



Transformed.

**Annual Results
2022**



Transformed into a fast growing and profitable fintech focused business.

R3.6bn

Revenue growing 6.5%

1.4m+

Group customers

R747m

BNPL GMV growth over 260%

R482m

Increase in operating profit of 83%

2 350+

Active retail partners across 17 product verticals

R4.3bn

29% increase in loans disbursed to customers

141c

Dividend per share up 110%

75%

Transactions conducted digitally

R7.3bn

R1.4bn additional cash collected from customers



Weaver ecosystem delivers 85% of group profits.

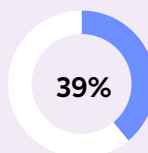


Her favourite Fintech platform

FinTech business offering digital personal lending, insurance, payments and value-added services

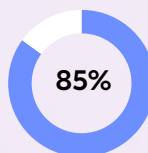
R1.4bn

Revenue



R438m

Segmental operating profit*

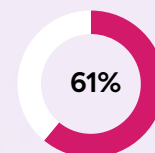


Creating a home she loves

Omni-channel retailer delivering quality homeware merchandise directly to homes

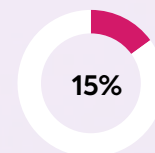
R2.2bn

Revenue



R78m

Segmental operating profit*



* Group operating profit of R482m is after other group companies costs of R33m

Our customer is a digitally savvy urban African women.

Our digital businesses are loved by customers as they enable online and instore shopping and access to financial services products 24/7

Digitally engaged customer base

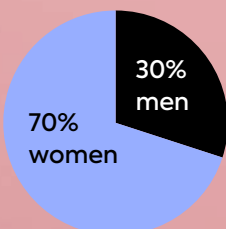
940 500 Fintech Customers

95% digital users

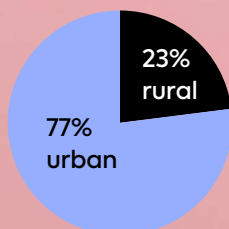
634 500 Retail Customers

35% digital shoppers

Both men and women



Living all areas



1 467 000

Group Customers

44%

Increase in Customers

39 yrs

Avg. Customer Age

13.7k

Avg. Income

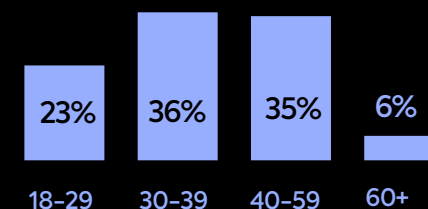
Anette

2 reviews

★★★★★ 2 weeks ago NEW

I have only received the best service from Finchoice. Their client service is impeccable. They are professional and supportive and have only gone the extra mile for me. 100% rating from me. I will recommend Finchoice any time.

59% of our consumers are Millennials or GenZ



Customer age profile

Digitally focused strategy drives outsized customer adoption.

Group Strategy

1

Innovation

Product and credit innovation drives customer spend and income diversification

2

Customer acquisition

Data insights enable customer acquisition directly or through partners which we leverage to drive cross-sell opportunities

3

Digital first

Digital first drives customer spend and automation drives efficiency

4

Merchant adoption

Drive merchant adoption and fees through strategic product and service progression

5

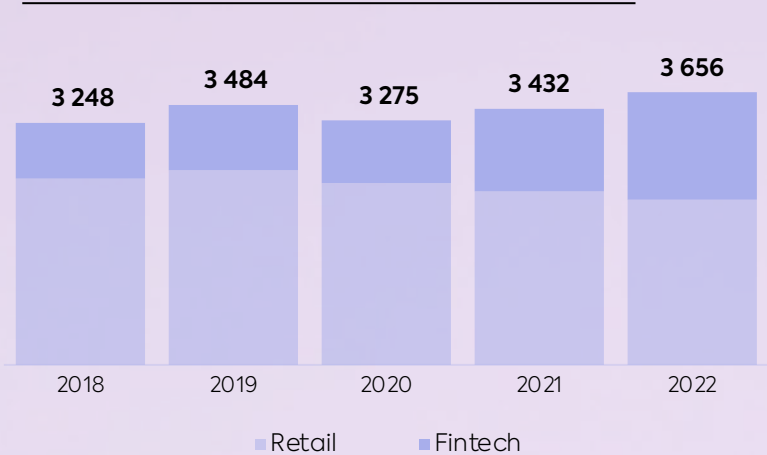
Customer experience

Improving customer experience drives loyalty and repeat engagement

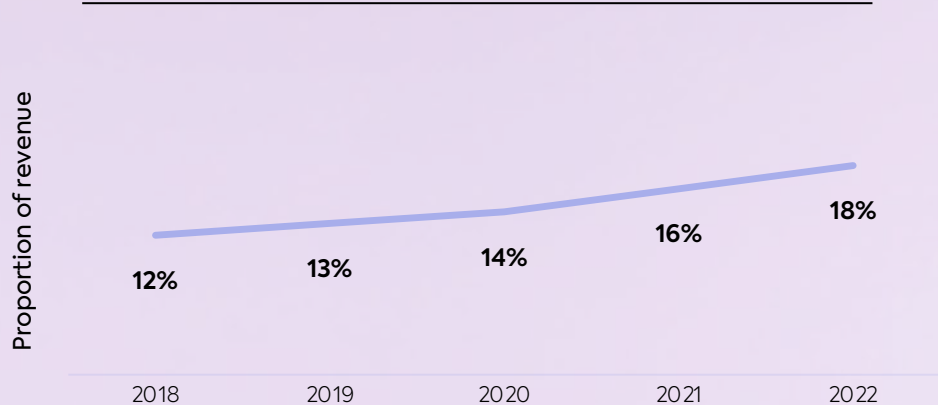


Fintech innovation drives customer spend and income diversification.

Group Revenue



Fee based Income



Personal Loans

Disbursements up 29%
to **R4.3bn**

3.6%
Unsecured Loans
Market



Mobi money

215k
Mobi money wallet
users up 27%

Utilisation
increasing to
R1.4bn



Homewares

Retail Sales
down 5.6% to
R1.6bn

Product range
with delivery
720k parcels



Insurance

GWP R116m
up 22%

Bolt on
108k
customers



Wallet

781k
transactions
increasing 17%

Send money
VAS, bill, QR
payments



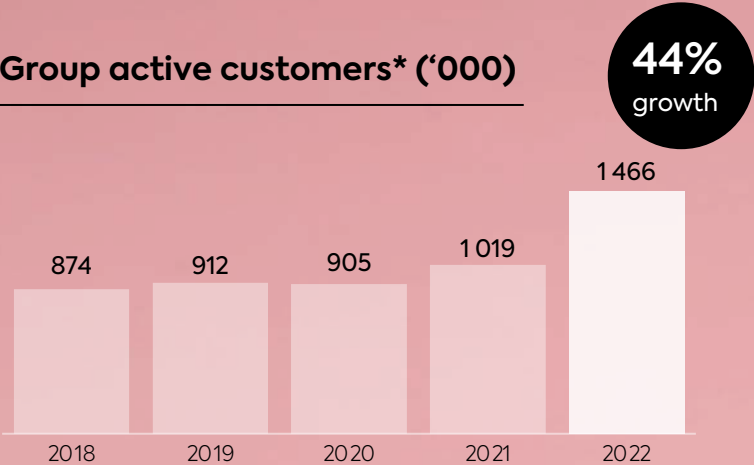
Payments

GMV R747m
growing > 260%

Over 556k
transactions
using BNPL
product

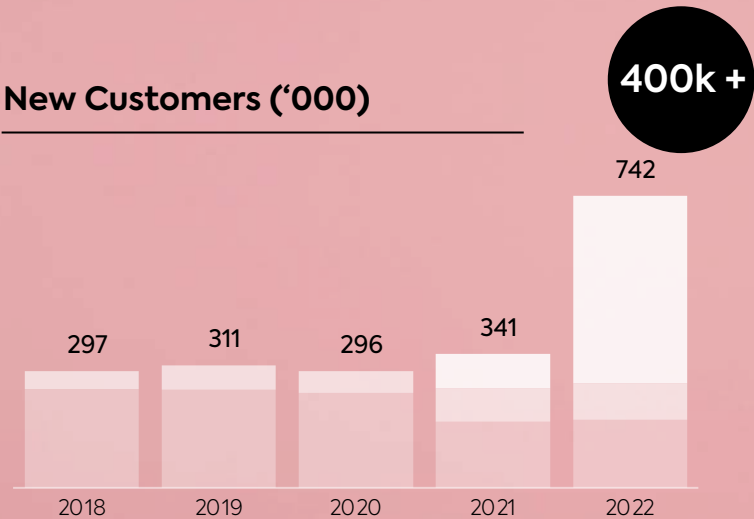
Data driven insights enables customer acquisition.

Group active customers* ('000)



* The above group customers are net of 133k common customers

New Customers ('000)



■ Retail New customers ■ FinC ■ PJN

Source of New Customers

80%
Digital platforms

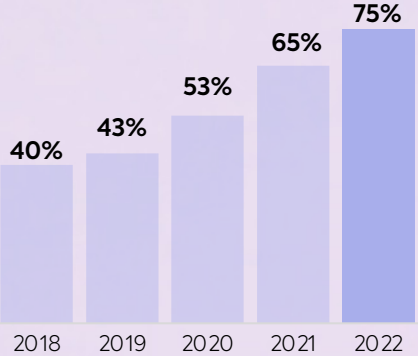
17%
Direct marketing

3%
Retail showrooms

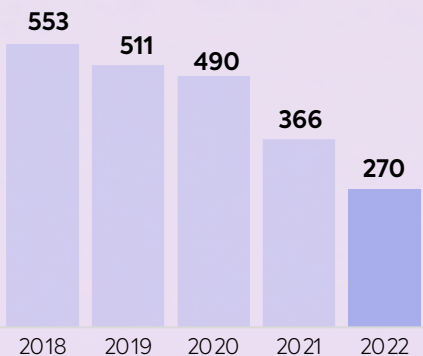


Digital first drives spend and automation drives efficiency.

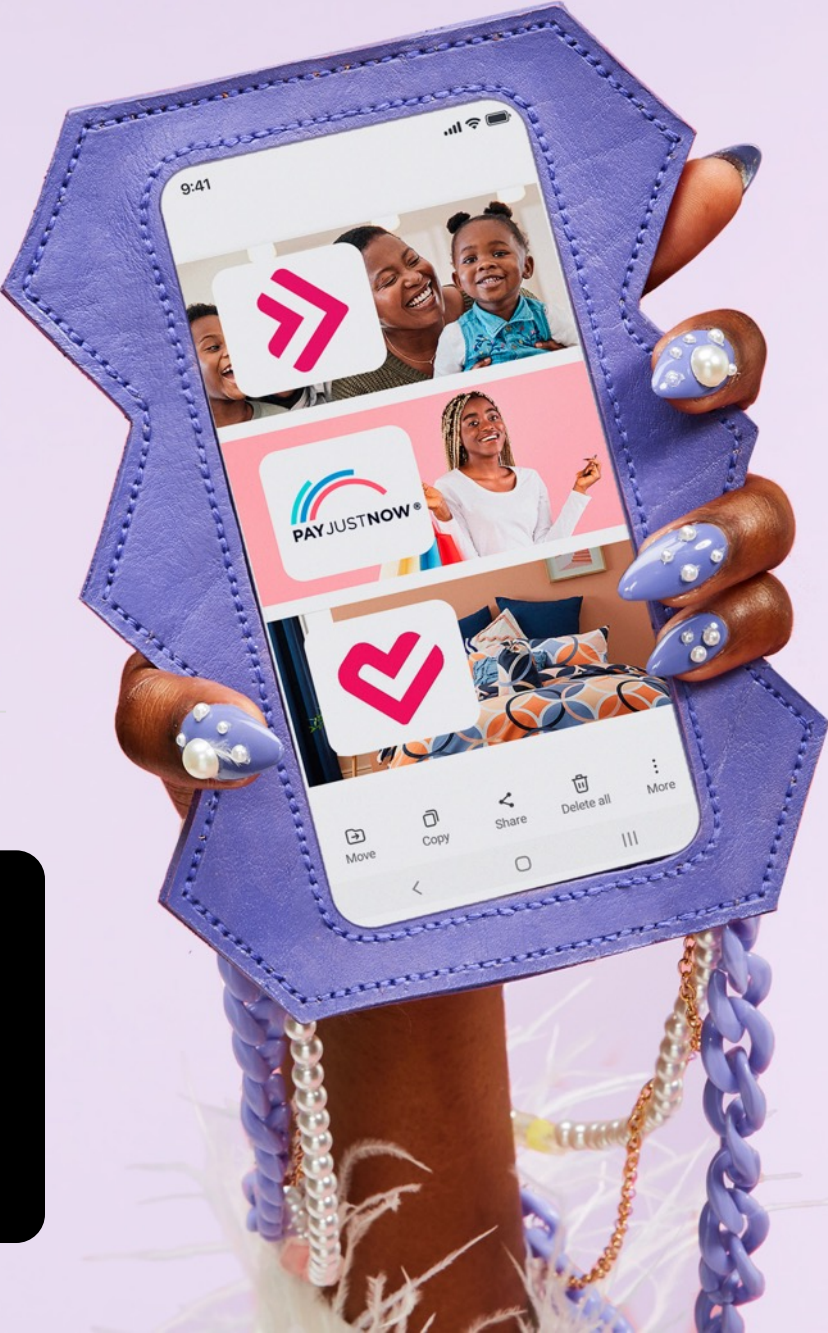
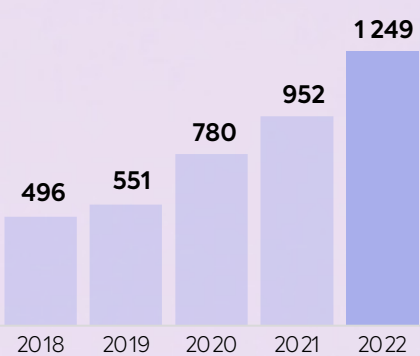
Group digital transactions %



