HiL PLC

evolution.

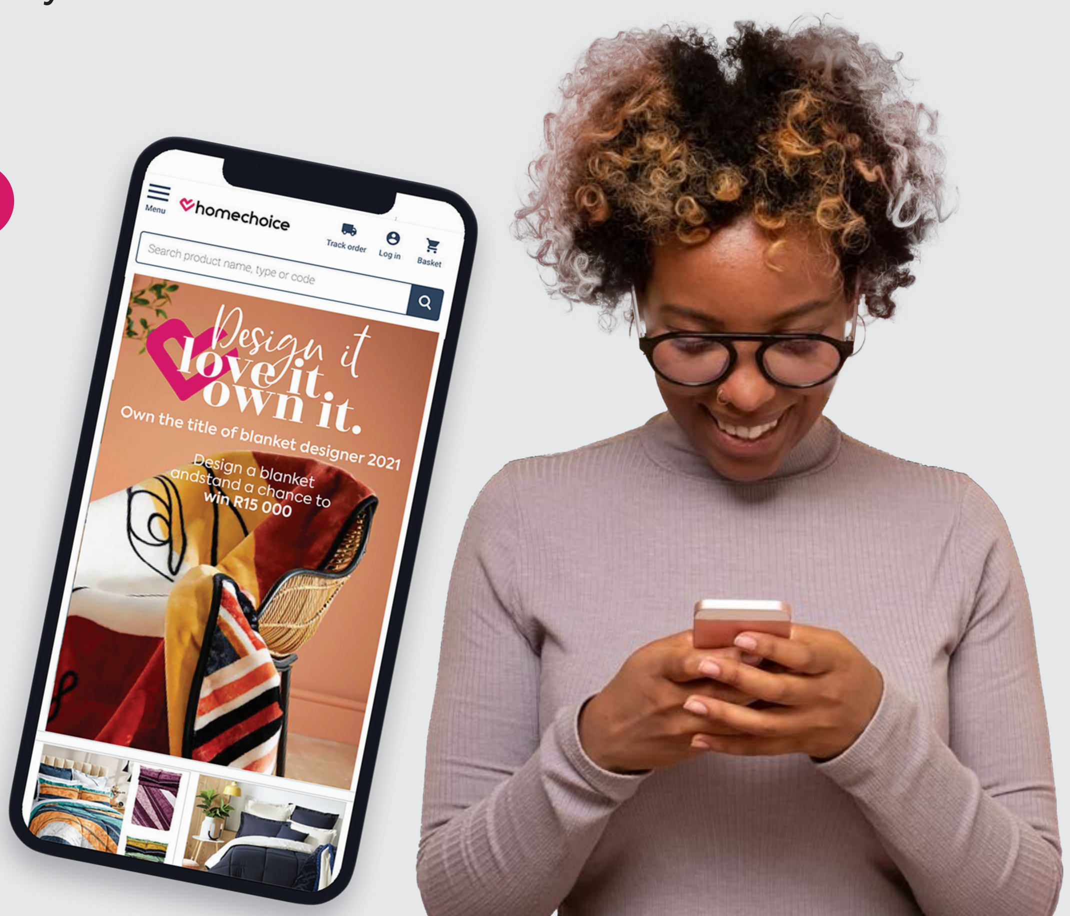
INTEGRATED ANNUAL REPORT 2021

A growing diversified consumer services group providing **digital-first fintech** solutions and **omni-channel homeware retail** products to the mobile-savvy mass market in South Africa.

CREATING A HOME SHE LOVES

homechoice

Omni-channel retailer delivering quality homeware merchandise directly to homes



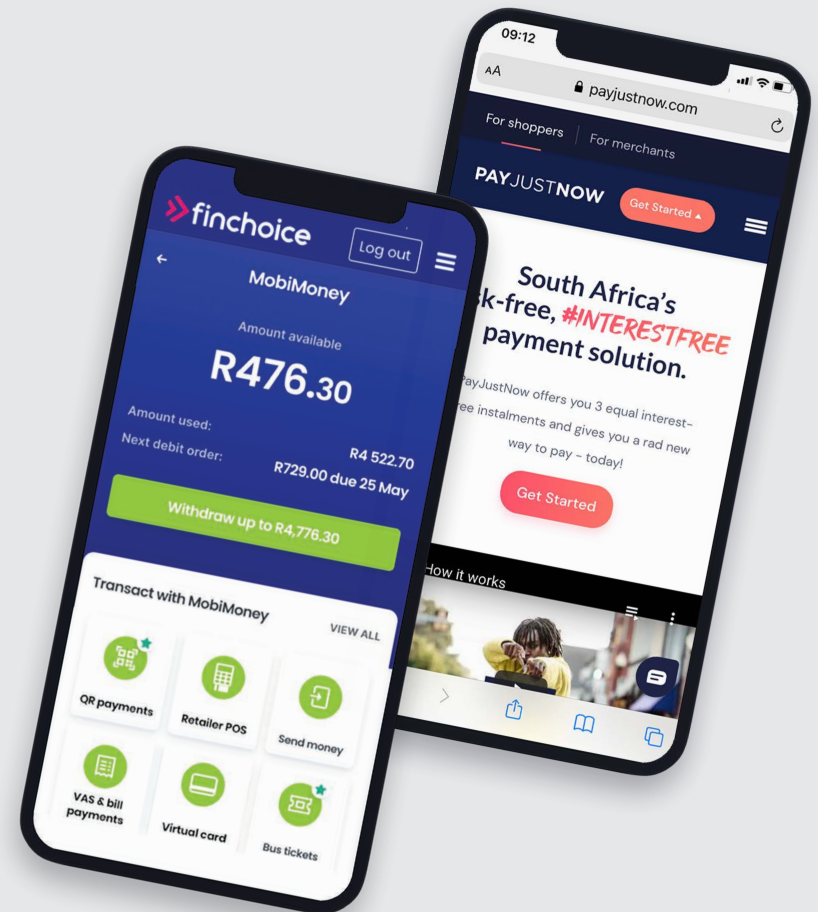
DIGITAL FINTECH PROVIDER

weaver fintech

finchoice

PAYJUSTNOW®

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



Digitally led

customer access anywhere and anytime

Urban-based in growing mass market, accessing digital via mobile phones

weaver fintech

94%
digital repeat loan engagement

100%
digital Buy Now, Pay Later engagement

homechoice

35%
digital transactions

1.1 mil
social media followers

Customers are at the core of the group's strategy

Attracting new customers and retaining existing ones are critical to drive future growth of the group

Strategic pillars driving customer growth, digital and technology focus

1. Innovative product and credit offers
2. Data and insight-led customer growth
3. Digital first
4. Develop merchant business
5. Enhance customer experience

OUR GROUP PERFORMANCE

Strong financial growth with robust funding structures

Revenue

+4.8%

to R3.4 billion
2020: R3.3 billion

Gross Profit Margin

45.1%

up 20bps
2020: 44.9%

Trading profit

+43.0%

to R386 million
2020: R270 million

HEPS

+24.0%

to 203.5 cents
2020: 164.2 cents

Dividends

67.0c

up >100%
2020: nil

Cash collected

R5.8 billion

up 21.6%
2020: R4.8 billion

Available undrawn funding

R1.1 billion

Weaver Fintech, the recently rebranded group's financial services business, has been set up to **spearhead a stable of consumer fintech businesses** using the strength of its digital platforms. It provides quick, seamless and secure personal lending, digital payment solutions, value- added services and insurance products using innovative mobile-first platforms.

Acquired an **85% stake** in start-up PayJustNow – the fastest-growing **Buy Now, Pay Later (BNPL)** business in southern Africa. PayJustNow offers customers a seamless, risk-free, interest-free digital payment process while merchants experience increased brand awareness and upliftment in sales and conversion rates.

OUR INTEGRATED REPORT

We are committed to providing shareholders with accurate, balanced and transparent reporting, and to continually enhance financial disclosure to meet best practice standards in the listed company environment.

This integrated annual report aims to demonstrate how our leading position in diversified consumer services providing financial services and retail to the mobile-savvy mass market in South Africa contributes to value creation in the short, medium and longer term for our financial stakeholders and the broader stakeholder base.

IIRC Framework

The group aims to adopt the guidelines outlined in the International Integrated Reporting Council's (IIRC) Framework as appropriate.

The Framework includes reporting in terms of the six capitals of value creation, being financial, intellectual, human, manufactured, social and relationship, and natural capital. While the group has chosen not to structure the report around the capitals, the performance and activities relative to these capitals are covered throughout the integrated report.

Materiality has been applied in determining the content and disclosure in this report, ensuring the report is both concise and relevant to our shareholders. Material issues are considered to be those that may impact on the group's ability to satisfy customers' needs, improve financial returns and deliver sustainable growth.

The material issues are covered in more detail on pages 18 to 24.

REPORTING SUITE

The group makes the following documents available to stakeholders:

- IAR — **Integrated annual report**
- AFS — **Annual financial statements report**
- AGM — **Notice of annual general meeting**
- IP — **Investor presentations**
- KING IV — **King IV application register**

These documents are made available on the company's website, **www.homechoiceinternational.com**.

Scope and boundary

This report covers the performance and activities of HomeChoice International and its subsidiaries (the group) for the period 1 January 2021 to 31 December 2021

HIL is domiciled in Mauritius. The group conducts it's operations in Mauritius, South Africa and neighbouring countries.

There has been no material change in the comparability of reporting from 2020. Weaver Fintech acquired an 85% share in financial services company, PayJustNow. Results for the ten months are included in this report.

Assurance

The group's external auditor, PricewaterhouseCoopers, has provided assurance on the annual financial statements and expressed an unqualified audit opinion on them.

The financial statements have been prepared under the supervision of Paul Burnett CA(SA), the group finance director of HIL. The content of the integrated report has been reviewed by the directors and management but has not been externally assured.

Forward-looking statements

The integrated annual report contains forward-looking statements relating to the operations, financial position and anticipated performance of the group. These are not statements of fact but rather statements by the group based on current estimates and expectations of future performance. No assurance can be given that forward-looking statements will prove to be correct and shareholders are cautioned not to place undue reliance on these statements. These forward-looking statements have not been reviewed or reported on by the group's external auditor.

Approval

The audit and risk committee, which has oversight responsibility for integrated reporting, has confirmed that the report fairly represents the integrated performance of the group and has recommended the report for approval by the board of directors. The report has been prepared using the IIRC Framework. The board approved the 2021 integrated annual report for release to shareholders on 29 April 2022.

Shirley Maltz
Executive Chair

Gregoire Lartigue
Chief Executive Officer

Group Overview.

OUR HISTORY

Over the past 35 years, the group has grown from a retail mail order start-up company to a **growing diversified digital consumer services group** with operations in South Africa and Mauritius.

1980s

1985
HomeChoice established in South Africa as a mail order retailer of homeware products to mass market consumers on credit

35 employees

1990s

1994
Contact centre and telemarketing introduced to support mail order catalogue

1995
Developed the first credit scorecard

1996
Independent home delivery network launched to all regions of South Africa

1997
HomeChoice website launched

291 employees

2000s

2003
HomeChoice Holdings delisted from JSE in order to restructure business operations after experiencing challenging financial performance

2006
HomeChoice Development Trust launched to address charitable support for early childhood development in local communities

2007
FinChoice established to offer financial services products to HomeChoice customers

2011 – 2015

- KwikServe™ digital loans platform launched
- FinChoice mobi site introduced
- 200 000m³ centralised distribution built in Western Cape
- 1000-seat contact centre added on at HomeChoice Wynberg facilities
- First Retail showroom opened

1 600 employees

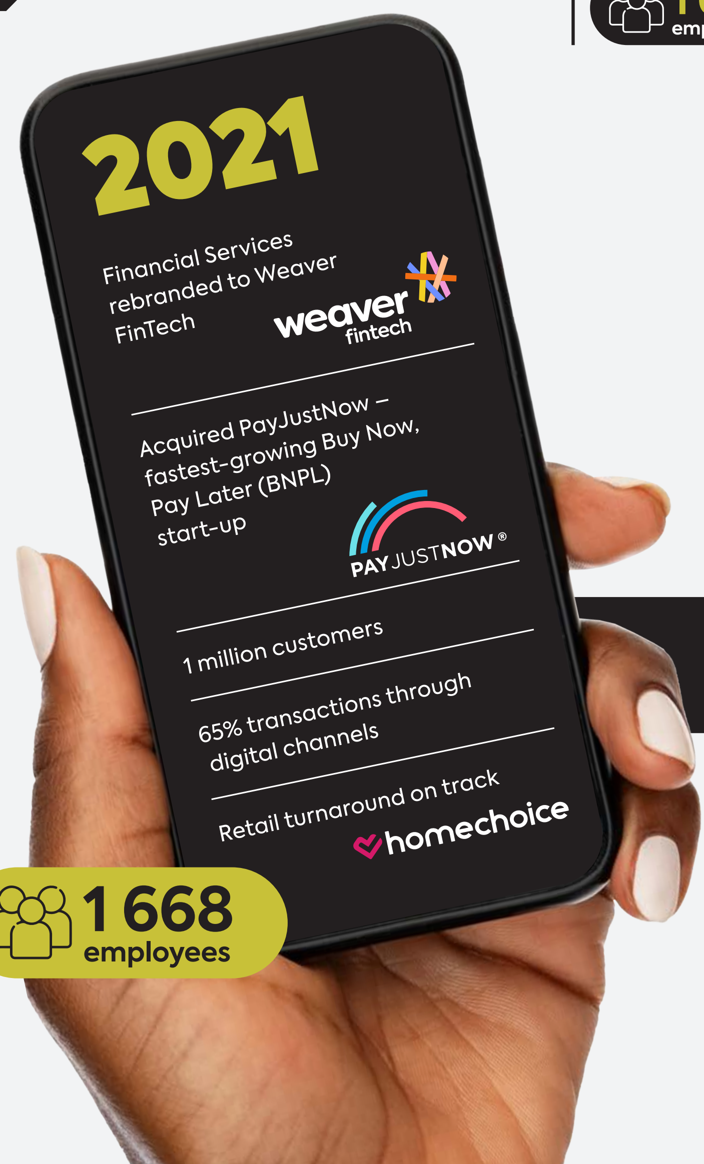
2016 – 2019

- Commenced financial services operations in Mauritius
- FinChoice MobiMoneyTM three-month e-wallet credit facility product established
- Personal insurance and value-added services introduced
- Fintech API used for customer acquisition
- Retail credit facility product replaces instalment credit agreements
- Retail e-commerce site upgraded
- Eight showrooms opened
- Trialled ChoiceCollect container hubs and opened an additional seven

1 800 employees

2020

- Group digital transactions exceed 50%
- Market share growth by FinChoice
- Further three showrooms and containers opened
- Covid-19 pandemic dampens growth



1 668 employees

OUR CUSTOMERS

Digital savvy,
urban African woman

HOMECHOICE INTERNATIONAL

1 019 000
Customers
up 13%

76% Women

R12k monthly income

Strong social media engagement

1m Facebook followers

141k Instagram

4.2m Email addresses

WEAVER FINTECH

finchoice

270 000 Loan customers

170 000 Mobi-wallet
up 40%

4.6 ★ Google rating

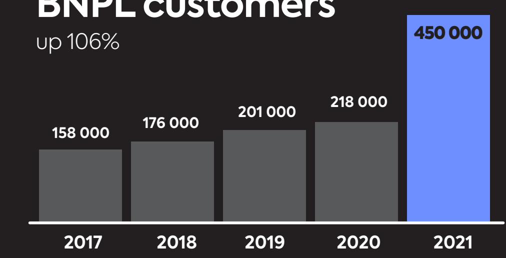
PAYJUSTNOW

180 000 BNPL customers
up 310%

1 165 Merchants

4.9 ★ Google rating

450 000
Loan, insurance and BNPL customers
up 106%



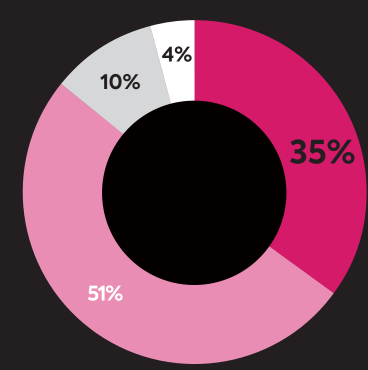
RETAIL

707 000
Customers
down 13%

59 000 HC ap users

3.8 ★ Google rating

Her preferred shopping channel - increasingly digital



OUR DIGITAL FIRST OPERATIONS

Developing and driving a digital eco-system is integral to our strategy. Automation of services and customer journeys drives efficiencies and enhances scalable digital platforms.

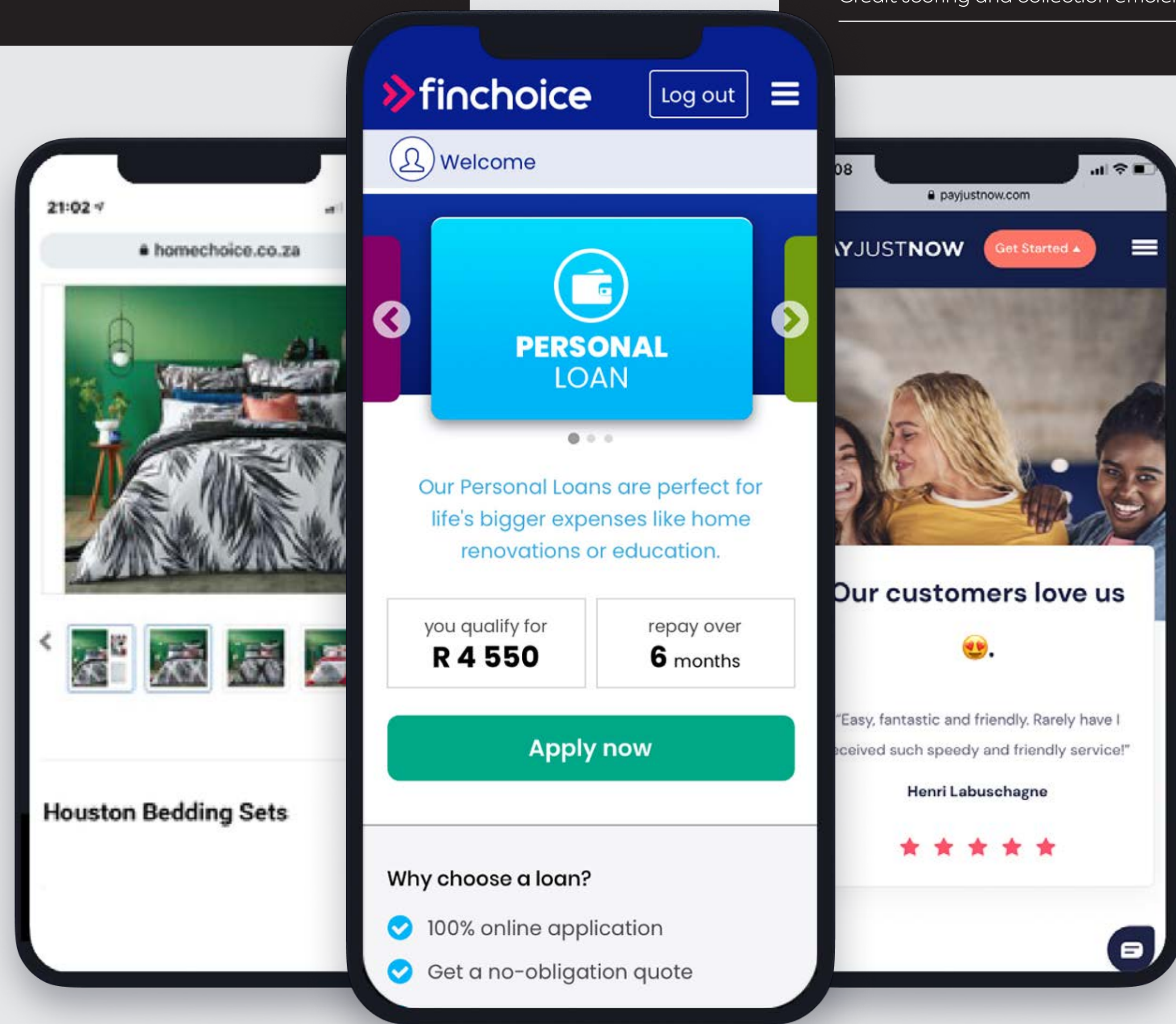
We focus on the mobile phone to deliver customer convenience 24/7.

Data personalisation

- Drives improved take-up and conversion rates
- Delivering right offer at the right time
- Purchasing behaviour and lifestyle data
- Industry and employment sector data

Machine learning algorithms

- Driving marketing campaign responses
- Propensity modelling driving increased conversions
- Credit scoring and collection efficiencies



Digital marketing

- Digicat - Retail digital catalogue
- E-mail and SMS campaigns
- Affiliate and online search
- Funnel optimisation drives conversion

Social media monetisation

- Engaging customers any time, any place
- Harness social media – delivers sales and customer experience
- Empowering contact centre to become digital agents

API services

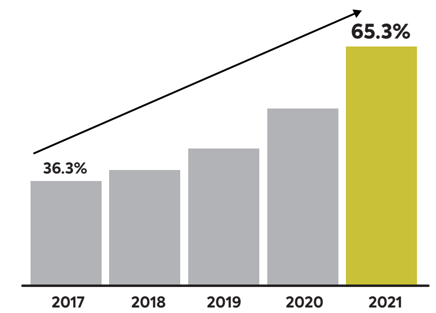
- Data-driven customer acquisition
- Personalised offers using real-time data
- Digitally savvy new customers on-boarded

Cloud based platforms

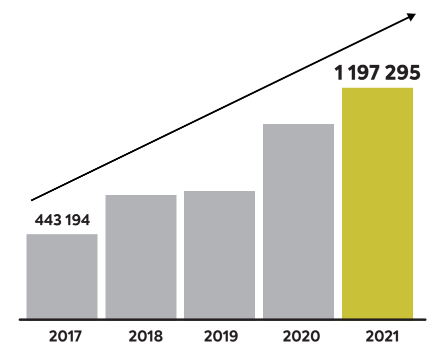
- Demand based usage
- Ensures system stability and offers scale
- Enables improved digital security

Group digital transformation

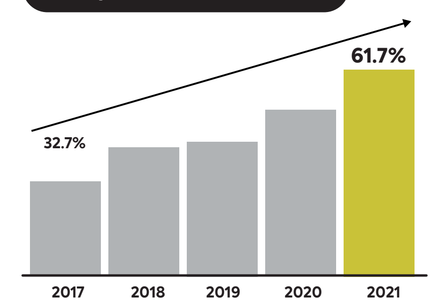
Group digital transactions %



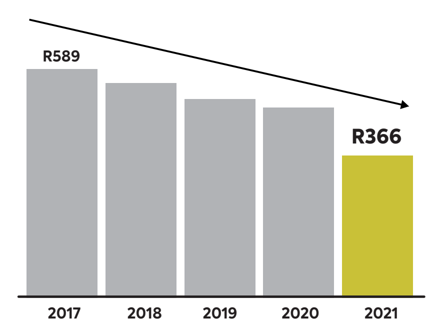
Avg Monthly Digital Users (Group)



Group Credit Extended %



Direct cost / digital transaction



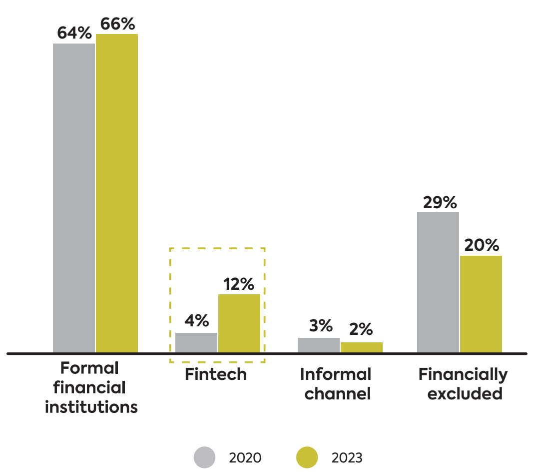
EXTERNAL ENVIRONMENT AND MACRO TRENDS

The external environment in which the group operates, and the manner in which we respond, has a strong bearing on the value-creation process.

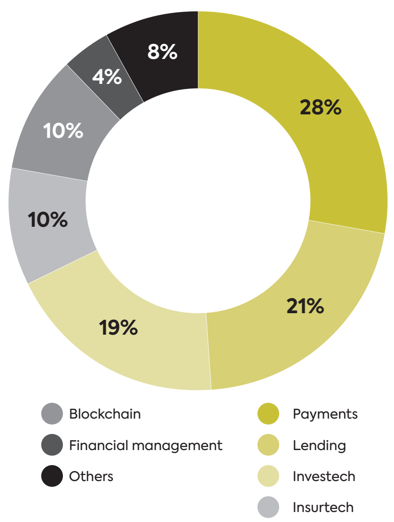
The group considers these macro trends in strategy formulation and the strategic objectives of the group.

