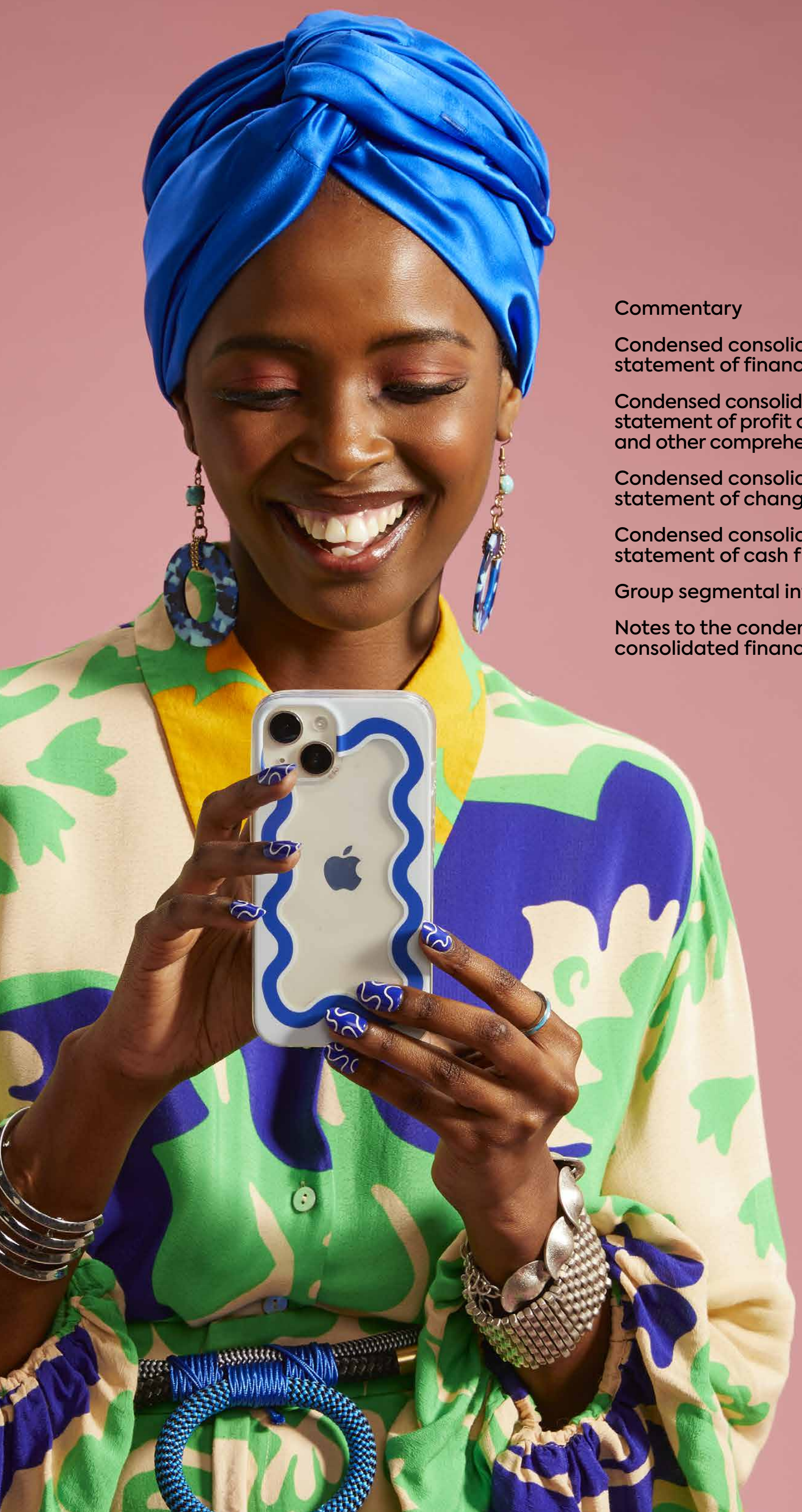
Unaudited condensed consolidated interim results

for the six months
ended 30 June 2023
and cash dividend
declaration



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 1.7 million customers across the group, our customer is a digitally connected urban African woman. Our base comprises 60% 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.

Fast-growing and profitable digital consumer financial solutions

Revenue of
R1.8 billion
maintained

Digital revenue now
57% of group revenue

FinTech revenue up 29% to
R0.9 billion

FinTech operating profit up
44%

Retail sales 26% lower to
R0.9 billion

Operating profit up 25% to
R285 million

R1.6 billion
of cash and undrawn facilities

Earnings per share and **headline earnings per share** steady at
143.7 cents

Interim dividend declared of
70.0 cents
per share, up 9%

COMMENTARY

Financial results

		Unaudited 30 Jun 2023	Unaudited Restated 30 Jun 2022*	% change
Group				
Revenue	(Rm)	**1 753**	1 759	(0.3)
Operating profit	(Rm)	**285**	228	25.0
Operating profit margin	(%)	**16.3**	13.0	
Earnings per share (EPS)	(cents)	**143.7**	143.9	(0.1)
Headline EPS	(cents)	**143.7**	144.8	(0.8)
Interim dividend declared/paid	(cents)	**70.0**	64.0	9.3
Weaver Fintech				
Loan disbursements	(Rm)	**2 391**	2 133	12.1
Buy Now, Pay Later (BNPL) gross merchant value (GMV)	(Rm)	**544**	218	149.0
Revenue	(Rm)	**872**	675	29.2
Segmental operating profit**	(Rm)	**295**	205	43.9
Segmental operating profit margin	(%)	**33.8**	30.4	
Retail				
Revenue	(Rm)	**881**	1 084	(18.7)
Retail sales	(Rm)	**594**	799	(25.7)
Gross profit margin	(%)	**43.6**	48.3	
Segmental operating profit**	(Rm)	**15**	38	(60.5)
Segmental operating profit margin	(%)	**1.7**	3.5	