Direct cost / digital transaction



Ave monthly digital users



Web /Mobi

1.2m

Average monthly users

App Users

492k

Rapid growth of over 210%

Social followers

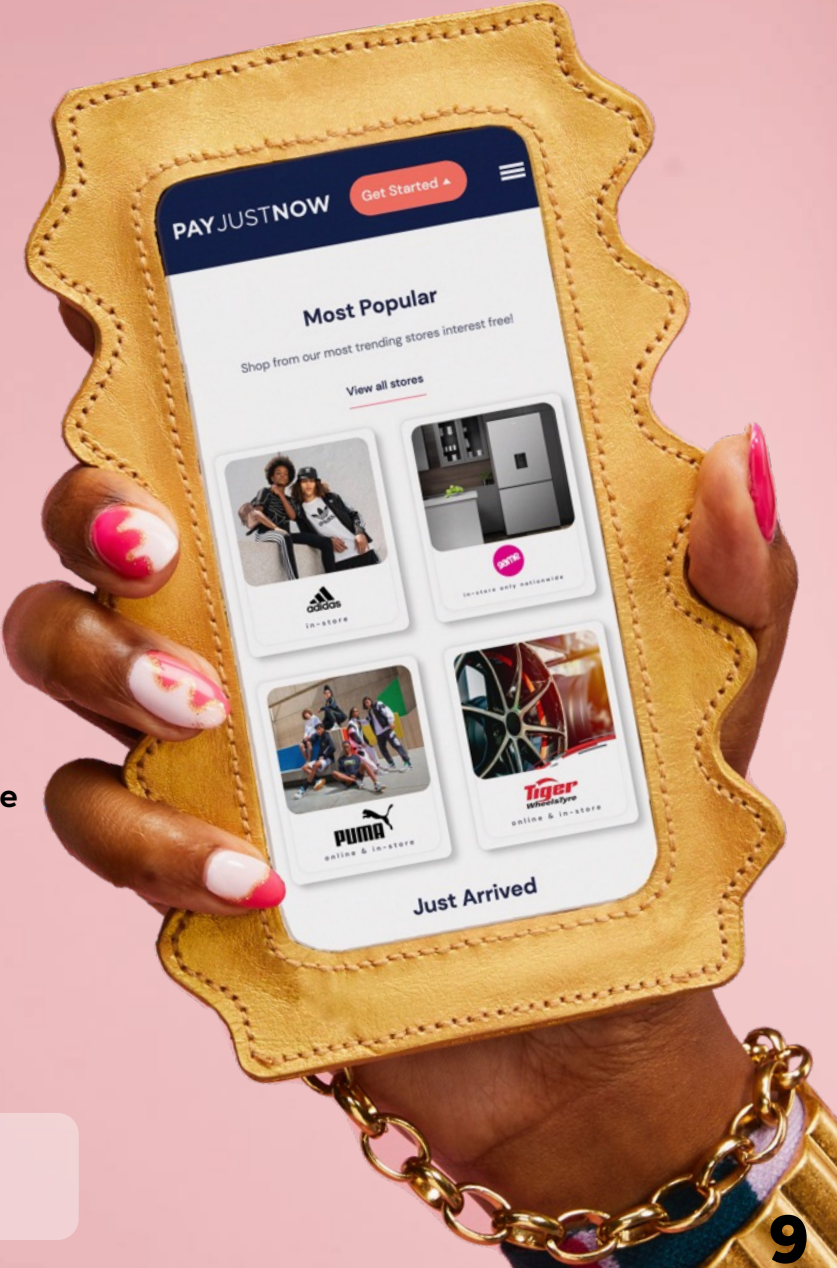
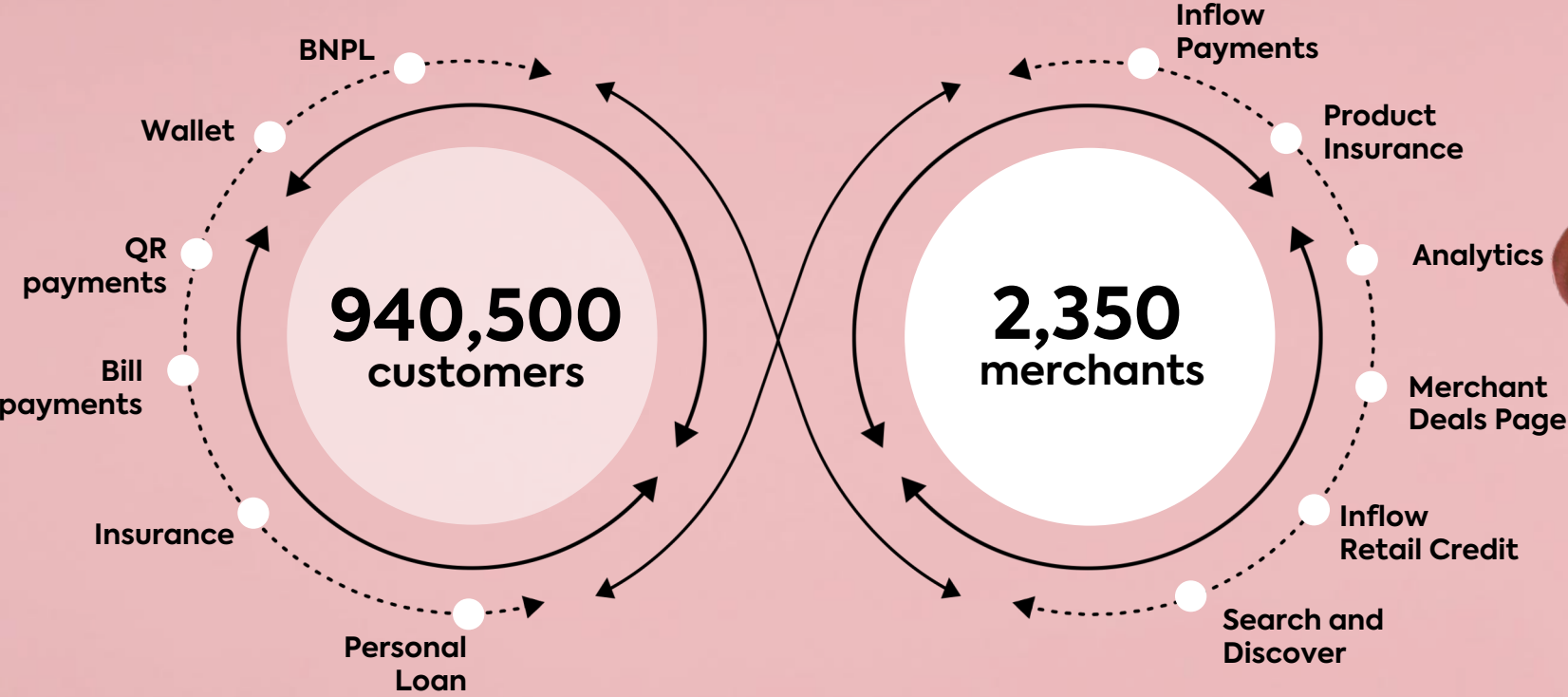
1.1m

Instagram and Facebook

Developing products that drive growth and value for Weaver Fintech and Merchants.

For Customers: suite of digital lending, insurance and payment solutions


For Merchants: an integrated solution



11 million Lead referrals driving merchant revenue

CX focus drives loyalty and repeat engagement.

High engagement and top quartile ranking

	90 days frequency	1 year post transacting	Google Star Rating	
 finchoice	6.4*	82%	4.6	★
 PAYJUSTNOW®	2.1**	86%	4.7	★
 homechoice	1.7***	74%	3.8	★

* Frequency of mobi engagement

** Frequency of purchase

*** Orders per purchasing customer



I am so happy. I have always received amazing service and it's so super easy.

Shameemah from Bontheuwel



The absolute best variety of stores to shop from , making the process of shopping for the things you really want so much easier, paying it off over 3 installments is amazing.

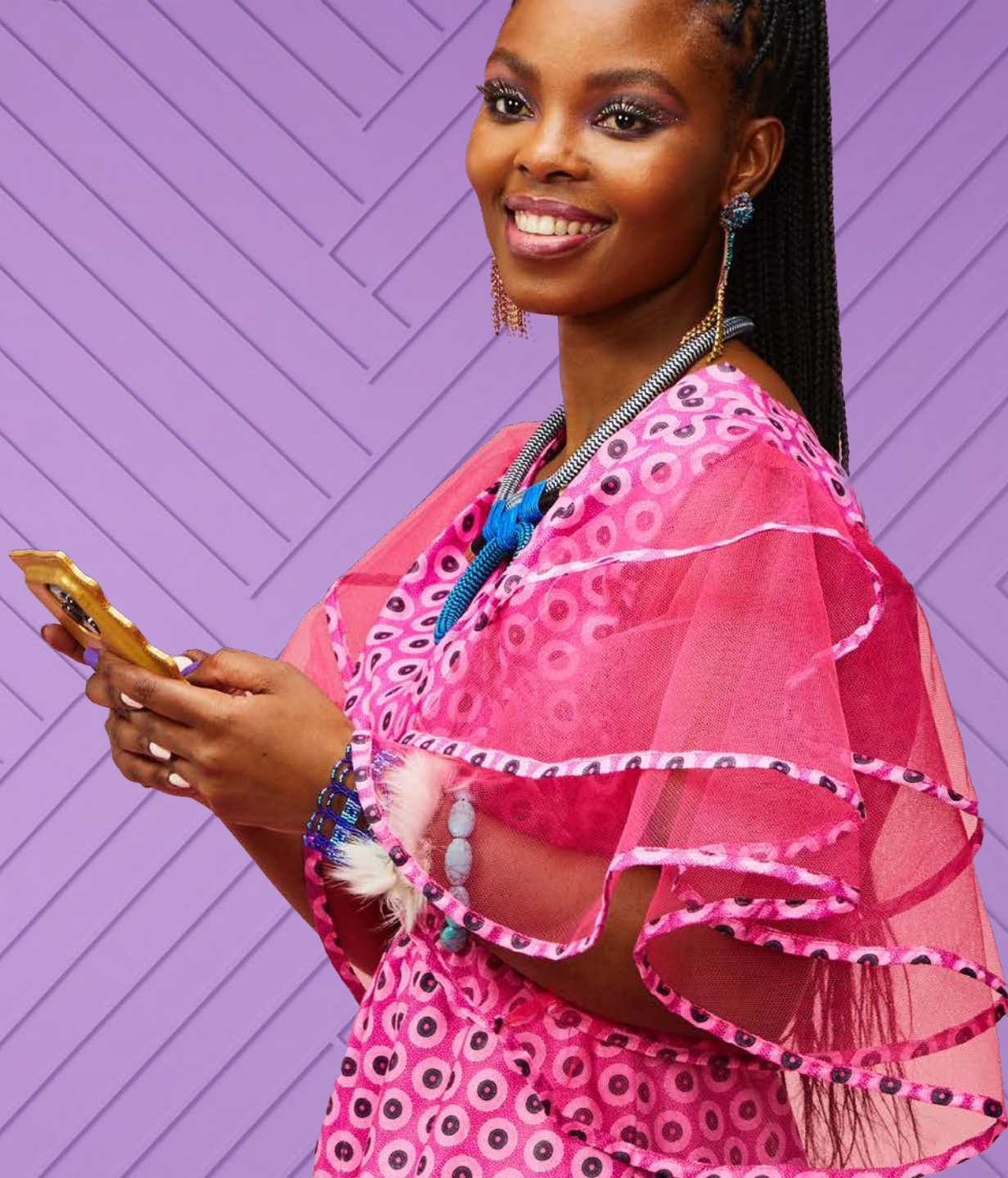
Jeanique P.



I have always received the best service from Homechoice, for over a decade.