The growth of Fintech

Fintech market share in SA to triple by 2023



Payments and Lending – 49% of SA Fintech Services



Financial Technology (Fintech) market share in South Africa is expected to treble by 2023 from 4% to 12%. A number of start-up Fintech players have and are still entering the financial services market with simple, easy-to-understand, competitively priced products disrupting the well-established traditional financial services industry.

Fintech companies make financial services more accessible to the greater public and will increase financial inclusion in the SA population. Bypassing traditional infrastructure in favour of mobile-centric solutions such as mobile payments, mobile banking and digital lending enables rapid growth. Payments and lending make up 49% of South Africa's Fintech services.

Demand for digital payment options

As consumers have become more used to working and shopping online, they are demanding more digital payment options to buy their merchandise. Spending globally on Buy Now, Pay Later (BNPL) has increased in excess of 300% over the past two years while credit and debit card spend is largely flat.

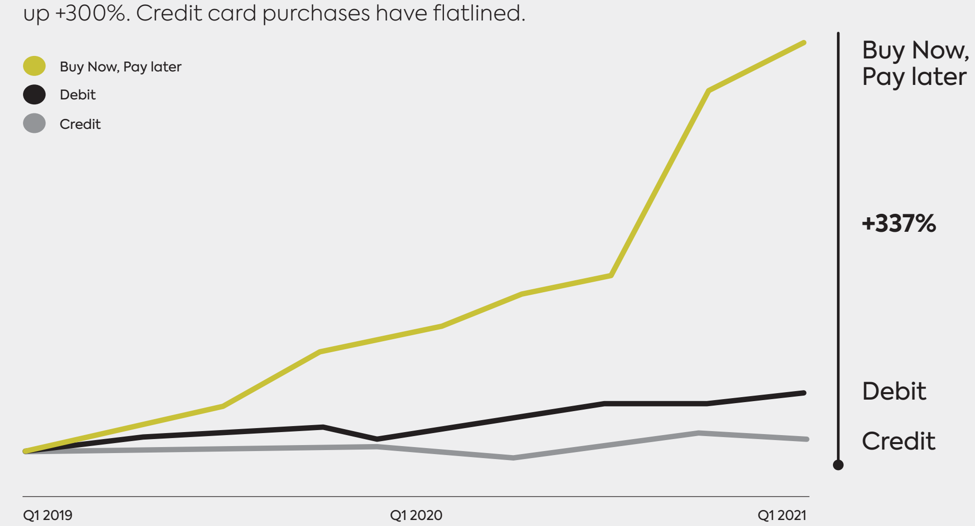
BNPL is a simple and convenient payment option – it allows customers to purchase and receive an item immediately, with payment made in instalments. Typically one payment is made at the time of purchase and then monthly or bi-weekly payments are made over a short period of time with no interest or fees being charged provided each payment is made on time. BNPL was primarily only offered as an online payment method but has now been introduced in-store and that channel is growing quickly.

BNPL is seeing significant growth globally with high customer engagement and adoption given its customer-friendly offer. In South Africa, BNPL is in its infancy but is gaining strong traction with both customers and merchants. It can assist those shoppers who may not have the credit history for a traditional credit card, allowing them to enjoy the product immediately with predictability of future payments required.

Merchants are attracted to BNPL as a payment solution both online and instore as it delivers improved customer conversion with uplift in sales and basket size. Further benefits to merchants from engaging with digital BNPL providers include referral traffic and customer data insights.

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

Customer data protection and privacy

Globally, protecting customer data and privacy is a key focus for many companies.

Consumers are more aware of privacy of their data provided to and used by companies. They demand that their data is protected from falling into the wrong hands to be used against them.

Ensuring data privacy in a digital-first company is complex but critical. Data protection regulators have and continue to implement rules which must be adhered to in order to keep customer data safe and not be taken advantage of.

The regulations impacting the group are:
EU's General Data Protection Regulations (GDPR)
Data Protection Act (DPA) in Mauritius
Protection of Personal Information Act (POPIA) in South Africa

Social media – commerce and engagement:

The use of social media continues to grow – not only as a means to market and engage with the consumer but also as a channel from which customers can shop from. With more than 81% smartphone penetration in South Africa, social media offers potential customers an easy and low-commitment tool from which they can show their interest in a company's product offering – known as leads generation. The monetisation of social medial leads is a further opportunity to increase a company's online digital presence.

Customers expect brands to be accessible on social media to also assist them for customer support services. Actively managing social media presence and communication is vital to ensure that issues get resolved promptly and do not result in negative perceptions of the brand escalating.

The use of social media influencers is becoming increasingly popular to drive customer engagement and activation.

Big data – driving personalisation

Big data – the collection of data from many sources – is used by companies to provide valuable insights on potential customer target markets.

Using machine learning tools, predictive modelling, artificial intelligence and other analytics programming, a company can develop customer insights and tailor marketing campaigns to reach the right audiences. Companies are able to make more informed decisions faster and more direct resulting in higher conversion rates whilst providing a frictionless customer experience.

Developing and building technology eco-systems enable companies to become more customer-centric by understanding the changing preferences of customers and using their data to develop future products and services.

Technology, tools and data service teams and analysts are critical resources to leverage the vast databases to deliver valuable insight and create future shareholder value.

Changing consumer landscape

With the gradual easing of Covid-19 regulations, consumers are adapting to a 'new normal' and are going forward with changed shopping patterns and differing needs. Customers have embraced online shopping, expect their digital journeys to be frictionless – smooth, easy and convenient – and have become more discerning in terms of price and quality.

The retail market experienced challenges in their supply chain due to global shipping disruption as a result of Covid-19. Input cost pressures continue to rise with higher fuel, distribution, and energy costs. Managing these costs in the context of selling prices is at the forefront of retailers in South Africa.

We have seen financial services institutions positively rebound post-Covid and the consumer lending environment is more buoyant. Interest rates are expected to increase which may serve to dampen demand for credit, however opportunities still exist to responsibly market credit to the South African consumer.

MATERIAL ISSUES

The group considers material issues as those factors which may impact on the ability to satisfy customers' needs, improve financial returns and deliver sustainable growth.

The board considers the material issues on an annual basis during an annual strategy process and the key business risks are confirmed. The group considered the key business risks and refined them to the six material issues which are critical to the group in the current and foreseeable trading environment. The material issues may have a negative impact on the group and may also present opportunities for the group to create value for its stakeholders.

Risks and opportunities

The risks included in the material issues are extracted from the business risk report tabled at the audit and risk committee. These are risks facing the business that could negatively impact the achievement of the strategic pillars if not effectively managed.

Opportunities have been identified for each material issue to highlight some of the strategies that the group intends to implement for 2022 onwards. More detail on the group strategy can be found on pages 25 to 28.

DISRUPTION OF GLOBAL RETAIL SUPPLY CHAIN POST COVID-19

Strategic context and stakeholder needs

Covid-19 has disrupted the global supply chain as a result of differing countries' responses to managing the spread of the virus.

There is a shortage of containers at points of origin, shipping costs have escalated and fulfilment of orders to African countries have been deprioritised. Key materials are in short supply particularly for electronics and appliance categories. This could have an impact on our Retail business operations.

Risks, mitigations and opportunities

Inability to deliver targeted financial performance

- Ongoing communication with suppliers to ensure availability of stock
- Regular monitoring of shipping routes with supply chain partners to manage delays
- Negotiate high priority of stock delivery to South Africa
- Clear and upfront communication to customers on stock availability
- Marketing of substitute products to customers

Opportunities

- Increase local procurement of homeware merchandise
- Drive container packing efficiencies to mitigate higher shipping costs
- Drive benefits from dedicated merchandise suppliers

INCREASING COMPETITIVE LANDSCAPE

Strategic context and stakeholder needs

The financial services and retail markets are showing a resurgence and rebound post Covid-19.

There are a number of new entrants in the South African fintech market offering customers convenient and easy to access financial services and related products. Large banking institutions and cellphone companies are pursuing the opportunities which arise from the fast-growing fintech market. The digital payment space, particularly Buy Now, Pay Later (BNPL), is experiencing a surge in demand from both merchants and customers alike.

The retail homeware competitor base is changing. Smaller independent niche homeware retailers are being acquired by larger companies and retail groups to bolster and improve their homeware offerings. Niche digital retailers are also becoming attractive to those large companies who are looking to increase their digital offering.

Weaver Fintech is in a high growth phase. Customer acquisition is a key enabler to drive the growth while it is important to further expand our BNPL offering in more retailers.

The Retail business is in a turnaround recovery plan with strong competition from other homeware retailers. Retail is the heritage business in the group with a loyal customer base who expect us to provide quality products at affordable prices.

Risks, mitigations and opportunities

Unable to execute the Retail turnaround plan

- Clearly identified action plans with specific targets to be achieved
- Robust governance structure to manage the delivery of work streams
- Maintain focus on existing customer base

Unable to maintain the growth momentum of Weaver Fintech

- Roadmap of strategic initiatives for FY2022 implementation
- Accelerate the use of API integration with affiliate partners to attract more digitally savvy customers

Opportunities

- Product innovation in key homeware categories
- Flexible credit options appealing to larger customer base
- Seamless integration of Weaver Fintech digital platforms
- Offer range of fee-income generating products

CREDIT RISK AND REGULATORY COMPLIANCE

Strategic context and stakeholder needs

The group is a growing diversified digital consumer services group with a strong reliance on the provision of credit-based and financial products.

As a result, the management of the group credit metrics is a material issue for the group.

In-house bespoke scorecards determine and monitor the level of credit granted. Credit bureaux are used to validate customer data in the credit-vetting process. Independent specialists review the scorecards and credit risk models on a regular basis. The group continues to introduce new systems and processes to enhance the origination and vetting of credit applications. New anti-fraud tools and more efficient vetting processes have been designed to minimise credit risk due to digital and account takeover fraud.

The regulatory environment in South Africa and Mauritius is becoming more complex and onerous. It is important for businesses to keep abreast of changes to regulations and ensure that they comply with them

Further details on credit risk management can be found on pages 83 to 86.

Risks, mitigations and opportunities

Inability to manage credit within acceptable risk levels and support targeted revenue growth

- Use of external credit bureaux and in-house scorecards in vetting process
- Real-time vetting tools
- Effective collections strategies – internal and external
- Use of specialised fraud detection technology
- New customers are initially granted products with lower credit limits and shorter terms

Unable to respond effectively to new and changed regulations

- Monitor compliance with regulations and legislation by in-house legal and compliance departments
- Engage with regulators on proposed legislative changes
- Mitigation measures implemented to ensure regulatory compliance
- In-house training on key regulations

Opportunities

- In-house scorecards and intellectual capital allow us to build up significant credit history and understanding of the mass customer market
- Use of technology, including machine learning and artificial intelligence to automate processes and predictors of risk
- Invest in new fit-for-purpose credit management systems for a highly digitised business

DIGITALISATION AND SCALABILITY

Strategic context and stakeholder needs

One of the strategic initiatives of the group is to drive digital first engagement. This initiative becomes more crucial as a result of Covid-19 which has accelerated digital engagements with customers.

Digitalisation provides convenience for the customer and improves efficiencies for the group. 65% of the group's transactions are digital.

Our customer target market has embraced digital technology through their mobile phones; either using simple USSD technology or more content-rich functionality on smartphones. Mobile connectivity is a more convenient channel for customers to either shop for merchandise or manage their finances anywhere and at any time.

Cost benefits can be achieved more quickly through the deployment of digital technology.

The group's capital expenditure programme continues to be focused on technology, both in core infrastructure to deliver operational efficiencies and in "customer-facing" platforms to support the growth strategies of the group.

Risks, mitigations and opportunities

Unable to execute the digital transformation of the group

- IT roadmap developed
- Robust governance structures in place to manage the implementation of new technology
- Capital expenditure investment focused on technology
- Regular engagement with business to prioritise systems delivery and optimise resource utilisation
- Recruitment of specialised IT resources

Opportunities

- Implement technology business solutions with digital-first thinking
- Use of fit-for-purpose technology solutions with minimal customisation required
- Drive monetisation of social media
- Develop and roll out more customer self-service options on digital platforms
- Drive digitalisation of internal business processes

65% of the group's transactions are digital

28% of Retail sales are digital

TECHNOLOGY TRANSFORMATION, INCLUDING CYBERSECURITY

Strategic context and stakeholder needs

To support continuous and fast-moving business growth, the group must review and replace legacy systems with systems more appropriate for a digital first strategy.

Technology development will take advantage of API services-based methodologies to be deployed rapidly to meet customers' needs.

Technology-driven companies who hold data-rich customer databases, may be more vulnerable to an increased risk of cyberattacks and breaches of their data security. Several international companies have experienced breaches in their information security and had their customer data compromised. Protection of customer's personal information is subject to many regulations.

As a digital-based group of companies, the threat of cyberattacks increases and the need to always maintain system availability. Effective cybersecurity is a material issue for the group to ensure we are protected against unauthorised exploitation of systems, networks, technologies, and customer data. As we modernise our technology stack, we have the opportunity to ensure best practice around security protocols and closing vulnerabilities.

Risks, mitigations and opportunities

Threat of breach of data security

- Solutions developed and implemented in technology roadmap
- Proactive monitoring by external specialist companies
- Regular monitoring with compliance to POPIA and DPA

Replacement of legacy systems diverts resources from day-to-day operations

- Specific capital allocation and resources for redesign of legacy systems
- Focused team for re-platforming legacy systems
- Legacy upgrades to be designed in application services for faster implementation

Opportunities

- Use of leading software providers in the suite of technology
- Training to create awareness and understanding and compliance with information security
- Deployment of agile development processes and application services technology

TALENT MANAGEMENT

Strategic context and stakeholder needs

The strategic direction of the group requires strong technical, design and customer experience skilled talent to deliver innovative customer friendly products and frictionless mobile phone digital journeys.

Attracting and recruiting the right talent to execute the strategies is a key issue for the group.

Further details on employees can be found on page 31 and the Remuneration policy can be found on pages 91 to 96.

Risks, mitigations and opportunities

Inability to attract, retain and develop employees with the necessary skills required by the group

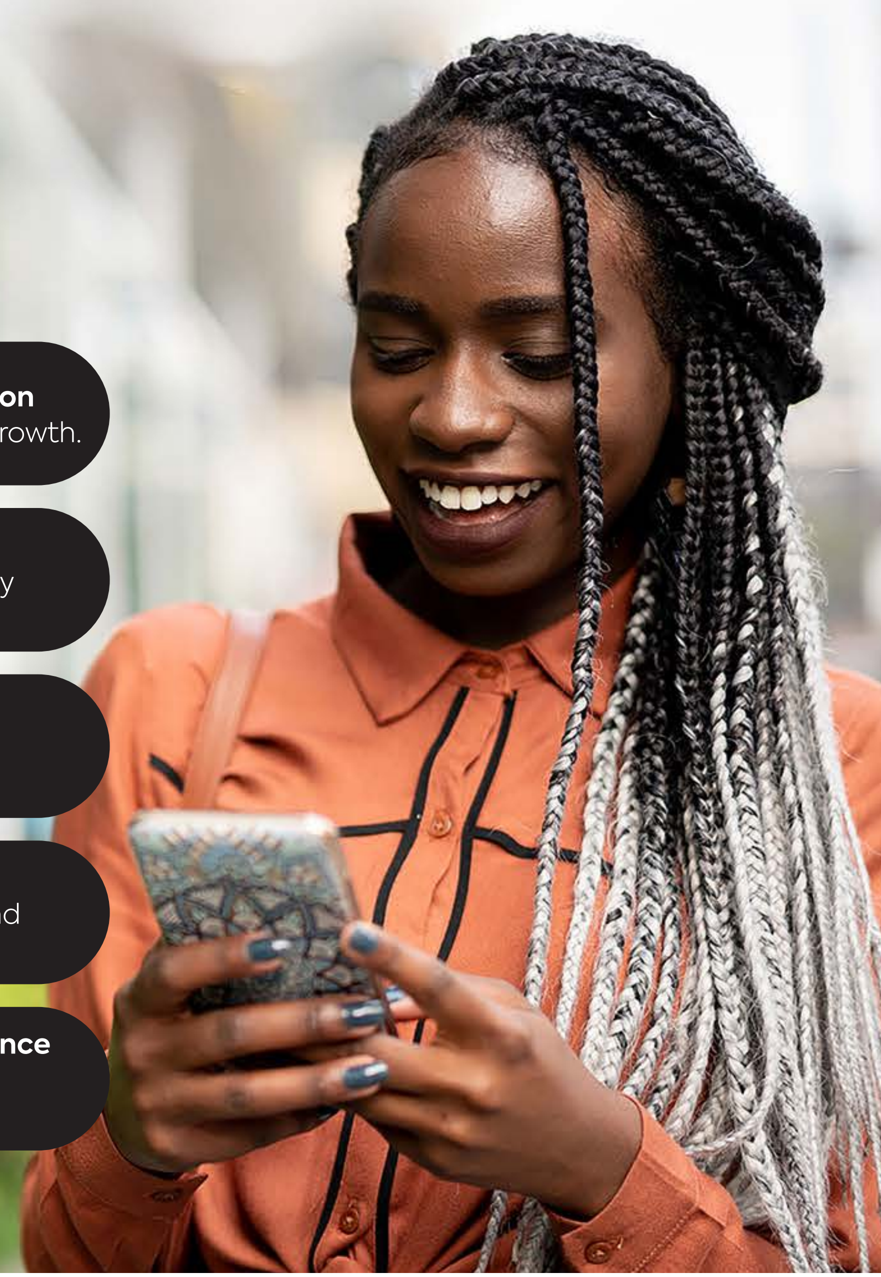
- Targeted retention strategy formalised, with a focus on leadership
- Regular market benchmarking to ensure competitiveness
- Greater flexibility and remote working processes
- Adoption of best-practice people policies and procedures

Opportunities

- New employee value proposition to be developed to attract and retain talent in a new hybrid way of working
- Enhance e-learning training programmes
- Continue the existing learnership programmes and launch HomeChoice retail academy
- Adapt culture to develop empowered and engaged employees

OUR STRATEGY
CUSTOMERS ARE AT THE CORE OF THE GROUP'S STRATEGY

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



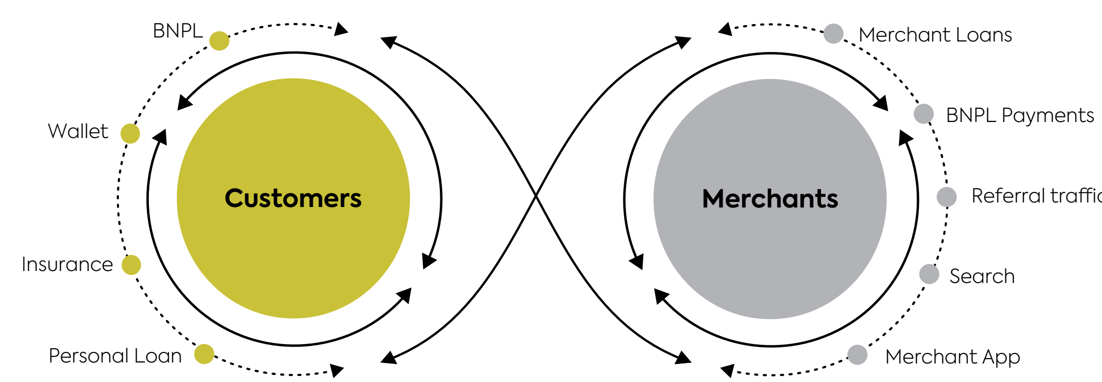
Post a review of the business operations, the group's strategy has been revised to include an increased focus on the growth of Fintech and the opportunity to drive more deeply into that market.

The financial services division has been rebranded Weaver Fintech and following the acquisition of PayJustNow, payments has been added to the product suite.

A new strategic pillar, develop merchant business, has been added as merchant services are a key opportunity for the group.

New strategic pillar

Drive merchant business in Weaver Fintech



For Customers: a digital wallet and payment solutions

For Merchant: an integrated solution

1

PRODUCT AND CREDIT INNOVATION

Operating context

Product progression and innovation is pivotal to driving growth.

The digital Weaver Fintech business includes personal loans, insurance and e-wallet products and has been further enhanced with digital payments, specifically Buy Now, Pay Later (BNPL).

Our heritage retail business was built on providing quality and innovative homewares categories. We continue to maintain this ethos and build on the breadth of the range appealing to the mass market African woman – creating a home she loves.

Innovation of our credit offering provides financial inclusion for our target market while delivering acceptable yields to the group.

Strategic initiatives

- Extend range of financial services product, through buy and build.
- Innovation in heritage own-brand homeware categories.
- Offer well known external brands for customer convenience.
- Reposition retail credit offering to provide more convenient and flexible options while pricing for credit risk.

2

CUSTOMER ACQUISITION

Operating context

Our data-driven insights support customer acquisition. We have more than one million customers and have rich customer data by virtue of our digital channels.

Greater levels of data insights enable us to deliver more personalised offers improving conversion and take-up rates and drives customer progression.

Use of digital technology delivers a seamless and convenient acquisition process for new customers.

Strategic initiatives

- Optimise data analytics to further enhance customer segmentation models and improved data personalisation and customer acquisition.
- Increase customer acquisition in Retail within acceptable credit risk tolerance levels.
- Targeted acquisition of digitally savvy Fintech customers.
- Personalised offer of financial services products to new BNPL customer base.

3

DIGITAL FIRST

Operating context

Our digital-first mindset drives efficiency through scalable and easy to access platforms enabling growth of the group. More than half of our customer transactions are digital. Digital offers customers conveniance and drives cost reduction for the Group. The Covid-19 pandemic accelerated customers digital engagement.

Fintech market in South Africa is expected to treble by 2023 with a number of new Fintech entrants establishing a presence in the market place.

Strategic initiatives

- Technology design and deployment for mobile phone-first execution.
- Migration from legacy systems to new fit-for-purpose technology platforms.
- Automation of services and customer journeys to empower customer engagement.
- Migrate from contact centre selling to agent voice assist.
- Monetisation of social media platforms.
- Scalable digital platforms to reduce costs and drive efficiencies.

4

DEVELOP MERCHANT BUSINESS

Operating context

Driving the adoption of merchants in our Fintech business through strategic product and service progression will support growth.

Within the Weaver Fintech business a digital and data-driven ecosystem of customers and merchants will develop a strong merchant aspect to the Fintech offering. A suite of products and services offered to merchants will generate opportunities to access the Weaver Fintech customer database.

Customers, acquired with an offer for one product, through the use of data analytics, will be offered subsequent products such as insurance and payment solutions.

We will deliver merchants an integrated solution ranging from, referral traffic leads, digital analytics, and reporting functionality.

Strategic initiatives

- Develop an integrated solution for merchants.
- Design personalised offers to increase customer engagement and value creation
- Provide additional services and functionality for merchants including merchant app.

5

CUSTOMER EXPERIENCE

Operating context

Improving the customer experience drives loyalty and retention of our existing customer base.

With more than one million customers and multiple touch points in the group, our 90 day mobi-engagement frequency is strong. Customers, as tracked by the Google rating 5 start methodology, rate our Weaver Fintech service high, and there is opportunity for the Retail business to improve. Customers expect a consistent level of service across all the channels in the group. Digital journeys must be frictionless, with a responsive customer support and service as needed.

A well-protected customer database which adheres to data privacy requirements engenders trust in customers' minds.

Strategic initiatives

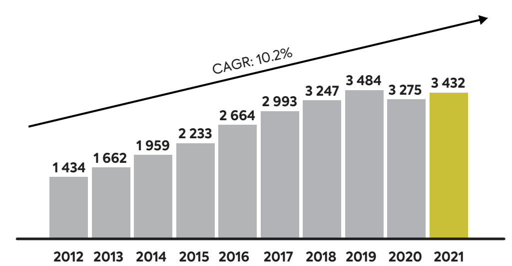
- Define and provide consistent level of experience across all channels.
- Maintain and protect a full set of reliable, up-to-date customer information.
- Provide responsive customer service and support and transition from a selling contact centre to an agent voice assist contract centre.
- Reduce response times for customers ranging from account origination and sign-on processes, to the time taken to receive their delivery.

MEDIUM-TERM TARGETS

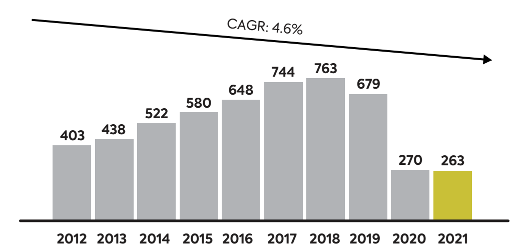
		Target	2021	2020	2019*	2018**	2017***
Retail gross profit margin	(%)	44 – 48	**45.1**	44.9	47.4	49.6	51.2
Operating profit margin	(%)	17 – 22	**7.7**	8.2	19.5	23.5	24.9
Return on equity	(%)	17 – 22	**5.2**	5.5	16.2	20.9	21.7
Net debt to equity	(%)	<60	**23.1%**	20.1	30.2	27.6	28.3
Dividend cover	times	2.2 – 2.8	**2.4**	–	2.6****	2.6	2.6
Digital credit extended	(%)	>60	**61.7**	49.7	40.2	38.7	32.4
Net promoter score	(%)	>70	**>70**	>70	72		

* IFRS 16, Leases, *adopted effective 1 January 2019.*
** IFRS 9, Financial Instruments, *adopted effective 1 January 2018. IAS 39 applied for 2017 and prior financial years.*
*** *Restated based on the application of* IFRS 15, Revenue from Contracts with Customers.
**** Dividend cover applied but final dividend cancelled due to Covid-19.