* *Restated for the application of* IFRS 17, Insurance Contracts *effective 1 January 2023.*
** *Segmental operating profit before interest.*

Weaver Fintech drives growth in revenue and operating profit for the group

With a highly engaged and growing customer base of 1.7 million, the financial results for the six-month period demonstrates the groups' resilience in a tough consumer market.

Group digital transactions now stand at 81% of all transactions, up from 75% in 2022. 97% of Weaver Fintech's 1 203 500 customers are digital users and 32% of HomeChoice Retail customers are digital shoppers. Product innovation of our digital financial solutions continues to drive strong customer appeal and there has been high engagement with our digital wallet and digital payment products.

Group revenue held steady at 2022 levels at R1.8 billion. Weaver Fintech's 29.2% revenue growth off-set the disappointing 18.7% decline in Retail revenue, the result of further credit risk tightening and market challenges. Weaver Fintech drove the 12% increase in digital revenue, which now comprises 57% of group revenue (2022: 51%). Loan disbursements increased by 12% to R2.4 billion as FinChoice prudently managed the challenging consumer environment. PayJustNow's (PJN) gross merchant value (GMV) increased by 149% to R0.5 billion and its digital payments product continues to enjoy high adoption and engagement.

Finance and other income grew by 20.7% to R786 million as the Weaver Fintech gross debtors' book increased by 34% and the repo rate increased by 350 bps since June 2022. The group continues to successfully increase its fee income contribution, now accounting for 21% (2022: 18%) of the group's total revenue. Our consistent growth in insurance income and the fees earned from PJN's fast-growing payments product offering are key drivers of this improved fee income mix.

The devaluation of the SA Rand and supply chain constraints led to a decline in Retail's gross profit margin to 43.6% (2022: 48.3%).

Debtor costs decreased by 3.3% despite gross debtor books increasing by 6.4% from year-end to R5.7 billion with appropriate impairment provisions held.

Trading expenses have increased by 7.8% to R651 million. Retail's restructured cost base is down 3.5% while Weaver FinTech invested in key resources across technology, insurance and marketing to scale the business for future growth. The digital nature of the group drives cost-efficiency benefits through economies of scale as evidenced by the 56% reduction in the direct cost per digital transaction in the past three and a half years.

The growth in operating profit, up 25% to R285 million, reflects strong profit conversion at an improved operating profit margin of 16.3% (2022: 13.0%). This is despite retail sales reducing by 25.7%, demonstrating the group's excellence in the digital consumer financial solutions market. Weaver Fintech now accounts for 95% of the group's operating profit before group costs.

Net interest expense increased by 83.3% due to higher funding for Weaver Fintech's growth combined with the higher interest rate environment.

Headline earnings per share was flat at 143.7 cents per share. Based on a dividend cover of 2.0 times, the board approved an interim dividend of 70.0 cents per share.

Weaver Fintech's agile business delivering 44% profit growth

Weaver Fintech continued to rapidly grow its customer base, with a 28% increase in the first six months to 1.2 million customers (2022: 0.9 million). Revenue increased by 29.2% to R0.9 billion (2022: R0.7 billion), converting to a healthy 43.9% increase in segmental operating profit excluding interest.

These results have been supported by strong demand for digital loans and insurance products, and the sustaining rapid adoption of digital payments. Exceptional growth rates in new customers, high levels of repeat business, effective tightening of the credit strategy, and product and service innovation are all contributing factors to the success in the six-month period.

Finance and other income grew 28.9%, benefiting from the higher loans book and higher repo rates. Fee income earned increased by 30% to 33% of revenue – benefiting from BNPL payments adoption and a 29% increase in funeral and personal accident insurance premiums. Despite this high growth in activity and the cost investments made to support future growth, the other trading cost-to-revenue ratio has been maintained at 27%.

Weaver Fintech's focus on acquisition of digital customers through product innovation, inclusive digital financial solutions and hyper-personalisation continues to deliver new customer growth and high levels of retention and repeat customer transactions. Approximately 65% of our financial transactions are by women. Weaver Fintech empowers its female base by delivering financial access with 24/7 digital convenience. We have maintained our market-leading Google customer ratings of 4.7 and 4.6 stars for PJN and FinChoice respectively.

We are gaining good momentum on cross-selling products across the Weaver Fintech customer base and have increased customer overlap by 57% to 41 000 customers in the past six months, with much opportunity to increase this further as we expand our real-time personalised touch point offer strategy on our digital platforms.

FinChoice empowers customers with digital financial solutions in the palm of her hand

FinChoice loan disbursements increased by 12% to R2.4 billion, with a strong demand for consumer credit facilities tempered with our tightened risk strategy in the constrained consumer environment. 80% of new loans were acquired end-to-end from digital channels, while 96% of repeat customers transacted digitally.

