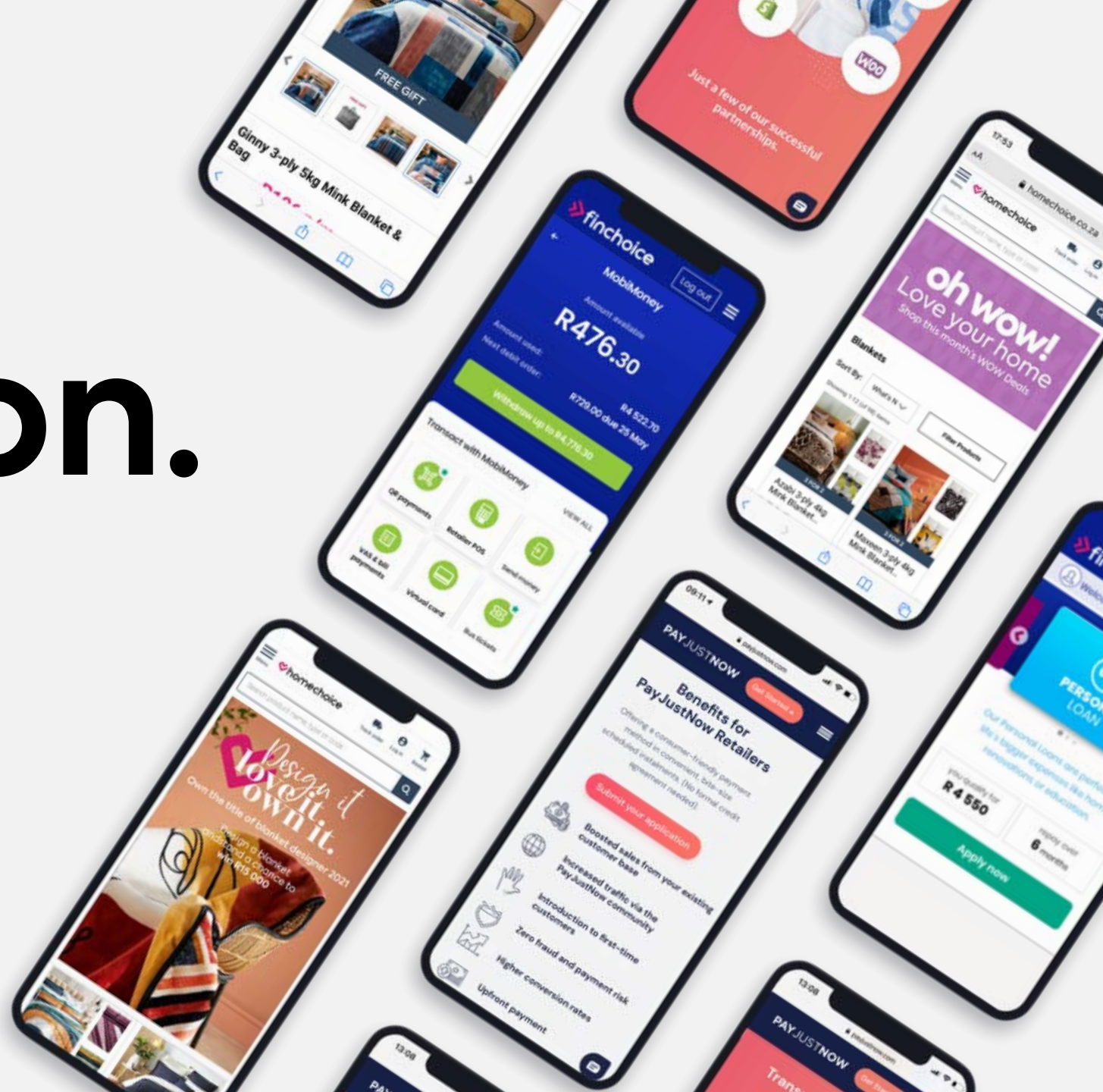


evolution.



Full Year Results 2021



strategy.



Strong financial growth with robust funding structures

R3.4bn

Revenue

R386m

Trading Profit

43%

Increase in Trading Profit

1m

Customers

1,165

Merchants now using BNPL

R3.3bn

Loans disbursed to customers

R1.7bn

Retail sales

65%

Transactions conducted digitally

R5.8bn

Cash collected from customers

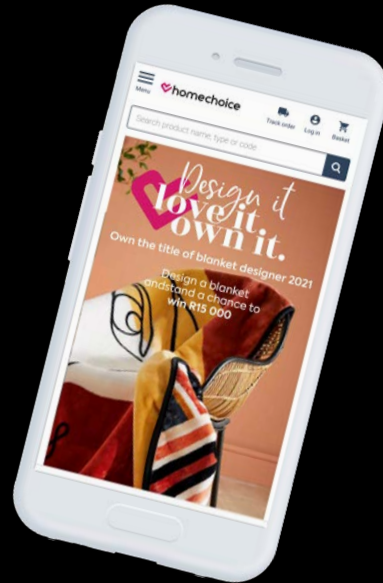


Growing diversified digital consumer services group

CREATING A HOME SHE LOVES



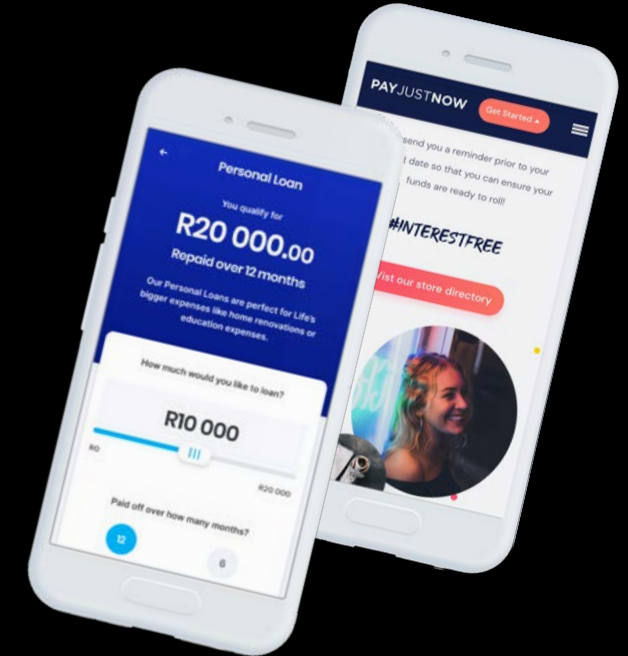
Omni-channel retailer
delivering quality homeware
merchandise directly to homes



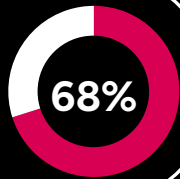
DIGITAL FINTECH PROVIDERS



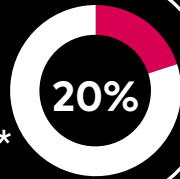
Digital FinTech business
offering personal lending,
insurance, payments
and value-added services



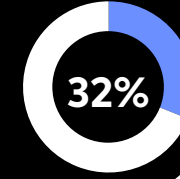
R2.3bn
Revenue



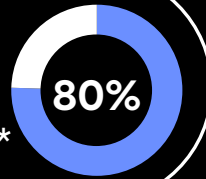
R71m
Segmental
trading profit*



R1.1bn
Revenue



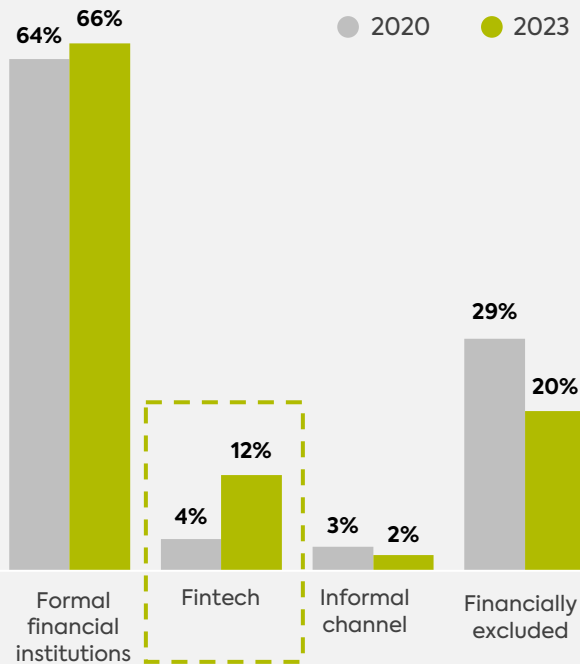
R279m
Segmental
trading profit*



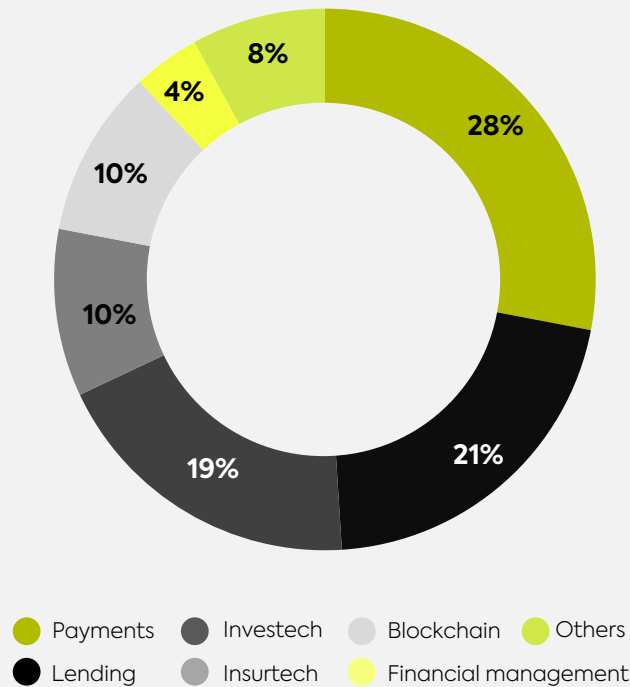
* 2021 segmental trading profit excludes once-off restructuring costs, and other group companies' costs

Fintech's with multiple product offerings win market share

Fintech market share in SA to triple by 2023

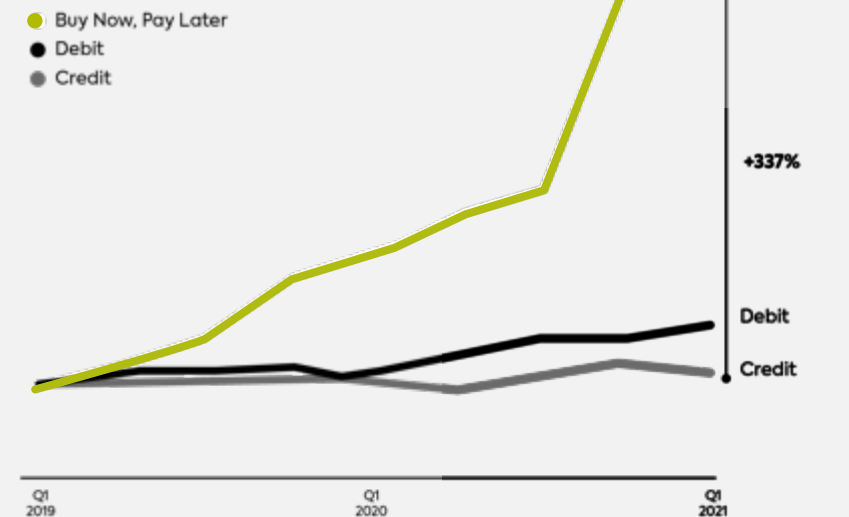


Payments and Lending – 49% of SA Fintech Services



Global spending by payment type

Spending globally on BNPL has increased rapidly over the last two years – up +300%. Credit card purchases have flatlined.