Group revenue Rand million



Group operating profit



OUR BUSINESS MODEL

How we create value through our business activities

Homechoice International is a holding company with investments in the retail and financial services markets. We drive value through offering the female mass market innovative products at affordable credit on digital platforms.

Resources utilised

Financial capital
Shareholders and debt funders who have provided the financial capacity to run the business

Our people
Skills, experience, competencies and diversity of our employees who are focused on delivering enhanced customer experience

Knowledge
Product and credit expertise the group has developed over the past 35 years primarily focused on the mass market urban women of South Africa

Physical locations
Sophisticated contact centre, our e-commerce enabled distribution centre, Retail showrooms and ChoiceCollect containers

Social relationships
Distribution partners and suppliers who understand and are committed to the business model and the role they play in delivering customer experience

Natural capital
Limited usage of energy, water and packaging in our business operations

Mobi-first digital systems

Putting the brands in customers' hands

Customers access our digital platforms through their mobile phones. Customer facing technology initiatives are developed using mobi-first thinking, increasing accessibility and convenience.

Fintech financial services

Convenient and easy to access

A suite of personal loans, insurance, payments and value-added services. Entrenched use of digital technology providing customer convenience and operational efficiencies.

Customer analytics

Enhancing customer experience

Using data science and analytic tools we are able to mine our extensive customer base. Drives top-line growth and supported by the customer preference centre.

Omni-channel retail

Shopping any time, any place

Providing omni-channel retailing to meet our customers needs through physical, digital and direct marketing channels. Our digital and tech savvy customers are increasingly shopping through social media platforms. Older customers are more comfortable using the contact centre to guide them through their shop. Supports ability to maintain trade regardless of outside challenges.

Credit risk management

Balancing growth and risk

Full end-to-end credit management processes using in-house scorecards developed for customer target market. Incorporating new technologies and automated decision making.

What differentiates us

1. Consistent focus on **female mass market** for more than 35 years
2. **Product innovation** drives customer acquisition and retention
3. **Mobi-first** digital mindset and execution
4. **Data-rich customer database** enables personalisation
5. Proprietary customer **credit and response knowledge**
6. Proven ability to **leverage customer base** for new businesses
7. Weaver Fintech growth through **strategic product and service progression**
8. **Omni-channel retailing** enables customers to shop in the way that they want
9. **Scalable technology platforms**
10. **Entrepreneurial spirit** delivers sustainable growth

OUR EMPLOYEES

We have embarked on a journey to become an Employer of choice, developing engaged and empowered employees to be key agents in enhancing our customer experience.

Employer of choice

4 pillars of employee value proposition

Growth | Recognition | Care | Rewards

1 668 Employees

Operations **79%**

Corporate office **21%**

Technology-enabled MyLearning portal

89% on-line learning

23 500 training interventions

Developing competencies for the future

16 bursaries awarded

3 learnership programmes

44 unemployed youth learners

Introducing our disability strategy

diversability

Digitalisation and automation

We have embarked on a programme to digitalise and automate previously manual HR administrative processes. The digital performance management system has reduced the time taken to manage the process and also has improved the engagement discussions.

Easy and convenient ways to join the group

Managing new employee applications has been optimised with enhancement to our application tracking system and integration with a number of social media platforms. A dedicated careers website, **www.homechoicecareers.co.za,** has recently been launched, which will allow for a convenient and "one-stop shop" for potential employees.

choicecare

Easy access to wellness programmes and resources

Health4Me

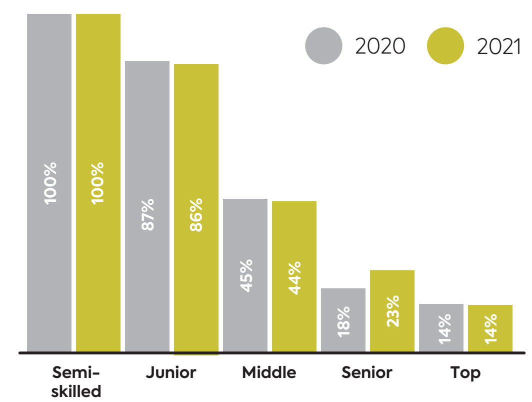
Within the context of a challenging social environment, staff have access to an on-site counsellor in addition to an on-site nurse. A low-cost health insurance now provides staff the option to include their family members on the insurance, providing more financial security to employees and their families. Dedicated wellness days, which include medical, financial and social environmental topics, are run on a regular basis throughout the year.

As a provider of financial services, it is important for our own staff to understand and manage their own finances – dedicated sessions are run in conjunction with our provident fund service provider.

To assist the staff in being vaccinated against Covid-19, regular on-site vaccination days were held in the South Africa head office.

Transformation

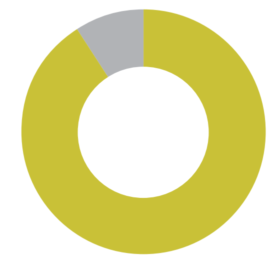
Employment equity statistics



Female

72%

Black



93%

Committed to transformation

A key focus of our Diversity, Equity and Inclusion strategy, will be the recruitment of beneficiaries and learners of previously disadvantaged individuals and individuals with diversabilities.

The year under review

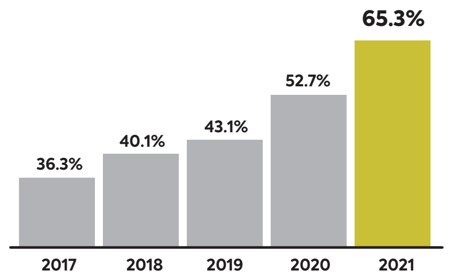
EXECUTIVE CHAIR AND GROUP CEO REPORT

Digital Transformation and Disruptive Technologies

Although the past two years have been challenging they have created opportunities for us to accelerate our digital transformation strategy. The Covid-19 pandemic was a catalyst for digital adoption by customers and businesses alike. The benefit of our investment and focus on pursuing a digital strategy is evident in our group digital transactions which now exceed 65%. Today our fintech business is almost entirely digital and our retail business has seen continued growth with their digital transactions now 28%. We have also been reaping the rewards of this investment in terms of efficiencies, with cost per transaction decreasing by c.30% in the past five years, while consumer inflation over the same period increased by 21%.

With our digital transformation progressing well, we are increasing our focus on the fintech space and the significant opportunities presented by disruptive technologies. Finchoice has built a fast growing consumer fintech business which provides the building blocks for our rebranded operations, Weaver Fintech. Our strategy is to buy and build a stable of consumer facing businesses that drive growth through innovation and customer-led insights.

Group digital transactions %



"The group has evolved into a scalable fintech and a revitalised retailer with over one million digitally-savvy customers."

Gregoire Lartigue
Shirley Maltz

Current year performance

The results for the year showed strong financial growth, with Weaver Fintech performing extremely well. In particular, Finchoice has delivered a 43% growth in market share to 1.17% from 0.8% in 2020. Overall revenue increased by 4.8% to R3.4 billion and trading profit by 43% to R386 million.

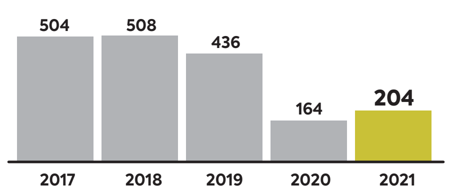
Loan disbursements of R3.3 billion delivered strong revenue for Weaver Fintech increasing by 32.2% on FY2020. We are starting to see the efficiency benefits of a fintech business with a trading profit growth of 69.1%.

The Retail business is in turnaround mode. The focus in 2021 was to stabilise and implement business change. The remedial actions taken are starting to bear fruit with improvements achieved in gross profit margin despite global supply chain challenges.

Group headline earnings per share increased by 24.0% to 203.5 cents per share. The board is pleased to declare a final dividend of 20.0 cents per share, bringing the total dividend for the year to 67.0 cents.

Headline earnings per share

Cents per share



Strong financial performance with robust funding structures

R3.4bn Revenue

R386m Trading profit

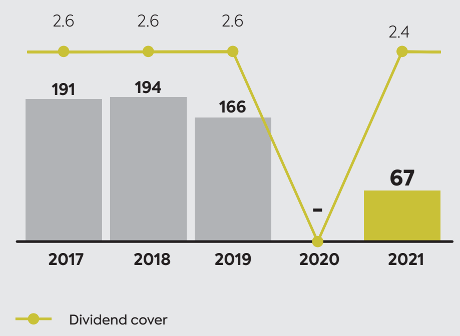
1 million Customers

62% Digital credit extended

R5.8bn Cash collected from customers

Dividends per share

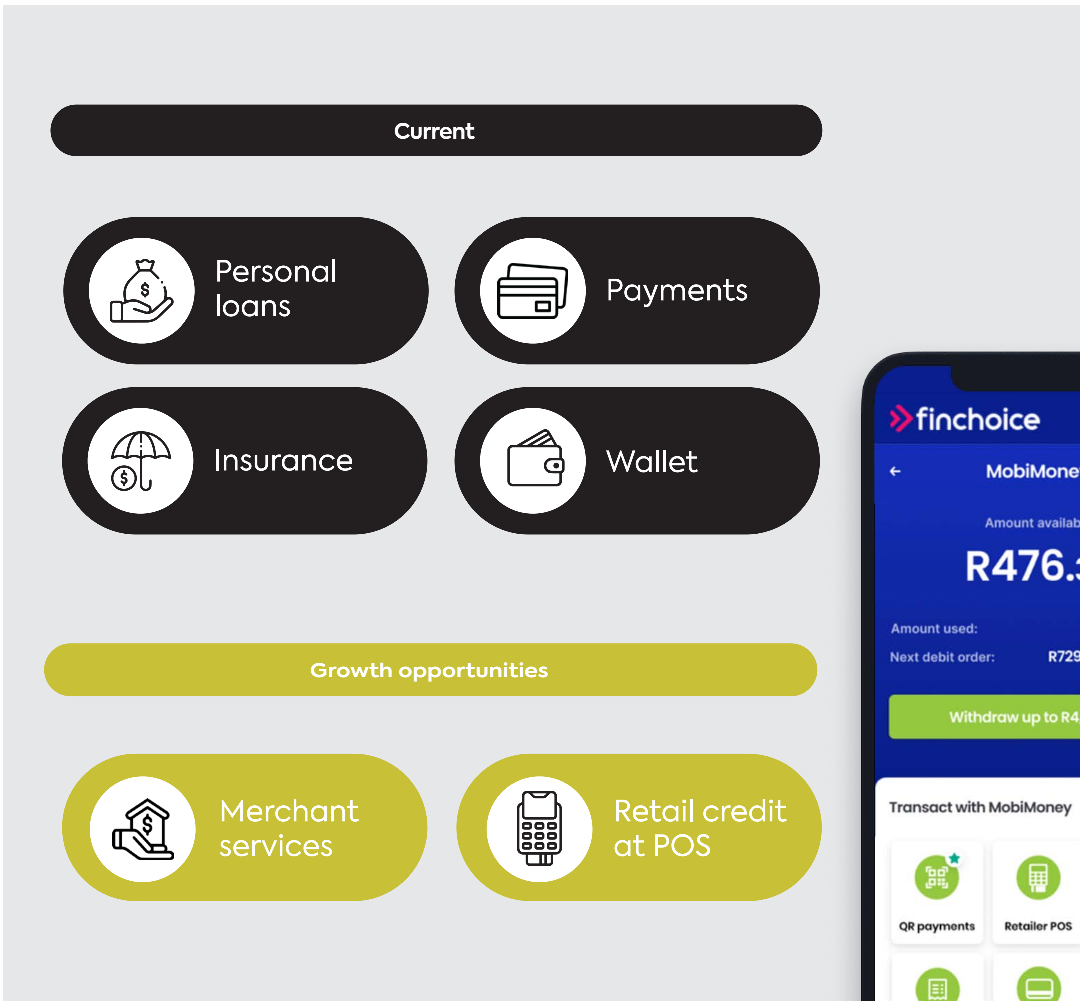
Cents

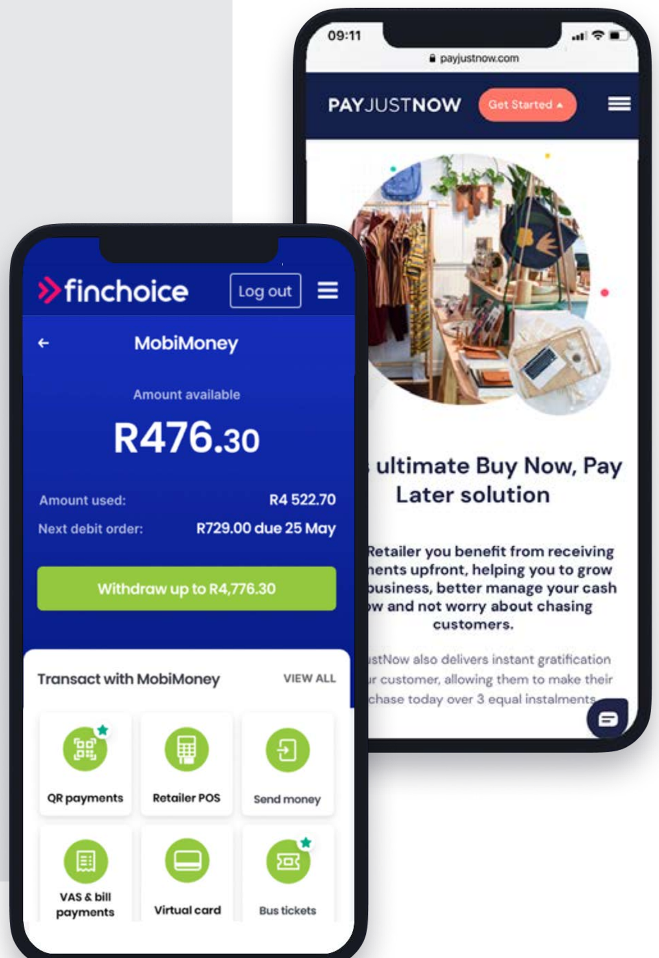


Strategic direction of the group

Our fintech growth strategy

Weaver Fintech is based in Mauritius with the focus on driving product progression which accelerates spend and delivers growth and customer acquisition. The Weaver Fintech current product suite includes personal loans, insurance products and value-added services, as well as the FinChoice MobiMoney™ digital wallet which has already attracted over 170 000 customers to date. With the acquisition of an 85% stake in PayJustNow, a disruptive payments business which offers Buy Now Pay Later (BNPL) payments have been added. The Weaver Fintech customer base is now 450 000 and growing rapidly.





Investment in PayJustNow

PayJustNow has proven that their customer friendly, seamless and fully digital payment process with no interest and no fees is a compelling proposition for customers. In a short space of time, PayJustNow has signed up 180 000+ customers.

We are delighted with the acquisition of PayJustNow – its strong customer adoption together with FinChoice's proven customer acquisition and retention strategies provides Weaver Fintech with a rapidly accelerating customer base to which a broader set of financial products can be offered.

In the coming year, further products are planned for both customers and merchants at PayJustNow, while FinChoice broadens its mobile wallet offering and introduces retail credit at point of sale.

PAYJUSTNOW®

180 000 BNPL customers

1 165 merchants

2 500 active points of presence

Revitalising Retail

Our Retail homeware offering is our heritage business.

Covid-19, a misalignment of strategic direction and disappointing execution of operating plans saw a decline in the profitability of Retail. A change of leadership brought new opportunity to revitalise the business and develop a turnaround plan to restore growth and build a more digital and efficient retail business.

We are pleased with the progress made in implementation of this plan. Significant work has been done to reset the cost base, improve its customer retention and marketing, migrate off legacy IT systems and further accelerate digital transformation. The gross margin is back to acceptable levels, with the remaining benefits to be delivered in the coming financial year.

Disappointingly, the social unrest, the taxi violence in the Western Cape and supply chain bottlenecks have subdued performance and a sizeable impairment of legacy technology spend adversely impacted Retail profitability.

The Retail business is making the right changes to restore its profitability and provide its loyal customers with quality innovative products and an excellent customer experience.

Governance

Changes to the board

Robert Hain resigned as an independent non-executive director of the Company with effect from 14 January 2022. We will miss his valued contribution over the last seven years and wish him well in his future endeavours.

Board diversity

We are fully committed to the JSE Listings Requirements and the King IV principle that the board should comprise of an appropriate balance of knowledge, skills, experience, diversity and independence. Pleasingly we achieved our gender target of 30%. While we did not achieve our race diversity target of 30%, the nominations committee will continue to look for suitable candidates for future board appointments to fulfil its commitment in this regard.

Regulatory environment

The South African regulatory environment continues to add more complexity and additional costs into business operations.

The Protection of Personal Information Act (POPIA) aims to ensure that customer data is adequately protected and engagement is managed fairly and transparently. We successfully implemented this before the effective date of 1 July 2021. The protection of our customer database and managing their communication preferences form an integral part of the group's operations.

The implementation of DebiCheck (also known as Authenticated Collections) which replaces NAEDO debit orders was mixed. Weaver Fintech experienced a smooth implementation, whilst HomeChoice experienced problems that resulted in poor customer service and disruption in collections. We have rectified the problems experienced in Retail and we are working hard to regain customer trust in the process.

There are no significant regulatory changes on the horizon, and we are committed to ensure our compliance to the laws and regulations in Mauritius and South Africa.

Outlook

Weaver Fintech is focused on the opportunities presented by disruptive technologies in the fintech space. Growth will be driven through product progression, increasing the customer base and cross-selling of products to our Fintech customers.

Our Retail business has developed a clear strategy to deliver its turnaround plan and return the business to growth. However it must be recognised that the consumer is under significant pressure with job creation a challenge, fuel prices increasing and high levels of inflation. Furthermore there continue to be global supply chain issues which are taking time to resolve.

During the year, the group successfully increased its funding facilities with the finalisation of a new R750 million facility and more favourable covenants. Our balance sheet is robust and the new funding negotiated provides ample undrawn facilities for expansion. We remain well-positioned to capitalise on improvements in the environment as well as any further acquisitive opportunities that we may identify.

Appreciation

To our more than 1 600 staff – a huge thank you for their resilence, committment and dedication to deliver 2021's results.

Our sincere thanks are extended to the group's executive team for delivering a strong set of results, due in no small measure to the innovation, expertise and commitment of our people.
It's in tough times that businesses demonstrate their resilience and we are proud to have led the group during the past year.

We also extend our appreciation to our board colleagues for their valued advice, guidance and support for the strategic direction of the group.

GROUP FINANCE DIRECTOR'S REPORT

I would like to start my review of the year with some context and background to the year.

Market conditions have been mixed. On the one hand, we have seen improved consumer credit health, with cautious and conservative borrowing, early credit defaults down 7.2% and modest household credit extension at 5.1%.

On the other hand, retail sales have been below trend, with spending on semi-durable items still below pre-Covid levels. South Africa experienced civil unrest in Gauteng and KZN, taxi riots in the Western Cape and high unemployment at 34.9%, and global supply chain pressures resulted in a softer retail environment.

2021 performance

Given the above context, the group delivered a robust performance for the twelve months to December 2021, with trading profit (operating profit before impairments and once-off staff restructuring costs) increasing by 43.0% to R386 million. Weaver Fintech produced an outstanding 69.1% trading profit growth for the year, continuing to gain market share in the South African unsecured credit market.

"The group's balance sheet is in a strong position. Our R1.1 billion of undrawn facilities presents an exciting growth opportunity for the group."

Paul Burnett

Performance review

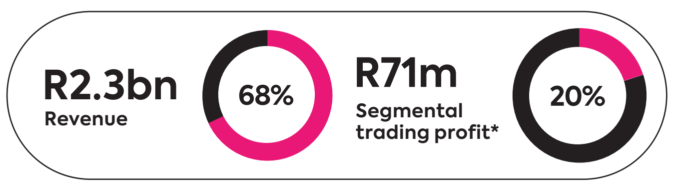
		2021	2020	2019**	2018***	2017****
Revenue	(Rm)	**3 432**	3 275	3 484	3 247	2 993
Growth in revenue	(%)	**4.8**	(6.0)	7.3	8.5	12.3
Loan disbursements	(Rm)	**3 336**	1 919	2 266	1 784	1 468
Growth in loan disbursements	(%)	**73.8**	(15.3)	27.0	21.5	17.5
Buy Now, Pay Later gross merchandise value	(Rm)	**194***	–	–	–	–
Retail sales	(Rm)	**1 706**	1 792	1 951	1 860	1 749
Growth in retail sales	(%)	**(4.8)**	(8.1)	4.9	6.3	16.8
Gross profit margin	(%)	**45.1**	44.9	47.4	49.6	51.2
Operating profit	(Rm)	**263**	270	679	763	744
Growth in operating profit	(%)	**(2.6)**	(60.2)	(11.0)	2.6	14.8
Operating profit margin	(%)	**7.7**	8.2	19.5	23.5	24.8
Cash (used in)/generated by operations	(%)	**(30)**	630	437	474	359
HEPS	(cents)	**203.5**	164.2	436.0	507.7	503.8
Growth in HEPS	(%)	**24.0**	(62.3)	(14.0)	0.7	21.5
Dividend cover	(times)	**2.4**	–	2.6	2.6	2.6
Net debt to equity	(%)	**29.6**	19.8	30.2	27.6	28.3
Return on equity	(%)	**5.2**	5.5	16.2	20.9	21.7

* attributable to the acquisition of PayJustNow during 2021.
** *IFRS 16, Leases adopted effective 1 January 2019.*
*** *IFRS 9, Financial Instruments, adopted effective 1 January 2018.*
**** Restated based on the application of IFRS 15, Revenue from Contracts with Customers. IAS 39 applied for the 2017 financial year.

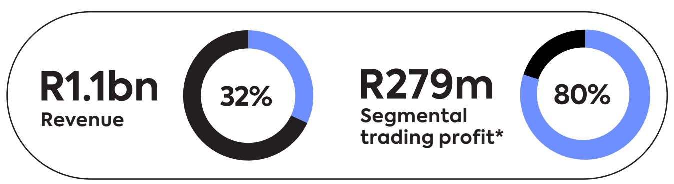
Statement of profit and loss

	2021 Rm	% change	2020 Rm
Revenue	**3 432**	4.8	3 275
Retail sales	**1 706**	(4.8)	1 792
Finance income	**1 185**	14.2	1 038
Fees from ancillary services	**541**	21.6	445
Cost of Retail sales	**(936)**	(5.2)	(987)
Other operating costs	**(2 208)**	9.3	(2 020)
Credit impairment losses	**(975)**	11.6	(874)
Other trading expenses	**(1 233)**	7.6	(1 146)
Other net gains and losses	**(43)**	>100.0	(8)
Other income	**18**	80.0	10
Operating profit	**263**	(2.6)	270
Interest income	**6**	20.0	5
Interest expense	**(93)**	–	(93)
Profit before taxation	**176**	(3.3)	182
Taxation	**(9)**	(40.0)	(1.5)
Profit and total comprehensive income for the period	**167**	–	167
Profit and total comprehensive income for the period attributable to:			
Owners of the parent	**170**	1.8	167
Non-controlling interest	**(3)**		–
	167	–	167
Earnings per share (cents)			
Basic	**159.8**	(0.4)	160.4
Diluted	**155.7**	(1.9)	158.6
Headline earnings per share (cents)			
Basic	**203.5**	24.0	164.2
Diluted	**198.3**	22.1	162.4

homechoice



weaver fintech



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

Revenue

Revenue grew by 4.8% to R3.4 billion on the back of a strong 73.8% growth in FinChoice loan disbursements to R3.3 billion tempered by a disappointing 4.8% decline in retail sales.

Retail sales

Retail sales declined by 4.8% to R1.7 billion, reflecting the tightening of credit and a lower level of customer acquisition. Sales were negatively impacted by the knock-on effects of the July civil unrest and the Western Cape taxi violence.

Finance income

Finance income grew by 14.2% to R1.2 billion as the Weaver Fintech gross debtors' book grew to R2.5 billion and was partially off-set as the 300 bps decrease in repo rate was annualised.

Fees from ancillary services

Fees and other income increased by 21.6%, driven by continued growth of Weaver Fintech's insurance income of 29.6% and the merchant fee income earned by PayJustNow (PJN). Fee and other income contribution has increased to 16.6% in FY2021 from 13.6% in FY2020, as the group makes a sustainable shift to diversifying fintech income.

Gross profit

Gross profit margin improved by 20 bps to 45.1% (2020: 44.9%). The benefits achieved from range rationalisation and lower markdowns were negated by high supply chain costs and increases in petrol prices which were absorbed and not passed onto customers.