The FinChoice App is our fastest-growing disbursement channel. We have 125 600 App users – a 45% increase – who engage with our App 1.9 times more than our successful mobi site. Customers are switching to the App as it provides a richer customer experience.

The FinChoice MobiMoney™ credit-backed digital wallet continues to be an engaging product in the FinChoice stable with high customer appeal. Wallet customers increased by 13% to 243 000 and utilisation grew to R0.8 billion up 23% from H1 2022. With an average of 68 800 transactions occurring monthly, the functionality is very attractive to customers. Stand-alone funeral and personal accident insurance continues to show good growth rates. Gross written premiums (GWP) increased by 29% to R68.1 million with 113 000 customers. Pleasing momentum has been achieved in the digital acquisition of policies, with 29% of policies now acquired end-to-end through digital channels, up from 23% six months ago.

High customer appeal for digital payments

PJN's digital payment option – BNPL – has strong appeal to customers looking for a split-payment three-month interest-free product. GMV has grown by 149% to R544 million. Since the establishment of PJN – just over two years ago – 900 000 customers have been signed up, with 38% growth achieved in this six month period (FY2022: 649 000 customers). Customer engagement with the brand continues to be high, with 75% of GMV for the period coming from repeat customers. PJN customers are all acquired digitally.

Acquiring new merchants and promoting existing ones have been key to PJN's success. We have grown our merchant base to 2 570, adding a further 220 new merchants. The merchants offer a wide range of goods and services which can be accessed at 5 910 active points of presence either online or in-store. Signing up to become a PJN merchant is easy and hassle free with the approval process managed by our integrated technology systems. Our proprietary PayUp Merchant App has 3 278 signed up users and provides access to a wide range of digital functions for shop assistants to engage directly with customers using the smartphone in-store.

Retail's turnaround hampered by market factors and credit risk strategy shift

The Retail turnaround has been negatively impacted by the tough economic and infrastructure challenges in the country and the implementation of significant credit tightening.

Higher loadshedding levels impeded customer connectivity in the contact centre and impacted our digital marketing channels. The collapse of the South African Postal Service (SAPO) – traditionally our preferred catalogue distribution partner – reduced customer reach. Catalogue distribution has been switched to couriers and customer pick-up points have increased. The strategy to invest in showrooms and meet our customer needs is evident in that showrooms only showed a 5% decline in sales despite the tightened credit criteria and we plan to continue building on this into H2 2023.

Credit risk actions included tightening of acceptance criteria and reduction in credit limits with a focus on improving the quality of the credit business.

These factors had a significant impact on sales, which decreased by 25.7% to R0.6 billion. The active credit customer base decreased by 8.7% to 413 000.

Lower debtor and trading costs were insufficient to off-set the impact of the sales decline, with operating profit reducing by 60.5% to R15 million (2022: R38 million). Significant actions have been taken to rightsize the cost base which are expected to deliver R50 million savings, increasing profits in FY2024.

The shielding of customers from an increase in prices due to the deterioration of the SA Rand and worsened supply chain efficiencies on lower sales volumes saw a reduction of gross profit margin by 470 bps to 43.6%. The recently implemented Smart fulfilment system will reduce supply chain costs.

The marked decrease in debtor costs to 17% of revenue (2022: 21%) is a result of credit tightening, with reduction in customer acquisition and the resultant lower credit book. An appropriate debtors' provision rate of 32.8% has been maintained with a prudent cover ratio. Further improvements in the book quality are expected with the implementation of a bespoke scorecard, credit limit revisions and focused digital collection strategy.

Customers are reverting to pre-Covid shopping patterns and returning to shopping in physical stores. Our 14 showrooms have shown good sales growth – now contributing 17% of total sales (2022: 13%). Customer response to our cash and collect option – Take Me Home – has exceeded expectations with a R4 million take-up in a six-week trading period. Cash contribution from showrooms is more than 25%, in comparison to the overall contribution of 7%. This improves showroom profitability. Four more showrooms are planned to open in H2, further extending our physical footprint.

Conservative credit provisions have been held

The group's gross trade and loan receivables increased by 16.4% to R5.7 billion. Group debtor costs, at 28.5% of revenue, marginally decreased due to the lower Retail book. The Weaver Fintech and Retail credit books are separately managed and operate on independent platforms.

Credit performance for the period is summarised below:

		Unaudited 30 Jun 2023	Unaudited Restated 30 Jun 2022**	% change
Group				
Gross trade and loans receivable	(Rm)	**5 662**	4 865	16.4
Debtor costs as a % of revenue*	(%)	**28.5**	29.3	
Weaver Fintech				
Number of FinChoice active accounts	('000)	**344**	292	
FinChoice active accounts able to reloan	(%)	**84.8**	82.5	
Gross trade and loans receivable	(Rm)	**3 796**	2 831	34.1
Debtor costs as a % of revenue*	(%)	**40.1**	43.1	
Provision for impairment	(Rm)	**607**	429	41.5
Provision for impairment as a % of gross receivables	(%)	**16.0**	15.2	
Stages 2 and 3 loans cover	(%)	**70.7**	71.1	
Retail				
Number of Retail active accounts	('000)	**413**	454	
Active accounts able to purchase	(%)	**62.4**	64.7	
Gross trade and loans receivable	(Rm)	**1 866**	2 034	(8.3)
Debtor costs as a % of revenue*	(%)	**16.9**	20.8	
Provision for impairment	(Rm)	**612**	666	(8.1)
Provision for impairment as a % of gross receivables	(%)	**32.8**	32.7	
Stages 2 and 3 loans cover	(%)	**63.9**	66.9	