Source : Accenture Global Next Gen research 2021

Fintech set to improve **financial inclusion**

Global **online payments** market \$10 trillion

BNPL 2% penetration – significant opportunity

HiL Group Strategy – driving customer growth, digital and technology focus



-
- 1** Product and credit innovation drives customer spend and growth
- 2** Data driven insights enable customer acquisition directly or through partners
- 3** Digital First drives efficiency through scalable and stable platforms enabling growth
- 4** Drive merchant adoption through strategic product and service progression
- 5** Improving customer experience drives loyalty and repeat engagement

1 Growing Fintech product set accelerates spend

Current

 **Personal loans**

 **Payments**

 **Insurance**

 **Wallet**

Growth opportunities

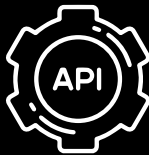
 **Merchant services**

 **Retail credit at POS**

Mobile-first technology-driven solutions



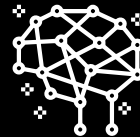
Cloud solutions



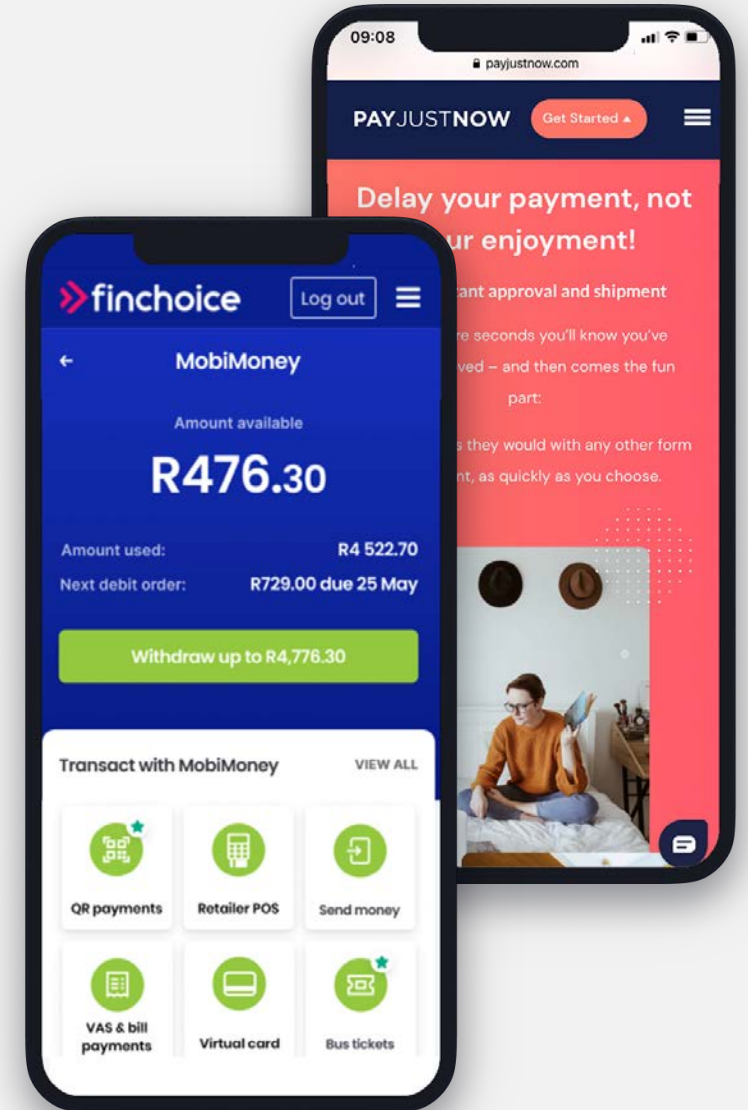
Open API



Data personalisation



AI, machine learning, big data



1 Omnichannel credit retailer providing product for the Home She Loves



Buy

- Trusted brand
- Innovative products
- Quality and value
- Multiple channels
- Insight led marketing



Delivery

- To her home
- Easy returns
- Collection points
- Digital engagement

Housewares

Bedding

Electronics

Furniture

Kids and Baby



Pay

- Curated credit offers
- Data driven decisioning
- Fast customer approvals
- Payment options



Support

- Agent voice assist
- Self service
- Digital communication



Mobile device



Social commerce



Agent voice assist



Catalogue



Showrooms

2 Our customer – a digitally savvy, urban African woman

Group customers : 2021 *

1 019 000 group customers

76% women

R12k monthly income

Digitally engaged

707 000
Retail Customers

Down
13%

450 000
Fintech Customers

Up
106%

59k
Retail app customers

Down
8%

180k
BNPL signed customers

Up
310%

170k
Mobile wallet customers

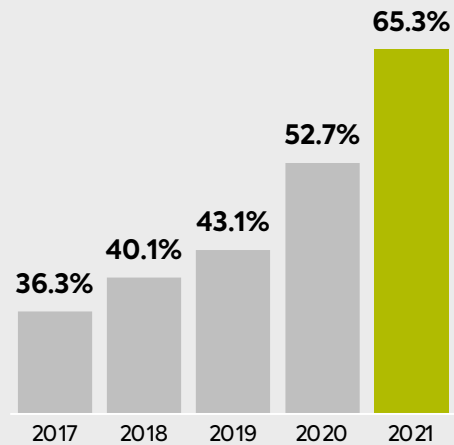
Up
40%

* 2021 group customers reported net of 138,000 loans and retail customers

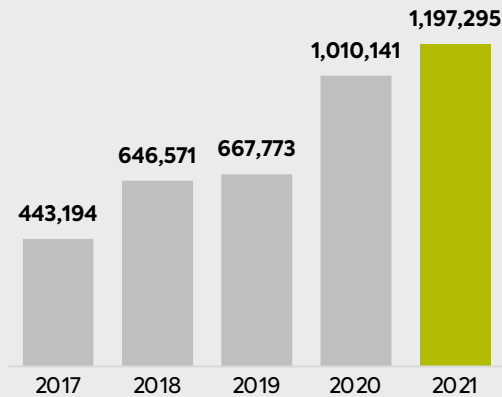


3 Digital First drives adoption and efficiency and platform agility enables growth

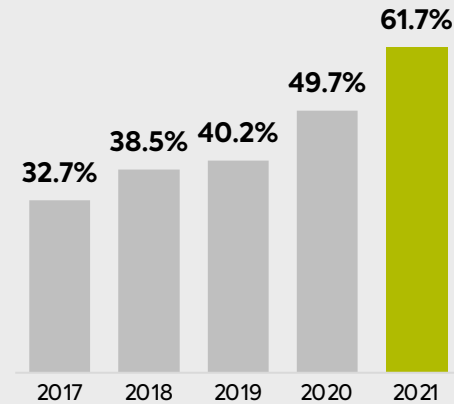
Group digital transactions %



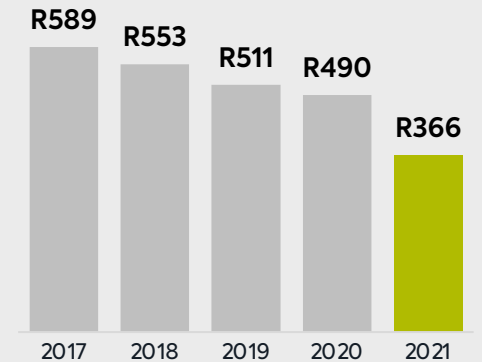
Avg Monthly Digital Users (Group)



Group Credit Extended %



Direct cost / digital transaction

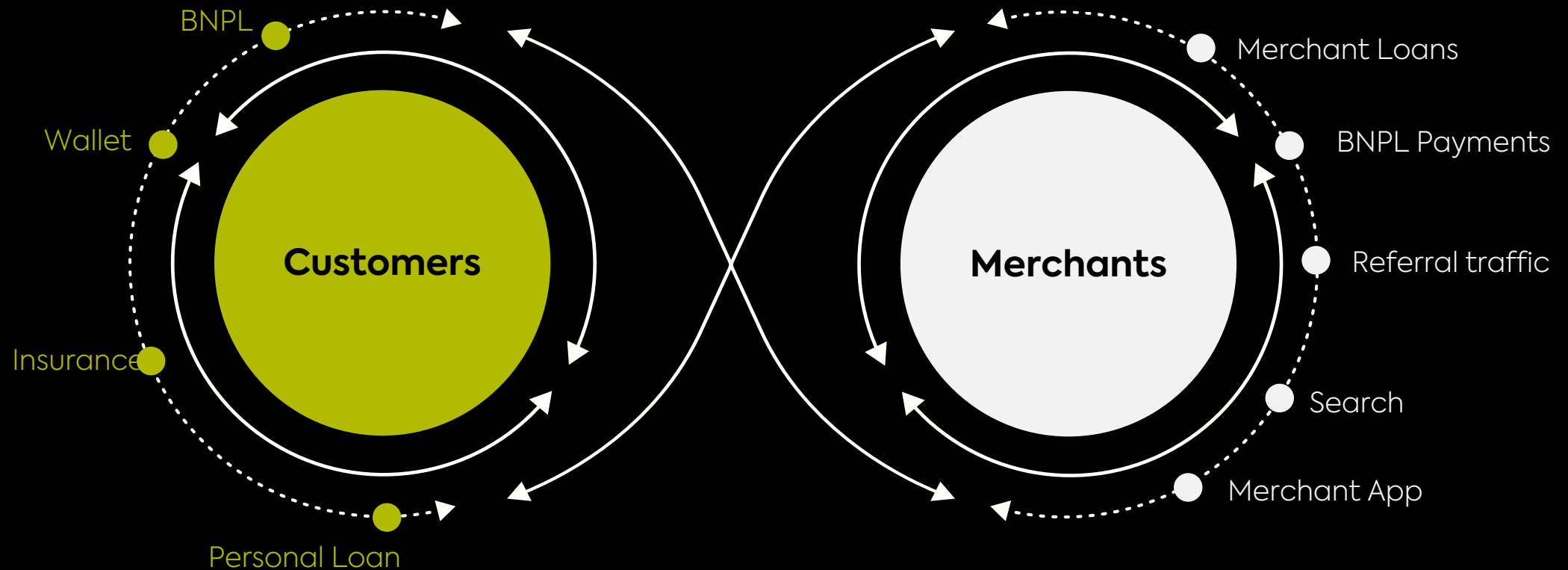


Migration from legacy systems and stability of new tech platforms are pivotal

4 Drive merchant adoption through strategic product and service progression

For Customers: a digital wallet and payment solutions

For Merchants: an integrated solution



5 Improving customer experience drives loyalty and retention

HC Net Promoter Score: **72**

FinC Net Promoter Score: **74**

 homechoice

90 days
Frequency 1.1

Google rating
3.8 ★

 finchoice

90 days
Frequency 6.0*

Google rating
4.6 ★


PAYJUSTNOW®

90 days
Frequency 1.43

Google rating
4.9 ★

* Frequency of mobi engagement

HiL

Responsive customer service and support

Frictionless customer journeys

Digital account management

Accessible and reliable technology

finance.