Debtor costs

Group debtor costs of R975 million increased at a slower rate of 11.6% compared to the book growth of 16.7%. Conservative provisions were maintained with a reduction in Weaver Fintech's provision from 16.1% to 14.9% and an increase required for the Retail book.

Other trading expenses

Pleasingly, comparable trading expenses were well controlled at R1.2 billion, a 1.4% increase on FY2020. We have done significant work to reset and right-size the cost base in Retail to be more relevant to a digital-first retailer, while continuing to invest in additional marketing expense to generate the R3.3 billion in loan disbursements.

Once-off costs of R123 million have been incurred mainly in the Retail segment relating to impairments of information technology (IT) legacy software that is no longer fit for purpose and staff restructuring costs.

Profit for the year

Trading profit grew by 43.0% to R386 million. Supporting the fintech growth strategy, Weaver Fintech now generates 80% of segmental trading profit from 32% of group revenue.

After once-off costs, operating profit decreased by 2.6% to R263 million. Headline earnings per share increased by 24.0% to 203.5 cents.

Statement of financial position

	2021 Rm	% change	2020 Rm
Assets			
Non-current assets			
Property, plant and equipment	**448**	(5.9)	476
Intangible assets	**192**	(9.6)	210
Right-of-use assets	**49**	(18.3)	60
Other Investments	**55**	61.8	34
Deferred taxation	**85**	88.9	45
	829	0.5	825
Current assets			
Inventories	**264**	(16.2)	315
Taxation receivable	**3**	(76.9)	13
Trade and other receivables	**3 528**	16.7	3 024
Trade receivables – Retail	**1 364**	(10.1)	1 517
Loans receivable – Weaver Fintech	**2 102**	40.8	1 493
Other receivables	**62**	>100.0	14
Cash and cash equivalents	**203**	(51.1)	415
	3 998	6.1	3 767
Total assets	**4 827**	5.1	4 592
Equity and liabilities			
Capital and reserves			
Stated and share capital	**1**	–	1
Share premium	**3 039**	0.8	3 014
Reorganisation reserve	**(2 961)**	–	(2 961)
Treasury shares	**(47)**	42.4	(33)
Other reserves	**64**	36.2	47
Retained earnings	**3 168**	3.9	3 048
Equity attributable to equity holders of the parent	**3 264**	4.7	3 116
Non-controlling interest	**(1)**	100.0	
Total equity	**3 263**	4.7	3 116
Non-current liabilities			
Interest-bearing liabilities	**1 060**	13.6	933
Lease liabilities	**23**	(52.1)	48
Deferred taxation	**44**	(36.2)	69
Other payables	**4**	–	4
	1 131	7.3	1 054
Current liabilities			
Interest-bearing liabilities	**44**	12.8	39
Lease liabilities	**33**	50.0	22
Taxation payable	**18**	50.0	12
Trade and other payables	**338**	(3.1)	349
	433	2.6	422
Total liabilities	**1 564**	6.0	1 476
Total equity and liabilities	**4 827**	5.1	4 592

Property, plant and equipment and intangible assets

Group capital expenditure was actively managed to below 2020 levels. At R49 million, capex was 58.8% lower than 2020.

As part of Retail's turnaround plan there was a complete review of their proposed capex spend which resulted in a R70 million reduction from their original plan. Two Retail showrooms were opened, and one was closed following the civil unrest in Gauteng.

Weaver Fintech continued their technology investment spend, focused on additional technology and systems to streamline customer experience journeys.

The group acquired an 85% interest in the issued share capital of a financial services company, PayJustNow (PJN), for R45 million. The goodwill arising from the acquisition is R33 million and is attributable to the future profitability of PJN.

Inventories

Stock levels were well controlled throughout the year. Range rationalisation and discontinuation of product lines resulted in lower levels of stock on hand, with the global supply chain disruptions further impacting.

Stock was 16.2% lower to R264 million (2020: R315 million).

Trade and loans receivables

The group's gross credit book showed positive growth of 13.1% to R4.5 billion. The Weaver Fintech book increased by 38.8% to R2.5 billion on the back of the excellent growth in loan disbursements and the acquisition of PJN. PJN has a high-yielding book with low levels of default. Group debtor costs, at 28.4% (2020: 26.7%) of revenue, increased due to higher provisions in Retail.

The Weaver Fintech and Retail credit books are separately managed and operate on independent platforms. Credit performance for the period is summarised below:

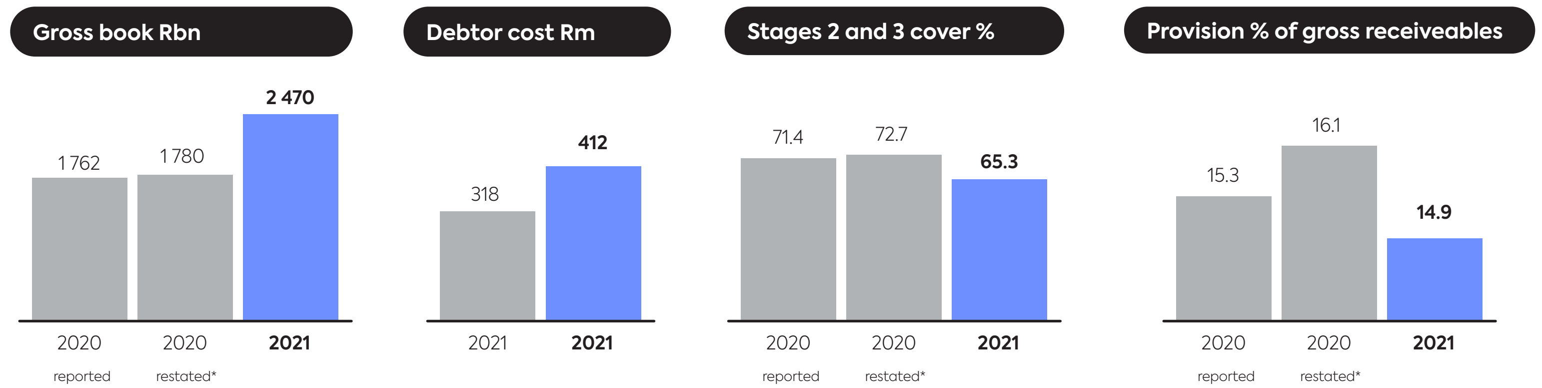
Reporting of partial write-offs

During the year we revised the reporting of partially written off accounts. Previously, partial write-offs were disclosed on a net basis – with effect FY2021 they are reported as gross and provision elements. This has had the effect of increasing the gross and provision value of trade and loans receivables and consequently the provision % has increased. This adjustment has mainly impacted Retail. The reporting change had no impact on debtor costs or net trade and loans receivables. To assist with comparisons, we have restated the FY2020 figures.

Weaver Fintech

Weaver Fintech debtor costs increased by 29.6% to R412 million, comparing favourably with the FinChoice loan disbursement growth of 73.8% and increase of 38.8% on the gross credit book. While the provision % has reduced from 16.1% (restated) to 14.9% based on the good quality of the book, the provision movement aligns to the size of the credit book. Well-controlled credit strategies have resulted in vintages being tightly managed.

Stages 2 and 3 trade receivables cover is conservatively held at 65.3% (2020 restated: 72.7%). All Weaver Fintech customers are collected digitally.

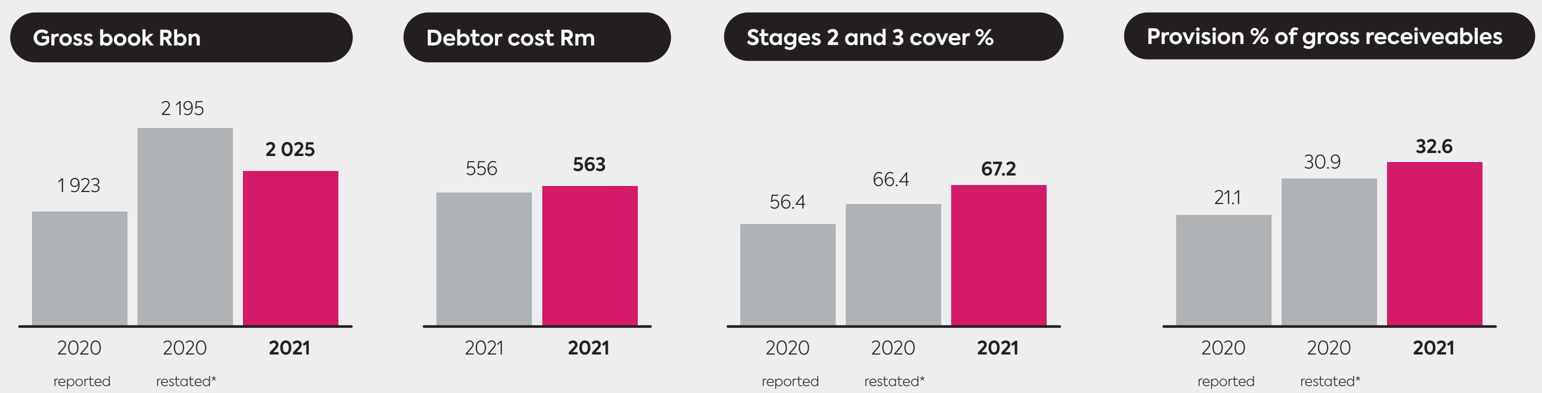


Retail

Retail debtor costs have increased marginally by 1.3% to R563 million on lower revenue and a lower gross book of R2.0 billion (2020 restated: R2.2 billion).

The quality of the credit book has deteriorated despite an upfront focus on tighter credit strategies to manage credit risk within the risk appetite. A sub-optimal implementation of DebiCheck (the system enabling customers to authorise debit order mandates directly with their bank) and collections strategies not aligned with digital payments has impacted the quality of the book. Corrective action has been taken with improvements starting to be realised. Consequently, the credit provision has increased to 32.6% (2020 restated: 30.9%).

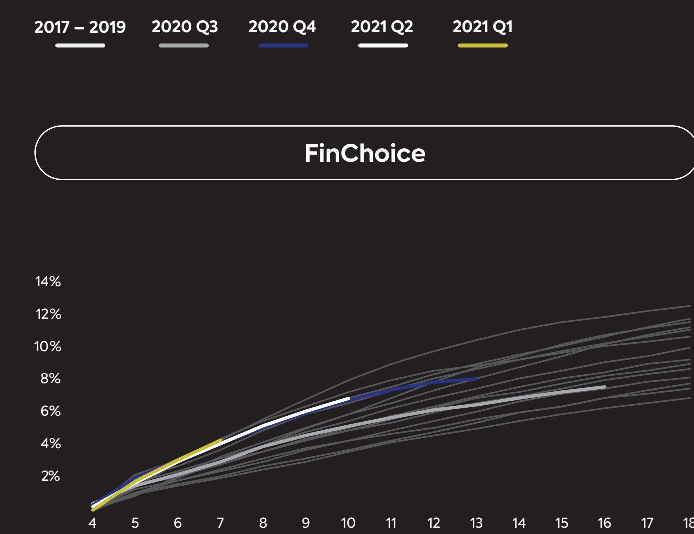
Stages 2 and 3 trade receivables cover is conservatively held at 67.2% (2020 restated: 66.4%).

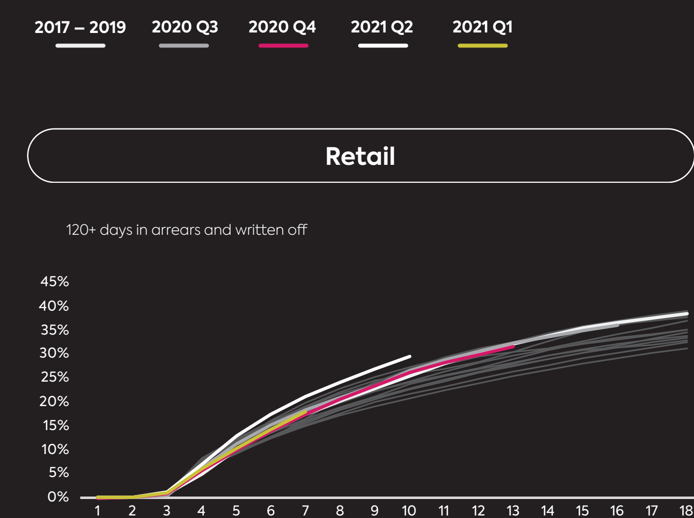


* Change in the reporting of partial write-offs, see page 46 for more details.

Vintages by year

(120+ days in arrears and written off)





GROUP OVERVIEW | THE YEAR UNDER REVIEW | GOVERNANCE

Cash management

		2021	2020	% change
Operating cash flows	(Rm)	**392**	315	24.4
Working capital	(Rm)	**(422)**	315	<100.0
Cash generated from ops	(Rm)	**(30)**	630	<100.0
Capex	(Rm)	**49**	117	(58.8)

An asset, liability and capital committee – a sub-committee of the board – was set up during the year. The committee is responsible for the oversight of the group's treasury strategy, risk management and compliance, including funding. External independent consultants provide treasury advice to the committee on an ongoing basis.

Our trading profit increase of 43% has provided healthy operating cash flows, up 24% to R392 million. The growth in the Weaver Fintech loans disbursements resulted in a significant cash investment in the working capital for the Weaver Fintech receivables book, which now makes up 55% (2020: 45%) of group receivables.

Pleasingly, with a higher FinChoice yield, collections from customers amounted to R5.8 billion, up R1 billion from 2020 levels. This reflects the strong cash generative nature of our group receivables book of R4.5 billion and is significant when compared to the loan disbursementsof R3.3 billion.

The year ended with a healthy cash balance of R203 million. We have successfully upsized our borrowing facilities by R750 million to provide ample headroom for the continued growth of the Weaver Fintech business. As at year end, there is R1.1 billion of undrawn facilities available.

Our net debt has increased by 53.0% to R959 million, with a net debt to equity ratio of 29.6% (2020: 19.8%). Despite the increase in this ratio, we are still within our target ratio of <60%.

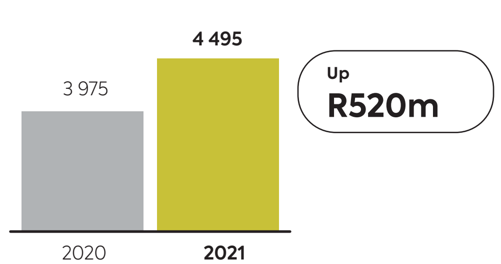
Cash balance at year end

R203m

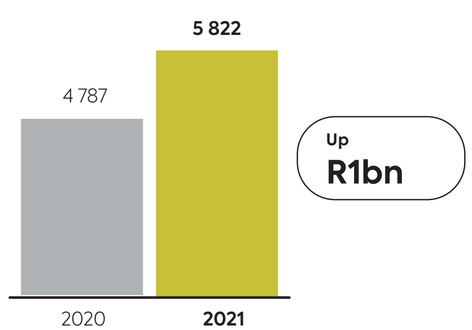
Available undrawn funding facilities

R1.1bn

Group receivables (Rm)
Growth driven by Fintech



Growth in group collections from customers (Rm)



WEAVER FINTECH OVERVIEW

Weaver Fintech accelerating growth

The Fintech market is growing rapidly in South Africa and set to treble by 2023 with payments and lending representing 49% of SA Fintech services. Fintech's with multiple product offerings are winning market share. Weaver Fintech's product suite of personal loans, insurance, digital wallet and payments is well positioned to gain market share in SA and improve financial inclusion.

The intent is to further build on the product suite creating an ecosystem of FinTech businesses that offer digital financials services products to our growing customer base.

Currently we have two businesses in this ecosystem – FinChoice and PayJustNow. The diagram below illustrates customer engagement and growth. So, for example, a customer may be start with a short term personal loan or insurance product. Using data-driven technology we are then able to cross sell them other products either in the FinChoice business or the PJN business. This is a key focus area for 2022 as Weaver Fintech develops its data strategy to enable personalised offers to its digital stable of customers.

Through PayJustNow there is also an opportunity to develop a Merchant business – one of the Group's new strategic pillars. This will include both loans to merchants and sales generation through sophisticated search technologies, referral traffic and data insights.

Strong performance in 2021

Revenue growth of 32% was delivered with loan disbursements up 74% to R3.3bn and the newly acquired PayJustNow business generating gross merchandise value of R200 million on which it earns fees.

Operating profit was R270 million up 64% reflecting effective control of credit strategies and efficiencies achieved from the digital-first based business operations. The cost to income ratio improved from 29.6% to 27.3%.

Substantial customer base – 450 000

Weaver Fintech's expanding suite of digital products and relentless focus on customer experience is attracting new customers and ensures the retention of existing customers. As Weaver Fintech commences cross-selling of products, our view is this will drive further engagement and customer stickiness.

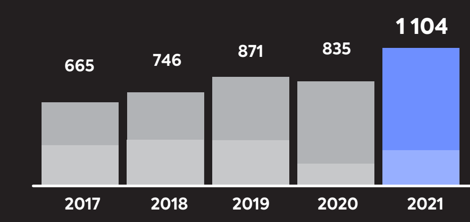
FinChoice enjoys an 81% retention rate of active personal loan customers with 94% of loans transactions from end-to-end are on their mobile phones. Over 70% of new customers are acquired by the easy-to-use convenient digital platforms.

With the recent acquisition of PJN, our customer database has doubled. We have 270 000 loan, insurance, wallet and value-added services customers using the FinChoice platform and 180 000 BNPL customers transacting with the PJN brand. Both brands have seen strong growth in new customers during the year and we expect this momentum to continue.

The combination of our frictionless customer journeys and our responsive customer service and support, have driven high levels of customer satisfaction. Our Google star ratings of 4.6 and 4.9 for FinChoice and PJN respectively is testament to how satisfied our customers are with their experiences and is critical to ensuring customer retention and growth.

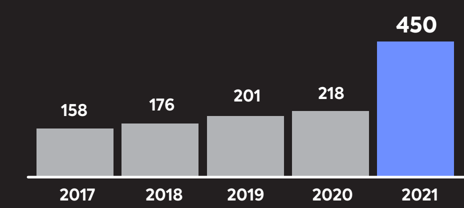
Revenue

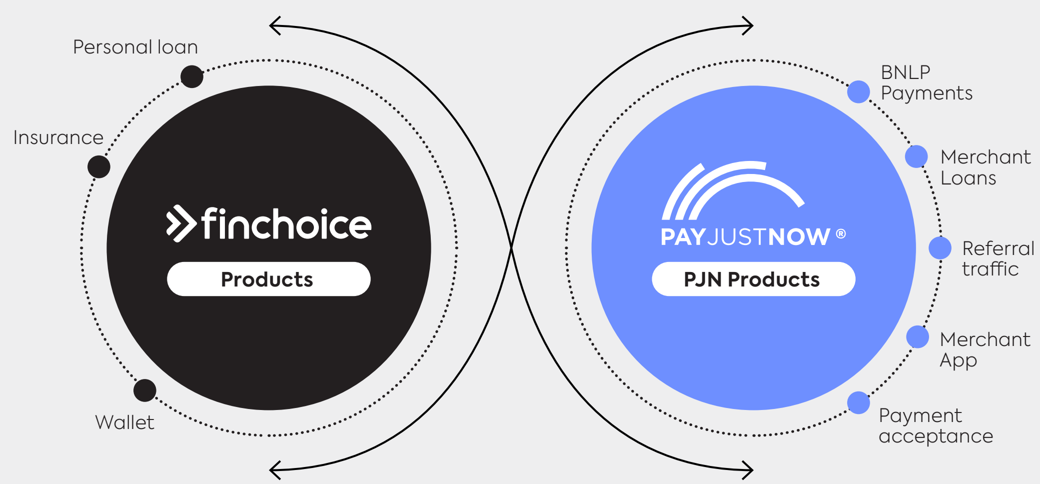
R million



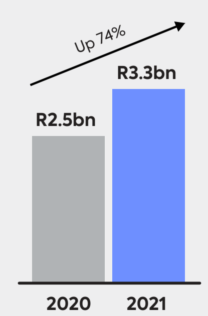
Substantial customer base

Loans, Insurance and BNPL ('000)

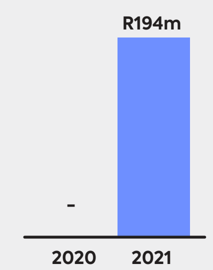




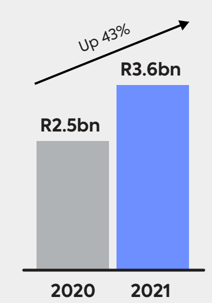
Loans disbursed



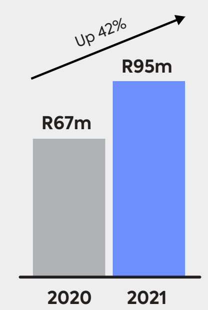
BNPL gross merchant value



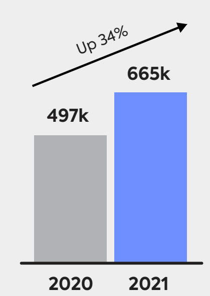
Digital payments



Insurance GWP



Wallet transactions



finchoice

Q&A WITH FINCHOICE CEO SEAN WIBBERLEY

How did the FinChoice business perform in 2021?

FinChoice has had a strong year delivering significant trading profit growth up 69%. The results have been supported by strong growth in customer acquisition, combined with effective credit limit management of existing customers, the successful roll-out of the new DebiCheck collections system, and a focus on streamlining and optimising the customer digital journey. We maintained our high customer satisfaction with our Google rating at 4.6 stars. I am particularly pleased that we have grown our credit book significantly, while driving improved credit quality with better data-driven targeting to levels better than we witnessed in 2019, pre-Covid.

A 74% growth in loan disbursements to R3.3 billion is a significant increase. What drove this?

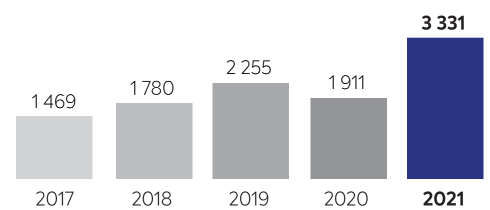
We saw a strong rebound in demand for consumer credit facilities. Our existing customers, who are extremely loyal to the brand, make up 80% of the loan disbursements for the year driven by increases to credit limits and utilisation of credit facilities they have. 81% of our active account holders are in a position to borrow, a positive metric for continued growth in disbursements. Loans granted to new customers are tightly managed and are generally restricted to about 20% contribution.

Pleasingly, we continue to grow market share in the NCR short-term and unsecured lending market, with a 43% growth to 1.17% of the market book size.

> "I am looking forward to accelerate our growth momentum with the combined Weaver Fintech customer base."

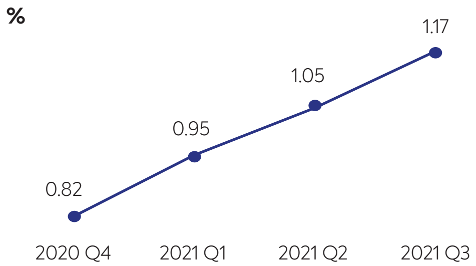
Loan disbursements

R million



Accelerating market share

%



Market share of NCR short-term and unsecured credit book

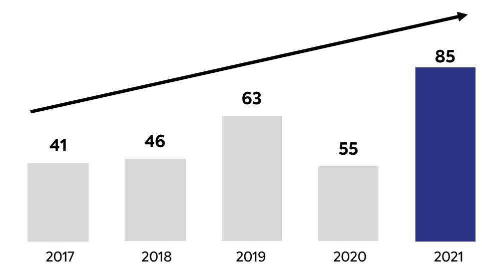
85 000 customers were acquired in the year. Are they all new to the group?

62 000 or three-quarters of FinChoice's new customers were brand new to the group, digitally sourced from external partners. The remaining new customers are sourced by targeting good-performing customers from our sister company HomeChoice.

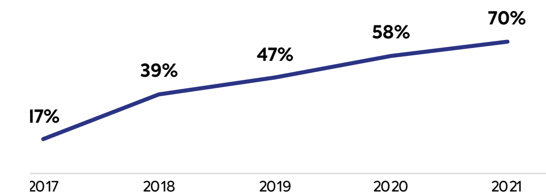
The external customers are acquired by leveraging our data-driven application programming interface (API) technology to provide real-time, personalised and largely pre-qualified offers to potential customers at our partner sites, resulting in high conversion rates and customer reassurance that they will qualify for the bespoke credit we offer. In line with our "low and grow" credit strategy, new customers are offered our shorter-term loan products and popular MobiMoney three-month facility, with initial low levels of credit provided to them. Once they have built up their data profile with us and proven themselves, they are offered higher levels of credit and longer-term loans.

Pleasingly we now concluded 70% of all our new loan acquisition end-to-end digitally on customers' mobile phones, with no human dialogue in the acceptance process.