* *Credit impairment costs include bad debts written off net of recoveries, as well as movements in provisions.*
** *Restated for the application of* IFRS 17, Insurance Contracts *effective 1 January 2023.*

Quality Weaver Fintech book with growth well managed

Weaver Fintech's gross debtors' book increased by R965 million to R3.8 billion driven primarily by the 29% growth in FinChoice loan disbursements in 2022 and the 12% disbursements growth in H1 2023. Debtor costs to revenue has reduced to 40% (2022: 43%) as risk was tightened with improved write-offs net of recoveries. FinChoice's average disbursed loan term has decreased to 13.4 months from 13.7 months as we actively managed the book to shorter terms. PJN's short-term BNPL book has reduced from 46 to 43 days.

Consumer financial stress in the market is evident in higher levels of debt review transfers. Weaver Fintech has also experienced an increase in demand for our debt rehabilitation products, and catered for in the impairment provision increasing by 80 bps from June 2022 to 16.0% at June 2023.

The coverage of stages 2 and 3 by our provisions has been maintained at 71%. Despite the tough financial conditions faced by consumers, real-time DebiCheck digital collections continues to ensure strong customer collections and maintained collection rates from the book.

Significant focus on improving Retail credit book

Retail debtor costs have decreased by 33.8% to R149 million (2022: R225 million).

New applications accepted have decreased to 48.0% as the tightening of credit took effect. A focus on improving new business together with a revision of customer credit limits is improving the book quality. Fraud defences have been strengthened and the implementation of a new fraud model has improved silent rates.

Gross debtors are down R168 million and the average sales term has been reduced from 17.3 months to 16.9 months. Early signs are that there is a stabilisation of vintages to within risk tolerances. An increased level of digital collections is delivering higher success rates, with improvements evident in the early roll rates.

The provision has been maintained at 32.8%. Stages 2 and 3 cover has reduced to 63.9% due to slower acquisition growth.

Successfully increased funding facilities to support Weaver Fintech's growth

Group operating cash flows increased by 22.6% to R320 million (2022: R261 million) and working capital was actively managed to utilise 23.6% less cash. Cash collections of R3.9 billion increased by 17% as the group's credit books remain strongly cash generative. Our digital collections strategies have maintained collection rates despite the constrained financial position of consumers. Cash utilised in operations was 86.5% lower as judicious credit management and lower spend protected our cash position in the challenging macro environment.

In July 2023 the group successfully concluded a refinancing and upsizing of our banking facilities from R1.8 billion to R3.0 billion. The upsizing was oversubscribed by the funders, which is testament to the group's proven track record of managing cash generation and funding. We have a sizeable R1.6 billion of cash and undrawn facilities available to fund the ongoing growth of our digital consumer financial solutions.

Capital expenditure was targeted at the roll-out of Retail showrooms, technology to increase efficiencies and delivering innovations for customers.

Net debt of R1.8 billion is up 44.2% (2022: R1.2 billion), the proceeds of which was allocated to Weaver FinTech.

Looking forward

We expect tough market and socio-economic conditions in South Africa to prevail. Customers will continue to face considerable financial constraints and market forces remain challenging, and appropriate risk strategies will be maintained.

The significant and fast-growing Weaver Fintech customer base and track record of profitability mean that the group is well poised to continue to deliver strong performance despite the tough climate. Hyper-personalisation and product innovation will continue to provide cross-sell opportunities. Digital innovation will support empowering customer experiences to drive customer retention and market share gains. Pursuing the diversification of our revenue base through fee generation will further increase profitability and cash generation, and in this way balance our capital requirements.

The Retail business is expected to take advantage of the new credit risk strategy and, combined with the restructured cost base, is well placed to return to improved levels of profitability in 2024.

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

S Maltz
Executive chair

S Wibberley
Chief Executive Officer

15 August 2023

DIVIDEND DECLARATION

Notice is hereby given that the board of directors has declared an interim gross cash dividend of 70.0 cents (56.0 cents net of dividend withholding tax) per ordinary share for the six months ended 30 June 2023. 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, 5 September 2023
Shares commence trading "ex" dividend	Wednesday, 6 September 2023
Record date	Friday, 8 September 2023
Payment date	Monday, 11 September 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 6 September 2023 and Friday, 8 September 2023, both days inclusive.

Sanlam Trustees International
Company Secretary

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed consolidated statement of financial position