Market conditions mixed

Consumer credit health repairing

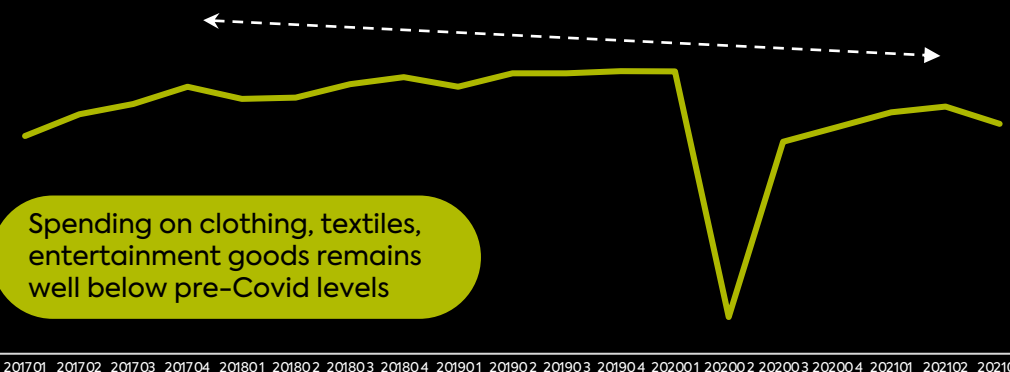
- Cautious and conservative borrowing
- Early credit defaults down 7.2%
- Interest rates up 50bps lifting debt service costs
- Healthy credit repayment behaviour

Modest household credit extension at **5.1%**

Digital is a key differentiator for growth

Retail sales below trend

Retail sales – semi-durable goods



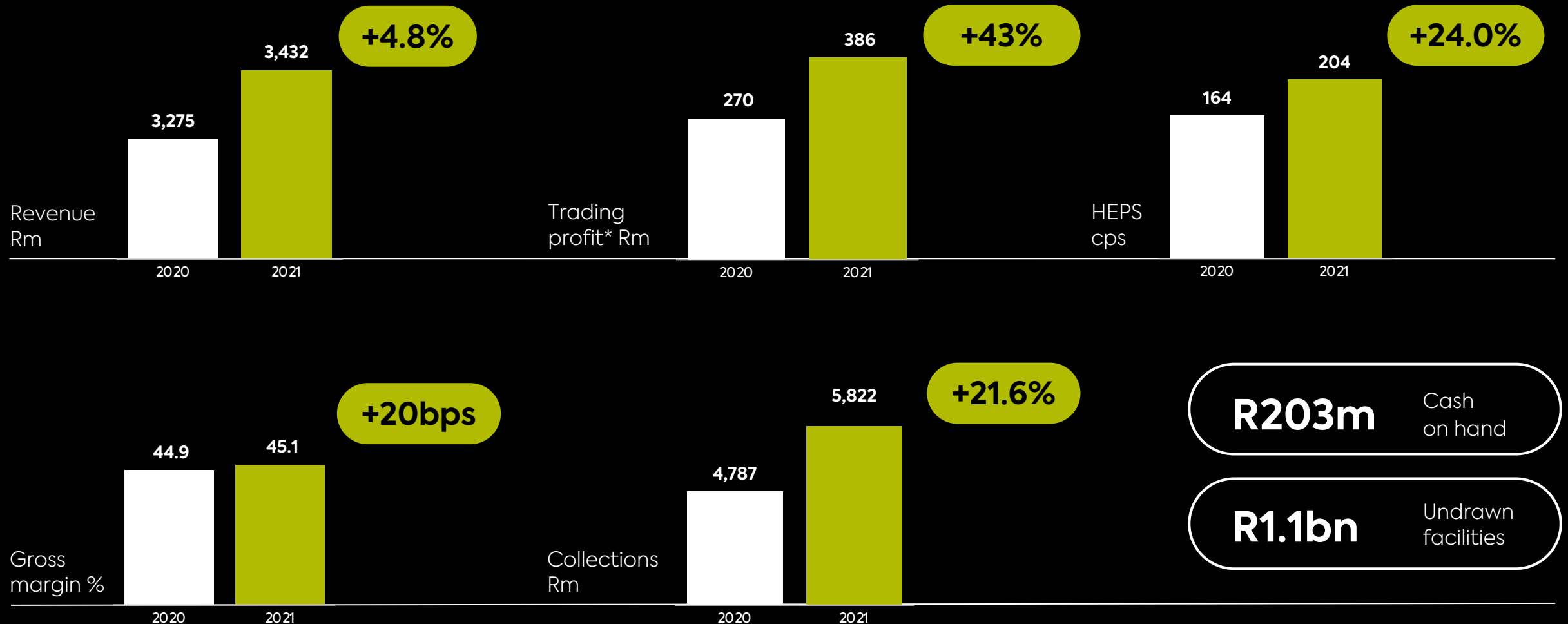
Source: SARB: Household consumption expenditure

- Civil unrest in Gauteng and KZN
- Taxi riots in Western Cape
- Supply chain pressures

34.9%
unemployment

5.7%
Price inflation

Acceleration of Fintech driving strong performance

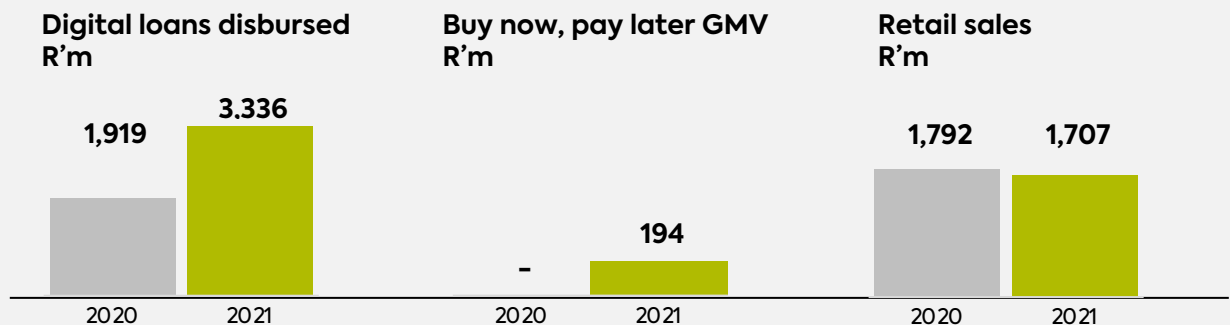


* Trading profit excludes once-off restructuring and impairment costs

Focus on delivering sustainable growth

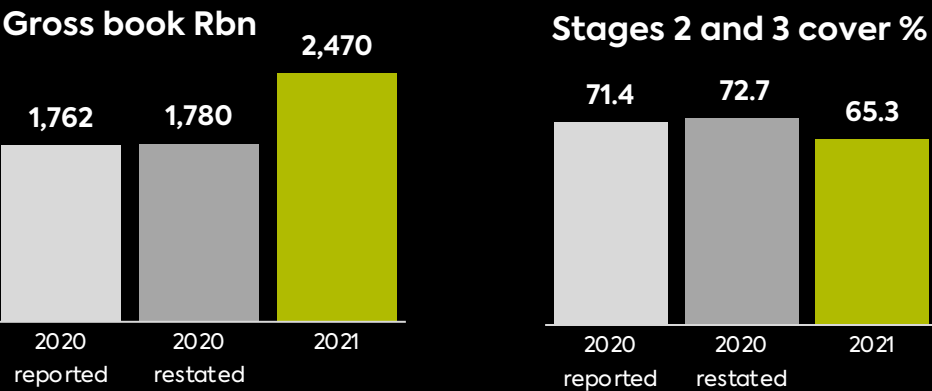
- Revenue up 4.8% to R3.4bn
 - Digital loans driving 14% higher finance income
 - Finance income growth softened by lower repo (300bp)
 - Fee income up 22% now representing 16% of revenue as group makes sustainable shift to diversifying Fintech
 - Retail credit strategy and market disruptions impact sales
- Gross profit margin improved despite significant global supply chain challenges
- Debtor costs increased from provisioning on digital loans growth
- Trading expenses well controlled but once-off restructuring costs required to right-size Retail base
 - Impairments on legacy tech no longer fit for purpose
 - Staff restructuring costs
- Trading profit has grown 43% to R386m

	2021 Rm	% change	2020 Rm
Revenue	3 432	4.8	3 275
Finance income	1 185	14.2	1 038
Fee and other income	569	27.4	445
Retail sales	1 706	(4.8)	1 792
Gross profit	770	(4.5)	805
Gross profit margin	45.1%	0.2	44.9%
Debtor costs	(975)	11.6	(874)
Trading expenses	(1,162)	1.4	(1,146)
Trading profit	386	43.0	270
Once-off restructuring costs	(123)		
Operating profit	263	(2.6)	270

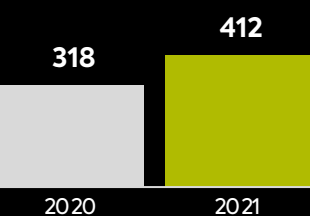


Retail credit proven challenging but Finchoice well managed

Weaver Fintech Credit



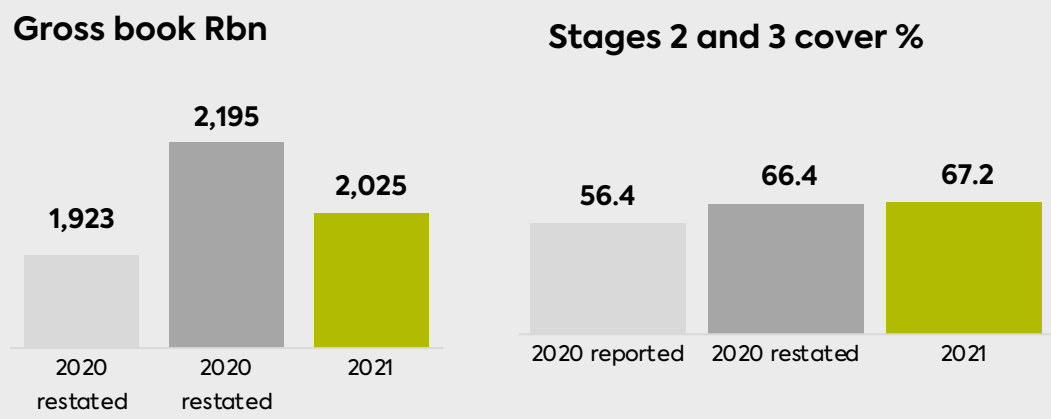
Debtor costs Rm



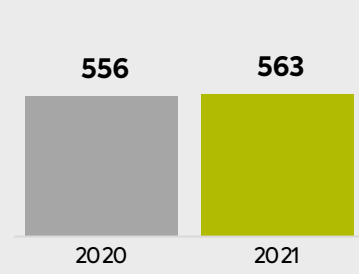
R690m
book growth increases
provision costs

- Significant disbursement growth with book up 40% and credit risk well controlled
- Improving book performance results in lower provision rate of 14.9% (2020 restated: 16.1%, 2020 reported 15.3%)
- Stage 2 and 3 cover remains conservative

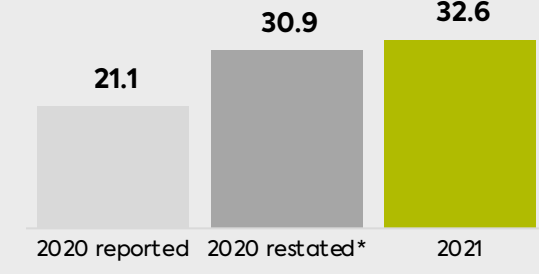
Retail Credit



Debtor costs Rm



Provision % of gross receivables



- Receivables book down 8% on lower sales
- Debtor costs largely reflect impact of poor collections
- Provision cover increasing with conservative 32.6% provision

* Change in the reporting of partial write offs results in an increase in 2020 gross book, provision balances and expected credit loss rates (provision rates)
Net book value and debtor costs are unaffected.