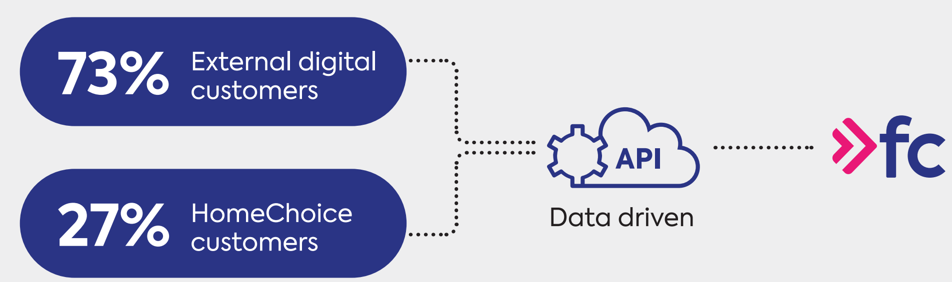
New customers acquired ('000)



Significant digital origination of new customers



API technology driving digital acquisition

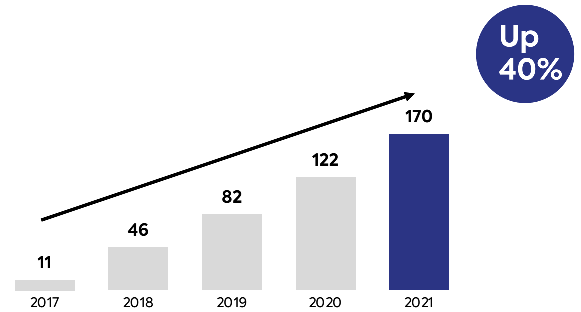


Usage of your FinChoice MobiMoney™ product is up 60%. Can you elaborate?

The FinChoice MobiMoney™ credit-backed wallet is the cornerstone product for the business. It is a digital-only three-month facility account with high customer engagement and appeal. Over 80% of our active customers have a MobiMoney wallet – 170 000 customers – a 40% growth in the year. Usage of the wallet is up 60% in Rand terms, with almost R1.0 billion in withdrawals during 2021, and on average 55 000 transactions are processed monthly, up 34% from 2020.

As part of the e-wallet product progression, we are currently piloting quick response (QR code) payments at retailers' point of sale. This will enable our MobiMoney customers to make payments for retail products directly using their smartphones, a convenient and hassle-free option.

High growth in credit-backed MobiMoney wallet customers ('000)

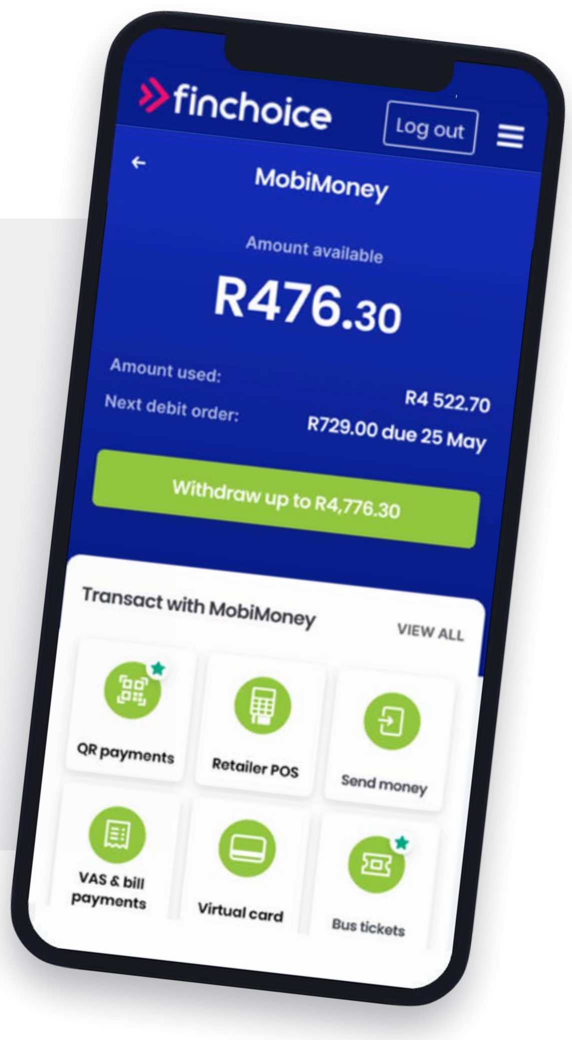


Enabling digital payments

- QR payments
- Retailer POS
- Send money
- VAS and bill payments

R2.6bn wallet withdrawals since inception

55 000 Monthly wallet transactions up 34%

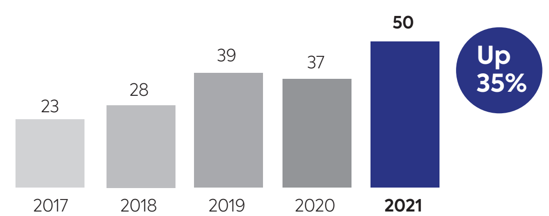


How successful have you been in increasing your fee income from non-credit products?

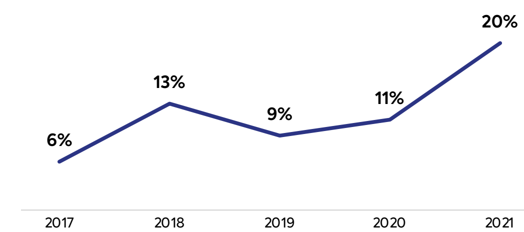
Our fee income mix is sitting at c.20%. A major contributor to the fee income is our stand-alone insurance product offering, which continues to show consistent and strong growth, up 42% in gross written premiums. We now have 93 000 insurance customers, a 30% increase over 2020, and a 45% penetration of the FinChoice lending base. 50 000 new policies were written and, pleasingly, 20% through digital channels, up from 11% in 2020.

We are happy with the growing success of our digital acquisition of insurance policies and see a lot of opportunity to build on this platform with new product offerings.

New policies acquired ('000)



Momentum in digital acquisition of insurance policies



What are your plans for 2022?

We have exciting plans in 2022 to grow our customers and add more products and functionality to our digital customers.

With our acquisition of the PayJustNow (PJN) business into the Weaver Fintech stable, we will drive our lending, wallet and insurance products to targeted PJN customers. Our teams are working closely together to maximise cross-selling, leveraging our data and platform to curate meaningful, timely and attractive offers.

We will continue to grow our MobiMoney wallet, adding more utility for customers to make payments directly to retailers and third parties, such as QR code payments and merchant point-of-sale integration.

We are currently in beta phase with our new Finchoice smartphone app, and plan to scale this app into our digital base.

We will focus on developing suitable future insurance products for the group, and continue to refine our digital journeys to drive our digital sales contribution.

PAYJUSTNOW®

Q&A WITH PAYJUSTNOW CEO CRAIG NEWBORN

Can you give some insight into PJN? What is your business model?

We are a start-up company launched in August 2019, offering a digital payment solution to the South African retail consumer. More specifically, our payment solution is a Buy Now, Pay Later (BNPL) product. BNPL essentially enables a customer to pay for her product over a three-month period with no interest or payment fees and she gets the opportunity to enjoy her product immediately. The cost of her merchandise is deducted one-third immediately and the remaining two-thirds over the following two months. It is interest free, with fees only charged on late payments.

Customers sign up is done digitally, and using our integrated cloud systems, approval is almost instant after which customers can purchase their items hassle free.

Merchants are charged a transaction fee, and they benefit from receiving payments upfront and growing their business through higher conversion rates.

To reach 180 000 signed up customers from start-up to end December 2021 is quite an achievement. Can you elaborate on this?

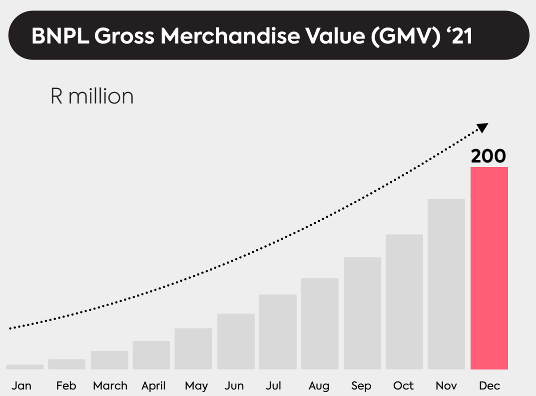
Yes, we are very pleased with the way customers have taken up our BNPL product. We are seeing rapid adoption and fast growth of our customer base. The customer and merchant take-up and usage that we are experiencing is very much in line with the growth BNPL has achieved globally.

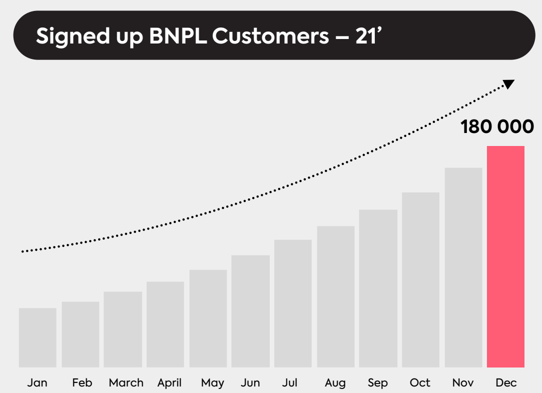
Our customers are highly digitally engaged – 66% of them are women, they use the product responsibly with an average outstanding balance of R720 and are spread over all income levels.

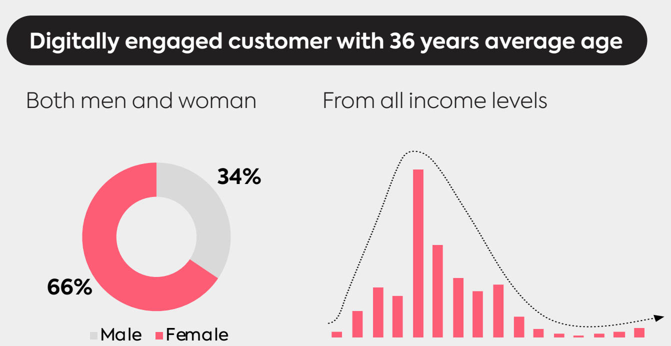
Our top 10% of customers are very active. Over the last year they have increased their average spend by 28%, orders have increased by 30% and pleasingly are shopping at 27% more merchants.

In essence, customers are loving the BNPL solution and are finding reasons to shop at different merchants within the merchant database.

> "The rapid adoption and fast-paced growth of customers for our BNPL product is very exciting. Customers are seeing the benefits it offers."







What are the benefits for a merchant when they provide PJN as a digital payment solution?

Acquiring new merchants and servicing existing ones is a vital part of our business model. At the end of December 2021, we have onboarded 1 165 merchants who offer a wide range of goods and services which can be accessed at 2 500 active points of presence either online or instore.

Because PJN provides an end-to-end digital solution, one of the immediate benefits is improving their digital sales and online presence – critical in this post-Covid world.

Merchants have experienced higher conversion rates, larger basket sizes, increased frequency of shop from existing customers all without having to take on any fraud or payment risk.

Merchants also benefit from customer leads. Existing PJN customers, and potential customers, can browse the merchant directory on the website and seamlessly link straight to the merchant's e-commerce platforms. In fact more than 3 million leads were provided to merchants in FY2021, and this will continue to increase as the number of signed-on customers grow.

Signing up to become a PJN merchant is easy, hassle free with an approvals process managed with our integrated technology systems. The merchant app provides access to a wide range of analytics, and in time we will expand it to provide fully functional reporting options.

Do you expect any synergies to be achieved following the acquisition by Weaver Fintech?

Yes, there are three main reasons why we joined the Weaver Fintech stable.

Firstly, leveraging off Weaver's credit expertise and technology will be an advantage as we experience rapid growth and the potential for payment default increases.

Secondly, access to capital funding gives us the ability to ramp up customer and merchant acquisition strategies and capture an even larger share of the South African BNPL market.

Thirdly, and the one that I believe has huge opportunity for synergy, is exposing customers to an expanded fintech suite of products offered by Weaver Fintech. Gaining access to credit and insurance products developed and sold by Weaver Fintech and offering them to PJN customers brings another suite of digital-based products to our customers.

On the other side, with the help of Weaver Fintech, we will be able to develop and market merchant specific products, including merchant-specific credit products, which we can then offer to our growing merchant base.

What are you plans for 2022?

Our plans are focused around three main strategies:

Grow our customer and merchant base and extend our market share of BNPL

Start to understand and test our customer strategy with the expertise of Weaver Fintech

Enhance and develop our technology offering, offering more services to customers and merchants and make their digital journeys frictionless homechoice

Q&A WITH RETAIL CEO CHRIS DE WIT

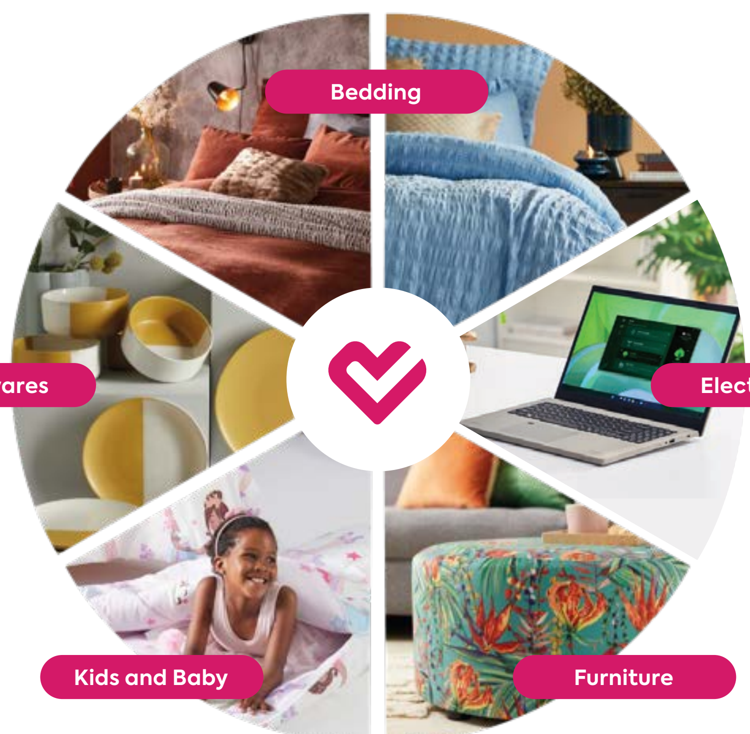
How did the Retail business perform in 2021?

Our performance was influenced by the implementation of the Retail turnaround plan, with 2021 a year to stabilise, reset the cost base and start implementing six key initiatives.

Trading profit increased by 18.3% to R71m despite a 4.7% reduction in revenue – evident of the effectiveness of the turnaround plan in delivering a reduction in expenses and normalising the gross profit margin. R114m of once-off restructuring and impairment costs were incurred in the year. Strong focus on cash resulted in over R100m of cash generated by operations.

> "We are pleased with the results achieved from our turnaround plan so far and will continue to drive further benefits into 2022."

Omnichannel credit retailer providing product for the Home She Loves



2021 Stabilise and implement

2022 Path to profitability

2021

+9% H1

-15% H2

-5% FY

Sales increased by 9% in H1 and then decreased by 15% in H2, with a full year decrease of 5% to R1.7bn. What caused the decrease in H2?

There were two key influences for the lower H1 sales.

Firstly, the macro factors negatively impacting sales by more than R45 million. The July civil unrest resulted in the damage of showrooms in Gauteng forcing them to close and customers not being able to collect their parcels using ChoiceCollect containers. We took the decision to permanently close the Katlehong showroom. The Western Cape taxi violence in July meant that we experienced high levels of absenteeism in our contact centre and collections teams as our staff were unable to come into work. Also, supply chain constraints led to some stock shortages.

Secondly, we took a strategic decision to revise our credit strategy to control risk within the business risk appetite. This meant that we limited sales opportunities by more than R50m through reduced credit limits and tightening the selection criteria for new customers.

Credit strategy to control risk within business appetite by:

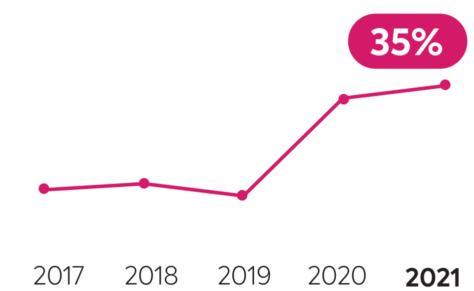
- Reducing credit limits
- Selection criteria for new customers major tightening

The digital sales contribution increased from 25.4% to 27.6%. Can you elaborate?

We are pleased that our digital sales growth has outperformed sales in other channels.

Digital customer engagement continues to be strong – digital transactions increased by 35% and 82% of customers shopping online do so using their mobile phones. We had a 30% increase in revenue from the HomeChoice app, which ended the year with 59 000 users.

Retail digital transactions growing



Digital sales contribution is now **28.0%**

Our customers shop online

82% on mobile

30% Increase in app revenue

New customers acquired declined by 30.7% to 167 000. What drove this and what was the impact?

The strategic decision to reduce acquisition risk by implementing stricter, data driven credit decisioning rules meant that our acceptance rates for new customers were lower than in previous years – down at 50.0%. This, together with a write-off of poor-performing accounts further reduced the active customer base to 707 000 (2020: 811 000).

However, we actively focused on the retention of and increased spend from existing customers through anti-attrition campaigns, customer insights strategies and the successful reactivation of previously dormant customers. Pleasingly, existing customers' spend increased by 9% and now accounts for 81% of sales, exceeding pre-Covid contributions of 77% and a 72% contribution in FY2020.

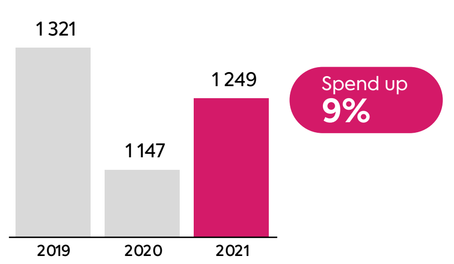
Gross profit margin continues to improve at 45.1%. What strategies delivered this improvement?

Successful shifts in the merchandise strategy have delivered a gross profit margin improvement to 45.1% from a low of 40.0% in H22020. Some of the shifts in the merchandise strategy include: exiting unprofitable product lines and appropriate range rationalisation, increasing the prices of selected electronics and appliances and managing our stock levels tightly to reduce the level of markdowns.

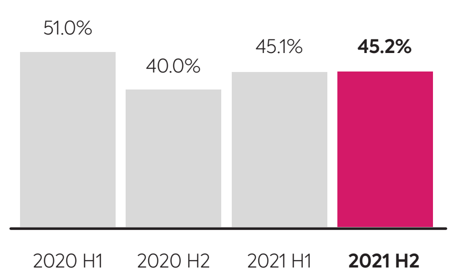
Unfortunately these gains were hampered by the stubbornly high global supply chain costs, coupled with the increase in local fuel costs not passed onto customers. The growth in click and collect provides improved customer convenience and lower delivery fees.

Existing customer spend

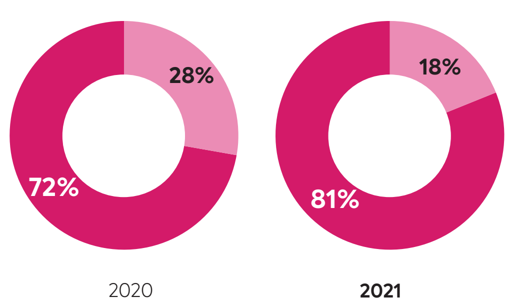
R million

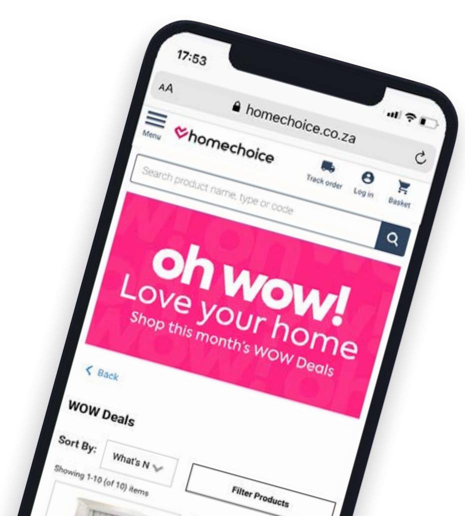


Gross margin % improving



Existing customer contribution





A review of your legacy information technology systems meant fairly significant impairment costs. Can you provide more detail on this?

With an increasing level of digital sales, and in line with our digitalisation strategy, we performed a detailed review of our legacy IT systems and processes. This review identified some legacy systems that are no longer fit for purpose and do not generate future value for the group and as a result we took decisive action and impairments of R61 million have been actioned.

An IT roadmap for the future has been developed. There is a clear prioritisation on the technology stack and we will be looking to systems that are fit-for-purpose with no need for further costly customisation. In addition, we have robust return on investment metrics to ensure that future technology investments deliver the required benefits to the group.

You achieved a 6.7% reduction in your cost base. Is this part of the turnaround plan?

Yes, it has been a key component of our turnaround objectives in FY2021. We recognised the need to "right-size" and reset the cost base to be more relevant to a digital-first retailer.

We achieved a 13.3% reduction in our marketing spend by driving efficiencies, reducing spend on potential high risk customers and making more use of digital and social media marketing campaigns. The digitalisation of processes and a strong uptake of new customer self-service options delivered a 5.2% decrease in our customer support expenses. A review of the organisational structure to right-size the teams and align them with the business focus, meant that we had to incur once off costs, and future savings will come through in FY2022.

What are you plans for 2022?

2022 is very much about the next stage of our turnaround plan – the path to profitability.

We will focus on the following:

- Providing innovative quality homeware merchandise
- Profitable new customer acquisition and data-driven retention strategies
- Stability of our collections and credit risk within agreed tolerance levels
- Continually review the cost base with a zero based cost strategy adopted
- A compelling employee value proposition to retain and attract new talent to drive our future strategies
- Disciplined implementation of information technology with no customisation

SHOWROOMS

'bringing the brand to life – enhancing customer experience'

Our showrooms showcase the breadth of the group's product range to customers. Designed to allow customers to experience Retail's product offering in a physical location, they are able to "touch and feel" and experience the merchandise first-hand. Financial Services' kiosks are also available in the showrooms to support customers sales and service queries.

Integrating the offline space with digital channels, computer tablets are available in the showroom so that customers can complete their purchase and select the most convenient delivery option for them. Customers then can choose to have their order delivered direct to their homes or use the click and collect option available at the showroom.

Showrooms are conveniently located close to the city's main transport hubs (taxis, buses and train), to allow customers to pick-up their orders on their way home.

2 showrooms opened in 2021

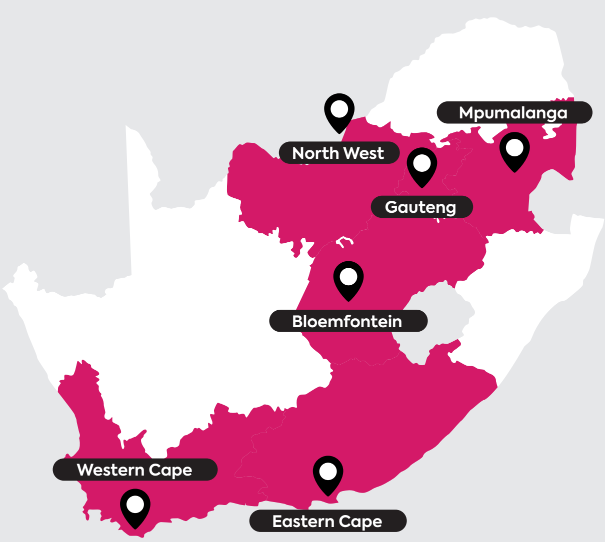
33 Created jobs

Strong **Cash sales** showrooms are a key contributor to Retail's cash strategy

1 in 8 deliveries collected at showrooms

1% of FinChoice loans

10% of Retail sales, higher average order values



Showrooms

13

Provinces

6

Western Cape:
Wynberg, Mitchells Plain

Eastern Cape:
Port Elizabeth, East London, Queenstown

Gauteng:
Jhb CBD, Mamelodi, Maponya Mall(Soweto), Thembisa

Free State:
Bloemfontein

Mpumalanga:
Nelspruit

North West:
Rustenberg

CONTAINERS

'bringing the brand closer to customer's homes'

ChoiceCollect containers provide a convenient pick-up point for customers to receive their orders at a location close to their home. They serve as a key point in the group's retail delivery network as well as a digital access point, providing further reach of the brand to potential customers.

Operating in partnership with third parties and sales agents, HomeChoice provides a fully fitted container, support and training which empower and develop these micro-enterprises. The containers are self-sufficient, with energy sources on the roofs ensuring that they have a continuous power supply and access to digital networks. Robust security measures ensure the safety of the container and its immediate surrounds.

We have also uplifted and refurbished surrounding areas around the containers for the benefit of the local community.

Our current containers are located in a close radius of Retail showrooms so as to leverage existing operational management structures. This not only provides support for the owners but also maintains the customer experience philosophy of the group.