	Notes	Unaudited Jun 2023 Rm	% change	Restated Unaudited Jun 2022 Rm	Restated Dec 2022 Rm
Assets					
Non-current assets					
Property, plant and equipment		**409**	(4.9)	430	421
Intangible assets		**189**	2.7	184	187
Right-of-use assets		**28**	(26.3)	38	32
Insurance contract assets		**72**	30.9	55	63
Other investments		**30**	>100.0	12	30
Deferred taxation		**103**	8.4	95	115
		831	2.1	814	848
Current assets					
Inventories	2	**402**	16.5	345	403
Taxation receivable		**–**	(100.0)	4	2
Trade and other receivables	3	**4 561**	18.0	3 865	4 184
Trade receivables – Retail		**1 254**	(8.3)	1 368	1 341
Loans receivable – Weaver Fintech		**3 189**	32.8	2 402	2 782
Other receivables		**118**	24.2	95	61
Cash and cash equivalents		**218**	12.4	194	116
		5 181	17.5	4 408	4 705
Total assets		**6 012**	15.1	5 222	5 553
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		**(42)**	2.4	(41)	(45)
Other reserves		**54**	22.7	44	49
Retained earnings		**3 458**	4.8	3 300	3 386
Equity attributable to equity holders of the parent		**3 549**	4.9	3 382	3 469
Non-controlling interest		**(11)**	>(100.0)	(4)	(7)
Total equity		**3 538**	4.7	3 378	3 462
Non-current liabilities					
Interest-bearing liabilities	17	**1 680**	21.1	1 387	1 483
Lease liabilities		**11**	(26.7)	15	19
Deferred taxation		**51**	10.9	46	50
Other payables		**26**	>100.0	4	22
		1 768	21.8	1 452	1 574
Current liabilities					
Interest-bearing liabilities	17	**277**	>100.0	44	44
Lease liabilities		**22**	(29.0)	31	19
Taxation payable		**22**	37.5	16	20
Trade and other payables		**288**	11.6	258	284
Insurance contract liabilities		**49**	19.5	41	48
Bank overdraft		**48**	>100.0	2	102
		706	80.1	392	517
Total liabilities		**2 474**	34.2	1 844	2 091
Total equity and liabilities		**6 012**	15.1	5 222	5 553

Condensed consolidated statement of profit or loss and other comprehensive income

	Notes	Unaudited Jun 2023 Rm	% change	Restated Unaudited Jun 2022 Rm	Restated Dec 2022 Rm
Revenue		**1 753**	(0.3)	1 759	3 652
Finance income		**786**	20.7	651	1 378
Fees from ancillary services	4	**147**	15.7	127	265
Insurance revenue		**197**	15.9	170	358
Buy Now, Pay Later fees		**29**	>100.0	12	41
Retail sales	5	**594**	(25.7)	799	1 610
Cost of Retail sales		**(335)**	(18.9)	(413)	(859)
Other operating costs		**(1 150)**	2.7	(1 120)	(2 336)
Credit impairment losses	6	**(499)**	(3.3)	(516)	(1 060)
Insurance service expenses		**(95)**	6.7	(89)	(189)
Other trading expenses	7	**(556)**	8.0	(515)	(1 087)
Other net gains and losses	8	**6**	>100.0	(10)	9
Other income		**11**	(8.3)	12	16
Operating profit		**285**	25.0	228	482
Interest income		**1**	(50.0)	2	3
Interest expense		**(100)**	78.6	(56)	(129)
Profit before taxation		**186**	6.9	174	356
Taxation		**(36)**	50.0	(24)	(54)
Profit and total comprehensive income for the period		**150**	–	150	302
Profit and total comprehensive income for the period attributable to:					
Owners of the parent		**154**	0.7	153	308
Non-controlling interest		**(4)**	33.3	(3)	(6)
		150	–	150	302
Earnings per share (cents)					
Basic	9	**143.7**	(0.1)	143.9	289.4
Diluted		**140.6**	(0.1)	140.7	282.7
Headline earnings per share (cents)					
Basic	9	**143.7**	(0.8)	144.8	288.5
Diluted		**140.6**	(0.8)	141.7	281.8

Insurance revenue was previously included in fees from ancillary services and insurance service expenses was previously included in other trading expenses. These amounts have been separately disclosed for the period ended 30 June 2023 due to the disclosure requirements of *IFRS 17, Insurance Contracts* coming into effect from 1 January 2023.

Condensed 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
Balance at 1 January 2022 – audited	1	3 039	(47)	(2 961)	64	3 168	(1)	3 263
Changes in equity								
Transfer to medium-term incentive scheme liability	–	–	–	–	(16)	–	–	(16)
Profit and total comprehensive income for the period	–	–	–	–	–	153	(3)	150
Dividends paid	–	–	–	–	–	(21)	–	(21)
Share incentive schemes	–	–	–	–	5	–	–	5
Shares purchased	–	–	(3)	–	–	–	–	(3)
Forfeitable shares vested	–	–	9	–	(9)	–	–	–
Total changes	–	–	6	–	(20)	132	(3)	115
Balance at 30 June 2022 – unaudited	1	3 039	(41)	(2 961)	44	3 300	(4)	3 378
Changes in equity								
Profit and total comprehensive income for the period	–	–	–	–	–	155	(3)	152
Dividends paid	–	–	–	–	–	(69)	–	(69)
Share incentive schemes	–	–	–	–	5	–	–	5
Shares purchased	–	–	(4)	–	–	–	–	(4)
Total changes	–	–	(4)	–	5	86	(3)	84
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**