Well capitalised to fund fintech growth opportunity

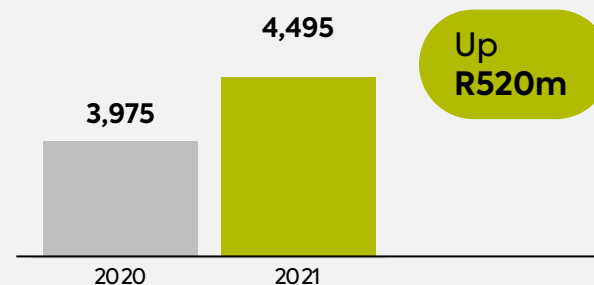
- Trading profit delivering 24% growth in operating cash flows
- Significant investment in working capital
 - Taken market share with digital loans disbursed up 74%
 - Cash invested in FinTech receivables growth, which makes up 55% of group receivables (2020: 45%)
 - Higher FinChoice yield driving 22% increase in customer collections to R5.8bn
- Healthy cash balance over R200m
- Successfully upsized loan facilities by R750m for fintech growth
- Unutilised facilities increased by R584m with benefit of refinancing

**Undrawn funding of
R1.1bn available**

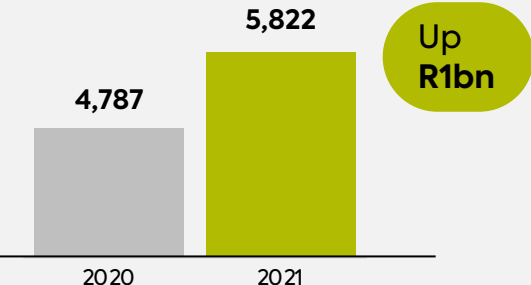
	Dec 2021	Dec 2020	% change
Operating cash flows	R392m	R315m	24.4
Working capital	R(422)m	R315m	<100.0
Cash generated from ops	R(30)m	R630m	<100.0
Capex	R49m	R117m	(58.8)
Cash balance	R203m	R415m	(51.1)
Net debt	R959m	R627m	53.0
Net debt : equity*	23.1%	12.9%	

* Excluding property debt of R203 million (2020: R225 million)

**Group receivables (Rm)
Growth driven by Fintech**



**Growth in group collections
from customers (Rm)**



weaver
fintech



Accelerating fintech customer acquisition and engagement



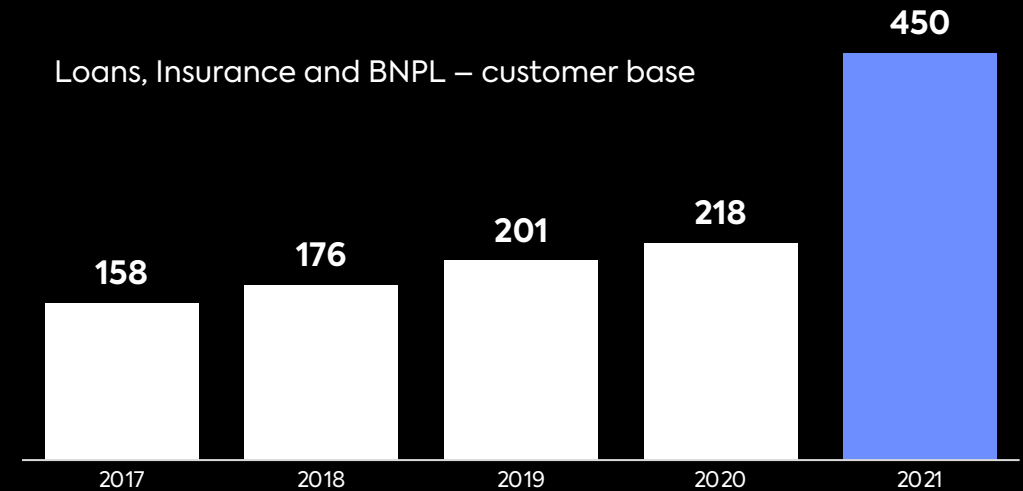
95% 😊

Happy customer journeys

- Existing customers are loyal – drive sustainable growth
- New customers attracted by compelling product suite
- Digital repeat business – low origination costs
- Existing customers lower bad debts – profitable growth

Substantial Fintech customer base

Loans, Insurance and BNPL – customer base



80%

Retention rate of active existing loan customers

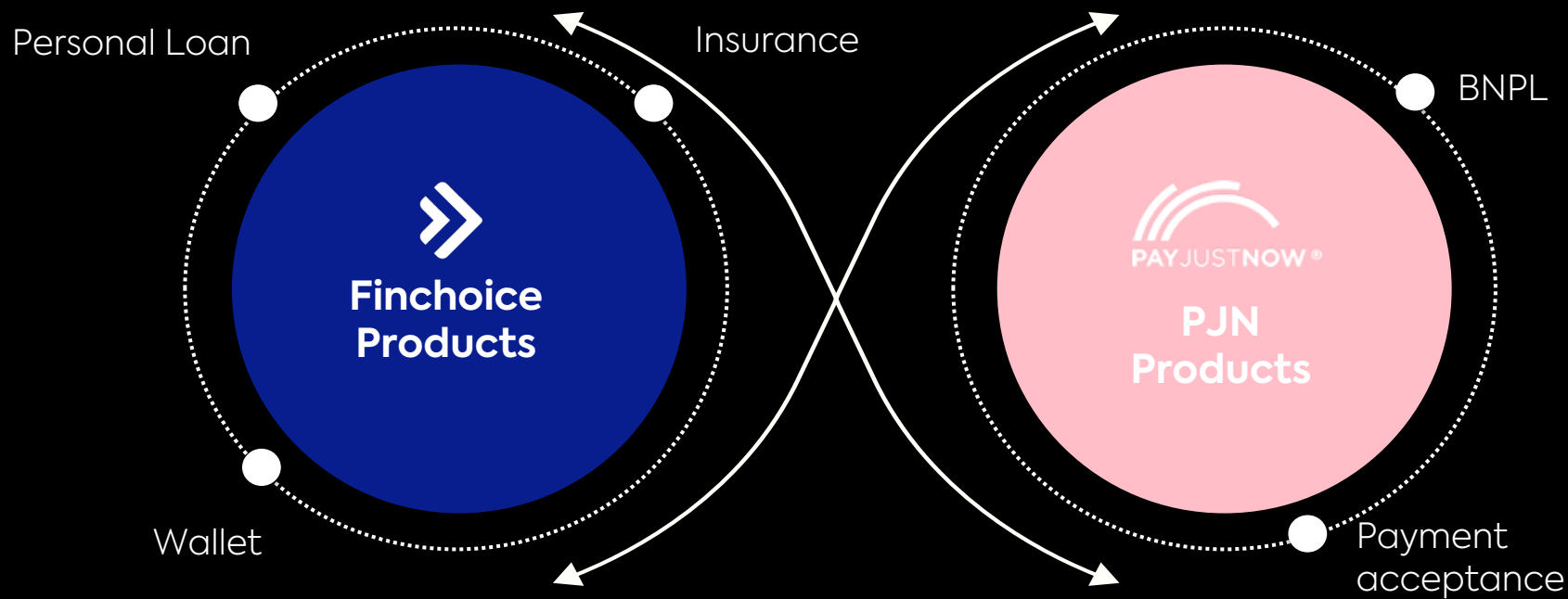
94%

Digital repeat loan engagement

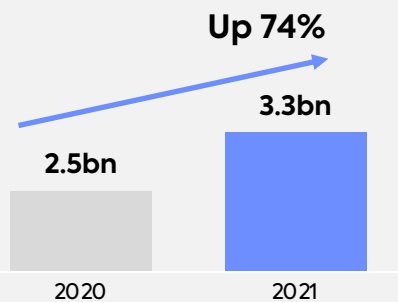
56%

GMV from customer returning to purchase

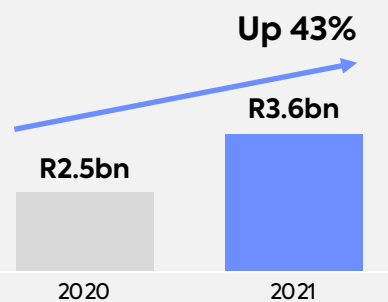
Product progression in Weaver Fintech stable drives growth



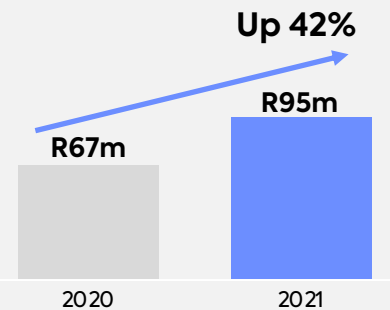
Loans Disbursed



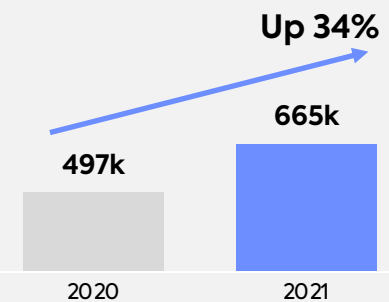
Digital payments



Insurance GWP



Wallet transactions (000's)



Weaver Fintech delivered significant profitable growth

Loan disbursements up by 74% to R3.3bn

- Strong rebound in demand for new loans and reloan within risk tolerances

Fintech revenue of R1.1bn up 32% from R835m

- Finance income benefitting from growth in book
- Fee income focus now 20% of mix with insurance and BNPL

Credit excellence with debtor costs growing below revenue

- Strong and improving loan yield
- BNPL is high yielding book with low levels of default

Insurance claims post Covid peak declining

- Conservative IBNR provisions maintained

Trading expenses highlight efficiencies of digital business

- Cost to income ratio reducing to 27.3% from 29.6%

Trading profits up 70% to R279m with improved conversion



	Dec 2021 Rm	Dec 2020 Rm	% change
Revenue	1104	835	32.2
Finance and other income	893	671	33.0
Fee income	224	168	33.3
Debtor costs	(412)	(318)	29.6
Insurance costs	(53)	(46)	15.2
Trading expenses	(305)	(248)	22.9
Interest expense	(68)	(62)	(9.7)
Trading profit	279	165	69.1
Once-off costs	(9)	—	
Operating profit	270	165	63.6

Credit book quality delivers good collections

38.8%

Book Growth
to R2.5bn

R3.6bn

Cash Collected

R200m

GMV from BNPL

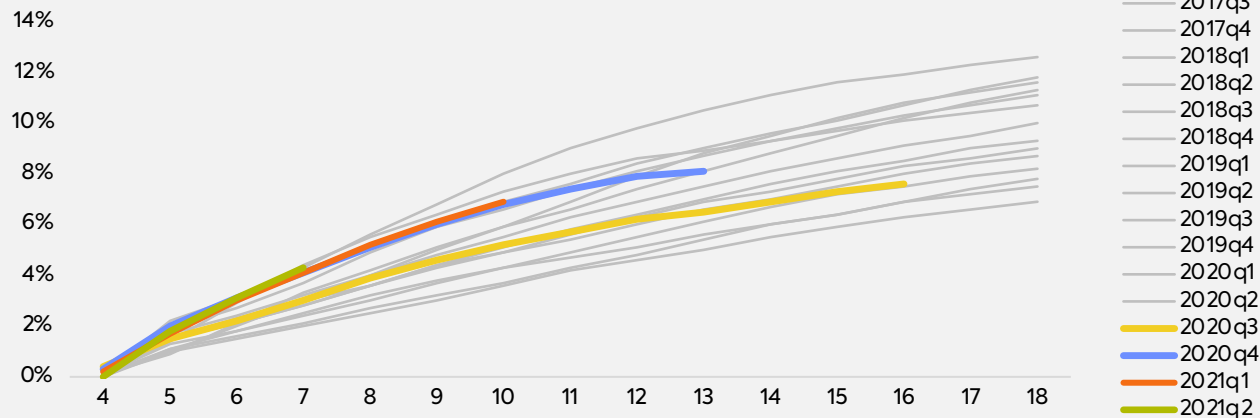
Quality loan book with growth well managed