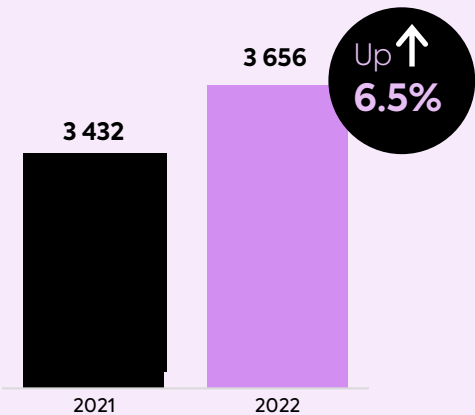
Noma M.

Finance

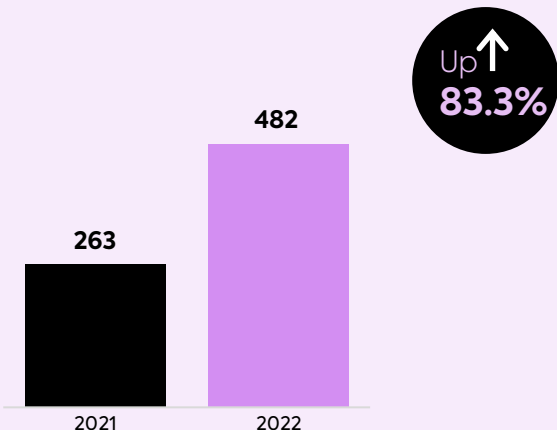


Weaver Fintech driving group profits and collections.

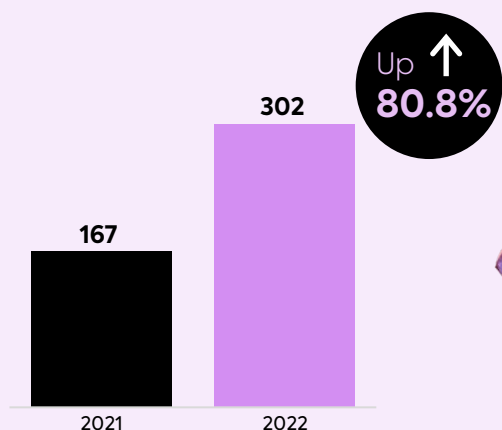
Group Revenue (R'm)



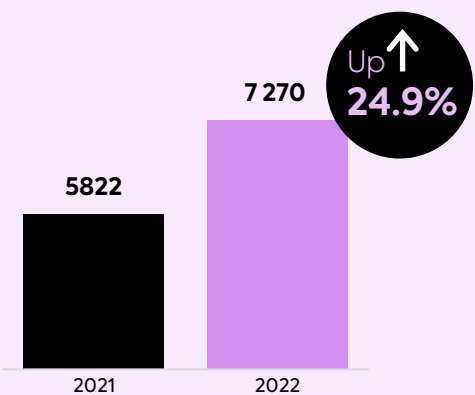
Operating Profit (R'm)



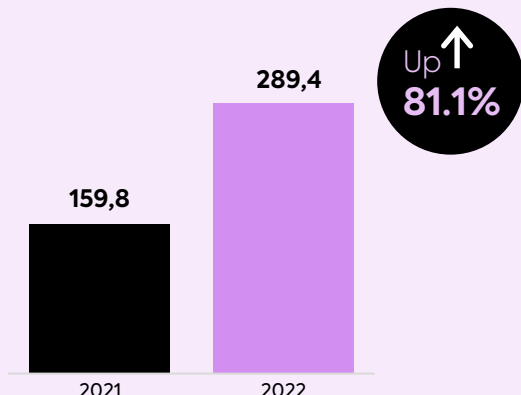
Profit after tax (R'm)



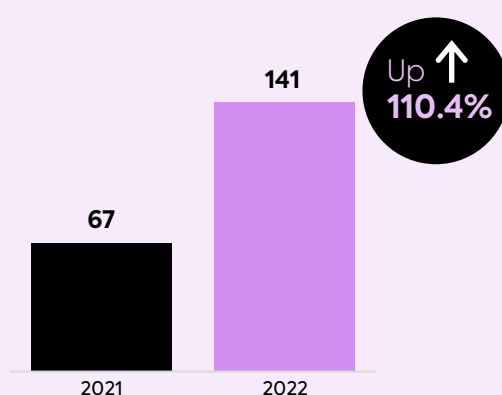
Collections (R'm)



Earnings per Share (Rc)



Dividend (c/share)



Substantial growth in profits with improved conversion.

Revenue up 6.5% to R3.7bn

- Digital loans growth and higher interest rates driving finance income
- Fee income driven by fintech growth up 39% with scaling off BNPL and insurance products
- Retail sales impacted by loadshedding and credit risk tightening

Gross profit margin up 150 bps

- Effective merchandise management and supply chain optimisation

Debtor costs up 11% with higher fintech books

- Gross debtor books up 18.4% to R5.3bn
- Appropriate increase in impairment provision on growing loan books

Trading expenses well controlled only up R26m

- Retail's restructured cost base down 3.6%
- Fintech cost base scaling efficiently with digital focus

Operating profit increased by R219m (83.3%)

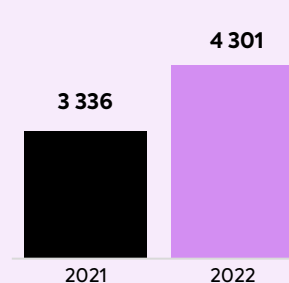
- Fintech contributes 85% of profits before group cost
- Operating margin doubled to 13.2% (LY: 7.7%)

Profit after tax up 80.8% to R302m

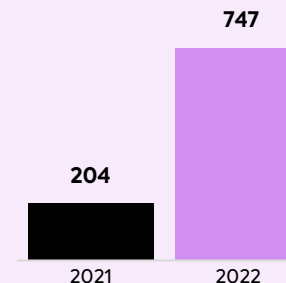
- Impacted by higher interest costs and normalized tax rates

	2022 Rm	2021 Rm	% change
Revenue	3 656	3 432	6.5
Finance income	1 378	1 185	16.3
Fee and other income	668	541	23.5
Retail sales	1 610	1 706	(5.6)
Gross profit	751	770	(2.5)
Gross profit margin	46.6%	45.1%	1.5
Debtor costs	(1,081)	(975)	10.9
Trading expenses	(1,259)	(1,233)	2.1
Other income, gains and losses	25	(25)	>100.0
Operating profit	482	263	83.3
Net interest expense	(126)	(87)	44.8
Taxation	(54)	(9)	>100.0
Profit after tax	302	167	80.8

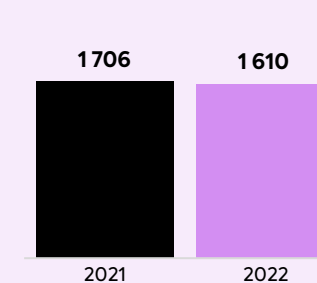
Digital loans disbursed (R'm)
up 29%



Buy now, pay later GMV (R'm)
up 260%



Retail sales (R'm)
down 5.6%

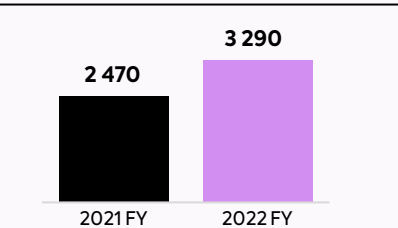


Focus on quality of credit books with appropriate provisions held.

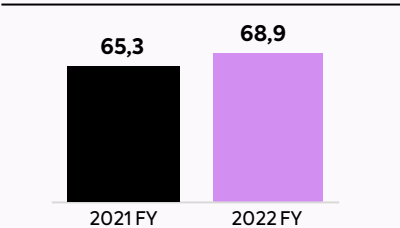


WEAVER FINTECH CREDIT

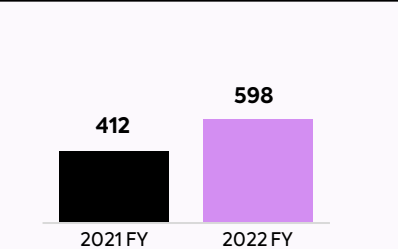
Gross book (R'bn)



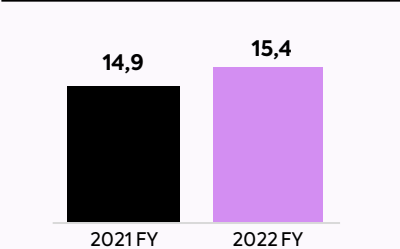
Stages 2 and 3 cover (%)



Debtor costs (R'm)



Provision % of gross receivables

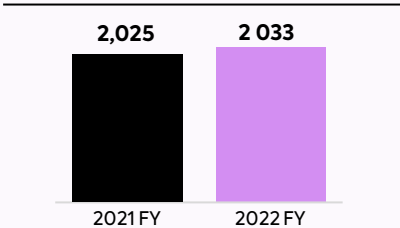


Strong disbursements and 33% book growth driving higher debtor costs
Increased provision by 50bp and stage 2 and 3 cover ratio for market factors and larger debt review portfolio

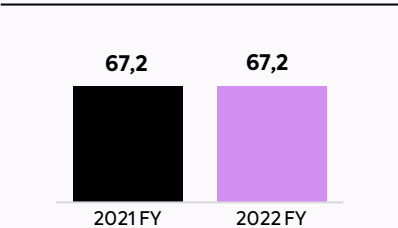


RETAIL CREDIT

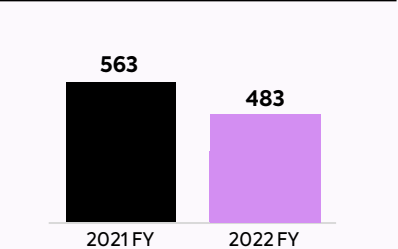
Gross book (R'bn)



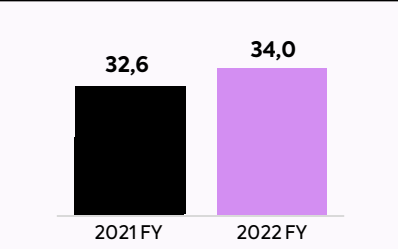
Stages 2 and 3 cover (%)



Debtor costs (R'm)



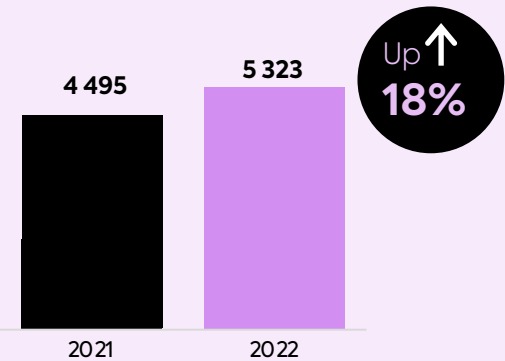
Provision % of gross receivables



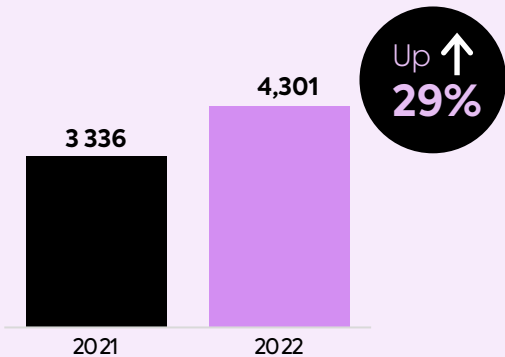
Credit risk tightening visible in lower write-offs and 14% lower debtor costs
Provision rate increased to 34%, conservative cover maintained at 67.2%

Funds used to deliver Fintech growth with effective cash management.

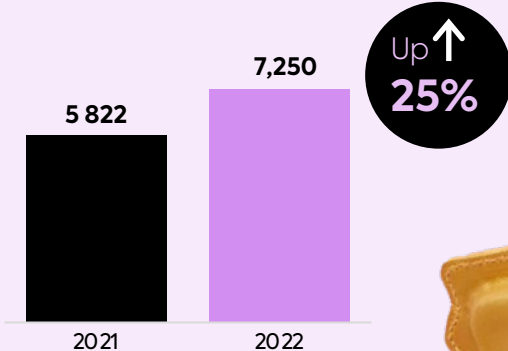
Trade and loan books



Fintech disbursements (R'm)



Group collections (R'm)



Summary Group Cash Flow	2022	2021	% change
Operating cash flows	554	392	42.1
Working capital	(768)	(422)	82.5
Cash used in operations	(214)	(30)	>100.0
Capex	(56)	(49)	16.3
Cash balance	14	203	(93.1)
Net debt*	1,373	753	82.3
Net debt : equity*	39.6%	23.1%	

R647m

Cash and Undrawn facilities

25.8%

Net debt to gross trade and loan books* (Dec 21: 16.8%)

* Excluding property debt of R178 million (Dec2021: R204 million)





Weaver Fintech



Fast growing fintech ecosystem which is highly profitable.

