

HomeChoice International PLC
(Incorporated in the Republic of Mauritius)
(Registration number C171926)
Share code: HIL
ISIN: MT0000850108
("HIL", "the Company" or "Group")

TRADING STATEMENT AND CANCELLATION OF YEAR-END DIVIDEND

Background

Shareholders are referred to the announcement released on the Stock Exchange News Service ("SENS") on 16 April 2020, which provided an update on the impact of Covid-19 and the national lockdown in South Africa on the Group and the postponement of the final dividend for the year ended 31 December 2019.

The national lockdown has had a significant impact on demand in the retail business with an immediate slowdown in sales following the governments first announcement relating to the Covid-19 virus. The retail business, as an omni channel retailer, has seen significant growth in its digital channels of over 50% in the second quarter. However, the call centre was operating on much reduced staff and the showrooms were closed entirely during the lockdown. As a result, despite strong digital sales, the retail business has experienced a reduction in overall sales in the first half compared to the same period last year.

Loan disbursements in the financial services business were significantly curtailed from the end of March 2020 to defensively preserve cash. Credit granting criteria have been tightened to manage credit risk, but it is anticipated that credit impairment costs will increase. The 275 basis point cuts to the Repo rate since January 2020 have further impacted revenues, with the rate now at a 50-year low.

The management team continues to drive action plans to manage risk during this period and to mitigate the negative impact of the pandemic and national lockdown. The health and wellbeing of our staff and customers is paramount and considerable effort has gone into ensuring that our operations conform to the highest levels of hygiene and safety protocols. Our contact centre is now fully operational, while many support staff continue to work from home. We appreciate the commitment of our people to the Group during this uncertain and ever-changing environment.

The Group liquidity and capital position has been proactively managed during this period, through tight management of working capital, aggressively reducing costs, reviewing and deferring non-critical capital expenditure and focusing on collections from the debtors books. Additionally, the Group concluded a refinance and upsize of existing commercial bank debt facilities to provide for operational requirements and to improve liquidity.

Trading statement

Given the impact of the national lockdown over the first six months of the current reporting period, shareholders are advised that earnings per share (EPS) and headline earnings per share (HEPS) for the six months ending 30 June 2020 are expected to be more than 20% (45.98 cents) lower than the reported EPS and HEPS of 229.9 cents for the comparable period in the prior year.

As soon as the Company has more certainty around expected EPS and HEPS for the six months ending 30 June 2020, a further trading statement will be released.

Cancellation of year-end dividend

As the impact and extent of the continued lockdown has become clearer, and in the interest of conserving cash to ensure the continued financial health of the group, the board of HIL, in consultation with its legal advisers, has resolved to cancel the final dividend of 79.0 cents per share (amounting to R83.2 million) declared in the announcement released on SENS on 12 March 2020. The timetable pertaining to the initial declaration of the final

dividend was retracted in the announcement released on SENS on April 2020 and, accordingly, will not be updated or replaced.

The Group's financial results for the six months to 30 June 2020 will be released SENS on or about 31 August 2020.

Any forecast financial information contained in this announcement has not been reviewed or reported on by the Company's external auditors.

On behalf of the Board

Republic of Mauritius

03 July 2020

Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)