- Higher acceptance rates within strict credit-granting criteria
- Credit limit increases to proven existing customers with strong reloan demand
- New customer disbursement mix tightly managed to 20% of mix
- Effective implementation of new Debicheck system ensuring strong collections
- Improving mix of book with close monitoring of early performance

Vintages tightly controlled

Financial Services Vintages -

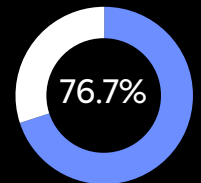
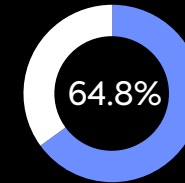
All 120+ days in arrears or Written Off



2020

2021

Applications
accepted



Average
loan term

12.2
months

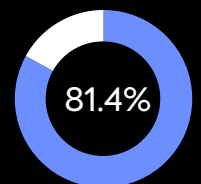
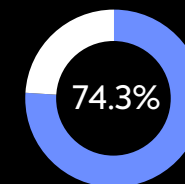
13.0
months

Average
balances

R7 100

R7 737

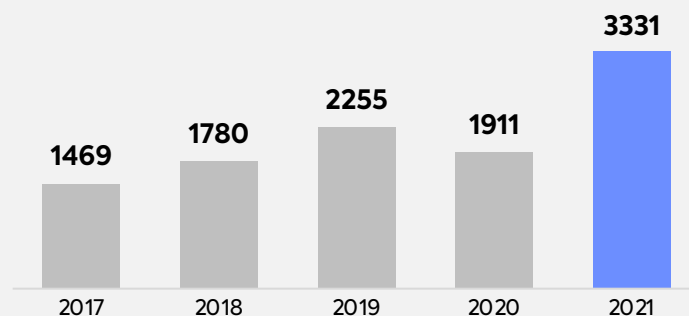
Active
account
holders able
to borrow



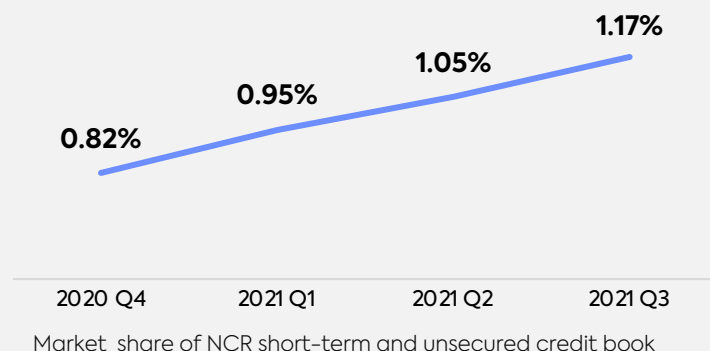


Growing loans business with high digital engagement and lower levels of risk

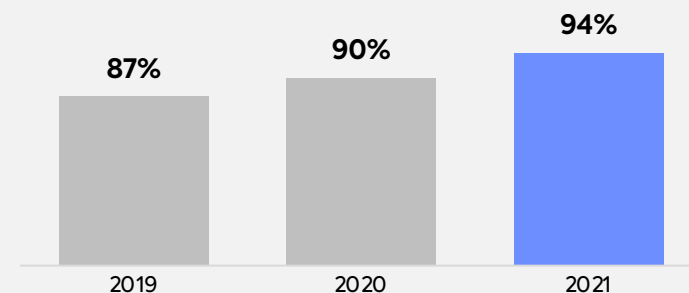
Disbursements up 74% on controlled limits (R'm)



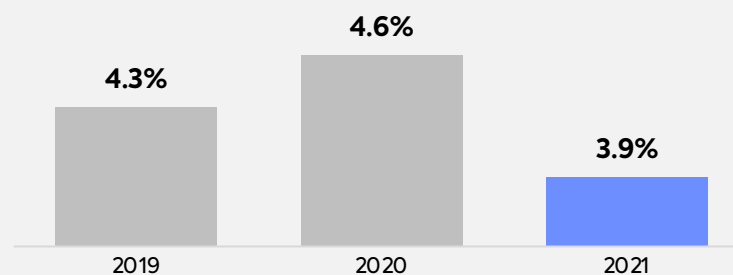
Accelerating market share



With >90% digital repeat loan engagement



Existing customer balance 0 to 1 roll rates demonstrate good credit performance



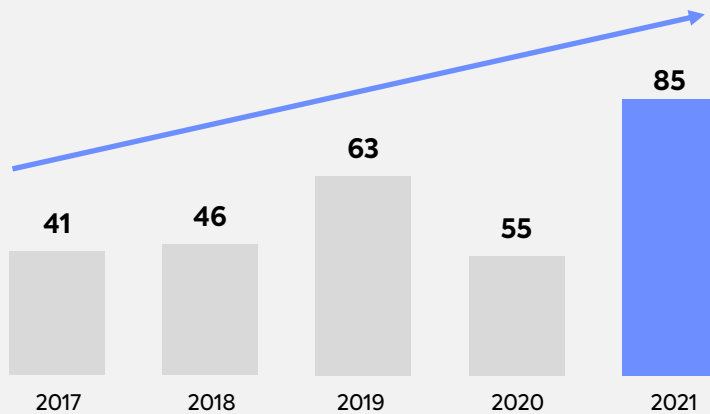
43% Growth in market share

81% Mix of existing customer disbursements

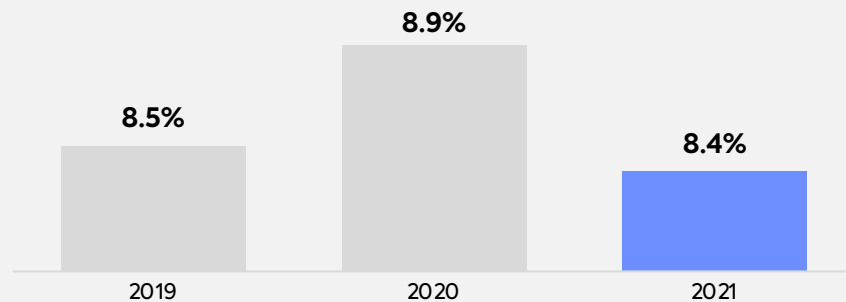
96% Debicheck mandates enabling digital payments

Data driven personalised offers drives new loan customers

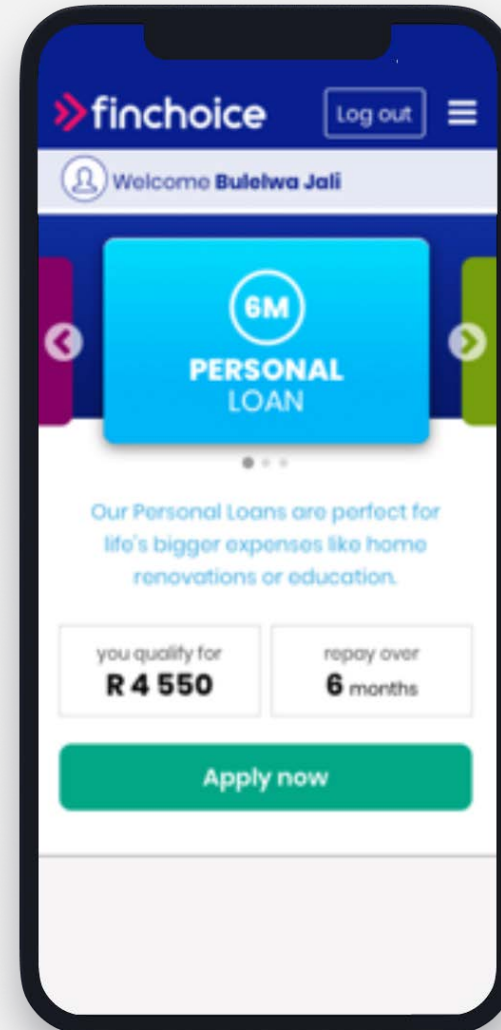
New customers acquired ('000)



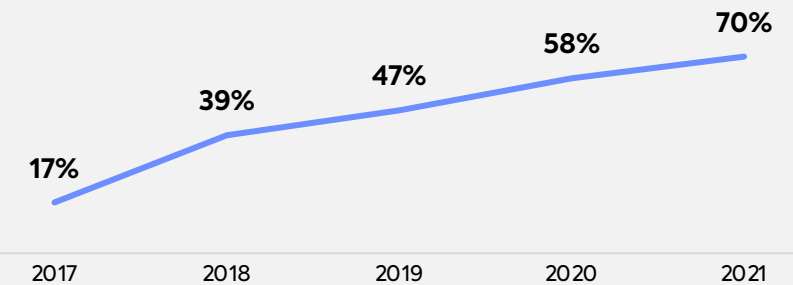
New intake performance below pre-Covid levels



Financial Services balance 0 to 1 roll rates - New loans



Significant digital origination of new customers



API technology driving digital acquisition

73% External digital customers

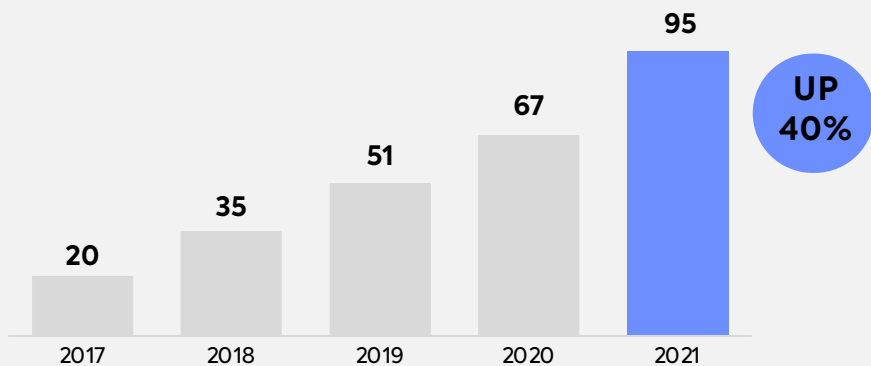
27% HomeChoice customers



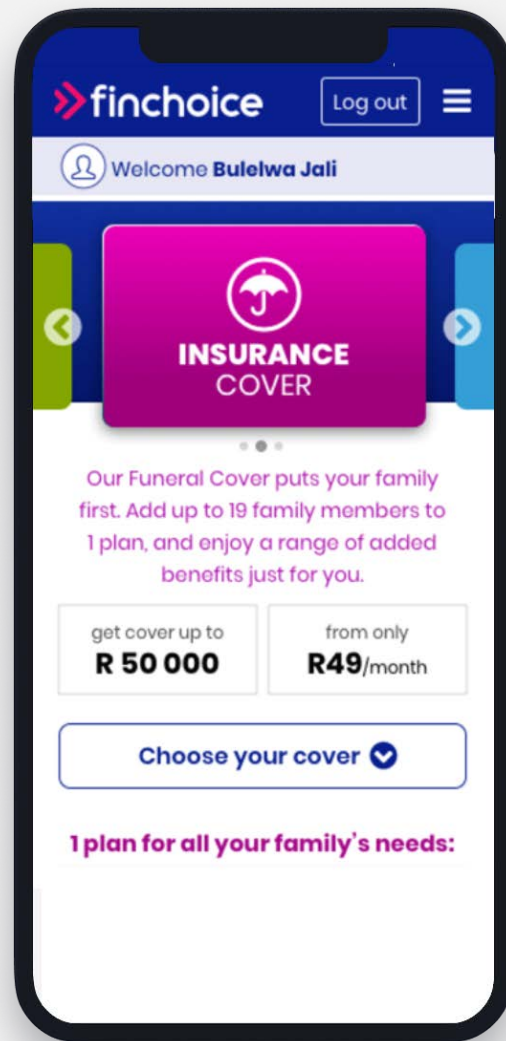
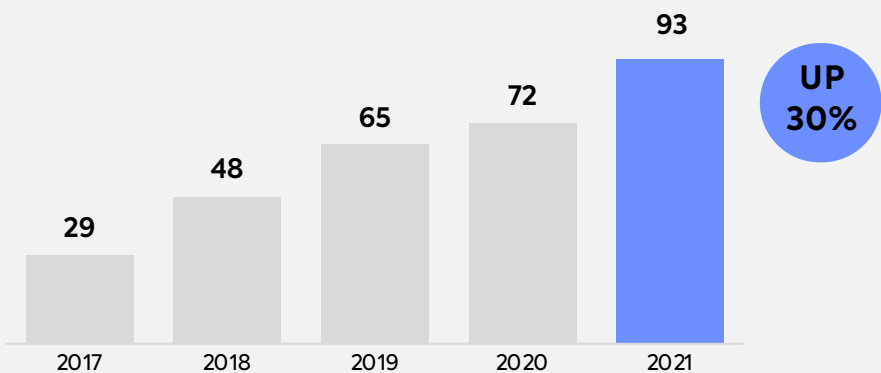