R1.4bn

Revenue up 31%

R438m

Operating profit up 29% with margins of 30%

R5.1bn

Cash collected from Weaver businesses

940k

Fintech customers up 44%

102%

Growth in Merchant partners to 2,350 across 17+ verticals

4m

Visits to web and mobi sites

R4.3bn

Loan disbursements up 29%

R747m

Gross merchandise value from BNPL up 260%

R3.3bn

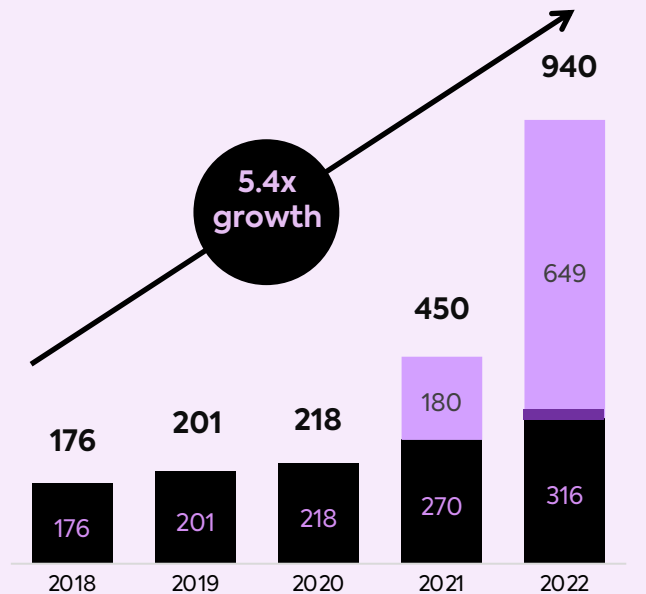
Gross loan book up 33%



Weaver plays in the fast growing digital payments and lending space with rapid customer adoption.



Loans, Insurance and BNPL customer base



■ Finchoice ■ PayJustNow ■ Overlap of customer*

* Currently 24,725 customer overlap



64%

Women

R14.8k

Av income

47%

Gen Z /
Millennial

82%

Retention rate
of active existing
loan customers



66%

Women

R16.7k

Av income

76%

Gen Z /
Millennial

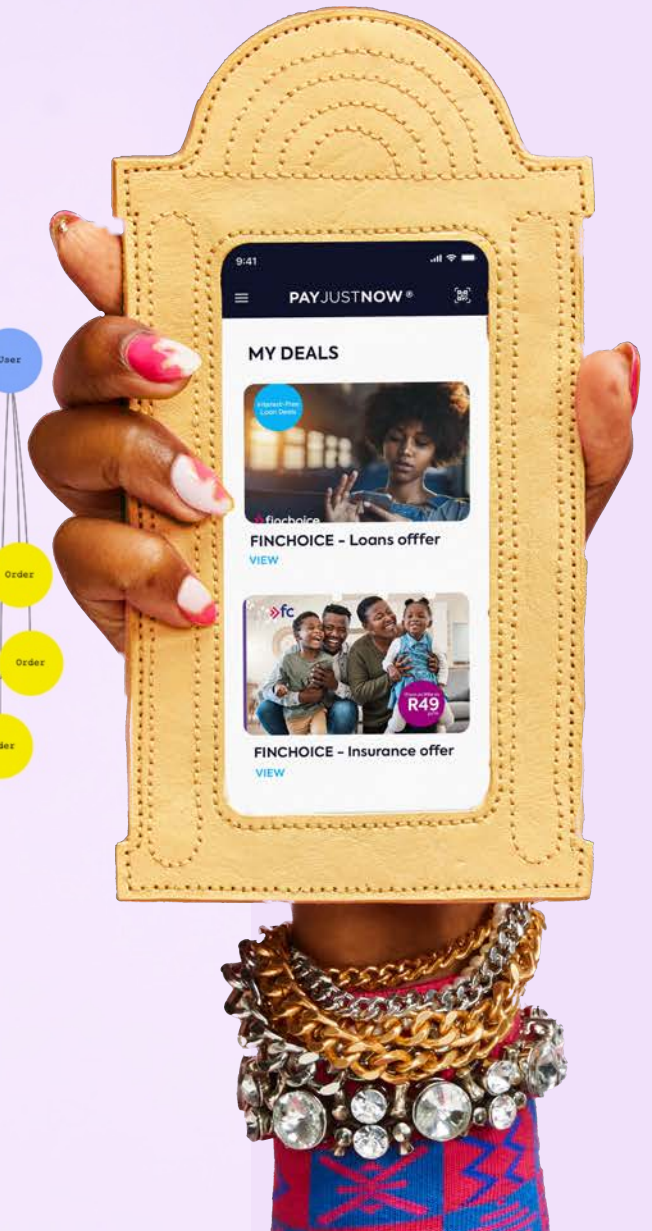
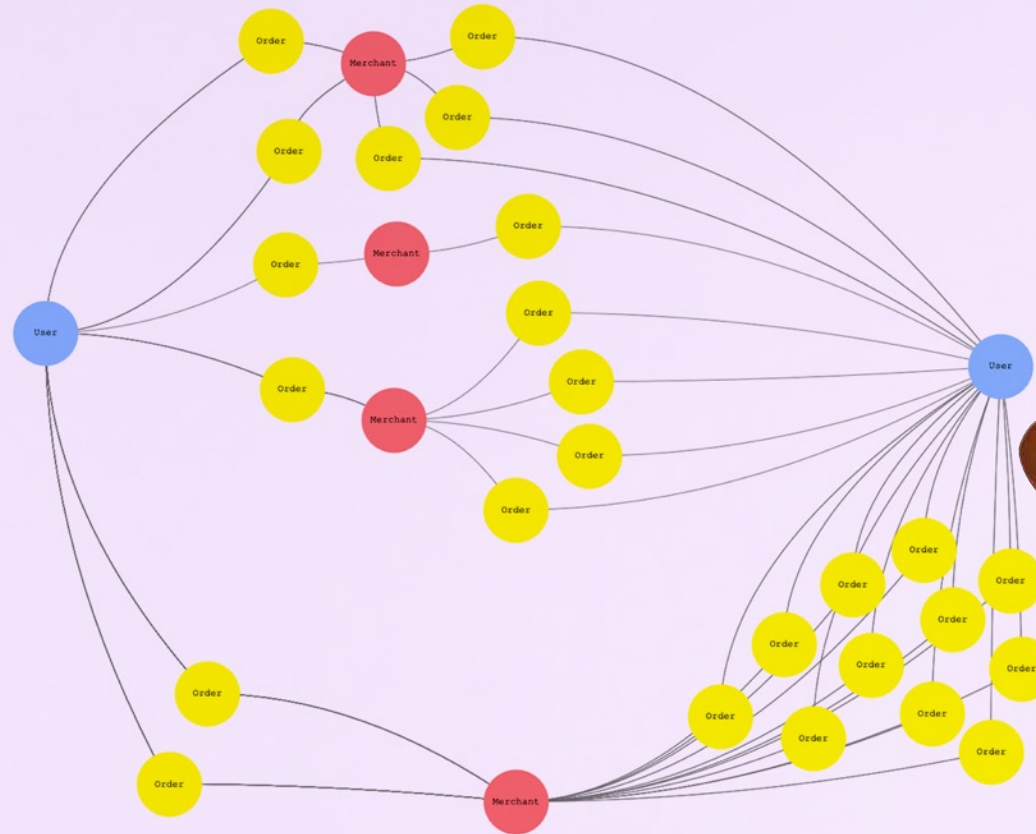
58%

BNPL
returning
customers



Unique opportunity to cross-sell products in digital flows using data insights.

- Attractive lending and payments product suite drives customer engagement
- Graph database technology to understand complex customer relationships
- Data analytics from relational databases predicts customer preferences
- Data insights enables personalization of offers to drive cross-sell



24,725

current overlap
customers 2.6% total

Q4 2022

Cross-sell strategies
tested using My Deals on
the PayJustNow platform

Q1 2023

Operational with
personalized
loans and insurance offers

Weaver Fintech delivers double digit profit growth.

Loan disbursements up R965m (29%) to R4.3bn

- Demand from digitally engaged customers with customer base up 17%

Fintech revenue of up 31% to R1.4bn

- Finance income benefitting from book growth and interest rate rises
- Increasing levels of debt review exhibited in the market softened interest income
- Fee income increasing to 33% of mix driven by insurance and BNPL

Debtor cost growth ahead of revenue


- Growth in book (up 33%) from higher level of disbursements
- Provisions increased to 15.4% with higher cover ratios
- Collections have remained strong with loan yield maintained

Trading expenses up 23% significantly below revenue growth

- Operating costs to NBI down from 31% to 28.8%
- Highlights efficiencies of a digital business and focus on digital self-service

Profit before tax growing 23% to R334m

- Growth of loans business required increased funding with interest impacted by increased borrowing costs



	DEC 2022 Rm	DEC 2021 Rm	% change
Revenue	1,447	1,105	31.1
Finance and other income	964	757	27.3
Fee income	483	348	38.8
Other gains / (losses)	14	8	72.0
Debtor costs	(598)	(412)	44.9
Insurance costs	(47)	(55)	(15.0)
Trading expenses	(378)	(307)	23.0
Operating profit	438	339	29.2
Interest expense	(104)	(68)	52.0
Profit before tax	334	270	23.0

45.5%

Net Banking Income* to
Average Debtors Book
reduced from 46.8%
(2021)

28.8%

Operating costs to
Net Banking Income*
improved from 31.0%
(2021)

20.8%

Debtors cost to
Average Debtors Book
slight increase from
19.5% (2021)

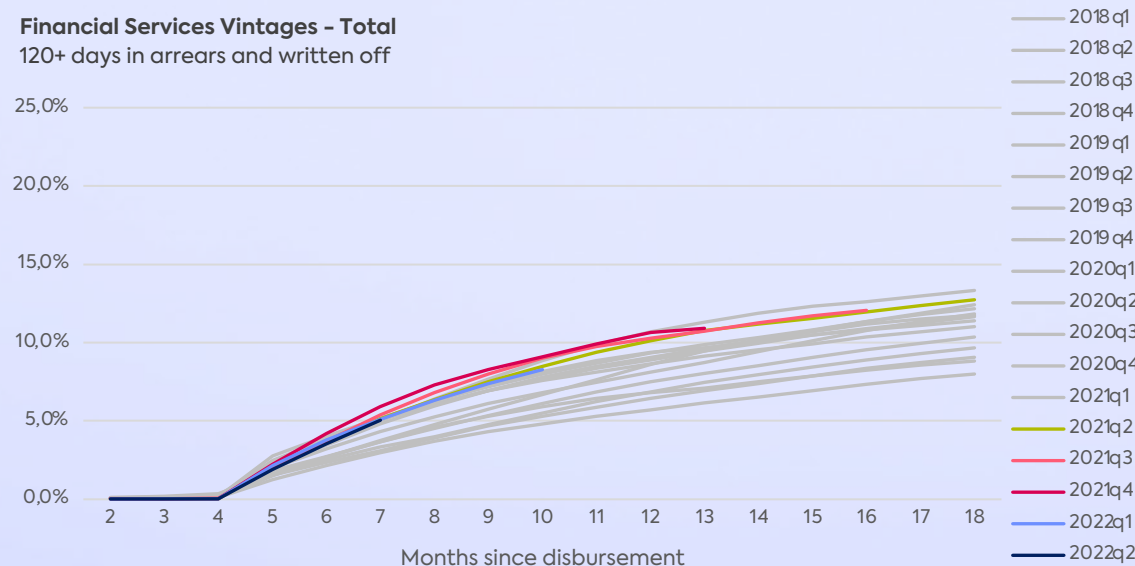
* Net Banking Income (NBI) is defined as Revenue less interest and insurance costs

Quality loan book with growth well managed.

