CONTINUED

**7. Other trading expenses**

	2022 Rm	% change	2021 Rm
<b>Expenses by nature</b>			
Auditor's remuneration	8	14.3	7
Audit-related services	7	16.7	6
Other non-audit services	1	–	1
Amortisation of intangible assets	45	15.4	39
Depreciation of property, plant and equipment and right-of-use assets	62	(4.6)	65
Marketing costs	273	11.4	245
Policyholder claims and benefits paid	51	(30.1)	73
Customer operations and support	98	8.9	90
IT costs	52	(21.2)	66
Facility expenses	40	(4.8)	42
Staff costs: short-term employee benefits	528	7.1	493
Total staff costs	585	6.9	547
Less: disclosed under cost of Retail sales	(34)	2.9	(35)
Less: staff costs capitalised to intangibles	(23)	(21.1)	(19)
Other costs	102	(8.9)	112
Total other costs	234	(12.0)	266
Less: disclosed under cost of Retail sales	(132)	14.3	(154)
<b>Total other trading expenses</b>	<b>1 259</b>	<b>2.1</b>	<b>1 233</b>

**8. Other net gains and (losses)**

	2022 Rm	% change	2021 Rm
Impairment of property, plant and equipment	(1)	80.0	(5)
Impairment of intangible assets	(1)	98.4	(61)
Foreign exchange gain	4	(76.5)	17
Fair value gain	7	16.7	6
	<b>9</b>	<b>&gt;100.0</b>	<b>(43)</b>

## 9. Other income

	2022 Rm	% change	2021 Rm
Prescription of trade and loans payable	10	(9.1)	11
Insurance claim income	3	(25.0)	4
Other	3	–	3
	<b>16</b>	<b>(11.1)</b>	<b>18</b>

## 10. 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:

	2022 Rm	% change	2021 Rm
Profit for the period	302	80.8	167
Adjusted for the effect of:			
Compensation from third parties for damage to property, plant and equipment	(3)	25.0	(4)
Impairment of property, plant and equipment	1	(80.0)	5
Impairment of intangible assets	1	(98.4)	61
Taxation effect	–	>100.0	(16)
<b>Headline earnings for the period</b>	<b>301</b>	<b>42.3</b>	<b>213</b>
Weighted average number of ordinary shares in issue ('000)	<b>104 337</b>		104 505
Weighted average number of diluted shares in issue ('000)	<b>106 809</b>		107 283
Earnings per share (cents)			
Basic	<b>289.4</b>	81.1	159.8
Headline	<b>288.5</b>	41.8	203.5
Basic – diluted	<b>282.7</b>	81.6	155.7
Headline – diluted	<b>281.8</b>	42.1	198.3

**NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**  
CONTINUED

**11. Reconciliation of cash generated from operations**

	2022 Rm	%	2021 Rm
		change	
Profit before taxation	356	>100.0	176
Deduct finance income earned	(1 378)	16.3	(1 185)
Add back finance income received	1 334	16.7	1 143
Profit from insurance cells	(13)	30.0	(10)
Depreciation and amortisation	107	2.9	104
Impairment of assets	2	(97.0)	66
Share-based employee share expense	29	70.5	17
Fair value gain	(7)	16.7	(6)
Interest expense	129	38.7	93
Interest income	(3)	(50.0)	(6)
<b>Operating cash flows before working capital changes</b>	<b>556</b>	41.8	392
Movements in working capital	(770)	82.5	(422)
(Increase)/decrease in inventories	(139)	>(100.0)	51
Decrease in trade receivables – Retail	54	(70.8)	185
Increase in loans receivable – Weaver Fintech	(667)	12.3	(594)
Increase in other receivables	(27)	(43.8)	(48)
Increase/(decrease) in trade and other payables	9	>100.0	(16)
	<b>(214)</b>	>(100.0)	(30)

## 12. Group segmental analysis

The group's operating segments are identified as being Retail, Weaver Fintech, 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 board of 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 and 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.

Eliminations include all intergroup transactions, balances, income and expenses as eliminated on consolidation.

The group has a large, widespread customer base and no individual customer contributes a significant portion of revenue. Sales outside of South Africa are less than 10% of total sales based on the domicile of the customer.

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 2021, 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

	2022 Rm	% change	2021 Rm
Approved by the directors	12	>100.0	1

## 15. Fair value

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

## 16. Contingent liabilities

The group had no contingent liabilities at the reporting date.

**17. Going concern**

The board has reviewed the cash flow forecast for the next 12 months and is of the opinion that the group has sufficient liquidity to adequately support its working capital requirements and is satisfied that the group will continue as a going concern for the foreseeable future.

As at the reporting date the group had unutilised banking facilities of R487 million (2021: R954 million) and is well within the financial covenants with its financiers.

**18. Events after the reporting date**

No event material to the understanding of these condensed group financial statements has occurred between the year ended 31 December 2022 and the date of approval.

**19. Audit opinion**

This summarised report is extracted from audited information, but is not itself audited. The annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection at the company's registered office and on the company's website at [www.homechoiceinternational.com](http://www.homechoiceinternational.com)

The directors take full responsibility for the preparation of the provisional report and that the financial information has been correctly extracted from the underlying annual 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\*), S Wibberley (Chief Executive Officer), P Burnett

### Non-executive directors

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

\* Non-independent