Strong insurance growth driving fee generation vertical

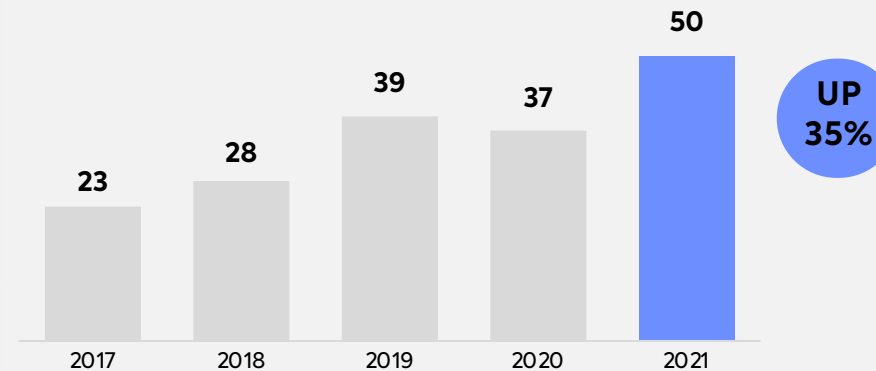
Consistent growth in GWP (Rm)



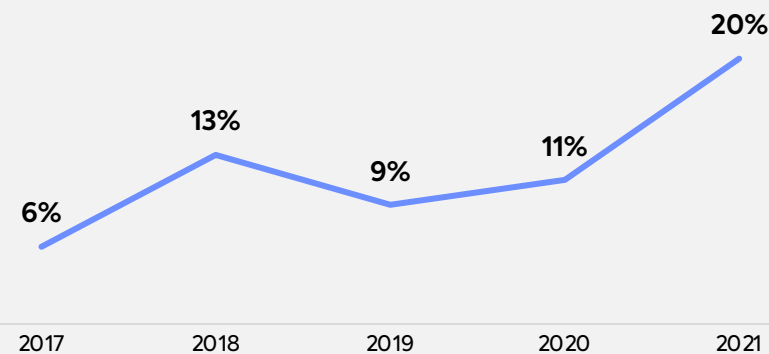
Steady growth of insurance customers ('000)



New policies acquired ('000)

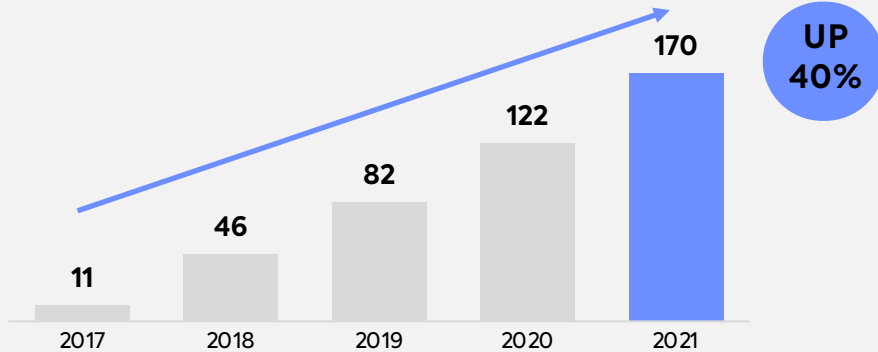


Momentum in digital acquisition of insurance policies

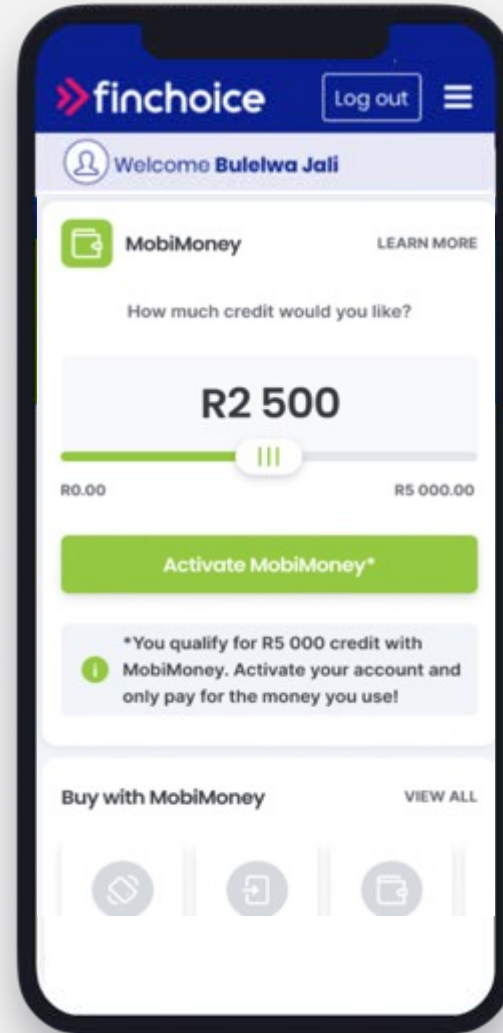
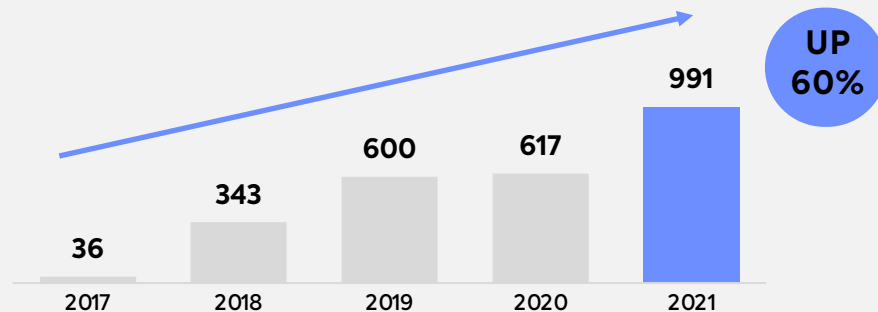


Fintech wallet drives continual customer engagement

High growth in credit-backed MobiMoney wallet customers



FinTech wallet utilisation increasing (R'000)



Enabling digital payments

QR payments

Retailer POS

Send money

VAS & bill payments

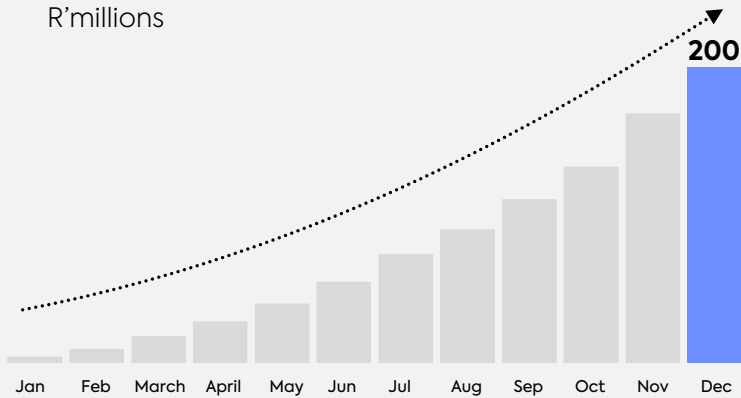
R2.6bn
wallet withdrawals
since inception

55,000
Monthly wallet
transactions up 34%

Buy Now Pay Later high customer appeal with rapid adoption

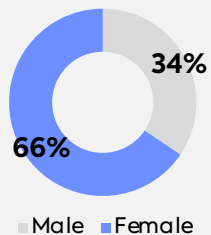
BNPL Gross Merchandise Value (GMV) '21

R'millions



Digitally engaged customer with 36 years average age

Both men and woman

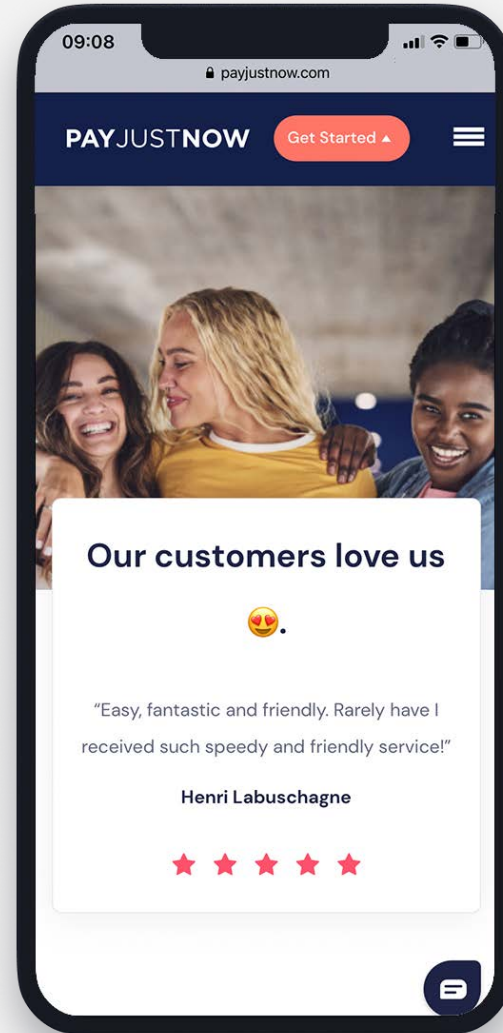
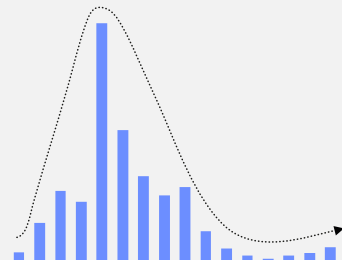