- Strategic focus on growing fintech books with higher limits to proven existing customers
- Reloan mix at 84.5% (LY: 81.3) with modest book term increase to 20.9 months (LY: 19.2)
- Market stress evident in increased demand for debt review and rehabilitation products impacting debtors costs
- Credit acceptance tightened in response to tough macro environment
- Infrastructure providing real time digital origination
- Strong collections through use of Debicheck with yields maintained

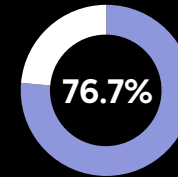
Vintages improving within narrow tolerance band

Financial Services Vintages - Total
120+ days in arrears and written off

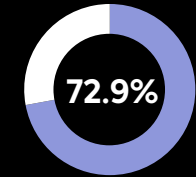


Applications accepted

FY: 2021



FY : 2022



Disbursed ave loan term

13.0
Months

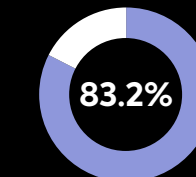
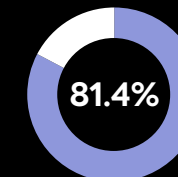
13.6
Months

Average balances

R7 737

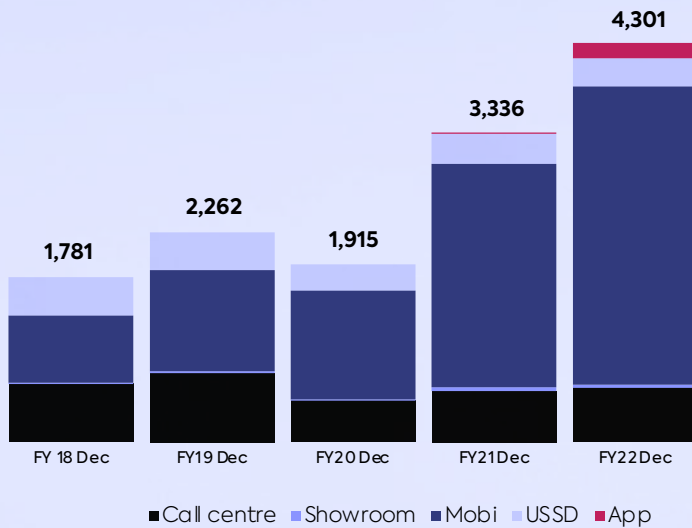
R8 393

Active account holders able to borrow

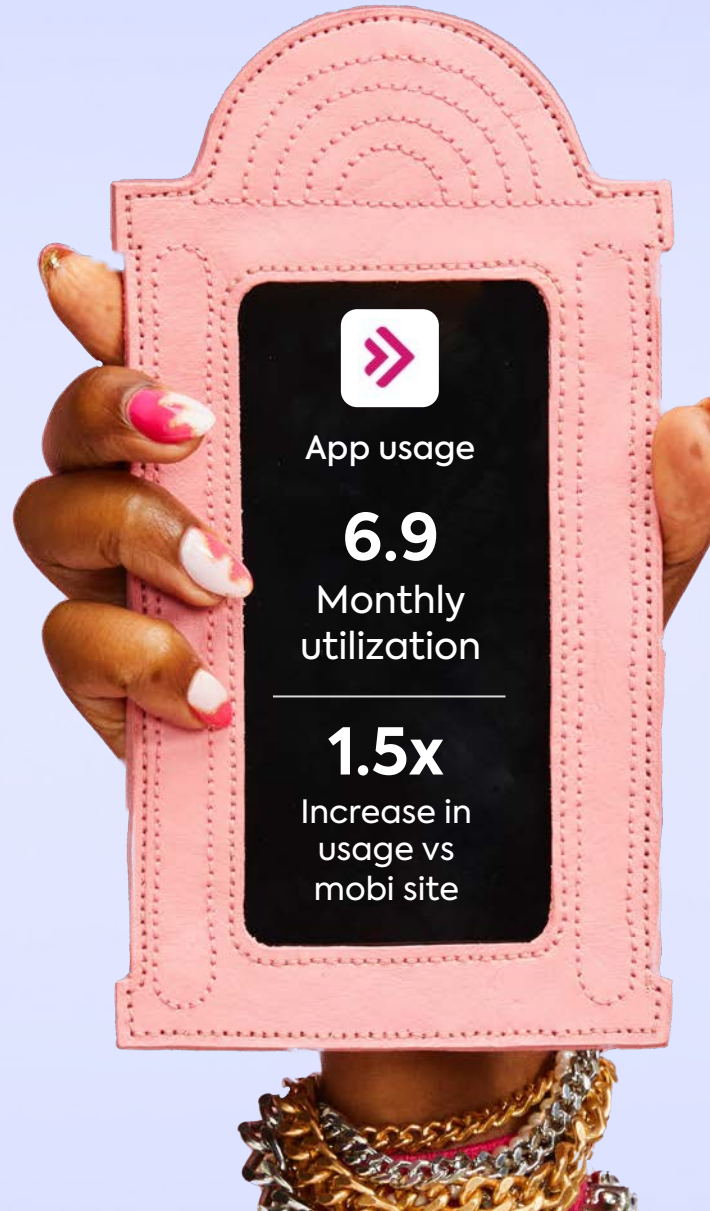
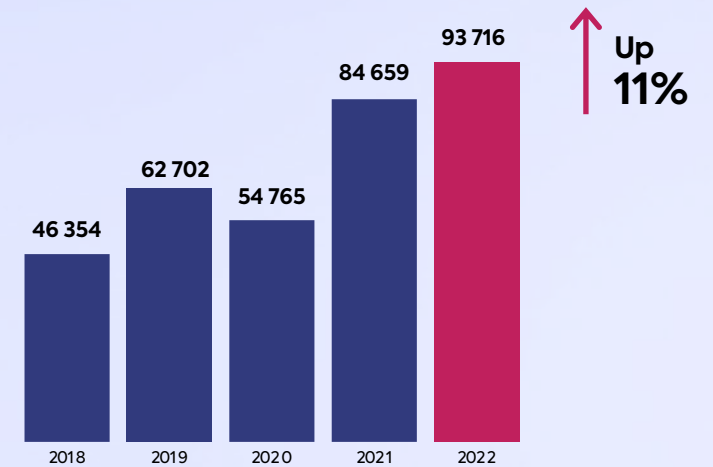


Digital loan experts deliver strong growth on controlled limits.

Disbursements (R'm) up 29% overall



New customers acquired



Engaged digital existing customer

84.5%

Disbursements up from 81.2%

95%

Digital repeat loans up from 94%

Origination of new customers

74%

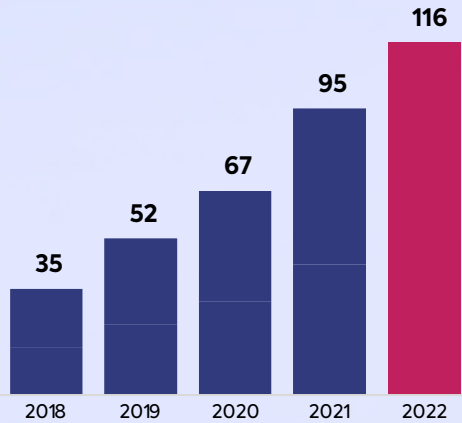
Acquired via digital channels vs 70% LY

72%

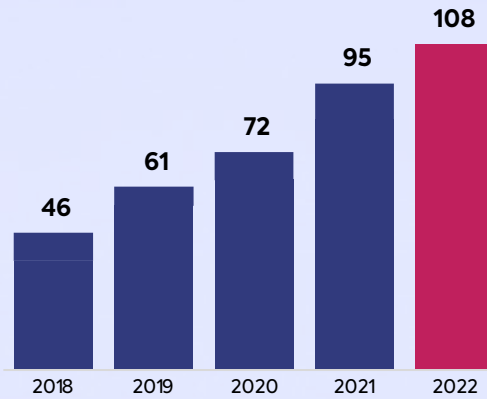
Sourced outside the group which has increased from 64% LY

Insurance growth drives fee income generation.

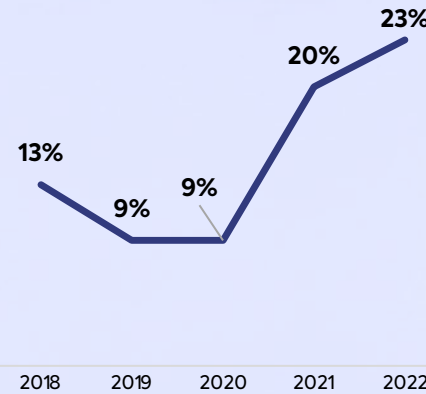
Consistent growth in GWP (Rm)
up 22%



Steadily building insurance
customers ('000)



Momentum in digital acquisition of
insurance policies (proportion %)



Driving insurance growth :

1

Launched personal
accident cover

2

Launched insurance to
PJN base via My Deals

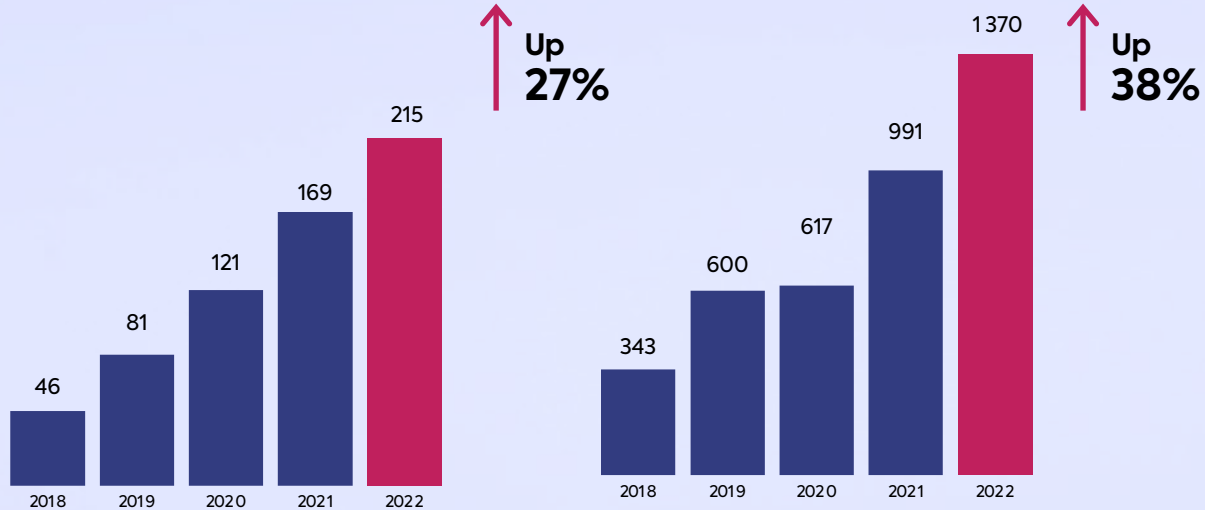
3

Inflow funeral insurance across all
digital channels

Fintech mobile wallet has high customer appeal.

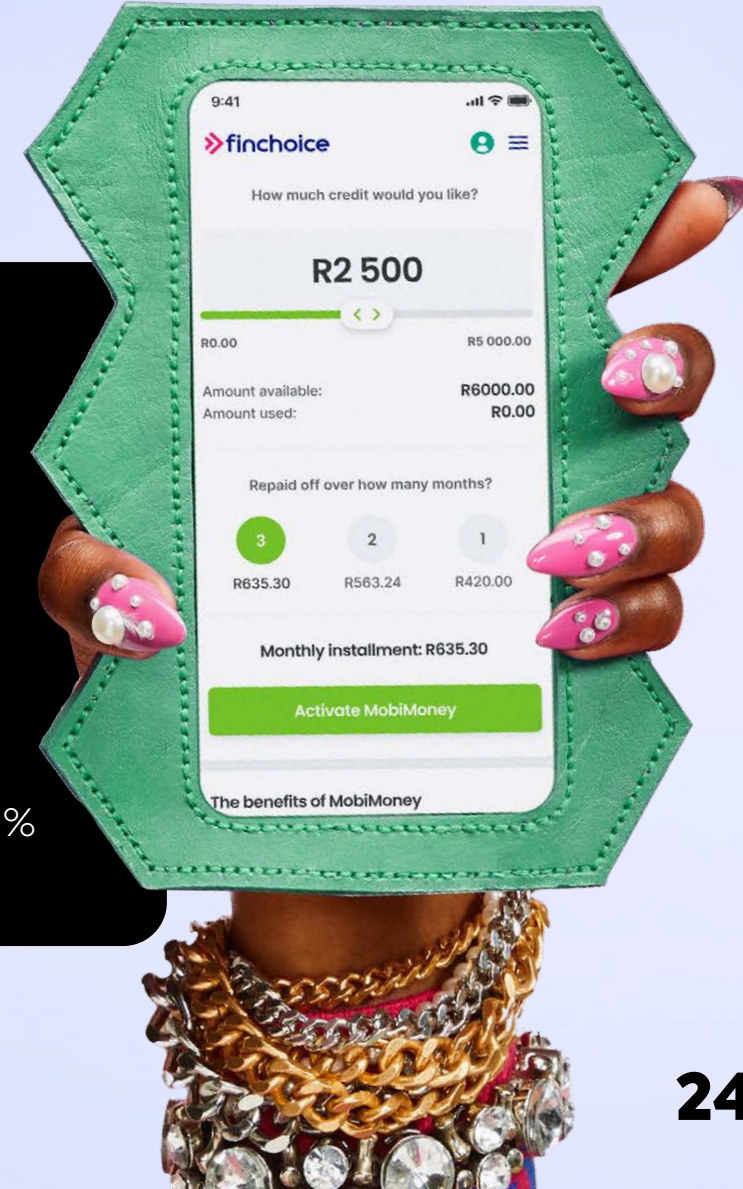
High growth in credit-backed mobimoney wallet customers

Significant engagement on Fintech wallet (R'000)