3 closed following civil unrest

4 000 deliveries

Partnerships with SME's and sales agents, empowering and creating entrepreneurs

Supports our enterprise development strategy, contributing to our B-BBEE

Containers

7

Provinces

3

Western Cape:
Khayelitsha, Mfuleni, Phillipi

Eastern Cape:
Butterworth, King Williams Town, Mdantsane

Gauteng:
Soweto, Soshanguve

DISTRIBUTION NETWORK PARTNERS

An efficient logistics and distribution network capability is a key enabler for digital retailers to provide customers a quick, convenient and efficient process to receive their orders.

The group uses two main delivery options available to Retail customers – courier deliveries and click and collect.

Enabling the delivery process are third-party courier companies and "owner-drivers" or independent service providers (ISPs). SAPO is now only used for more out-of-town areas and locations where it is more costly for the group to service.

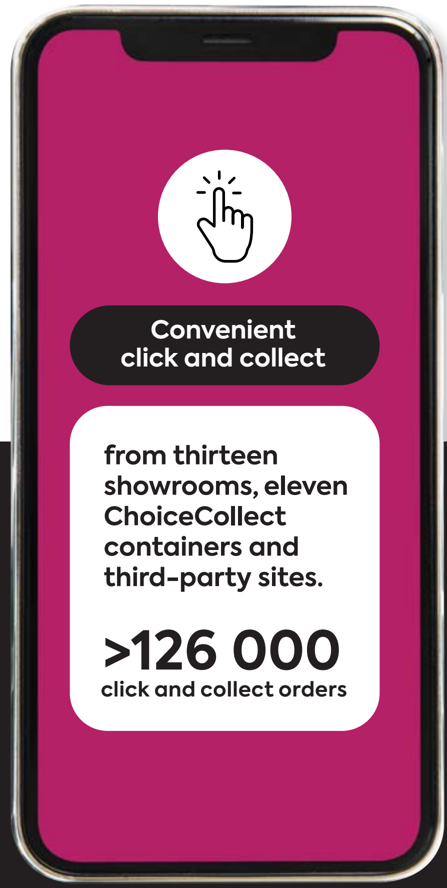
Distribution of the monthly catalogue by SAPO was stopped in 2020, making way for a digital catalogue and direct marketing. In 2021, we reintroduced a quarterly catalogue, with SAPO the main distribution partner.

Use of the click and collect option continues to increase. It is offered at the Retail showrooms and ChoiceCollect containers. The showrooms provide for customers who are working in offices as they find it convenient to pick up their orders on the way home from work.

Deliveries in 2021

872 000

Direct-to-home	Click and collect	Other
83%	**15%**	**2%**
2020: 83%	2020: 12%	2020: 5%



Independent Service Providers

7
independent service providers with 24 vehicles/drivers

29%
of direct-to-home deliveries transported

<252 000
deliveries

DIRECT SALES AGENTS

Sales agents are based in the field, providing brand visibility in townships and more rural areas. They are our brand ambassadors providing one-to-one interaction with potential customers.

The sales agent channel provides, mainly women, the opportunity to either earn an additional or secondary income or actively drive their primary income. Our top 10 agents have earned in excess of R1.6 million in 2021 in the form of commission.

In pre-Covid times monthly sales training sessions are held in 12 venues across the country and a further four held in Namibia and Botswana to cater for the more than 200 agents from those countries. The sessions include training on policies and procedures, product training and the "do's and don'ts" of an agent. An additional focus on general life skills training empowers agents with tools for the future and equips them with skills to take back into their communities.

The head office support structure provides agents with benefits and tools to assist them in growing their small businesses. Incentives and marketing material, subsidised demo products and mall activations encourage agents to share the product for their customers to touch and feel. WhatsApp groups allow for consistent and regular communication across the agents. Retail showrooms also provide support to agents operating within their surrounds. Sales agents also have the opportunity to improve their businesses by managing a ChoiceCollect container and expand their ability to earn additional income.

Active agents

636

Covid-19 impact

Unfortunately our sales agents have been badly impacted by the pandemic. Their ability to earn was curtailed by safety protocols and restrictions placed on gatherings and meetings. We also limited the intake of new agents.

93% based in South Africa

Delivering better quality orders

R1.6m commission earned by top 10 agents
Average sales per agent pa R8k

Governance

OUR DIRECTORS

International board

CHAIR

Shirley Maltz (50)
Appointed Chair Nov 2020
Executive chair

Amanda Chorn (63)
Appointed Nov 2014
Independent non-executive director

LEAD INDEPENDENT DIRECTOR

Pierre Joubert (56)
Appointed May 2019
Independent non-executive director

Marlisa Harris (48)
Appointed Feb 2021
Independent non-executive director

Eduardo Gutierrez-Garcia (54)
Appointed Nov 2014
Non-executive director

Adefolarin Ogunsanya (36)
Appointed Mar 2018
Alternate director for Eduardo Gutierrez-Garcia

GROUP CHIEF EXECUTIVE OFFICER

Gregoire Lartigue (49)
Appointed Nov 2014
Executive director

GROUP FINANCE DIRECTOR

Paul Burnett (46)
Appointed Nov 2014
Executive director

Mauritius non-executive directors

CHAIRMAN

Roderick Phillips (48)
Appointed Mar 2015
Independent non-executive director

Gaël Duchenne (42)
Appointed Jun 2020
Alternate director for Roderick Phillips

South Africa non-executive directors

CHAIRMAN

John Bester (75)
Appointed Nov 2018
Independent non-executive director

Nkosinathi Solomon (52)
Appointed Nov 2018
Independent non-executive director

Chief executive officers

FINCHOICE

Sean Wibberley (51)

PAYJUSTNOW

Craig Newborn (41)

RETAIL

Chris de Wit (42)

Composition

Executive chair	12.5%
Executives	25%
Non-independent non-executives	12.5%
Independent non-executives	37.5%
Alternate non-executive	12.5%

Board experience

- Leadership
- Corporate governance
- Financial Services
- Human Resources and Legal
- International Retail
- Finance and accounting

Tenure

0-3 years	25%
3-5 years	0%
6-9 years	75%

Average of five years

Demographics

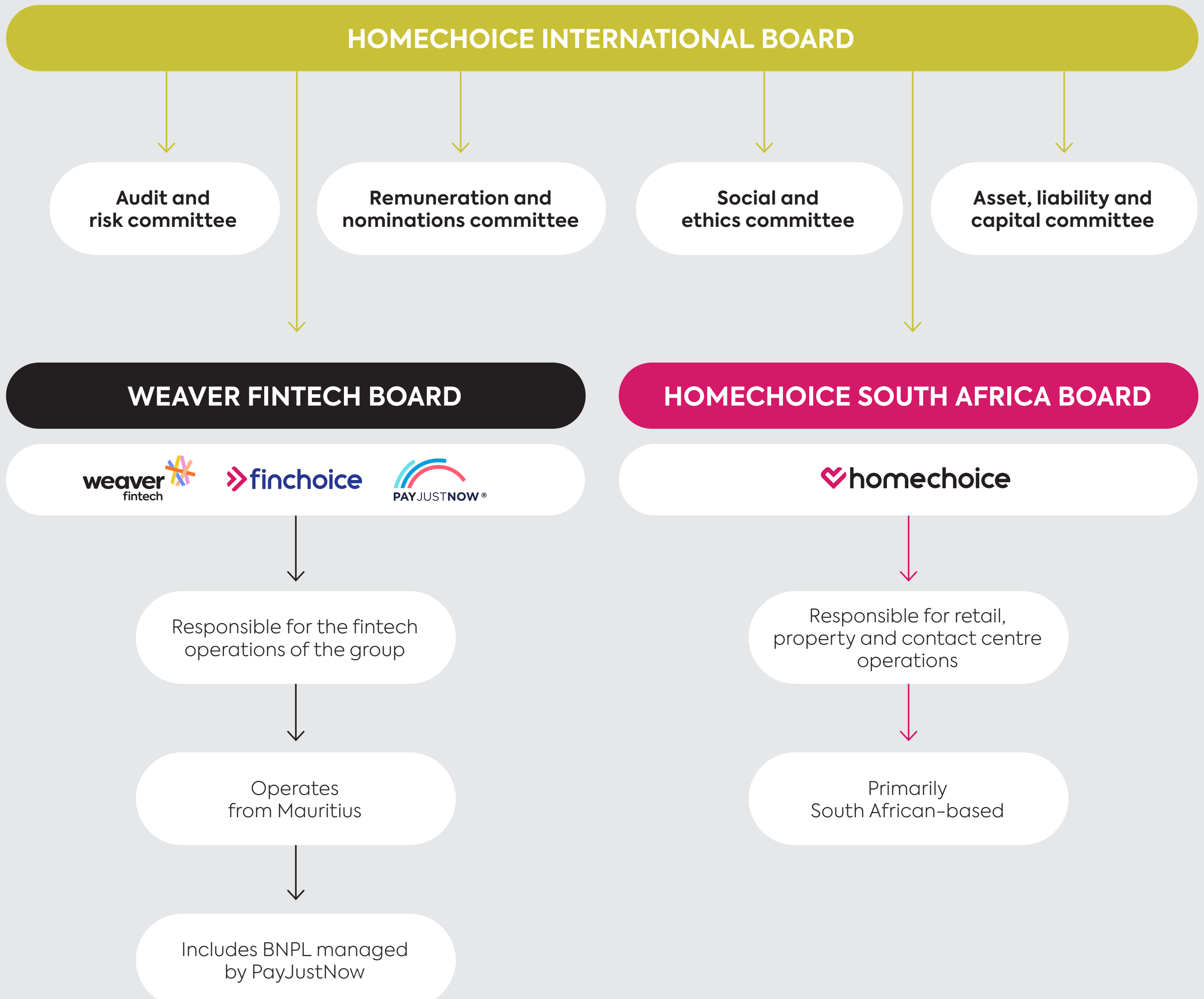
Female (Target 30%)	33%
Race (Target 30%)	11%

Average Board attendance 100%

- Nominations committee
- Remuneration committee
- Audit and risk committee
- Social and ethics committee
- Asset, liability and capital committee
- Chairman
- Lead independent director

GOVERNANCE REPORT

The group has adopted the King IV Report on Corporate Governance for South Africa 2016 (King IV™) to guide and direct the governance of the group.



Our approach to corporate governance

We understand that adhering to the highest standards of corporate governance is fundamental to the sustainability of our business. Our business practices are conducted in good faith, in the interests of the company and all its stakeholders with regard for the principles of good corporate governance.

The company is an investment holding company of two main operating investments held in South Africa (HomeChoice South Africa or HSA) and Mauritius (Weaver Fintech previously known as Weaver Financial Services) (Weaver Fintech). To drive the future strategy of the group, it was agreed that the group's two main subsidiaries would have robust board structures and any sub-committee work would be dealt with by the sub-committees of the HIL board. The governance framework of the group applied going forward is shown in the graphic on the left.

HSA and Weaver Fintech are separate legal entities, with their own board of directors operating according to their memorandum of incorporation and board charters. For the year under review, the HSA and Weaver Fintech boards operated with their respective sub-committees.

In November 2021, the HIL board reviewed the group committee roles and responsibilities given the updated directorships at subsidiary level, repositioning of the group and scaling of Mauritius operations. The exercise evaluated, from a governance perspective, the corporate structure across the various group jurisdictions and sought to enhance the roles and responsibilities and streamline functions across the group. In March 2022, and in accordance with the legal requirements of the various jurisdictions, the HIL board approved the dissolution of the HSA and Weaver Fintech sub-committees. These committees are being replaced by management operational forums. The operational forums are governed by charters and annual planners and will feed quarterly into the HIL, HSA and Weaver Fintech boards. The PayJustNow board convenes quarterly and feeds back into both the Weaver Fintech and HIL boards.

The HIL board also deemed it appropriate to form an asset, liability and capital committee to provide enhanced oversight of the group's treasury and funding facilities.

Changes to the board

In compliance with paragraph 3.59 of the JSE Limited Listings Requirements, shareholders were advised via the Stock Exchange News System that Robert Hain resigned as an independent non-executive director of the Company with effect from 14 January 2022. Accordingly, he has relinquished his role as member of the board and social and ethics committee.

The board extends its gratitude to Robert for his support and guidance provided to the business and the executive team for the last seven years.

The vacancy on the HIL social and ethics committee was reviewed by the nominations committee and it was agreed that Shirley Maltz be appointed as a member for an interim period.

HIL board delegation

The HIL board and its committees have delegated the oversight relating to the implementation of group policies to the subsidiary operating boards (HSA and Weaver Fintech). Group policies are prepared based on significant input from the South African and Mauritian operations. The group committees have approval of matters which impact the group. They rely on the operational boards to ensure that the oversight of the South African and Mauritius operations is in line with group policy. The HSA and Weaver Fintech boards provide detailed feedback to the HIL board and sub-committees and are available during meetings to provide additional input if so required.

Board process

The board meets at least four times a year to consider the business and strategy of HIL and its subsidiaries. It reviews reports of the chief executive officer and executive chair, group finance director, divisional chief executives and other senior executives, chairmen of committees and independent advisors.

Agendas for board meetings are prepared by the company secretary in consultation with the chair. Information provided to the board is compiled by senior management and includes reports on safety, health, sustainable development, risk, finance, credit, governance and legal matters likely to affect HIL.

During the year, the Retail division held three two-day strategy break-away sessions and Weaver Fintech held two two-day strategy session wherein targets, forecasting, strategy, customer acquisition and retention, technology roadmaps, and the new DebiCheck and privacy laws requirements were discussed. These strategies were then presented by senior management to the HIL board and, after much deliberation, approved by them.

Advice and information

There is no restriction on a director's access to company information, records, documents and property. Non-executive directors have access to management and regular interaction is encouraged. All directors are entitled to seek, at the company's expense, independent professional advice on the affairs of the company.

Term of office, rotation, and retirement

Each year, one third of the non-executive directors are subject to retirement by rotation. Subject to continued eligibility and directors making themselves available for re-election, the nominations committee recommends re-election by shareholders after due consideration is given to the director's attendance at meetings, their performance and independence.

The following board members will stand for re-election at the 2022 annual general meeting (AGM):

- Eduardo Gutierrez-Garcia
- Amanda Chorn

Both directors have served a term less than nine years and have made themselves available for re-election.

Board composition, independence and conflict of interest

As at 31 December 2021, the HIL board comprised four independent non-executive directors one of whom is the lead independent director, one non-executive director and his alternate and three executive directors including the executive chair. All independent non-executive directors remain classified as independent following the independence assessment conducted this year. On an annual basis, the directors table a register of their personal financial interest and a director is recused from matters that may impact them.

Non-executive directors have no fixed terms and the performance of all directors, and the respective committees is subject to an evaluation process.

The board is satisfied that there is a balanced distribution of power in respect of membership across committees so that no individual has the ability to dominate decision-making and/or have an unfettered power.

A diverse board provides for more robust and rigorous decision making. A diversity policy guides the nominations committee when searching for new directors to give consideration to gender, race, culture, age, skills, experience and expertise.

Board evaluations

In line with the company's policy, board and committee assessments are conducted biennially as recommended by King IV™ and includes the following steps:

- Questionnaires are sent to all board members to evaluate the performance of the board and its committees
- The results are collated and passed on to the Chair
- Where applicable, the Chair will conduct one-on-one interviews with directors to discuss any concerns raised
- The Chair provides feedback to the board on any actions arising from the evaluation process
- The outcomes of the actions are then managed during the intervening year.

The next board and committee evaluations are scheduled for FY2022.

Our committees

The board has established committees to assist with fulfilling its responsibilities in line with the provisions of its charter, promote independent judgement and ensure a balance of power.

The board acknowledges that delegating authority to these committees does not detract from its responsibility to discharge its fiduciary duties to the company. Each committee is chaired by an independent non-executive director and has its own committee charter and annual planner.

Dealing in shares

The board complies with the JSE Limited Listings Requirements in relation to restrictions on directors and employees trading HIL shares during closed periods.

HOMECHOICE INTERNATIONAL BOARD

Members

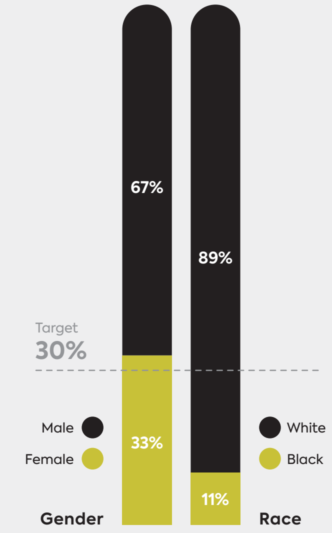
1 Executive chair – Shirley Maltz

4 Independent non-executive directors – Pierre Joubert (lead independent), Amanda Chorn, Robert Hain (resigned 14 January 2022) and Marlisa Harris

1 Non-independent non-executive director – Eduardo Gutierrez-Garcia

1 Alternate non-executive director – Adefolarin Ogunsanya

2 Executive directors – Gregoire Lartigue and Paul Burnett



4
Meetings

100%
Attendance

Other invitees
Company secretary, divisional CEOs and divisional heads of credit risk

Decisions made that enhance and support the group's value-creation process:

- Continued to monitor the impact of the Covid-19 pandemic on the group and implementing the appropriate response measures
- Monitored the impact of the civil unrest on the group and, in particular, on the Retail showrooms and delivery options and timeframes
- Declared an interim and final dividend
- Approved the acquisition of PayJustNow by Weaver Fintech
- Rebranded the Financial Services and Buy Now, Pay Later division to Weaver Fintech
- Continued to enhance its digital platforms and offerings
- Oversaw the refinance of the group funding facilities and monitoring of capital allocations
- Continued review of the group's financial position to ensure capital preservation, liquidity and to reposition the group to ensure long-term shareholder value
- The board reviewed its broader diversity, including race and gender. The Board noted the non-achievement of its race diversity target and echoed its commitment to achieve the target through new appointments to the board
- Reviewed the non-executive directors' fees. In doing so, the board agreed to increase the directors' fees from a maximum of USD40 000 to USD60 000 for 2022. The increase was based on a market related benchmarking exercise. Shareholders will be requested to approve the 2022 fees at the upcoming AGM.

Outcomes

Strong governance and oversight

Clarity of focus areas based on material issues for the group

A common view of where the group is heading, including targets to measure success

Appropriate delegation and oversight to qualified incumbents

HOMECHOICE SOUTH AFRICA BOARD

Members

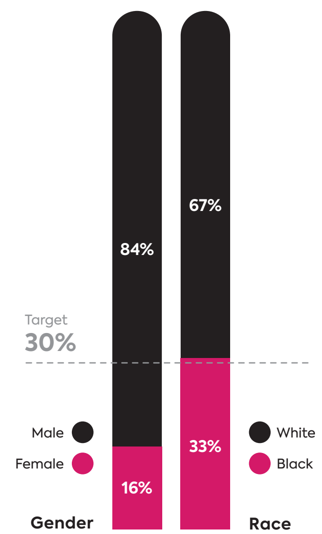
2 Independent non-executive directors – John Bester and Nkosinathi Solomon

4 Executive directors – Leanne Buckham, Chris de Wit, Eesa Kader and Guy Harker

4 Meetings

100% Attendance

Other invitees
Company secretary, FinChoice South Africa commercial director



The HomeChoice South Africa non-executive directors come from diverse backgrounds in commerce, service and retail and have both South African and international experience. Their collective experience enables them to provide sound, independent and objective judgement in decision-making that is in the best interests of HSA.

The HSA board is ultimately responsible for the performance of HSA and its long-term sustainable growth. Decisions made by the HSA board that enhance and support the group's value-creation process:

- Enhanced the digital transformation journey and related IT systems, and impaired legacy tech systems no longer fit for purpose to the retail business strategy
- Restructured the retail cost base, including staff organisational structures
- Reviewed Retail credit products with a view to enhance offerings to customers
- Managed the impact of the civil unrest in KwaZulu-Natal and Gauteng on showrooms and deliveries
- Monitored the global supply chain disruption and shortages caused by the Covid pandemic
- Reviewed the everchanging and onerous legislative environment. In particular, the new debit order legislation referred to as DebiCheck, the implementation of the POPI Act and Covid-related legislation
- Approved the three-year strategy and one-year budget
- Approved the appointment of two executive directors
- Approved non-executive director fees for approval by HIL

WEAVER FINTECH BOARD

Members

1 Independent non-executive director – Roderick Phillips

1 Alternate independent non-executive director – Gaël Duchanne

2 Executive directors – Paul Burnett and Sean Wibberley (appointed January 2022)

4 Meetings

100% Attendance

Other invitees
Company secretary, senior finance personnel, PayJustNow CEO

The Weaver Fintech board is ultimately responsible for the performance of Weaver Fintech and its long-term sustainable growth. Decisions made by the Weaver Fintech board that enhance and support the group's value-creation process:

- Proposed to HIL the rebranding of the Financial Services division to "Weaver Fintech"
- Approved the acquisition of PayJustNow by Weaver Fintech
- Continued to enhance its digital platforms and product offerings
- Continued to drive Weaver Fintech customer growth and product and service progression
- Led the refinance of the group funding facilities
- Continued to monitor the impact of the Covid-19 pandemic on the group's insurance investments and Mauritian operations and implemented appropriate response measures
- Approved the three-year strategy and one-year budget
- Approved non-executive director fees for approval by the HIL board

Audit and risk committee

The committee is responsible for ensuring that the group's annual financial statements fairly reflect the financial results of the group.

It also provides assurance on the adequacy and effectiveness of the group's financial controls. The Chairman met with the external auditors without management being present.

Outcomes

Stakeholders can rely on the integrated report to understand how the group creates value for the short, medium and long term and have comfort that all material aspects of the group have been addressed in the report

Group complies with material legislation

Shareholders can be satisfied that the external auditors are independent of the group

Shareholders and financial stakeholders can place reliance on the integrity of the annual financial statements

HOMECHOICE INTERNATIONAL

Members

3 Independent non-executive directors
- Marlisa Harris (chair), Pierre Joubert and Amanda Chorn

3 Meetings
100% Attendance

Other invitees
Group executive chair, group finance director, divisional chief executive officers, internal audit, external auditors, chairman of HSA audit and risk committee, heads of technology and legal

HOMECHOICE SOUTH AFRICA

Members

2 Independent non-executive directors
- John Bester (chair) and Nkosinathi Solomon

1 Executive director
- Chris de Wit

3 Meetings
100% Attendance

Other invitees
Group finance director, internal audit, external auditors, senior members of the finance team, heads of technology and legal

WEAVER FINTECH

Members

1 Independent non-executive director
- Roderick Phillips (chair)

1 Executive director
- Paul Burnett

3 Meetings
100% Attendance

Other invitees
External auditors, senior members of the finance team

Decisions made that enhance and support the group's value-creation process:

- **External auditors**
  - Reviewed the proposed audit plan, terms of engagement and the audit fee. Reviewed the auditor's opinion on the financial statements and considered any reports on risk exposure and weaknesses in internal controls. Approved the nature and extent of any non-audit services
  - Reviewed the external auditor's suitability pack and agreed that PricewaterhouseCoopers is qualified and experienced to conduct the audit for the 2022 financial year year. Recommended that PwC be appointed at the 2022 AGM
- **Financial statements**
  - Approved that the interim and annual financial statements accurately reflect the financial position of the group
  - Recommended to the board that an interim and final dividend be declared
  - Confirmed that the dividend cover is appropriate to provide an acceptable return to shareholders and allow capital reinvestment in the business
  - Confirmed that it has had access to the financial information of all companies in the group structure
- **Internal audit**
  - Reviewed the effectiveness of the group's systems of internal control including internal financial controls, financial reporting procedures and risk management and provided assurances to the board thereon
  - Approved and monitored the internal audit plan for FY2021 as well as any proposed amendments thereto
  - Approved top risks and material issues
  - Approved an outsourced model for the group's internal audit function. Accordingly, Deloitte & Touche South Africa were appointed effective January 2022
- **Finance function**
  - The group finance director has the appropriate qualification, expertise and experience for the group's requirement and is suitably qualified to oversee the preparation of the financial statements
  - The group finance director is supported by a well-functioning, appropriately resourced and qualified financial team in both the South African and Mauritius operations
  - Reviewed and discussed the group finance director and CEO attestation
  - There are appropriate financial reporting procedures which are operating effectively
- **Financial results**
  - Considered new accounting disclosures and treatments, significant or unusual and complex transactions, or accounting judgements and estimates that could be contentious
  - Reviewed managements assessment of going concern and recommended to the board that the group will be a going concern for the foreseeable future
- **Integrated annual report**
  - The report reflects a balanced view of the business, the material issues and value-creation processes of the group
- **Information technology**
  - The group is supported by a well-functioning information technology team that operates against an approved technology charter
  - Received regular feedback from the information security committee
- **Legal**
  - Reviewed legislative changes in South Africa and Mauritius and, in particular, the updated compliance and reporting under the Conduct of Financial Institutions Bill and the JSE Limited Listings Requirements
  - Continued to oversee the implementation of DebiCheck and privacy laws
  - Confirmed no material litigation exists
- **Election of committee members for 2022**
  - Recommended that Marlisa Harris, Amanda Chorn and Pierre Joubert be reappointed as members of the

Remuneration and nominations committee

The committee has oversight of the group's remuneration policy and is responsible for the remuneration of the directors.