Responsible Credit users

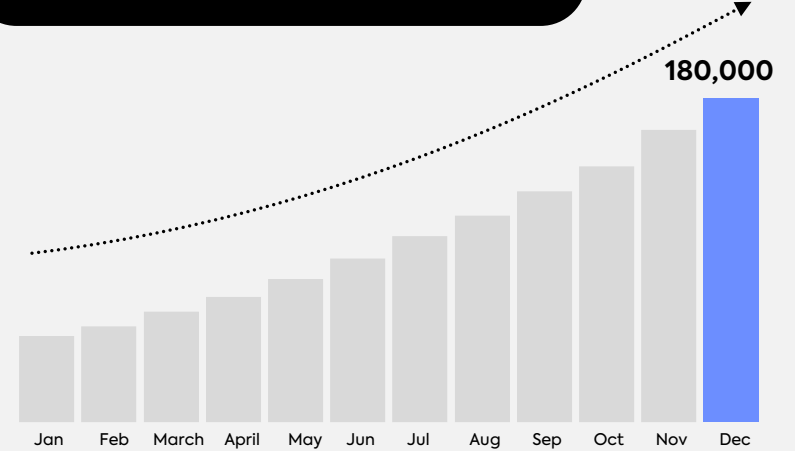
R720

av outstanding balance

From all income levels



Signed up BNPL Customers – '21



Top 10% Customers increasing spend with Pay Just Now

28%

Growth in average yearly spend

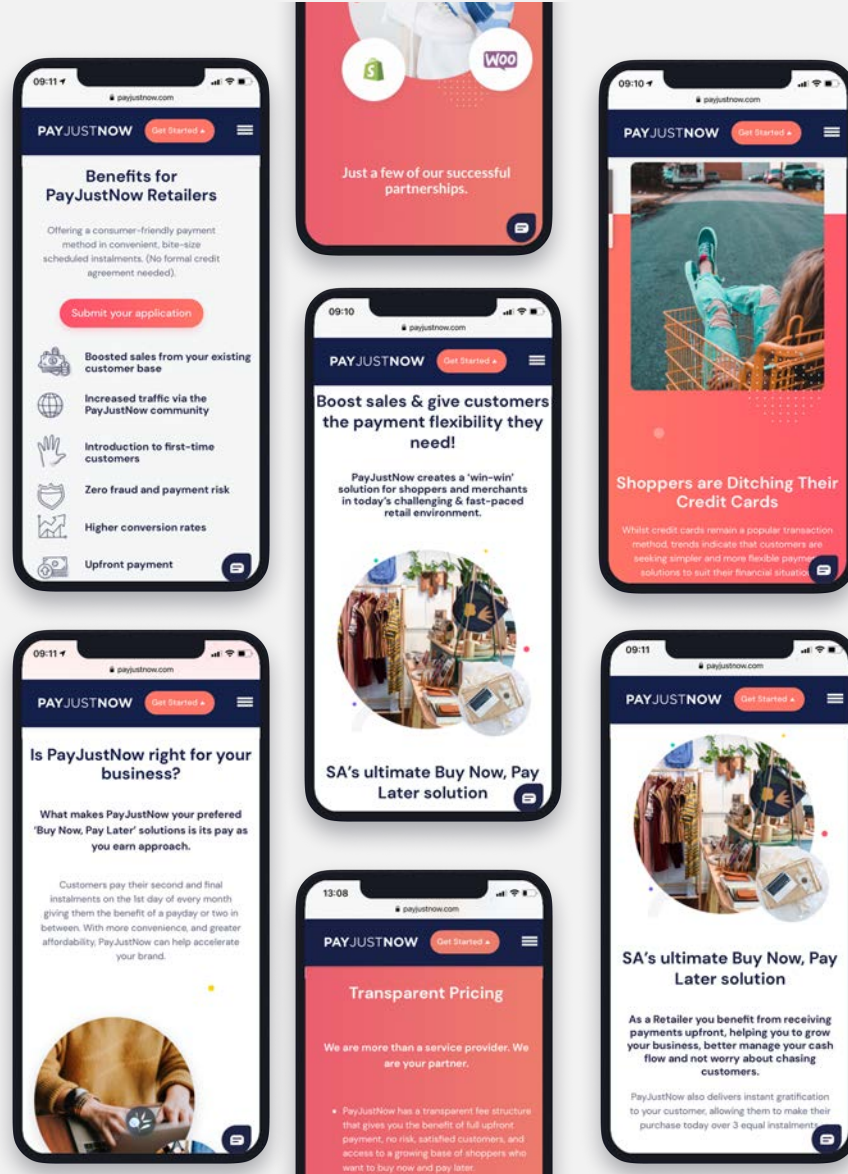
30%

Growth in average number of orders

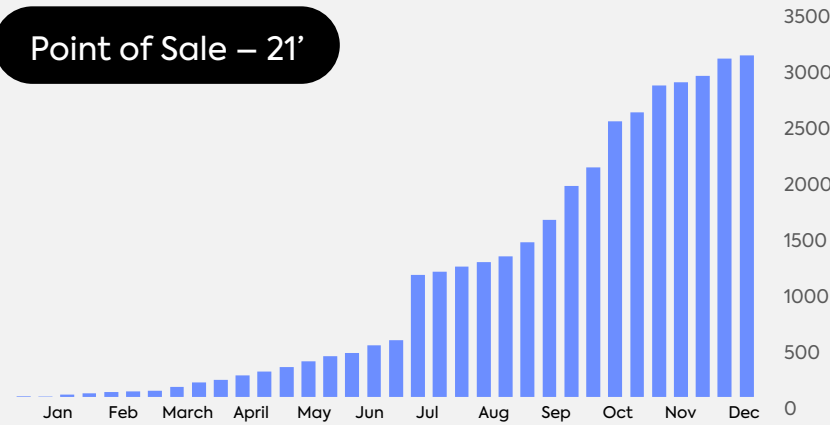
27%

Increase in number of merchants shopping with

Merchant base growth and increasing product and service offerings



Point of Sale – 21'



1,165 merchants

2,500 Active points of presence

3 million Lead referrals to merchants

Customers using Pay Just Now for different goods and services



91.6% Merchant GMV growth from Year 1 to Year 2

retail.



Retail – Path to Profitability



2021 Stabilise and implement

1 Revive Gross margin

- Margin deterioration corrected
- Supply chain challenges persist



2 Grow customer base

- Profitable new customers and CX focus
- Data driven retention strategies



3 Manage credit risk

- Credit strategies adjusted within risk appetite
- Stability of collections impacting debtors cost



4 Reset the cost base

- Realigned employee organization structures
- Zero based cost strategy adopted



5 Transform IT

- Impairment of legacy systems not fit for purpose
- Disciplined implementation with no customisation



6 People & culture

- Compelling EVP to retain and attract talent
- Ignite our entrepreneurial spirit and core values



2022 Path to profitability



Implementing turnaround plan

- Retail Sales down 4.8% reflecting :
 - Tightening of credit and lower level of customer acquisition
 - Adverse impact of civil unrest and taxi riots
 - Global supply chain issues with particular impact on bedding
- Successful shifts in merchandise strategy delivered gross margin improvements and correction of H2 2020
- Debtor costs up on lower revenue:
 - Impact of higher risk from 2020 credit strategy
 - Poor implementation of Debicheck
- Turnaround plan been effective in delivering reduction in expenses with further benefits into 2022
- Significant once-off costs for retail restructuring and decisive actions taken on IT legacy systems
- Maintained strong cash focus with over R100m cash generated from operations

	2021 Rm	2020 Rm	% Change
Revenue	2 326	2 440	(4.7)
Retail sales	1 706	1 792	(4.8)
Finance and other income	643	646	(0.5)
Gross profit	770	805	(4.3)
Gross profit margin	45.1%	44.9%	0.2
Debtor costs	(563)	(556)	1.3
Trading expenses	(779)	(835)	(6.7)
Trading profit	71	60	18.3
Once-off costs	(114)	-	
Operating profit	(43)	60	

Retail sales impacted by market turbulence and strategic risk decisions

Retail Sales performance

+9% H1 2021

-15% H2 2021

-5% FY 2021

Macro factors over R45m adverse impact

- Riots and unrest 9 to 17 July 2021 with stores damaged and forced to close and impacts on parcel collections and returns
- Taxi violence July 2021 driving high absenteeism in the contact centres with loss of sales
- Covid pandemic continuing to impact our workforce and customers shopping experience - benefits to digital channels
- Global supply chain disrupted impacting shipping lines – variable delivery patterns and stock shortages

Channel Mix Shifts

Mix % Retail Sales
YOY Growth

Digital



27.6%



3%

Call Centre



57.9%



10%

Credit strategy to control risk within business appetite limiting sales by > R50m :



Reduced credit limits



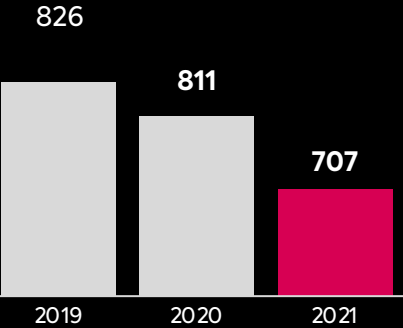
Selection criteria for new customers major tightening



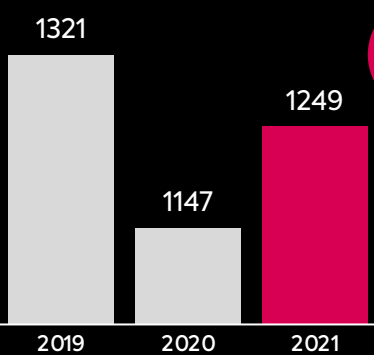


Existing customer focus, cutting acquisition to reduce risk

Customer base ('000)

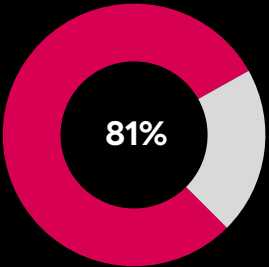


Existing spend (Rm)

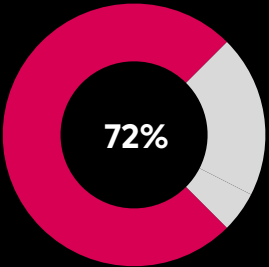


Spend up
9%

Existing customer contribution

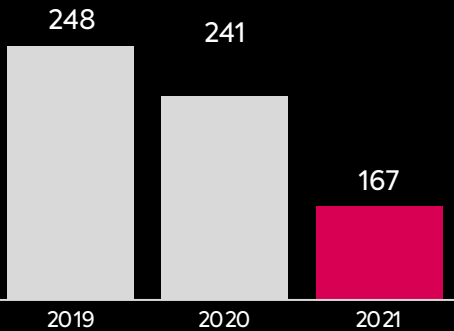


2021



2020

New customers ('000)



- Decline in customer base of 13% due to stricter, data driven credit decisioning
- Implemented measures at front end to reduce acquisition risk
- Active focus to increase spend and retention of existing customer through anti-attribution campaigns and customer insights
- Successful reactivation of previously dormant customers



Merchandise strategies delivered improved gross margin

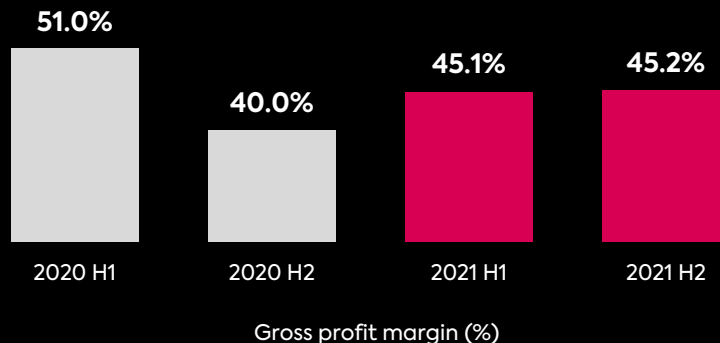
Margin improvements driven by:

- Innovation in new product categories
- Appropriate range rationalization and exited unprofitable lines
- Effective management of stock buy reducing levels of mark-down
- Increased prices of electronics and appliances

Headwinds limited margin gains:

- Worldwide increase in shipping costs adversely impacting margin by R18m
- Hike in fuel prices impacting delivery costs
- Growth in click and collect for customer convenience with lower fees earned