Condensed consolidated statement of cash flows

	Notes	**Unaudited Jun 2023 Rm**	% change	Unaudited Jun 2022 Rm	Audited Dec 2022 Rm
Cash flows from operating activities					
Operating cash flows before working capital changes		**320**	22.6	261	556
Movements in working capital		**(346)**	(23.6)	(453)	(770)
Cash used in operations	10	**(26)**	(86.5)	(192)	(214)
Interest received		**1**	(50.0)	2	3
Interest paid		**(100)**	81.8	(55)	(129)
Taxation paid		**(19)**	(45.7)	(35)	(75)
Net cash outflow from operating activities		**(144)**	(48.6)	(280)	(415)
Cash flows from investing activities					
Additions of property, plant and equipment		**(6)**	>100.0	(2)	(15)
Additions of intangible assets		**(26)**	85.7	(14)	(41)
Other investments		**–**	(100.0)	(5)	(18)
Net cash outflow from investing activities		**(32)**	52.4	(21)	(74)
Cash flows from financing activities					
Purchase of shares to settle forfeiture share scheme obligations		**(2)**	(33.3)	(3)	(7)
Proceeds from interest-bearing liabilities		**552**	56.8	352	552
Repayments of interest-bearing liabilities		**(122)**	>100.0	(25)	(129)
Principal elements of lease payments		**(14)**	7.7	(13)	(26)
Dividends paid		**(82)**	>100.0	(21)	(90)
Net cash inflow from financing activities		**332**	14.5	290	300
Net increase/(decrease) in cash and cash equivalents and bank overdrafts		**156**	>100.0	(11)	(189)
Cash and cash equivalents and bank overdrafts at the beginning of the period		**14**	(93.1)	203	203
Cash and cash equivalents and bank overdrafts at the end of the period		**170**	(11.5)	192	14

Cash and cash equivalents comprise cash balances of R218 million and an overdraft balance of R48 million.

Group segmental information

	Unaudited six months ended June 2023						Restated Unaudited six months ended June 2022					
	Total Rm	Retail Rm	Weaver Fintech Rm	Property Rm	Other Rm	Intra-group Rm	Total Rm	Retail Rm	Weaver Fintech Rm	Property Rm	Other Rm	Intra-group Rm
Digital revenue (%)	57	29	84				51	31	82			
Segmental revenue	1 753	881	872	21	–	(21)	1 759	1 084	675	21	–	(21)
Finance income	786	198	588	–	–	–	651	195	456	–	–	–
Fees from ancillary services	147	53	94	21	–	(21)	127	47	80	21	–	(21)
Insurance revenue	197	36	161	–	–	–	170	43	127	–	–	–
Buy Now, Pay Later fees	29	–	29	–	–	–	12	–	12	–	–	–
Retail sales	594	594	–	–	–	–	799	799	–	–	–	–
EBITDA	339	71	307	6	(23)	(22)	281	96	214	6	(16)	(19)
Depreciation and amortisation	(54)	(56)	(12)	–	1	13	(52)	(57)	(9)	–	(2)	16
Impairment of assets	–	–	–	–	–	–	(1)	(1)	–	–	–	–
Interest income	–	–	–	–	40	(40)	–	–	–	–	25	(25)
Interest expense	(89)	–	(87)	–	(42)	40	(47)	–	(47)	–	(25)	25
Segmental operating profit/(loss)*	196	15	208	6	(24)	(9)	181	38	158	6	(18)	(3)
Interest income	1	–	2	–	–	(1)	2	2	–	–	1	(1)
Interest expense	(11)	(10)	–	(6)	–	5	(9)	(9)	–	(5)	–	5
Profit/(loss) before taxation	186	5	210	–	(24)	(5)	174	31	158	1	(17)	1
Taxation	(36)	2	(34)	–	(4)	–	(24)	(2)	(20)	–	(3)	1
Profit/(loss) after taxation	150	7	176	–	(28)	(5)	150	29	138	1	(20)	2
Segmental assets	6 012	2 175	4 229	348	1 416	(2 156)	5 222	2 312	2 875	348	1 601	(1 914)
Segmental liabilities	2 474	1 095	1 614	259	685	(1 179)	1 843	1 196	1 773	261	550	(1 937)
Gross profit margin (%)	43.6	43.6					48.3	48.3				
Segmental results margin (%)	11.2	1.6	23.7	28.6			10.3	3.5	23.3	28.6		
Capital expenditure												
Property, plant and equipment	6	5	1	–	–	–	2	2	–	–	–	–
Intangible assets	26	13	13	–	–	–	14	2	12	–	–	–
Impairment of assets	–	–	–	–	–	–	1	1	–	–	–	–
Significant expenses included in operating profit												
Credit impairment losses	499	149	350	–	–	–	516	225	291	–	–	–
Marketing costs	125	104	21	–	–	–	135	116	19	–	–	–
Staff costs	245	170	69	–	6	–	222	170	47	–	5	–

* *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 six months ended 30 June 2023 have been prepared by the group's finance department, acting under the supervision of P Burnett, CA(SA), the finance director of the group.

These condensed consolidated interim financial statements are prepared in accordance with and contain the information required by *IAS 34, Interim Financial Reporting*, 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 interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous consolidated annual financial statements with the exception of *IFRS 17, Insurance Contracts*.

IFRS 17 is effective from 1 January 2023 and has been adopted and applied by the group retrospectively. The group has assessed that the simplified premium allocation approach (PAA) will be followed for measurement of insurance contracts. The terms of credit life, funeral and other policies sold from the life insurance cell allow for a review of premiums on at least an annual basis. On this basis the life cell insurance product policy terms are deemed eligible for the PAA due to the coverage period being one year or less. Non-life insurance products are monthly products and as such the liability for remaining coverage can be valued using the PAA. The group, as the cell owner of the insurance cell structures, assessed that the implementation will not have a material impact on the financial statements.