The committee also ensures that the board has the appropriate composition to enable it to execute its duties effectively.

The group and divisional chief executive officers and the group finance director attend by invitation and are recused for all matters involving themselves.

HOMECHOICE INTERNATIONAL

Members

2 Independent non-executive directors
- Marlisa Harris (chair), Pierre Joubert

1 Non-independent non-executive director
- Eduardo Guiterrez-Garcia

2 Meetings
100% Attendance

Other invitees
Group executive chair, Divisional CEOs, Group finance director, Head of corporate finance

HOMECHOICE SOUTH AFRICA

Members

2 Independent non-executive directors
- John Bester (chair) and Nkosinathi Solomon

1 Non-independent non-executive director
- Eduardo Guiterrez-Garcia

1 Group executive chair
– Shirley Maltz

2 Meetings
100% Attendance

Other invitees
HomeChoice CEO, Head of human resource, group finance director, external advisors

WEAVER FINTECH

Members

1 Independent non-executive director
– Roderick Phillips

1 Executive director
– Paul Burnett

1 Meeting
100% Attendance

Other invitees
Divisional CEO, external advisors

Decisions made that enhance and support the group's value-creation process:

- Remuneration
  - Approved new targets for the FY2021 short-term performance bonus scheme and the subsequent vesting awards
  - Reviewed the proposals to remediate the existing share forfeiture scheme and transition into the short-term, medium-term and long-term incentive schemes
  - Approved annual salary increases
  - Approved that the remuneration policy and implementation report be tabled at the 2022 AGM
  - Agreed that a detailed re-grading and benchmarking of the entire group was required and would be reviewed in November 2022
  - Reviewed the non-executive directors' fees and recommended to the board for approval
  - Ensured that the disclosure of both executive directors' and non-executive directors' remuneration is in accordance with King IV
- Nominations
  - Recommended the appointment of Shirley Maltz as Chairperson of the board
  - Recommended the appointment of Pierre Joubert as lead independent director
  - Accepted the resignation of Robert Hain as member of the board and social and ethics committee with effect from 14 January 2022. Approved the appointment of Shirley Maltz as an interim member of the social and ethics committee following the resignation of Robert Hain
  - Noted the non-achievement of the HIL board race policy and the medium-term targets to progress transformation
  - Confirmed that the company secretary, Sanlam Trustees International, and supporting subsidiary company secretaries are competent, qualified and experienced
  - Reviewed the performance and independence of the directors available for re-election at the 2022 AGM
  - Reviewed the performance and independence of the members of the audit and risk committee and recommended their re-appointment at the 2022 AGM

Outcomes

Board skills, experience and diversity appropriate for the group

Appropriate oversight through committee structure

Remuneration policy achieved significant support from shareholders at previous AGM

A new variable remuneration framework aligned to deliver the Weaver Fintech strategy and the Retail turnaround plan

Asset, liability and capital committee

Responsible for overseeing the group's assets and liabilities, funding and liquidity requirements.

HOMECHOICE INTERNATIONAL

Members

- 1 Independent non-executive director – Pierre Joubert (chair)
- 1 Non-independent non-executive director – Eduardo Gutierrez-Garcia
- 1 Executive director – Paul Burnett

2 Meetings
100% Attendance

Other invitees
Group executive chair; divisional CEOs; corporate finance and tax manager

Decisions made that enhance and support the group's value-creation process:

- Developed a charter and committee mandate for approval by the HIL Board
- Formalised the group's treasury risk management framework
- Introduced a treasury reporting dashboard
- Monitored the group's management of capital adequacy, liquidity and foreign exchange risks
- Oversaw the refinance of the group's funding facilities

Outcomes

Funding appropriate for group requirement

Social and ethics committee

The committee ensures that the group acts as a responsible corporate citizen in the countries in which it trades.

Decisions made that enhance and support the group's value-creation process:

- Transformation
  - The committee discussed the non-compliant rating for 2021 and the need to imminently address the non-compliance with an updated strategy for 2022
- Sustainability
  - That adequate water and electricity contingency plans continue to be in place for the group's Western Cape operations
- Social responsibility
  - The operations of the HomeChoice Development Trust (HCDT) continue to partner with key NGOs in the intent of the advancement of early childhood development
- Ethics
  - The tip-offs line is managed by an independent external party. One tip-off was received during the year. The committee is satisfied that the matter was dealt with and was not of a material nature
- Customer
  - Increased monitoring of the NPS scores including Google ratings with a key focus on improving metrics which affect these ratings
- Legal
  - Reviewed updates to the South African Occupation Health and Safety Act relating to Covid-19 and considered the introduction of a mandatory vaccine policy in the workplace

HOMECHOICE INTERNATIONAL

Members

- 1 Independent non-executive director – Robert Hain (resigned 14 January 2022)
- 1 Non-independent non-executive director – Eduardo Guiterrez-Garcia (chair)
- 2 Executive directors – Paul Burnett and Executive chair Shirley Maltz (appointed on an interim basis following the resignation of Robert Hain)

2 Meetings
100% Attendance

Other invitees
Group executive chair and divisional CEOs; Group human resource; Legal and B-BBEE personnel; Heads of customer experience from each division; Retail Head of operations

HOMECHOICE SOUTH AFRICA

Members

- 2 Independent non-executive directors – John Bester and Nkosinathi Solomon
- 1 Executive director – Leanne Buckham

4 Meetings
100% Attendance

Other invitees
Group executive chair; CEOs; Human resource executive; Legal and B-BBEE personnel; Head of customer experience; Retail Head of operations

Outcomes

Strong governance and ethics

Processes implemented to ensure operational business continuity

MANAGEMENT OF CREDIT

The provision of credit to the mass middle-income market is a key element of the group's business model.

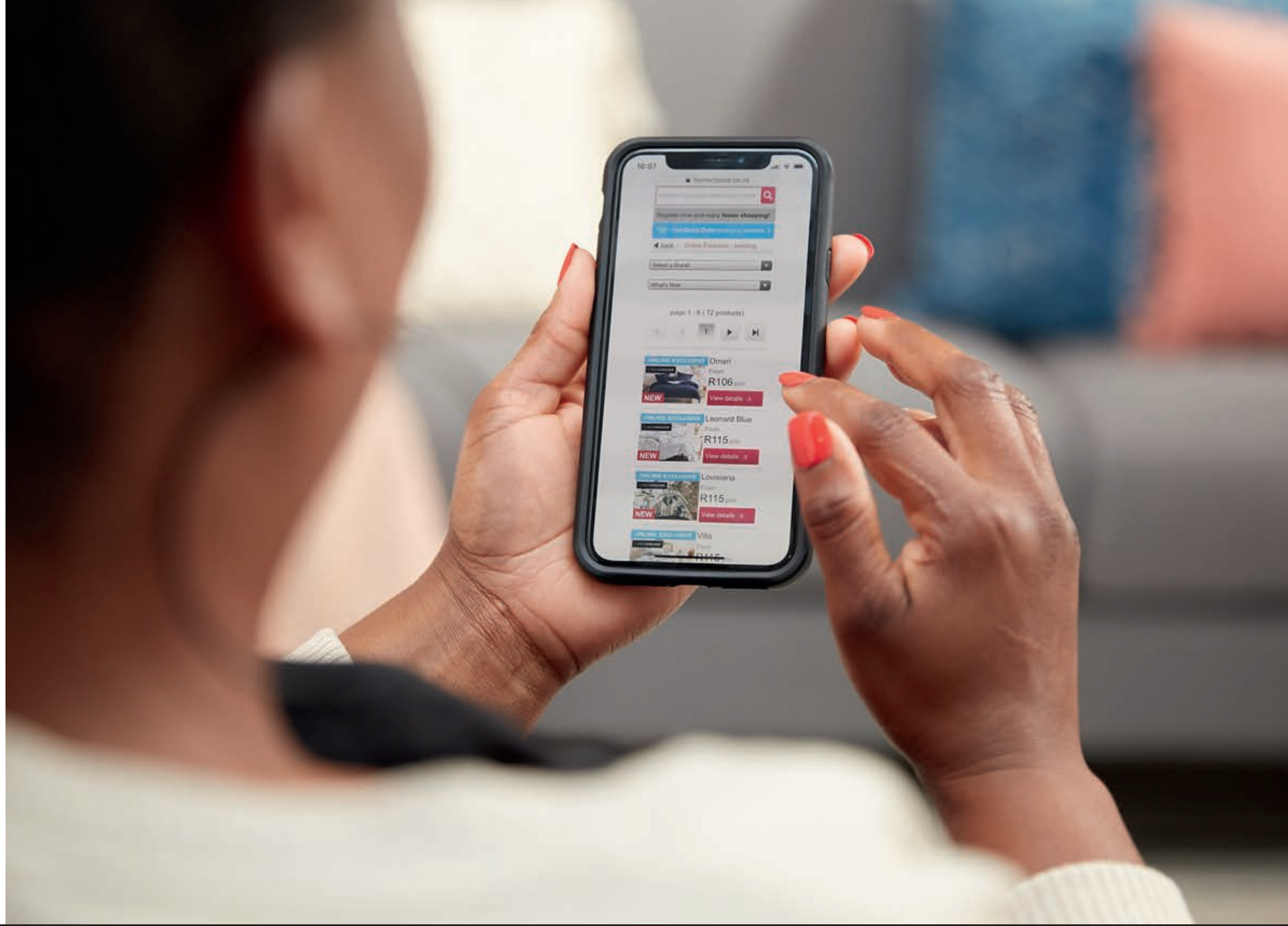
More than 90% of the group's sales are credit sales, and the provision of loans and financial service products requires robust credit management processes. The group draws on its more than 35 years of experience and knowledge of the mass market customer in determining which customers are most likely to be able to service their debt.

Our credit risk policies are applied by the Retail and Weaver Fintech divisions, with nuances relevant to each business. Strategy, origination, decisioning and vetting processes are managed independently by separate credit risk teams based in South Africa and Mauritius. Arrear collections for FinChoice have been outsourced to South Africa given the language considerations.

Investment in technology

Retail currently uses legacy systems to manage credit risk. We are developing best-of-breed credit management tools that will cater to our future credit management strategy and provide additional functionality for customers.

FinChoice uses bespoke systems designed to manage personal loans and other financial services related products. These systems are developed and supported in Mauritius. A suite of flexible credit products is offered with availability dependent on customers' previous credit payment behaviour.



homechoice

Retail

- **3** months — Interest-free
- **6, 12, 16** months — Revolving credit
- **24, 36** months — Instalment credit
- Advantage **24, 36** months — Revolving credit

OPERATIONAL METRICS

	2020	2021
New applications acceptance	**53.8%**	50.0%
Average sales term (months)	**18.4**	18.6
Average balance	**R4 542**	R5 163
Active account holders able to purchase	**64.8%**	63.0%

weaver fintech

Weaver Fintech

- Flexi loan **6** months — Short-term credit
- Premier loan **12, 24, 36** months — Unsecured credit
- MobiMoney **1–3** months — Revolving credit
- Digital payments **1–3** months — BNPL

LOAN OPERATIONAL METRICS

	2020	2021
Applications accepted	**64.8%**	76.7%
Average term (months)	**12.2**	13.0
Average balance	**R7 100**	R7 737
Active account holders able to borrow	**74.3%**	81.4%

Credit policy and governance

Policy

Retail's experience has shown that the predominantly female customers, particularly those buying homeware products, have proven to have better credit risk than their male counterparts. Our Retail product margin enables the group to accept a higher tolerance of credit risk in the acquisition of potential customers. Once Retail customers have a proven credit record, they are offered our lower-margin FinChoice products – the risk-filtering process.

The group applies a "low and grow" credit strategy. First-time customers start with a low credit limit and shorter payment terms which are then gradually increased over time as their credit behaviour improves. For many new customers this may be the first time that they have had access to credit. This strategy allows customers time to orientate and understand how they can service their accounts within their household budget. This same "low and grow" strategy has been used to grow FinChoice's new customer acquisition from digital external sources – refer Origination and Acquisition below.

Behavioural and alternative data internal to the group enables the group to increase credit limits to long standing customers who exhibit good payment behaviour. This results in improved performance of the book.

The Retail credit policy and debtors' book are managed independently of the Weaver Fintech book. Although separate teams of analysts based in Mauritius and South Africa monitor the books and develop appropriate credit policies, fraud and behavioural data is shared across the group.

Governance

Credit risk forums are managed separately in Mauritius and South Africa and report into their respective boards. Based on the governance framework, these forums in turn report directly to the HIL board as part of the normal board process.

Origination and acquisition

Retail

Retail customers have a suite of accounts available to them – revolving credit, either using Flexi or Advantage accounts. A three-month interest-free account is available and primarily used by customers to purchase lower-value products.

Advantage credit accounts are accessible to customers once they have demonstrated good payment performance on their Flexi account and their accounts are in good standing.

New customers to the group are acquired through multiple origination channels, namely television, sales agents, showroom, targeted list mailing and digital.

Short codes included in TV adverts allow customers to respond to the SMS, which in turn will trigger an automatic credit bureau check. Successful customers are then contacted to finalise their account application.

Weaver Fintech

Historically, loan products were offered to Retail customers who demonstrated good payment behaviour. Scorecard selection criteria drove the acquisition of a profitable group of loan customers, with a stable and acceptable risk of bad debt, at a reduced customer acquisition cost.

FinChoice previously supplemented its Retail customer acquisition programme by digitally acquiring customers external to the group, bringing more "digital-savvy" Fintech customers onto the group's customer database. This external strategy has proven successful with 73% of new FinChoice customers being externally sourced in 2021. Stricter credit policies are applied to external customers using API data-driven technology. Higher credit thresholds, lower maximum credit limits and shorter terms are applied. Only once they are proven to the group the "low and grow" strategy is then applied.

MobiMoney, a digital-only account, is the entry point for most customers to FinChoice. It is a short-term, revolving credit facility, enabling customers to withdraw funds against their approved credit limit. By using e-wallet technology, this platform supports and enables the group to offer products in the value-added services portfolio.

Vetting and decision making

The group applies the South African credit regulations. Affordability, processing, vetting and decision-making on credit granting operate independently. In-house scorecards used in vetting are developed in South Africa and Mauritius, with documentation and affordability run out of Mauritius. Scorecards are supplemented and strengthened with data from external credit bureaux.

Technology also plays a critical role in ensuring efficient and easily accessible customer processes. Our membership of the Document Exchange Association has enabled a more efficient and quicker process to obtain customers' relevant banking information. The use of technology has enabled us to give customers quicker responses to their credit application process.

Streamlining of processes in vetting have resulted in improvements in the time it takes to authorise customers' credit. Advanced anti-fraud detection technology tools and predictive models are used to manage application fraud. Significant improvements in the prevention of fraud have reduced existing account takeover fraud, improved detection on new business first- and third-party fraud and streamlined our anti-fraud processes. These are then either automatically declined or reviewed by a team of fraud specialists.

Active accounts able to borrow/purchase

Weaver Fintech **Retail**

Collections

Our in-house collections team is predominantly focused on the Retail business as all FinChoice loan repayments are mainly fulfilled by digital DebiCheck payments, hence only arrear payments are collected on a predictive dialler in South Africa. In addition to convenient and easy-to-use digital payment options, Retail customers can make use of multiple physical payment points throughout South Africa and neighbouring countries which include selected retailers and banks.

Proprietary telephony technology enables the collections team to be more efficient in when and how they contact customers to request payments.

Late-stage account collections, where recoveries from customers may be more onerous, are outsourced to external debt collection (EDC) agencies. Agreed service-level agreements and collections targets ensure that the group optimises these collections. Periodically, the group undertakes a sale of its debt review book. This book consists of customer accounts which have shown distress and entered the formal NCA debt review process with a debt review counsellor.

% of book collected on debit orders

Weaver Fintech
96%
Debicheck mandates

R5.8bn **cash collected from customers**
up **22%**

REMUNERATION REPORT

SECTION 1 Report from the chair of the remuneration committee

I am honoured to take over the role of committee chair from Pierre Joubert and appreciate his continued support as a committee member.

I look forward to guiding the remuneration policy as the group embarks on a new strategic direction of becoming a diversified digital consumer services group.

Group performance

South African economic and social conditions over the past two years have been challenging.

Covid-19 and the regulations put in place to manage the spread of the infection, while being a catalyst to increase digital engagement, also had negative impact on business operations and global supply chain and logistics. In 2021 the group was still managing through Covid-19 and then mid-year was hit with the civil unrest and taxi violence which resulted in high absenteeism as staff were unable to get to work.

Consequently the Retail and Fintech businesses in the group have been performing very differently – Retail executing a turnaround strategy and Weaver Fintech back to trading at pre-Covid-19 levels. It has also become evident that the retail and financial services cycles in the market have achieved different trajectories, with retail in a softer cycle and financial services in a more buoyant one.

The group achieved operating profit of R263 million, 2.6% down on 2020. Excluding once-off costs mainly related to Retail's turnaround plan, trading profit increased by 43.0% to R386 million. Weaver Fintech contributed 80% of the group's trading profit and Retail 20%.

Given the above, the committee approved significant amendments to the overall variable remuneration framework which resulted in a realignment of the performance conditions of the short-term performance bonus scheme, the introduction of a medium-term incentive and a remediation adjustment to the in-flight long-term incentive forfeiture share scheme and employee share option scheme.

The committee acknowledges that it is not best practice to adjust the performance conditions of in-flight or unvested awards. However, given the uncontrollable external events experienced by the group over the past two years, the committee not only considers it an appropriate action to have taken but also a necessary action in order to attract, retain and incentivise senior executives.

> "To motivate and reward employees to achieve the new strategic direction of the group, the committee approved new short-, medium- and long-term incentive schemes."
>
> **Marlisa Harris**

Short-term, medium-term and long-term incentive schemes changes

Given the shift in strategy, and the need to motivate and reward employees to achieve the group's strategic direction in the short-, medium- and long-term, the committee approved the introduction of three new schemes.

The following new remuneration framework was introduced:

Short-term performance bonus (STI)

- One year performance period
- Threshold, on-target, stretch-target and outstanding peformance with linear vesting
- Based on financial and non-financial segmental performance and individual performance
- Payments made in cash

Medium-term incentive scheme (MTI)

- Annual award deferred over a three-year period
- Based on financial and non-financial performance and individual performance
- Payments made in cash or combination of cash and equity

Long-term incentive scheme (LTIP)

- Annual award with a three-year performance period and cliff vesting
- Based on balanced scorecard performance
- Payments made in cash net of vested MTI/FSP for the same period

Long- and short-term incentives remediation action

The committee discussed the in-flight awards in the Forfeiture Share Plan (FSP) and noted that FSP allocations made from 2018 onwards were unlikely to vest due to the group financial performance hurdle (Profit after tax ≥ CPIX+3% compounded annually) not being met. As the primary drivers of missing the performance hurdle (Covid-19, civil unrest and taxi violence) were mostly outside the control of leadership and have long-lasting impact, the committee resolved to remediate the FSP by giving participants the option to:

- Remain on the current FSP until FY2024 where:
  - the financial performance condition (Profit after tax ≥ CPIX+3% compounded annually) hurdle would be removed
  - shares will vest at the originally allocated number of shares and timelines provided participants remain in the employ of the group and have acceptable performance at the vesting date
  - participants will transfer to the new MTI for vesting years from March 2026 and once all existing FSP have vested, or

- Transition to the newly created medium-term incentive (MTI) working in conjunction with a new long-term incentive (LTIP) where:
  – participants would forfeit their existing unvested FSP shares in return for a Transition Award into the newly created 3-year MTI scheme
  – participants would then be eligible for annual MTI allocations from March 2022 (FY2021) based on divisional performance and individual performance
  – participants would be eligible to participate in the proposed 3-year LTIP
  – the MTI will pay out provided participants remain in the employ of the group and have acceptable performance at the respective vesting dates.

In addition to the existing FSP, the existing Employee Share Option Scheme (ESOS) had the same performance hurdle which was unlikely to be met. The committee resolved to remediate the ESOS by removing the performance hurdle which will allow the share options to vest in the normal course of business but subject to continued employment and satisfactory performance at vesting date.

The external factors described above also resulted in the short-term performance bonus scheme (STI) not achieving the desired outcomes at group or segment levels. Thus, the following amendments were approved retrospectively for FY2021 and for future years:

- group PBT will no longer be applied as the divisions will be measured on their segmental PBT or trading profit
- segmental PBT will continue to drive the initial funding of the bonus pools on a linear basis from threshold, to on-target, stretch target and outstanding performance
- other financial and non-financial divisional targets will also be set that will provide a divisional performance rating that will be applied to the bonus pool
- Individual performance will be applied to individual allocations within the funded divisional bonus pool

Introduction of new long-term incentive programme

The committee approved the principle to introduce a new long-term incentive plan (LTIP) during FY2022 based on achieving balanced scorecard outcomes by the end of FY2024. The mechanics and allocation methodology are still being deliberated on and will be finalised in due course. Details will be provided in the FY2022 Integrated annual report.

More details on the new schemes can be found on pages 94 to 96.

Acquisition of PayJustNow (PJN)

The committee agreed that PJN will fully align to the group's remuneration policy for FY2022 onwards. Any elements introduced which are unique to the BNPL market will be at the discretion of the committee.

Non-executive directors' fees

Given the need to attract high calibre non-executive directors, the committee recommended that there the maximum amount payable for non-executive fees would be $60 000. The approval of this maximum amount would be tabled at the Annual general meeting to be held on 26 May 2022 for shareholder approval.

The fees for the non-executive directors of the subsidiary companies (HomeChoice South Africa and HomeChoice Mauritius) were approved.

King IV

The committee continues to consider the King IV recommendations contained in Principle 14. Disclosure of the remuneration at all levels of the group is included in Section 3, Implementation report, and the executive directors' remuneration has been shown according to the single-figure remuneration methodology suggested by the South African Reward Association.

The group used an external independent remuneration consultant to provide input on the design of the new remuneration policy.

Shareholder voting

2021 AGM voting approval

The group's Remuneration policy (Section 2) and Implementation report (Section 3) will be tabled at the annual general meeting to shareholders for a non-binding advisory vote.

2020 AGM voting approval

Shareholders overwhelmingly approved the remuneration policy and implementation report.

Non-executive directors' remuneration	**99.98%**
Remuneration report	**99.80%**
Implementation report	**99.80%**

The group's Remuneration policy (Section 2) and Implementation report (Section 3) are subject to non-binding advisory votes by shareholders at the AGM dated 26 May 2022.

If shareholders do not approve the Remuneration policy or the Implementation report by more than 75% at the AGM the board will institute a formal engagement process with interested shareholders to assess their views and steps that they expect the company to take.

Future focus for the committee

- External benchmarking to inform organisational design for new group
- Develop new employee value proposition and align remuneration policy

SECTION 2 Remuneration policy

Our employees play a critical role in the delivery of the group's strategy and the achievement of business objectives and therefore contribute to the sustainability of the business for the medium and long-term.

The group's Remuneration policy has been formulated to ensure that the group attracts, motivates and retains exceptional talent, drives a high-performance culture aligned to the group's business objectives and strategy, and achieves the following objectives:

- internal consistency, ensuring that all employees are remunerated fairly in relation to one another and reflects their value to the group and their individual performance;
- external consistency, through participation in industry remuneration surveys managing employees' remuneration fairly in relation to the market;
- responsible remuneration, which attempts to address any income disparities based on gender and race; and
- aligns the executive's interests with shareholders, with a combination of short-, medium- and long-term incentives.

Components of remuneration

The remuneration mix includes a combination of monetary and non-monetary rewards.

Monetary rewards

- guaranteed pay (GP)
- short-term variable remuneration (STI)
- medium-term variable remuneration (MTI)
- long-term variable remuneration (LTI)

For the purposes of the remuneration policy, employees are categorised as follows:

- executives – executive directors and senior executives in operating companies
- corporate office – employees who are based in corporate offices in South Africa and Mauritius
- operations – employees in contact centres, retail showrooms and distribution centres.

In addition to their guaranteed pay, all permanent employees in the group receive a component of variable remuneration, dependent on their level and role.

The group's employee value proposition model recognises that engaged employees are a key driver to deliver on the customer experience strategy. **The model is built on four key pillars:**

Rewards

- Guaranteed pay
- Related benefits
- Short- and long-term incentive schemes
- Commission schemes

Recognition

- Biannual performance reviews
- Discretionary recognition awards
- "Wow" employee communications

Growth

- Talent development – career pathways and succession
- Bursary and leadership programmes
- Employment equity and skills development forums
- Diversity transformation

Care

- ChoiceCare wellness programme
- Ergonomically designed workplace
- "5-star Green" building
- Annual Employee Pulse survey
- Restaurant facilities

Remuneration structure

The details of each component of the remuneration structure applicable for the 2022 financial year are shown in the tables below.