Actions taken delivering higher GP%

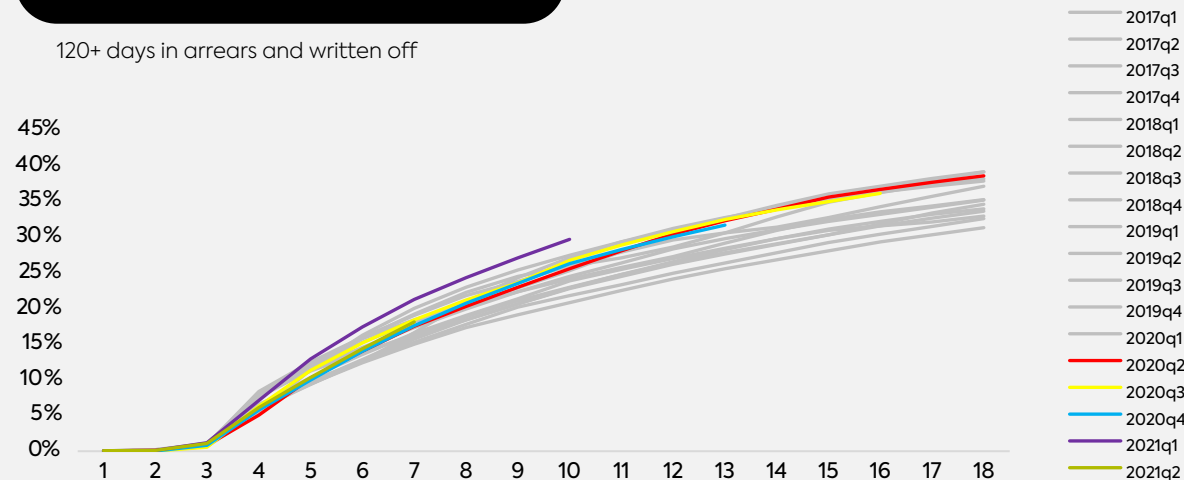


Deterioration in credit book despite upfront focus

- Credit strategies focused on reducing risk to manage within risk appetite:
 - Tightened selection criteria for new customer applications
 - Reduction in credit limits for new customers
 - Focus on existing customer evident in higher average balances and term mix
- However, retail vintages are show worsening in credit performance which is purely attributable to challenges with collections
 - Debicheck system was poorly implemented – high levels of customer frustration
 - Collections contact centre strategies not aligned with digital payments
 - Action taken : implemented new Debicheck processes with improved results

Retail Vintages (excl. Cash)

120+ days in arrears and written off



2020

2021

New applications acceptance

53.8%

50.0%

Average sales term

18.4 months

18.6 months

Average balances

R 4 542

R5 163

Active account holders able to purchase

64.8%

63%

New accounts

241k

167k

Average limits

R4 353

R4 070

Reset the baseline with effective cost cuts and decisive action taken on legacy IT

↓ 6.7% total costs down from R835m to R779m

Marketing

↓ 13.3%

- Focus on marketing efficiency
- Reduced spend cutting out high risk customers
- Pivot to digital spend and social media

↓ 4.6%

Staffing and tech

- Right sized teams aligned with business focus
- Phased approach to optimizing IT

↓ 5.2%

Customer support

- Digitalisation of processes
- Additional customer self-service options

R37m

Capital expenditure

- Robust ROI process introduced
- Sustainable levels of capex R50m

R114m

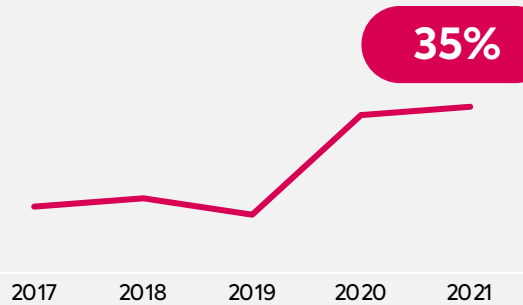
Once-off impairments and staff structure changes

- Decisive action on legacy IT systems with impairments on software
- Future IT roadmap developed with clear prioritization on technology stack. Fit for purpose with no customization



Customers shifted to digital

Retail digital transactions growing



Digital sales contribution is now

28%

Social media revenue up 4%

1 Million

Facebook +4.8%

133k

Instagram +27.4%

3.8 Million

E-mail addresses

Our customers shop online

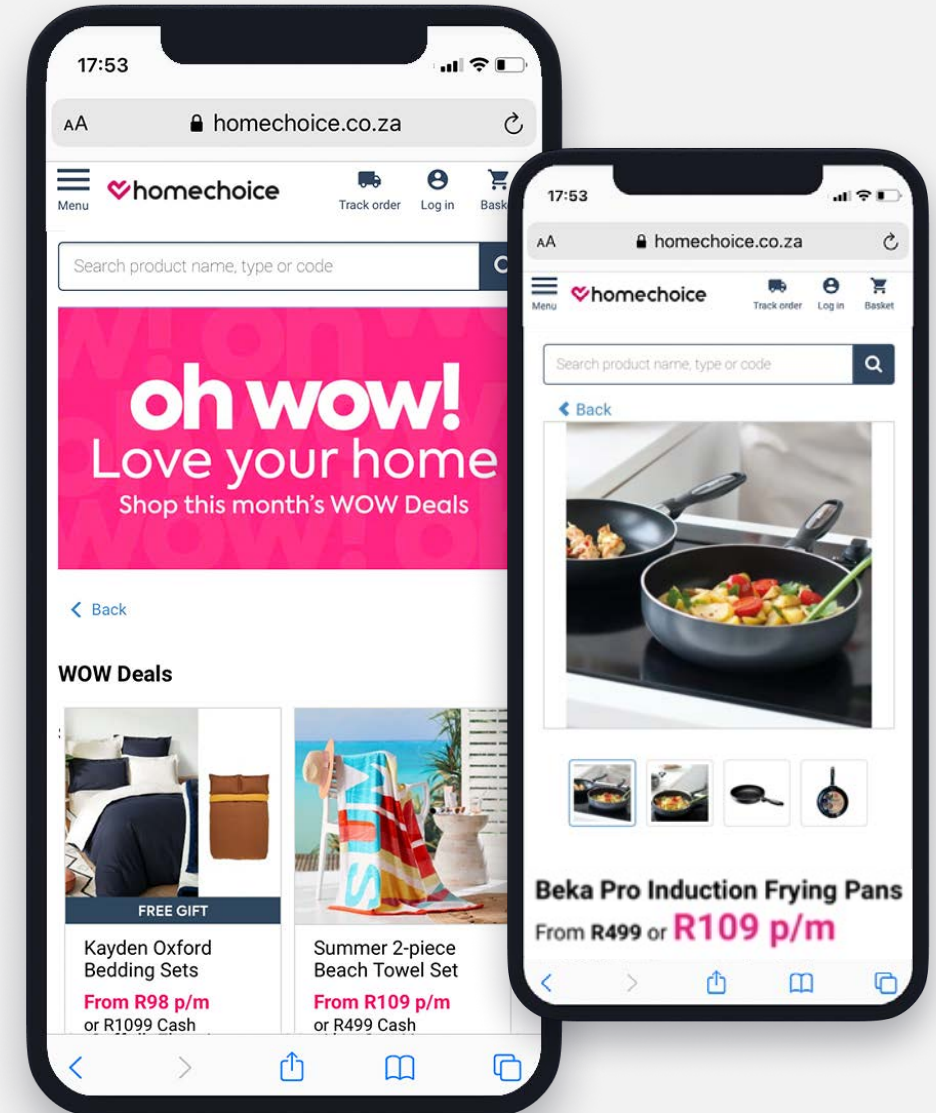
82% on mobile

Traffic conversion improving

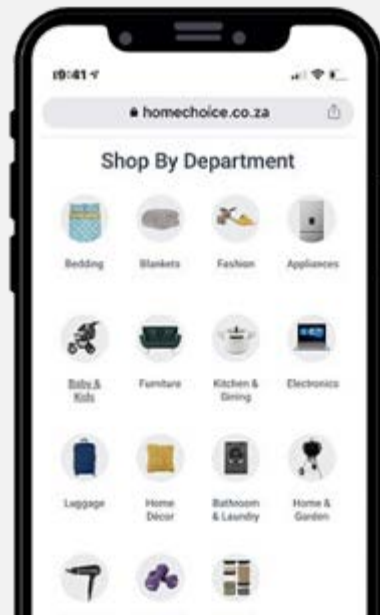


30%

Increase in app revenue

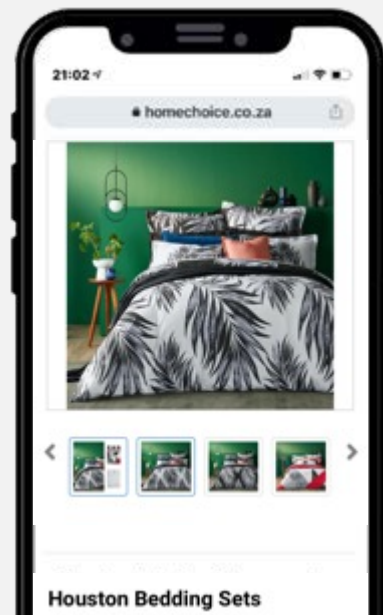


A one-stop shopping destination for homewares



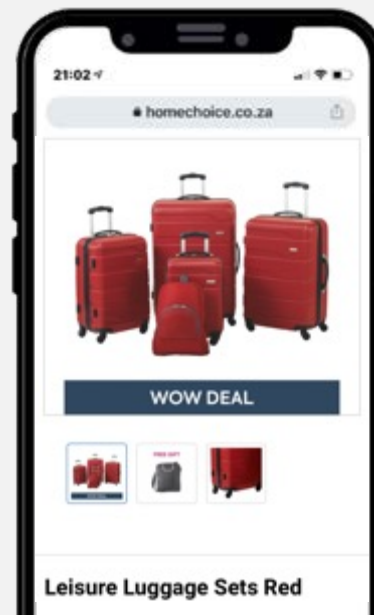
Wide range with easy navigation

Providing our customers with relevant visuals and keywords making it easy to shop



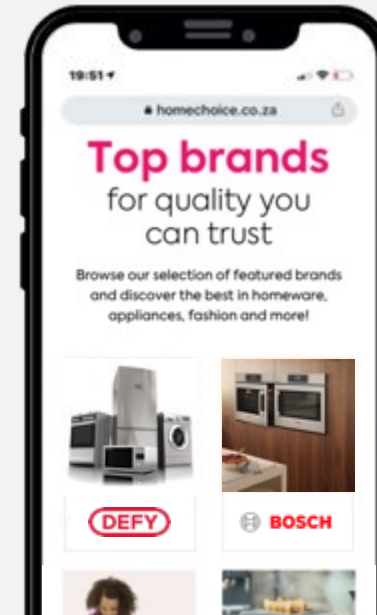
Complete bedroom offer

Fully co-ordinated bedroom with unique bedding proposition



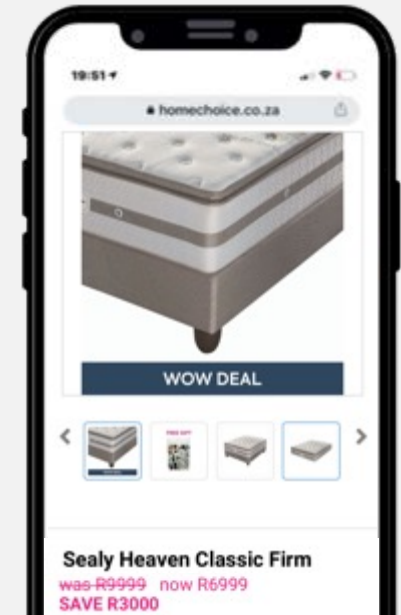
Quality and value

Highly innovative products to meet her needs combined with compelling credit offers



Over 200 brands

A wide range of over 200 established brands for customer convenience



Delivered to home

Customers get access to track their order through the fulfilment lifecycle

forward.



Growing diversified digital consumer group with clear strategy



Strategic **product progression** drives customer acquisition and growth

Driving **BNPL and payments** enables customer acquisition

Implementing **turnaround plan** in Retail with success already visible

Fully funded business to support growth ambitions

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