2. Inventories

	Unaudited Jun 2023 Rm	% change	Unaudited Jun 2022 Rm	Audited Dec 2022 Rm
Merchandise for resale	**402**	23.7	325	371
Provision for inventory obsolescence	**(22)**	(24.1)	(29)	(15)
Goods in transit	**22**	(55.1)	49	47
	402	16.5	345	403

The total amount of inventories expensed to cost of Retail sales during the six months ended 30 June 2023 was R266 million (six months ended 30 June 2022: R335 million, year ended 31 December 2022: R693 million). Inventory sold at less than cost during the six months ended 30 June 2023 amounted to R2 million (six months ended 2022: R15 million, year ended 31 December 2022: R27 million) and inventory write downs recognised as an expense during the six months ended 30 June 2023 amounted to R7 million (six months ended June 2022: R1 million, year ended 31 December 2022: R6 million).

3. Trade and other receivables

		Unaudited Jun 2023 Rm	% change	Restated Unaudited Jun 2022 Rm	Restated Dec 2022 Rm
Group					
Trade and loan receivables		**5 662**	16.4	4 865	5 323
Provision for impairment		**(1 219)**	11.3	(1 095)	(1 200)
Other receivables		**118**	24.2	95	61
		4 561	18.0	3 865	4 184
Provision for impairment as a % of gross receivables	(%)	**21.5**	–	22.5	22.5
Credit impairment costs as a % of revenue	(%)	**28.5**	–	29.3	29.0
Retail					
Gross carrying amount		**1 866**	(8.3)	2 034	2 033
Performing (stage 1)		**908**	(12.5)	1 038	1 004
Underperforming (stage 2)		**259**	(26.8)	354	371
Non-performing (stage 3)		**699**	8.8	642	658
Provision for impairment		**(612)**	(8.1)	(666)	(692)
Performing		**(104)**	(13.0)	(120)	(127)
Underperforming		**(98)**	(35.0)	(150)	(160)
Non-performing		**(410)**	3.5	(396)	(405)
Net carrying amount		**1 254**	(8.3)	1 368	1 341
Performing		**804**	(12.4)	918	877
Underperforming		**161**	(21.1)	204	211
Non-performing		**289**	17.5	246	253
Provision for impairment as a % of gross receivables	(%)	**32.8**		32.7	34.0
Performing	(%)	**11.5**		11.6	12.6
Underperforming	(%)	**37.8**		42.4	43.1
Non-performing	(%)	**58.7**		61.7	61.6
Credit impairment costs as a % of revenue	(%)	**16.9**		20.8	21.5
Stages 2 and 3 loans cover	(%)	**63.9**		66.9	67.2

3. Trade and other receivables (continued)

		Unaudited Jun 2023 Rm	% change	Restated Unaudited Jun 2022 Rm	Restated Dec 2022 Rm
Weaver Fintech					
Gross carrying amount		**3 796**	34.1	2 831	3 290
Performing (stage 1)		**2 937**	31.8	2 228	2 553
Underperforming (stage 2)		**254**	41.9	179	215
Non-performing (stage 3)		**605**	42.7	424	522
Provision for impairment		**(607)**	41.5	(429)	(508)
Performing		**(129)**	43.3	(90)	(114)
Underperforming		**(84)**	50.0	(56)	(68)
Non-performing		**(394)**	39.2	(283)	(326)
Net carrying amount		**3 189**	32.8	2 402	2 782
Performing		**2 808**	31.3	2 138	2 439
Underperforming		**170**	38.2	123	147
Non-performing		**211**	49.6	141	196
Provision for impairment as a % of gross receivables	(%)	**16.0**		15.2	15.4
Performing	(%)	**4.4**		4.0	4.5
Underperforming	(%)	**33.1**		31.3	31.6
Non-performing	(%)	**65.1**		66.7	62.5
Credit impairment costs as a % of revenue	(%)	**40.1**		43.1	40.5
Stages 2 and 3 loans cover	(%)	**70.7**		71.1	68.9

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 865 million (30 June 2022: R1 443 million, 31 December 2022: R1 078 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. Fees from ancillary services

	Unaudited Jun 2023 Rm	% change	Restated Unaudited Jun 2022 Rm	Restated Dec 2022 Rm
Service fees	**127**	14.4	111	226
Other	**20**	25.0	16	39
	147	15.7	127	265

Insurance was previously included in fees from ancillary services and has been separately disclosed as part of insurance revenue as required by *IFRS 17, Insurance Contracts* for the period ended 30 June 2023 due to IFRS 17 coming into effect from 1 January 2023.

5. Retail sales

	Unaudited Jun 2023 Rm	% change	Unaudited Jun 2022 Rm	Audited Dec 2022 Rm
Disaggregation of Retail sales by product type is as follows:				
Homeware	**396**	(23.3)	516	1 008
Appliances and electronics	**154**	(27.4)	212	425
Fashion and footwear	**17**	(51.4)	35	61
Furniture	**27**	(25.0)	36	116
	594	(25.7)	799	1 610
Disaggregation of Retail sales by channel is as follows:				
Contact centre	**293**	(34.6)	448	914
Digital	**177**	(25.9)	239	457
Showroom and ChoiceCollect	**114**	9.6	104	219
Sales agents	**10**	25.0	8	20
	594	(25.7)	799	1 610

Retail sales are settled at a point in time.