R3.9bn
wallet withdrawals
since inception

65,000
Monthly wallet
Transactions up 18.1%



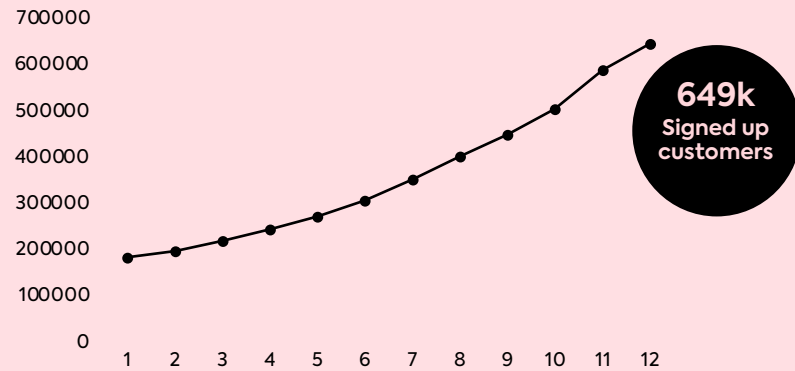
QR
payments

Retailer
POS

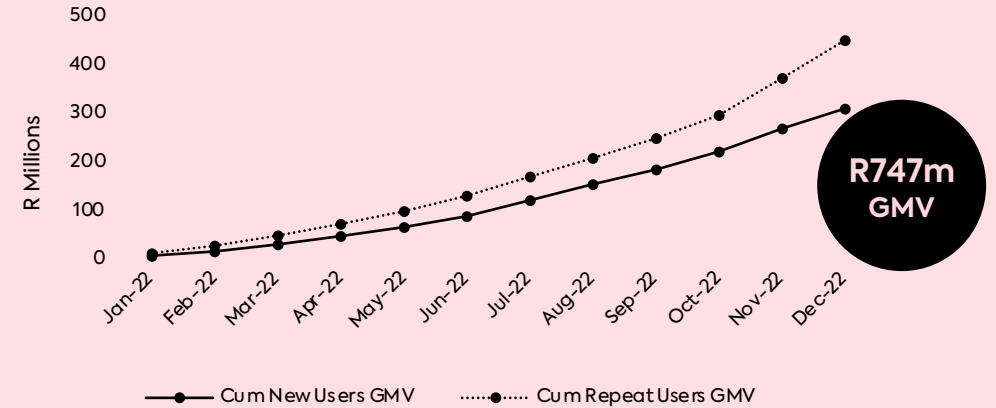
VAS & bill
payments

Customer growth accelerating with compelling BNPL proposition.

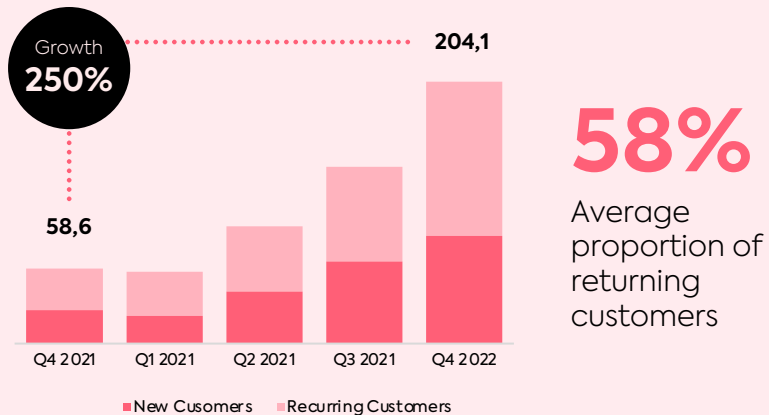
Signed up BNPL Customers - '22



Gross Merchandise Value - '22



Rapid increase in BNPL transactions



Strong Engagement Driving Frequency & Basket Size

7.75

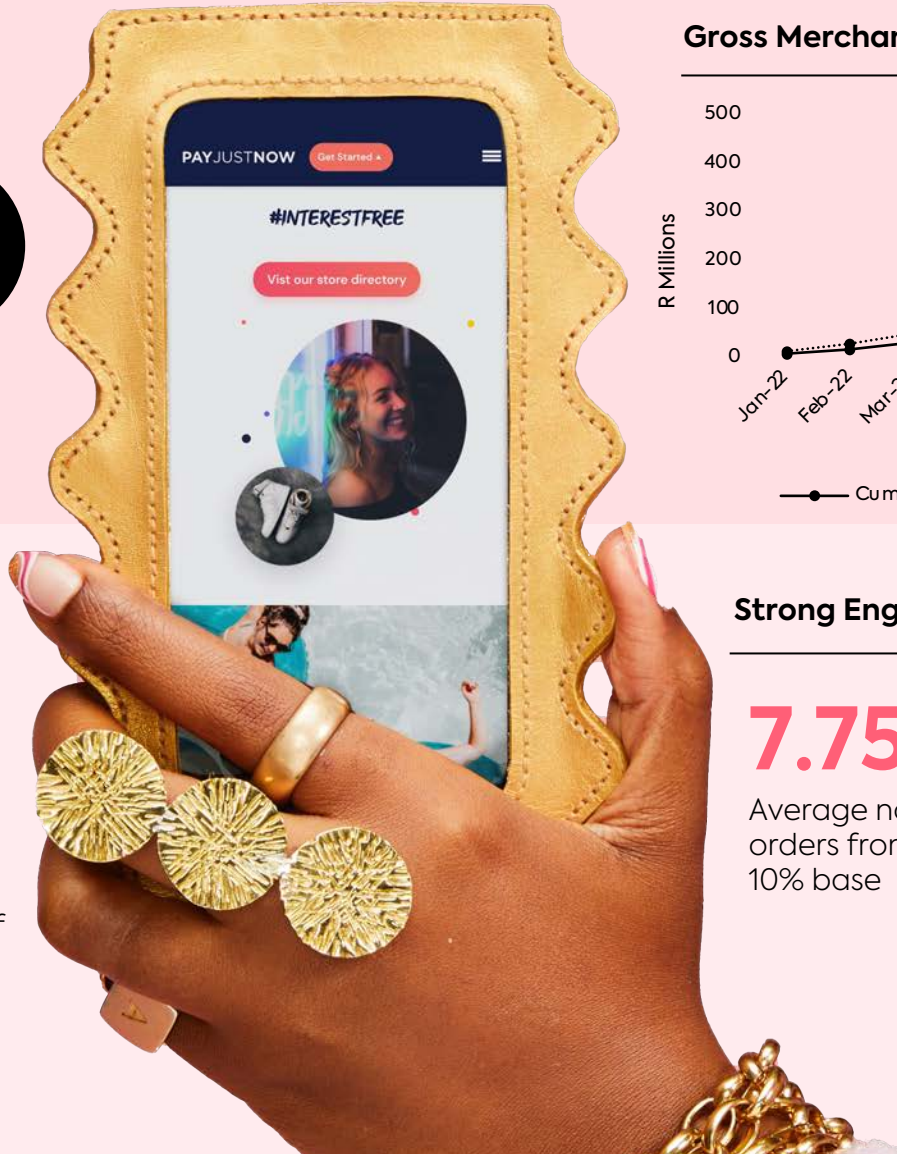
Average no orders from Top 10% base

13%

Growth in average spend across the base

R9.5K

Average yearly spend by top 10% of base



Rapidly expanding merchant base enjoying BNPL benefits.

Delivering technology solutions to facilitate easy merchant integration online and instore

1,770

Merchants using Bespoke PayUp App

2,350

Merchants up 101%

17

Product verticals from merchants

4,610

Active points of presence - doubled

177%

Merchant GMV growth from Yr 1 to Yr 2

270%

Increase in total transactions of top 10 merchants



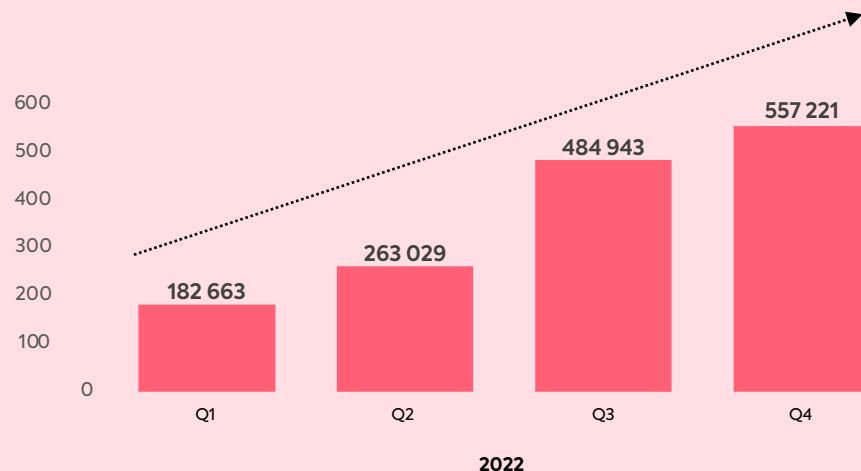
PJN used by all kinds of Merchants



PJN short term high yielding book.

- Fast growing BNPL book with conservative approach to credit limits and concurrency
- Tightening in credit acceptance in Q4 to maintain quality of portfolio
- Real time infrastructure providing instant credit scoring
- Improved customer authentication with bespoke selfie technology delivering good benefits
- Strong payments with some degradation due to technical issues with certain bank cards – alternative strategies adopted
- BNPL loan book of R98m with average term of 1.5 months
- Capital at risk well managed with late payment revenue reducing net transaction loss < 2%

High monthly payment rates



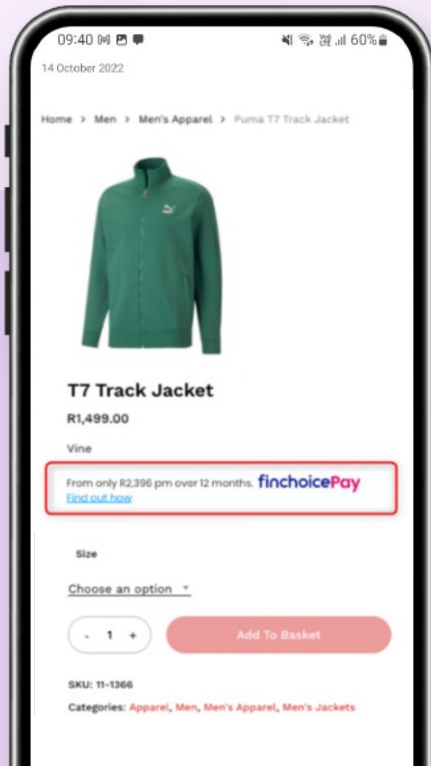
	FY: 2021	FY : 2022
Applications accepted	82.5%	76.2%
Average credit limit	R3 200	R3 070
Average Basket size	R1 354	R1 374
Average utilisation	52.1%	59.6%

Weaver delivering innovation for both Consumers and Merchants.



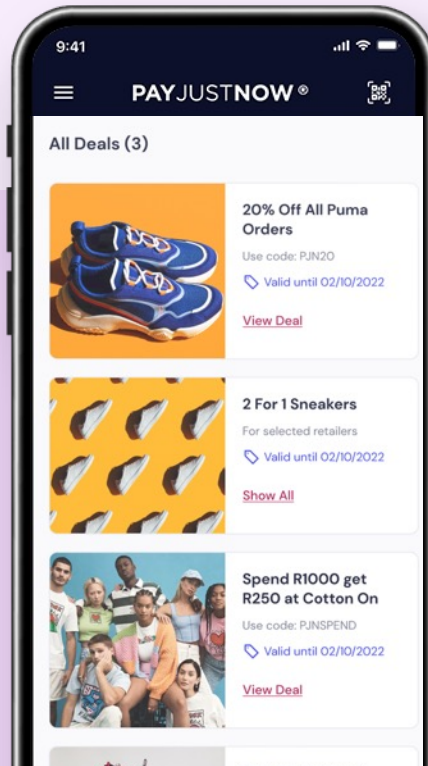
Retail Instalment Credit

Unique offering to merchants in SA supporting customer growth



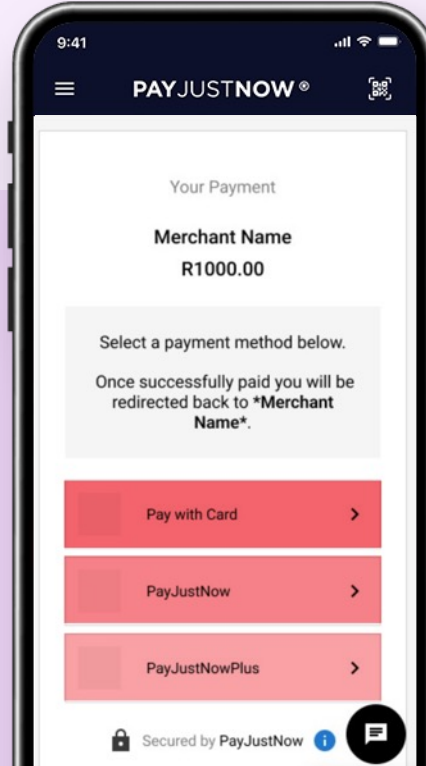
PJN Deals

Proprietary data models with unique offers to consumers and benefits for merchants