6. Credit impairment losses

	Unaudited Jun 2023 Rm	% change	Restated Unaudited Jun 2022 Rm	Restated Dec 2022 Rm
Trade receivables – Retail	**149**	(33.8)	225	473
Loans receivable – Weaver Fintech	**350**	20.3	291	587
Total credit impairment losses	**499**	(3.3)	516	1 060

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

7. Other trading expenses

	Unaudited Jun 2023 Rm	% change	Restated Unaudited Jun 2022 Rm	Restated Dec 2022 Rm
Expenses by nature				
Auditor's remuneration	**4**	33.3	3	8
Audit-related services	**4**	33.3	3	7
Other non-audit services	**–**	–	–	1
Amortisation of intangible assets	**24**	14.3	21	45
Depreciation of property, plant and equipment and right-of-use assets	**28**	(3.4)	29	59
Marketing costs	**125**	(7.4)	135	264
Customer operations and support	**56**	27.3	44	91
IT costs	**18**	(30.8)	26	47
Facility expenses	**19**	(5.0)	20	40
Staff costs: short-term employee benefits	**245**	10.4	222	501
Total staff costs	**276**	11.3	248	556
Less: disclosed under cost of Retail sales	**(16)**	–	(16)	(34)
Less: staff costs capitalised to intangibles	**(15)**	50.0	(10)	(21)
Other costs	**37**	> 100.0	15	32
Total other costs	**90**	16.9	77	161
Less: disclosed under cost of Retail sales	**(53)**	(15.9)	(63)	(132)
Total other trading expenses	**556**	8.0	515	1 087

Policyholder claims and benefits were previously included in other trading costs and have been disclosed as part of insurance service expenses for the period ended 30 June 2023 as required by IFRS 17, effective 1 January 2023.

8. Other net gains and losses

	Unaudited Jun 2023 Rm	% change	Unaudited Jun 2022 Rm	Audited Dec 2022 Rm
Impairment of property, plant and equipment	**–**	(100.0)	(1)	(1)
Impairment of intangible assets	**–**	–	–	(1)
Foreign exchange gain	**6**	<(100.0)	(9)	4
Fair value gain	**–**	(100.0)	2	7
Other	**–**	(100.0)	(2)	–
	6	<(100.0)	(10)	9

9. Basic and headline earnings per share

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

	Unaudited Jun 2023 Rm	% change	Unaudited Jun 2022 Rm	Audited Dec 2022 Rm
Earnings attributable to ordinary shareholders	**150**	–	150	302
Adjusted for the effect of:				
Compensation from third parties for damage to property, plant and equipment	**–**	–	–	(3)
Impairment of property, plant and equipment	**–**	(100.0)	1	1
Impairment of intangible assets	**–**	–	–	1
Headline earnings for the period	**150**	(0.7)	151	301
Weighted average number of ordinary shares in issue ('000)	**104 408**		104 259	104 337
Weighted average number of diluted shares in issue ('000)	**106 717**		106 595	106 809
Earnings per share (cents)				
Basic	**143.7**	0.1	143.9	289.4
Headline	**143.7**	(0.8)	144.8	288.5
Basic – diluted	**140.6**	(0.1)	140.7	282.7
Headline – diluted	**140.6**	(0.8)	141.7	281.8

10. Reconciliation of cash generated from operations

	Unaudited Jun 2023 Rm	% change	Unaudited Jun 2022 Rm	Audited Dec 2022 Rm
Profit before taxation	**186**	6.9	174	356
Deduct finance income earned	**(786)**	20.7	(651)	(1 378)
Add back finance income received	**763**	21.1	630	1 334
Profit from insurance cells	**(9)**	80.0	(5)	(13)
Depreciation and amortisation	**54**	3.8	52	107
Impairment of assets	**–**	(100.0)	1	2
Share-based employee share expense	**13**	62.5	8	29
Fair value gain	**–**	(100.0)	(2)	(7)
Interest expense	**100**	78.6	56	129
Interest income	**(1)**	(50.0)	(2)	(3)
Operating cash flows before working capital changes	**320**	22.6	261	556
Movements in working capital	**(346)**	(23.6)	(453)	(770)
Decrease/(increase) in inventories	**1**	<(100.0)	(81)	(139)
Decrease in trade receivables – Retail	**102**	>100.0	10	54
Increase in loans receivable – Weaver Fintech	**(399)**	36.2	(293)	(667)
Increase in other receivables	**(57)**	(6.6)	(61)	(26)
Increase/(decrease) in insurance contract liability	**1**	<(100.0)	(6)	10
Increase/(decrease) in trade and other payables	**6**	<(100.0)	(22)	(2)
	(26)	(86.5)	(192)	(214)

11. 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 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.

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.

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 2022, 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 2023 Rm	% change	Unaudited Jun 2022 Rm	Audited Dec 2022 Rm
Approved by the directors	**10**	(23.1)	13	12

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 2023 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 2023.

17. Events after the reporting date

The group refinanced and upsized its interest-bearing loans and borrowings facilities from R1.8 billion to R3.0 billion in July 2023. 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 lender group. The new lender's R233 million portion of the outstanding debt has been disclosed on the 30 June 2023 statement of financial position in current liabilities.

No other event material to the understanding of these condensed group financial statements has occurred between the six-month period ended 30 June 2023 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

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

* Non-independent

HiL PLC