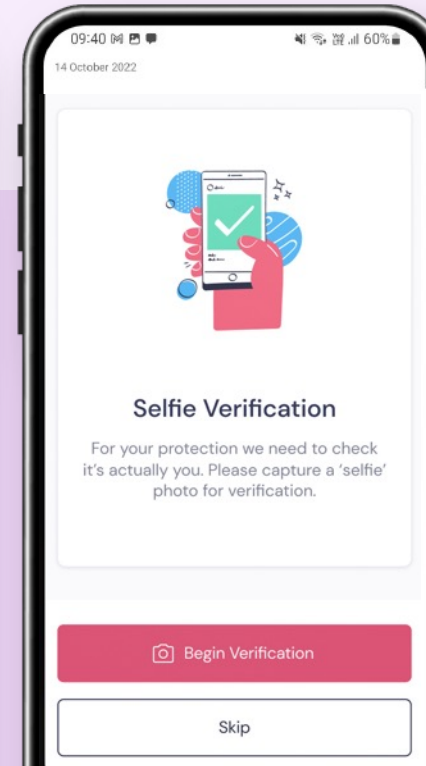
PJN Product Suite

Giving consumers multiple ways to pay from straight payment to BNPL to PJN Plus



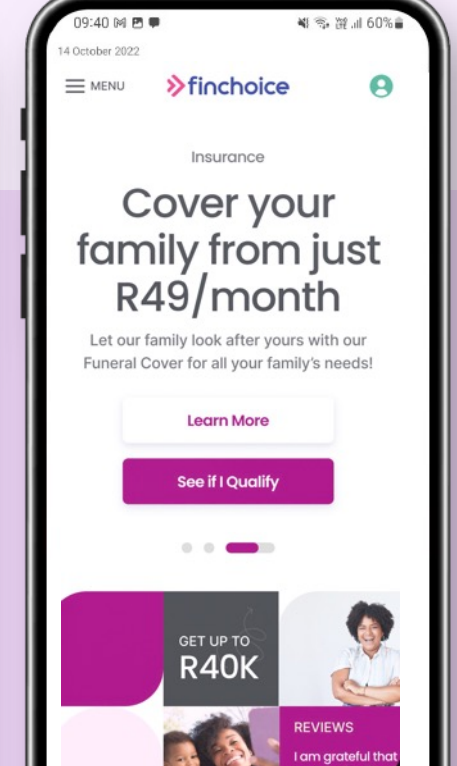
Fraud prevention

Risk based biometric tool assisting customers and merchants



Digital insurance

Integrated with digital onboarding flows and improved customer journey





Retail



Building a future-fit Retail business.



DELIVERED

1 Profits restored

Gross margin increased

Implemented procurement strategy

Reduced indirect costs

2 People engaged

Re-ignited our entrepreneurial spirit

Relaunched our core values

Compelling EVP to attract and retain talent

MOMENTUM

3 Customer growth

Product innovation attracting customers

Marketing strategy to deliver profitable new customers

Retention of existing customers with increased response

4 Manage credit risk

Implement bespoke scorecard

Fraud prevention focus

Data driven collections strategies with digital payments

FORWARD

5 IT FOCUS - 2023

Implement Shopify for digital shopping

Evaluation and replacement of current credit solution

Smart fulfillment delivery system going live improving CX

6 Future Retail

Open new smaller format showrooms

Integrate digital platforms in physical retail creating digital showroom

Promote digital self service

Digital first CX design



Retail returned to profit.



Retail Sales down 5.6%

- Impact of loading shedding disrupting all sales channels
- Tightening of credit to reduce risk
- Media marketing (TV) ineffectual with negative impact on customer growth

Comparable basis finance and other income down 3.5%

Improvement in gross margin up 150bp

- Selective product repricing and well managed mark-down strategy
- Supply chain optimization offsetting cost pressures
- High textile buy with orders brought forward to mitigate impact of Chinese Covid policies disrupting supply chain

Debtor costs reduced to 21.9% of revenue

- Lower write-offs with benefit of credit risk tightening visible
- Debicheck now successfully implemented improving payments
- Appropriately held provisions with rate up from 32.6% to 34.0%

Trading expenses R30m lower

- Despite investment in marketing to drive sales
- Benefit from cost actions taken in FY21 to right size operations

Operating profit post restructuring now R78m

	DEC 2022 Rm	DEC 2021 Rm	% change
Revenue	2 209	2 326	(5.0)
Retail sales	1 610	1 706	(5.6)
Finance and other income	612	583	5.0
Gross profit	751	770	(2.4)
Gross profit margin	46.6%	45.1%	1.5
Debtor costs	(483)	(563)	(14.2)
Trading expenses	(802)	(832)	(3.6)
Operating profit	78	(43)	>100.0

Digital homewares offer with data led risk based decisions

28%

Digital channels sales
mix proportion

46.6%

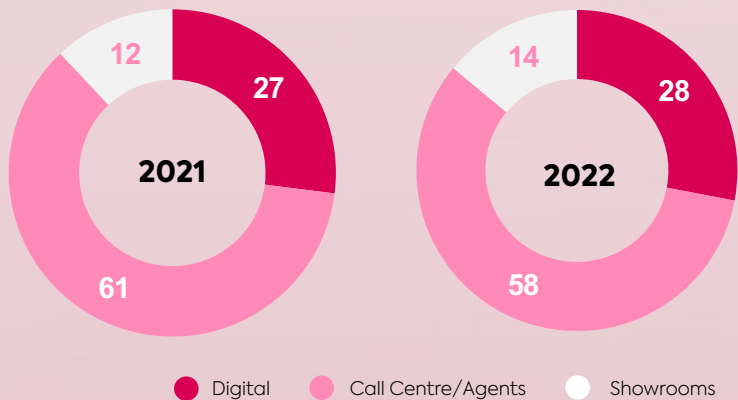
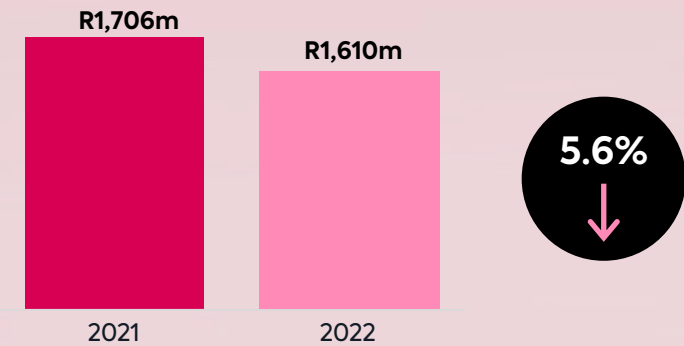
Delivered GP%
improvement

R1.7bn

Cash Collected from
R2bn gross book

Loadshedding and credit risk decisions impacted sales.

Retail Sales (R'm)



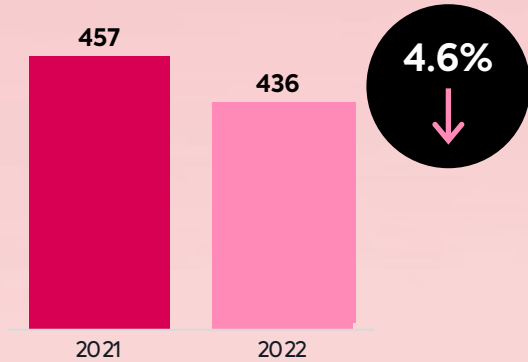
- 1 Loadshedding significantly reduced the effectiveness of all acquisition channels, particularly TV and call centres
- 2 Shifts in credit strategy to reduce risk negatively impacting sales
- 3 Credit limit changes enabling higher spend from good risk customers
- 4 Strategic progression of digital channel with reduction in call centres
- 5 Showrooms benefit from customer returning to shopping malls post covid



Rebuilding a quality customer base.



Active credit customer base* ('000)



Customer retention improving but net outflows remain



24.9%
Reactivations

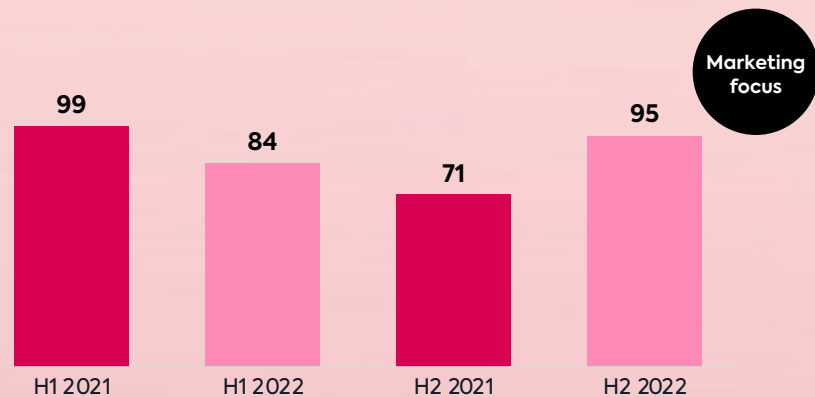


7.2%
Attrition



15.4%
Write-offs

New customers ('000) acquisition initially curtailed due to changes in credit strategy



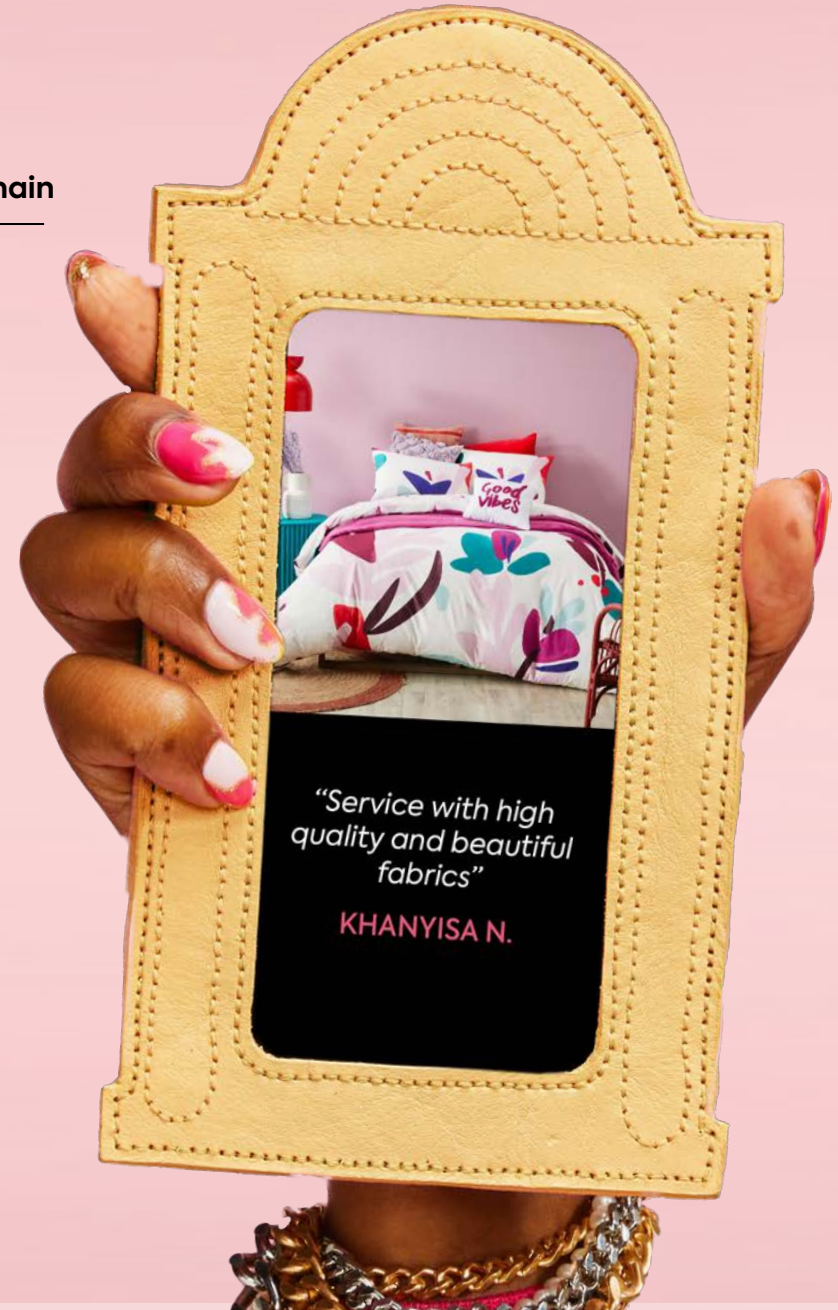
↑ 4.9%

179 000
New active customers

28% proportion

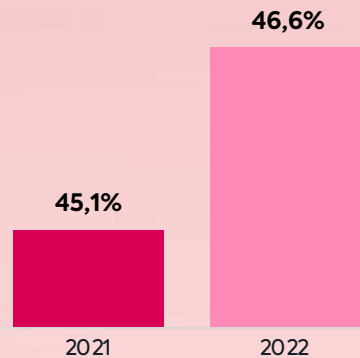
50 615
New digital customers

* Customers with active balance

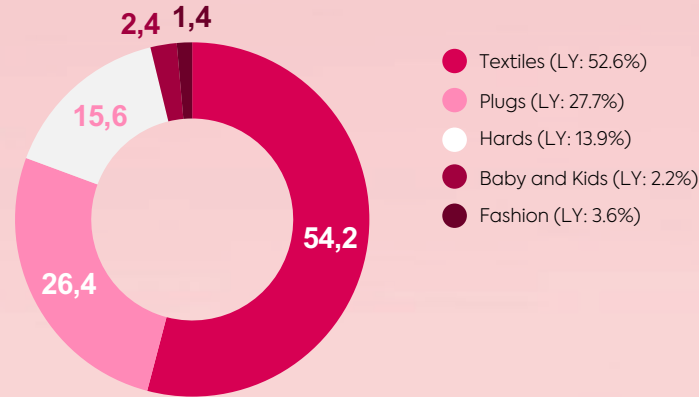


Delivered gross margin increase despite market headwinds.

Gross Margin up 150bp



Sales mix by category

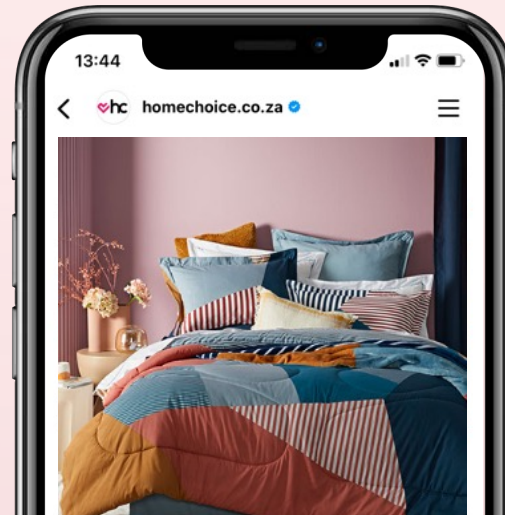


- 1 Significant refocus on heritage textiles category
- 2 Introduced value bedding ranges and strong bundle offers
- 3 Effective management of mark- downs controlling margins
- 4 Competitive pricing whilst maintaining quality
- 5 Warehouse consolidation and fulfillment optimization

Innovation



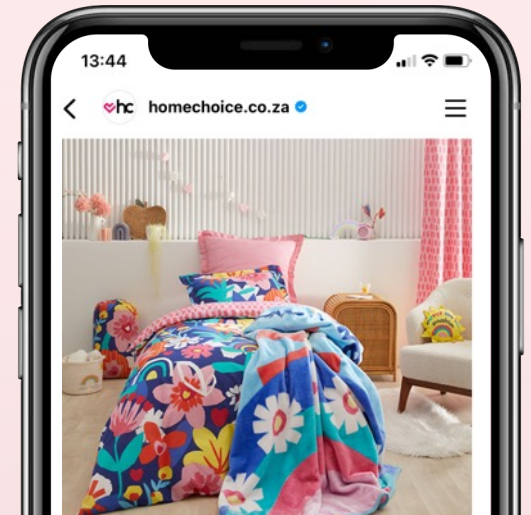
Quality and Value



Sustainability



Range Expansion



Significant focus on improving the credit book.



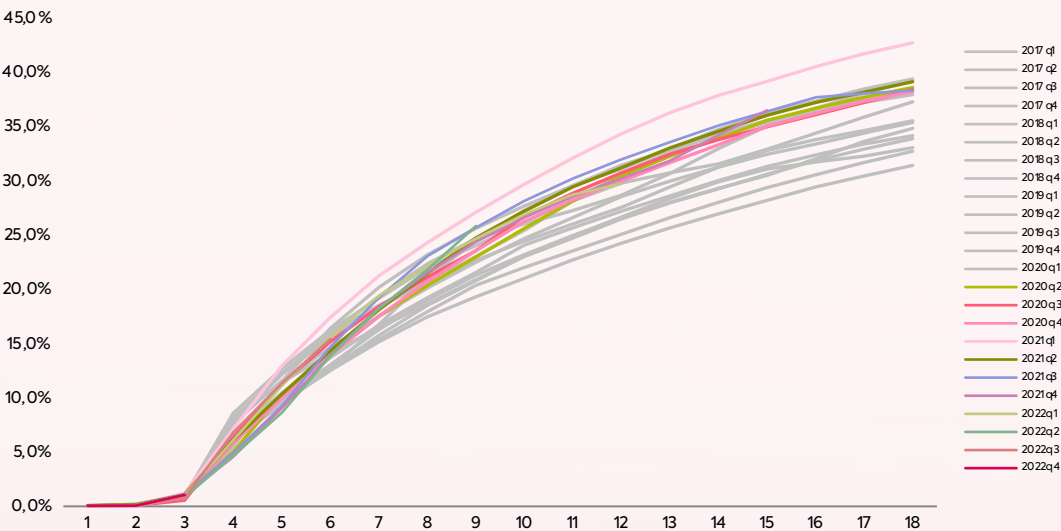
Implemented further credit actions to reduce risk and improve book quality

- Bespoke application scorecard developed
- Increased scorecard risk prediction
- Strengthened fraud defences
- Revisited customer limits cutting out higher risk populations
- Focus on existing customer evident in higher average balances

Retail vintages stabilizing to manage within risk tolerances

- Implemented new digital strategies in collections
- Strategies developed for setting future collection direction

HomeChoice Vintages excl. Cash (120 days + and written off)



	FY: 2021	FY : 2022
New Applications accepted	50.0%	47.8%
Average Book Term	18.6 Months	18.6 Months
Average balances	R5 163	R5 235
Active account holders able to borrow	63.0%	65.1%
Average New limits	R4 070	R5 765

Driving reductions in the fixed cost base.



R802m

Overall retail trading costs down 3.6%

↑ **4.4%**

Direct costs up by R16m to R378m

↓ **9.9%**

Indirect costs reduced by R46m to R424m

Non-comparable costs of R53m incurred in 2021. Adjusting for these one-offs overall costs are up 3%

↑ **9.6%**
Marketing

- Increased spend required to activate customers in tough climate
- Loadshedding disrupted call connectivity and reduced effectiveness of media campaigns (TV)
- Invested in both digital marketing and catalogue to drive growth

↓ **29.1%**
Customer support

- Digitalisation of processes
- Additional customer self-service options

↓ **9.5%**
Staffing and tech

- Right sized teams aligned with business focus
- New procurement program implemented

R28m
Capital expenditure

- Following capex freeze resumed investment in showrooms and IT
- Sustainable levels of capex c. R45m



Upward momentum from interplay between digital and experiential shopping.



Digital Platforms

19.5m

Digital Sessions

154k

Instagram followers

76k

HC App users

1.1m

Facebook friends

28%

Digital sales



Digital Showrooms

851k

Footfall

250

SQM new format

14

Showrooms

32k

Click on collect

14%

Showroom sales

43.8%

Transaction from customers shopping in these channels

Rollout small format showrooms

Scan QR code for showroom offers

HC App to check her balance instore

WhatsApp self-service to track orders and pay

Sales completed on mobile devices

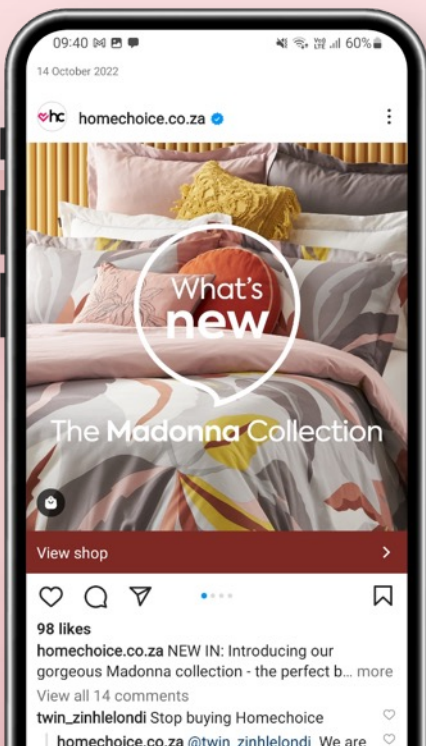


Digital and tech investment to drive growth.



Social commerce

Frictionless shopping on Instagram driving uplifts in conversion



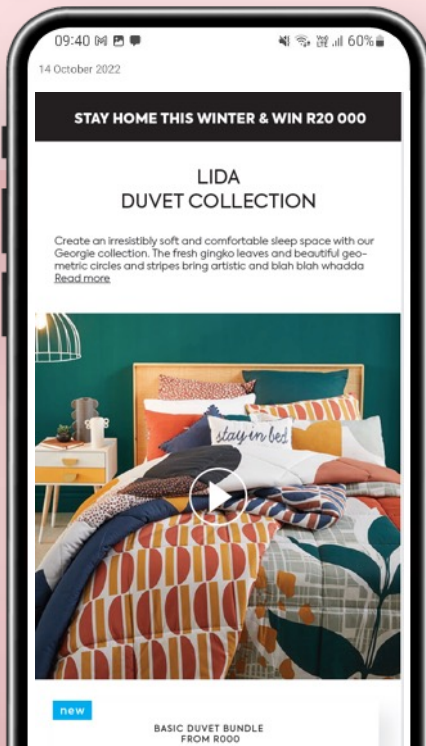
HC App

Continual improvement driving App downloads and increasing frequency of engagement



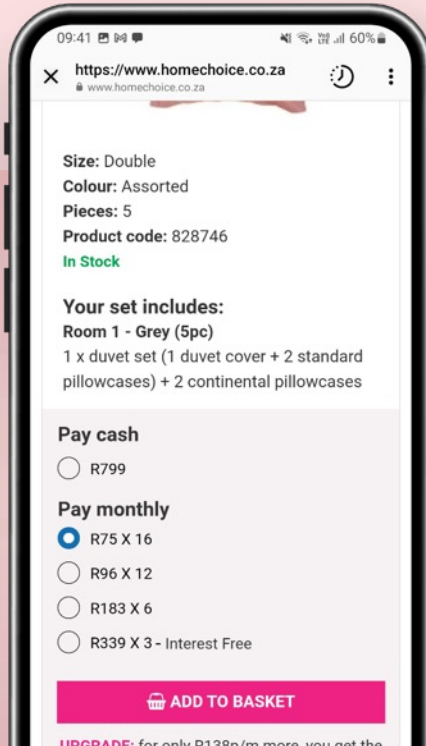
Homechoice 2.0

Implementing Shopify platform to provide flexibility and improve CX



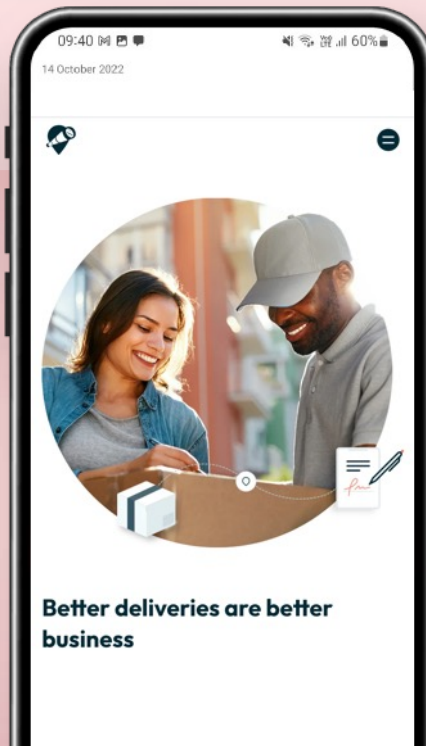
Credit Engine

Implement flexible credit system which can manage multiple credit products



Smart Fulfillment

Simplify the delivery experience for customers and optimize logistics networks



Forward.



Accelerating profitable momentum in Fintech.

- 1 Substantial fintech customer base which is growing rapidly
- 2 High levels of digital innovation drives customer appeal and growth
- 3 Significant product cross-sell opportunities utilising data and analytics
- 4 Retail business is transforming and has returned to profit



Disclaimer

This document has been prepared and issued by and is the sole responsibility of the management of HomeChoice International plc and its subsidiaries (the “Company” or the “Group”). This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities of the Company nor does it constitute a recommendation regarding the securities of the Company.

This presentation may include certain forward-looking statements, beliefs or opinions, including statements with respect to the Company’s business, financial condition and results of operations. These statements reflect management’s beliefs and expectations and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. No representation is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved.

There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these statements and forecasts. Past performance of the Company cannot be relied on as a guide to future performance. Forward-looking statements speak only as at the date of this presentation and the Company expressly disclaims any obligations or undertaking to release any update of, or revisions to, any forward-looking statements in this presentation. No statement in this presentation is intended to be a profit forecast. As a result, you are cautioned not to place any undue reliance on such forward-looking statements.

By participating in this presentation or by accepting any copy of the slides presented, you agree to be bound by the foregoing limitations. No part of these materials may be (i) copied, photocopied or duplicated in any form, by any means, or (ii) redistributed, in either case without the Company’s prior consent.