Guaranteed pay

Rationale	• Salary is based on competitive market value and adjusted in accordance with performance and contribution. • A market-related suite of benefits is made available, which is included in the cost-to-company basis.
Basic salary	• Reviewed annually, benchmarked against the market and assessed against prevailing economic metrics in relevant geographies. • Annual increases are granted on 1 March.
Benefits:	
Provident fund	• Defined contribution provident fund is compulsory for all South African employees. • Employees have the flexibility to elect from 6% to 20% of pensionable salary. • Provident fund also provides cover for death and disability.
Medical aid	• Membership is encouraged but is not compulsory. Two approved schemes are available, providing flexibility in terms of affordability and benefit coverage.
Discount	• Product discount on merchandise sold by the group is available to all employees.
Other	• Expatriate staff in Mauritius receive additional benefits appropriate to the nature of their contract. Certain inclusions in guaranteed pay are dependent on in-country legislation.
Executive contracts and notice periods	• The notice period is three months for executives. Key executives have contracts that include restraint of trade conditions. • No agreements provide for ex-gratia or other lump sum payments on retirement or severance from the group.

Operational staff participate in commission schemes dependent on their roles

Commission schemes

Customer-facing staff in the contact centres, retail showrooms and credit collections team have the opportunity to supplement their guaranteed pay by participating in a commission scheme dependent on the achievement of operational targets.

Certain categories of staff in the distribution centres may earn commission based on productivity and despatch targets.

Rationale	Participants	Period	Mechanics	Conditions
Drive and reward performance against critical operational targets aligned to the strategic pillars	Customer-facing employees Categories of distribution centre staff	Monthly	Formulaic driven dependent on commission scheme Payments made monthly in cash	• Sales • Loan disbursements • Credit collections • Despatches • Productivity

Short-term performance bonus scheme

The short-term incentive scheme is based on one-year performance measures which include both financial and non-financial metrics. It is available to Executives and Corporate office employees.

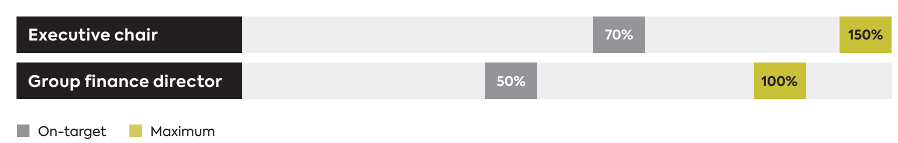
The bonus pool is calculated in relation to segmental profit before tax (PBT). An agreed percentage of PBT range will be applied to each segment based on accepted market norms.

Individual performance determines the respective allocations from the pool. Individuals must achieve an acceptable performance in order to qualify for a bonus. The allocations for the categories are depicted below, with further details provided in the table.

Available to all directors and corporate office

Rationale	Participants	Period	Mechanics	Conditions
Rewards performance for short-term financial and non-financial performance	• Executives • Senior executives • Management • Corporate office employees • General head office staff	One year	Threshold, on-target and stretch targets segmental profit No gatekeeper applied	Performance metrics: • Based on segmental financial and non-financial performance • Individual performance Proposed performance metrics were tabled at the committee, however they are expected to be finalised in due course

Allocations



Other

Targets agreed annually in advance.

Remuneration committee retains discretion on whether to award a bonus and the quantum.

Payments made in cash post year-end.

GROUP OVERVIEW
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GOVERNANCE

Medium-term incentive scheme

The medium-term incentive scheme is based on one-year performance measures which is only based on financial performance. It is available to Executives and Corporate office employees.

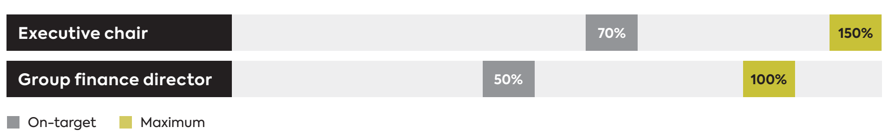
Allocations are calculated in relation to segmental PBT. An agreed percentage of PBT range will be applied to each segment based on accepted market norms. The first allocations will take place in FY2022 other than previous FSP participants who elected to transition to MTI and who received Transition Awards for vesting in March 2022, March 2023 and March 2024.

Individual performance determines the respective allocations from the pool. Individuals must achieve an acceptable performance in order to qualify for an MTI award, must continue to achieve acceptable performance ratings and be employed at the respective vesting periods.

The allocations for the categories are depicted below, with further details provided in the table.

Rationale	Participants	Period	Mechanics	Conditions
Attract, motivate, and reward employees for sustainable performance of the group and commitment to delivery of medium-term performance	• Executives and select senior management • Senior executives • Key and critical roles	One - three years	Threshold, on-target and stretch targets segmental profit Participants can elect to receive allocation in cash or a combination of cash and equity at the date of the award	Participants must be in the employ of the group and have an acceptable performance rating at vesting date

Allocations



Long-term incentive schemes

The groups long-term variable remuneration comprised an Employee Share Option Scheme (ESOS) and the Forfeiture Share Plan (FSP). As part of the review of the remuneration framework, it was agreed that:

- ESOS
  - The existing ESOS would be remediated through the removal of the performance hurdle (Profit after tax ≥ CPIX+3% compounded annually). No new share options will be issued and the scheme will be replaced by the MTI
  - Participants with unvested ESOS share options will continue to hold these options and be entitled to exercise them in the normal course of the scheme and until such time as they lapse
- FSP
  - FSP Participants who elected to remain on the FSP with amended performance conditions:
    - will remain on the FSP until all existing awards have vested in March 2025
    - will be eligible to receive MTI allocations from March 2023 with earliest vesting in March 2026 (post expiry of existing FSP in March 2025)
    - will be permitted to allocate a portion of their MTI to equity
    - will be fully transitioned to the MTI by March 2026
  - All other participants of the FSP scheme who elected to transition to the new MTI immediately:
    - were deemed to have forfeited their shares
    - were allocated a transitional cash award vesting in three annual tranches commencing March 2022
    - were eligible to receive MTI allocations from March 2022 with vesting commencing in March 2023
  - The existing FSP will remain and, other than inconsequential changes subject to committee approval, future FSP allocations will be driven by participants electing to allocate a portion of their MTI to equity
- A new Long-term Incentive Plan (LTIP) will be introduced with the first allocations made in FY2022. The mechanics of the scheme are still being deliberated on by the committee. Details of the scheme will be available in the FY2022 Integrated Annual Report

Long-term Incentive Plan (LTIP)

Rationale	Performance period	Performance conditions	Participants	Other
Attract, motivate, reward, and retain executive directors and senior executives who are responsible for the driving of strategy and consistent sustainable achievement of financial performance above economic conditions	Three years	to be finalised by committee	Executives	Predominantly cash but with the option to allocate equity to Divisional CEOs and senior group resources (in line with principles of Minimum Shareholding to be approved by the committee)

Value of allocation

to be finalised by committee

Non-executive directors' remuneration policy

The table below sets out the Remuneration policy applicable for the 2022 financial year.

Component	Details
Rationale	Market-related fees to attract and retain non-executive directors
Fees	Non-executive directors receive fees for their services on the board and participation on the board committees. A base fee will be paid to all non-executive directors, with an additional amount paid dependent on the expertise and participation on committees. Fees are determined in US Dollars and may be paid in an alternative currency dependent on the country of residence. The fees paid recognise the responsibilities of non-executives to provide their expertise throughout the year on an ongoing basis and, therefore, an annual fee has been adopted. Non-executive directors who perform a similar role for the main operating subsidiaries may be remunerated for those functions. Fees are proposed by executive directors and discussed by the remuneration committee. The remuneration committee recommends the fees to the board for final approval by shareholders.
Contracts	Non-executive directors do not have service contracts with the company but receive letters of appointment. Non-executive directors may have separate consultancy agreements with group operating companies. The agreements are considered in the categorisation of a non-executive director's independence. Any consultancy agreements awarded to non-executive directors are approved by the operating company's remuneration committee and tabled with the HIL remuneration committee.
Other	Non-executive directors may not receive any payments linked to organisational performance, nor are they entitled to participate in the long-term share incentive schemes.

Shareholder engagement and voting

In line with King IV, the company will table its Remuneration policy and implementation report for two separate non-binding advisory votes by shareholders at the AGM to be held on 26 May 2022.

If 25% or more of the shareholders vote against either resolution (or both), the Remuneration committee will engage with the dissenting shareholders to ascertain their concerns with the company's remuneration framework.

Shareholders are requested to approve the maximum fees payable. The Remuneration committee can exercise its discretion in remunerating directors based on their participation and membership on board committees up to the approved maximum amount.

SECTION 3 Implementation report

This section details the implementation of the Remuneration Policy for the 2021 financial year.

As explained in section 1, the chair's report, the committee discussed the application of the FY2021 remuneration policy, in the light of the different growth trajectories of the Retail and Weaver Fintech segments and the negative impact of Covid-19 and the social unrest in 2021. Remedial action was approved and the approach taken towards the remuneration policy is discussed below.

The Board has confirmed that there are no prescribed officers in the group.

Executive remuneration

Guaranteed pay

The committee approved a 4.7% inflation-linked increase to guaranteed pay effective 1 March 2021 and subject to individual performance and role benchmarking, where available.

An extensive benchmarking exercise for directors' remuneration was performed by independent external consultants. Based on this review, an additional increase was granted to the group finance director to bring his remuneration more in line with comparable finance directors' remuneration.

Executive directors' annual adjustments to guaranteed pay (based on constant currency) is 6.3%.

Short-term incentive scheme

In line with the remediation action, it was agreed that the STI performance condition would be based on segmental PBT before tax (PBT).

Participants performing a group role would quality for an STI based on the time spent in each segment.

The actual FY2021 profit performance against the target is as follows:

	Measure	Actual	On-target		STI achievement
Weaver Fintech	PBT (pre-incentives)	R306m	R285m	✓	at stretch target
Retail	PBT (pre-incentives)	R(53)m	R158m	✗	below threshold

The performance for FY2021 was mixed with outstanding performance by Weaver Fintech and lower performance in Retail. As a result, Weaver Fintech achieved stretch target performance, while Retail performance was below threshold for profit before tax (pre-incentives).

The committee approved the FY2021 STI allocations for Weaver Fintech participants. Adhoc STI awards, with substantially moderated percentage allocations, were made to Retail employees in the business operations who had positively contributed to Retail's trading profit both to recognise the contributions made in FY2021 and to incentivise continued performance in tough trading conditions. No FY2021 STI awards were made to Retail executives.

STI awards to the executive directors are detailed on page 100.

Long-term incentive schemes

2017 allocations vested in 2021

For ESOS and FSP the vesting of 2017 allocations were approved by the committee for all participants in the employ of the group at the vesting date. No additional vesting requirements were applicable.

	Number	Value at vesting
EMPLOYEE SHARE OPTION SCHEME		
Executive directors		
Executive chair	–	
Group FD	–	
Other categories		
Divisional directors and other participants	64 500	*
FORFEITURE SHARE PLAN		
Executive directors		
Executive chair	150 000	R3.3m
Group FD	20 000	R0.4m
Other categories		
Divisional directors and other participants	411 500	R9.1m

** Strike price is R35.00 which is above the current share price. Participants can hold options for six years post vesting, after which they lapse.*

2021 annual rolling allocations

No allocations of ESOS shares were made in 2021.

An allocation of FSP shares was awarded to executive directors and divisional directors as follows:

	Number	Value at grant date
Executive directors		
Executive chair	150 000	R3.0m
Group FD	80 000	R1.6m
Other categories		
Divisional directors and other participants	1 498 300	R29.9m

These 2021 FSP allocations do not have any performance conditions save that the participant must be in the employ of the group at vesting date on 31 March 2025. The allocations were in line with the FY2021 remuneration policy, with an additional allocation awarded to reflect the need to retain the expertise of senior executives to drive the growth strategy of Weaver Fintech and the turnaround plan in Retail.

Non-executive directors' remuneration

Details of the remuneration paid to non-executive directors can be found on the opposite page.

Component	Details
Rationale	Market-related fees to attract and retain non-executive directors.
Fees	The proposed fees for non-executive directors were tabled by the executive directors for consideration by the remuneration committee. The board approved a fee of a maximum of US $60 000 per annum for the financial year ended 31 December 2022.
Contracts	Amanda Chorn has a consultancy agreement with the South African operating company and is remunerated for services and related benefits provided in terms of the agreement.
Other	Non-executive directors did not receive any payments linked to the group's performance nor did they participate in the long-term share option incentive schemes. Any travel costs incurred are paid for by the company.

Directors' remuneration and shareholding

The total remuneration, benefits and fees paid to each of the directors, for the company and its subsidiaries, in respect of the period ended 31 December are as follows:

							Short term	Long term		
	Notes	Directors' fees R'000	Fees earned from subsidiary companies R'000	Salary R'000	Benefits[1] R'000	Guaran-teed pay R'000	Per-formance bonus R'000	Fair value of shares[2] R'000	Dividends received[3] R'000	Single-figure remuner-ation R'000
2021										
Executive directors										
Gregoire Lartigue		**–**	**–**	**375**	**–**	**375**	**–**	**–**	**–**	**375**
Shirley Maltz	**4**	**–**	**–**	**5 273**	**2 047**	**7 320**	**3 325**	**1 477**	**197**	**12 319**
Paul Burnett	**5**	**–**	**–**	**2 918**	**854**	**3 772**	**1 100**	**229**	**58**	**5 159**
		–	**–**	**8 566**	**2 901**	**11 467**	**4 425**	**1 706**	**255**	**17 853**
Non-executive directors										
Amanda Chorn		**132**	**207**	**–**	**–**	**339**	**–**	**–**	**–**	**339**
Eduardo Gutierrez-Garcia	**6**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Robert Hain		**280**	**–**	**–**	**–**	**280**	**–**	**–**	**–**	**280**
Marlisa Harris	**7**	**407**	**–**	**–**	**–**	**407**	**–**	**–**	**–**	**407**
Pierre Joubert		**444**	**–**	**–**	**–**	**444**	**–**	**–**	**–**	**444**
		1 263	**207**	**–**	**–**	**1 470**	**–**	**–**	**–**	**1 470**
Total		**1 263**	**207**	**8 566**	**2 901**	**12 937**	**4 425**	**1 706**	**255**	**19 323**
2020										
Executive directors										
Gregoire Lartigue		–	–	402	–	402	–	–	–	402
Shirley Maltz		–	–	4 891	481	5 372	–	3 841	–	9 213
Paul Burnett		–	–	1 908	913	2 821	–	512	–	3 333
		–	–	7 201	1 394	8 595	–	4 353	–	12 948
Non-executive directors										
Stanley Portelli	8	85	–	–	–	85	–	–	–	85
Amanda Chorn		147	214	–	–	361	–	–	–	361
Eduardo Gutierrez-Garcia	6	–				–				–
Robert Hain		147	–	–	–	147	–	–	–	147
Pierre Joubert		567	–	–	–	567	–	–	–	567
Charles Rapa	8	64	–	–	–	64	–	–	–	64
		1 010	214	–	–	1 224	–	–	–	1 224
Total		1 010	214	7 201	1 394	9 819	–	4 353	–	14 172

Notes

1. *Benefits include retirement fund contributions and expatriate allowances for staff employed in Mauritius.*
2. *Fair value of shares: Value of FSP vesting of performance based on the three-year period FY2018 – FY2021. Valued 31 December 2021 of R30.57 (Dec 2020: R25.61).*
3. *Gross value of dividends received on unvested FSP shares.*
4. *Shirley Maltz received remuneration of R1.5million in respect of assuming additional responsibilities as interim CEO of the Retail division.*
5. *Paul Burnett received a retention payment of R0.4million during the year.*
6. *Eduardo Gutierrez, as a representative of ADP II Holdings 3 Limited on the HIL board, does not earn any directors' fees.*
7. *Marlisa Harris was appointed to the board effective 23 February 2021.*
8. *Stanely Portelli and Charles Rapa resigned from the board effective 31 May 2020.*

					As at 31 December 2020		Awarded in 2021		Sold during 2021			As at 31 December 2021		
	Share scheme	Award date	Vesting date	Expiry date	Number	Grant price (Rand)	Number	Grant price (Rand)	Number	Exercise price (Rand)	Realisation value[1] (Rand)	Vested	Unvested	Fair value[2] (Rand)
Shirley Maltz	ESOS	31 Mar 2014	31 Mar 2018	31 Mar 2024	100 000	14,44						**100 000**		
	ESOS	20 Mar 2015	20 Mar 2019	20 Mar 2025	40 500	33,70						**40 500**		
	ESOS	1 May 2016	1 May 2020	1 May 2026	52 000	28,00						**52 000**		
					192 500						**–**	**192 500**		
	FSP	4 May 2017	4 May 2021	4 May 2021	150 000	36,25				**150 000**	**3 297 000**			
	FSP	23 Oct 2018	31 Mar 2022	31 Mar 2022	48 300	38,00							**48 300**	
	FSP	4 April 2019	31 Mar 2023	31 Mar 2023	120 000	38,00							**120 000**	**3 668 400**
	FSP	31 Mar 2020	31 Mar 2024	31 Mar 2024	101 550	21,55							**101 550**	**3 104 384**
	FSP	30 Jun 2021	31 Mar 2025	31 Mar 2025			**150 000**	**20,00**					**150 000**	**4 585 500**
					419 850		**150 000**			**150 000**	**3 297 000**		**419 850**	**11 358 284**
					612 350		**150 000**			**150 000**	**3 297 000**	**192 500**	**419 850**	**11 358 284**
Paul Burnett	ESOS	20 Mar 2015	20 Mar 2019	20 Mar 2025	12 000	33,70						**12 000**		
	ESOS	1 May 2016	1 May 2020	1 May 2026	12 000	28,00						**12 000**		
					24 000							**24 000**		
	FSP	4 May 2017	4 May 2021	4 May 2021	20 000	36,25				**20 000**	**439 600**			
	FSP	23 Oct 2018	31 Mar 2022	31 Mar 2022	7 500	38,00							**7 500**	
	FSP	4 April 2019	31 Mar 2023	31 Mar 2023	20 000	38,00							**20 000**	**611 400**
	FSP	31 Mar 2020	31 Mar 2024	31 Mar 2024	14 850	21,55							**14 850**	**453 965**
	FSP	30 Jun 2021	31 Mar 2025	31 Mar 2025			**80 000**	**20,00**					**80 000**	**2 445 600**
					62 350		**80 000**			**20 000**	**439 600**		**122 350**	**3 510 965**
					86 350		**80 000**			**20 000**	**439 600**	**24 000**	**122 350**	**3 510 965**

1 *Realisation value is calculated as being the taxable benefit of the sale.*
2 *Fair value is calculated using the 30-day VWAP at 31 December 2021 of R30.57 and assumes a 100% vesting probability for all unvested awards.*

SOCIAL AND ETHICS COMMITTEE REPORT

I am pleased to present its report on behalf of the Group.

Covid-19 defined FY2020 in many ways and in FY2021 we had to establish the most appropriate return-to-work policy while continuing to ensure the safety of our staff, customers, and other stakeholders.

A risk assessment was undertaken to understand the impact of Covid-19 on our staff. The implementation of a mandatory vaccine policy was not warranted. Onsite vaccination was offered at our South African head office whilst most of the Mauritian head office staff were vaccinated. Vaccination education was also offered in the form of word-of-mouth encouragement by managers, human resource communications around the various buildings and wellness communications through our ChoiceCare partners.

With the easing of the Covid-19 Regulations and the opening up of the economy, staff were required to return-to-work in a phased approach with a hybrid model applied across the group. The Retail division requires collaborative engagements in some areas more than others and was required to return-to-work no less than three days per week. The Weaver Fintech operations are fintech in nature and requires less in-person interaction. Strong engagement in the Weaver Fintech space existed via remote working prior to Covid-19 and therefore FinChoice and PayJustNow staff are only required to return-to-work one day per week. The group's contact centre operations were fully onsite effective from January 2022.

Most of the Covid-19 PPE practices are still in place and senior management continue to ensure that employees have a good understanding of what is required in terms of hygiene and other behavioural rules.

Role of the committee

The Company is registered in Mauritius and is therefore not required to constitute a Social and Ethics Committee. However, the JSE requires all listed companies to have a Social and Ethics Committee and given that a significant portion of the group's operations take place in South Africa, the board agreed to establish a Social and Ethics committee in accordance with Section 72 of the South African Companies Act, 71 of 2008 as amended.

The committee is responsible for assisting the board to monitor and report on social, ethical, transformation and sustainability practices consistent with good corporate citizenship and to assist the group to discharge its business responsibilities. The committee has adopted the responsibilities as per the Companies Act and is responsible for monitoring the group's activities with regard to:

- social and economic development
- good corporate citizenship
- environment, health, and public safety
- consumer relationships
- labour and employment practices

The committee membership and meeting attendance can be found on page 82.

> "We are pleased with the work done to keep our people safe during the pandemic and provide opportunities to previously unemployed people through our learnership programmes."

Key deliverables of the committee

The committee met twice during the year as required by its mandate. It was supported by a sub-committee established by HomeChoice South Africa Limited which oversees the South African operations, and which meets four times a year.

The key matters considered and reported to the board include:

Covid-19
- safety protocols were continuously reviewed by the Committee in light of changing regulations
- the recommendation that mandatory vaccine policy was not a preferred option
- return-to-work and hybrid working models for each division

Transformation
- implementation of the B-BBEE strategy and 2021 targets

Customer satisfaction
- NPS scores for HomeChoice and FinChoice including action plans to improve the scores
- Google ratings

Sustainability
- savings achieved from the installation of solar panels at the South Africa head office
- confirmation of the 5-star Green Building status for the South Africa head office
- the ISO accreditation of the South African distribution centre

Social responsibility
- the ongoing work of the HomeChoice Development Trust (HCDT) and key NGOs in the advancement of early childhood development

Ethics
- reviewing the activity on the tip-offs line which is managed by an independent external party and is being used by employees

Our BBBEE scorecard

The group achieved a level 8 B-BBEE rating for FY2021 which was further discounted as a result of not meeting certain minimum targets in priority elements. The board discussed and agreed the strategy to obtain a compliant rating for FY2022.

Our people

Our total employment compliment of 1 668 active employees is reflective of our target market, with 92% diversity across the group.

The group is on a transformation journey with diversity, equity and inclusion. Whilst we have diversity in the female category, there is opportunity to further this at senior and top management levels. This year, we saw an increase in race diversity at our top management level, and an increase in female representation at top and senior levels. There was a slight decline at senior levels due to attrition and the voluntary severance process undertaken to reset the cost base of the Retail division. The group is committed to advancing our talent management plan and employee value proposition as part of talent attraction and succession within the business.

Three learnership programmes provided an opportunity to 44 unemployed youth to gain skills and qualifications at NQF levels 2, 3 and 4 in the contact centre. Through our internship programme, we provided workplace learning exposure to 10 unemployed graduates. We also welcomed our very first people living with disability learners into our business at an NQF level 2 qualification. Employees have the opportunity to further their studies and receive a formal qualification through our internal bursary scheme – 16 bursaries were awarded in the year.

Aligned with our digital transformation journey, we have also digitised internal processes allowing for online course completion, development and self-service portal enhancements. This allowed for secure and online performance reviews, leadership surveys, focus groups, pulse surveys and a digital employee engagement process.

Our suppliers

Our Supplier and Enterprise Development (SED) programme in South Africa aims to remove barriers for emerging black and black women-owned business to grow within our supplier base.

We are very proud of the work done in this area to develop and nurture small businesses. Our focus is centered on:

- **Independent Services Providers (ISP's) who are an integral part of our logistics network delivering customers' orders direct to their homes**
  - The Sisonke Enterprise Development initiative empowers our ISP's to manage their businesses effectively (learning and development plan and budget)
  - Ensuring sustainable growth of our ISP's by establishing hubs around the country to ensure an even and consistent flow of delivery
  - R8.5million was earned by ISP's in 2021
- **Sales agents, who generate a primary or secondary income from the sales of HomeChoice product mainly in townships and rural areas**
  - The impact of Covid-19 regulations severely hampered the ability of sales agents to sell, and as a result we had developed a new sales agent strategy
  - A total of R7.9 million was spent on our sales agents channel in 2021 including R4.9 million of sales agent commission
- **Independent ChoiceCollect Providers (ICP) who are in partnership with the group to provide operational support for our newly introduced ChoiceCollect containers**

Our customer

We monitor our engagement with all our stakeholders, and in particular our customer experience. The business actively engages with customers and stakeholders, monitors public relations activities, ensures compliance with the Protection of Personal of Information Act (South Africa), the Consumer Protection Act and the Data Protection Act (Mauritius) and reports quarterly at South African operations level and biannually to the committee. This ensures that the committee is kept abreast of the quality of customer and stakeholder relationships.

The Net Promoter Score achieved is in excess of 73 for HomeChoice and FinChoice. Pleasingly, Weaver Fintech achieved Google ratings of 4.6 and 4.9 for the FinChoice and PayJustNow brands respectively.

Ethics

One tip-off was reviewed and resolved. The tip-off was not of a material nature.

Appreciation

The committee would like to express their gratitude to the staff and their contributions to the progress made by the business.

We continue to positively contribute to goals to enable the group to make a meaningful, sustained and positive impact in South Africa and Mauritius.

Our Green building

Water saving, waste reduction and electricity usage initiatives are set and reviewed monthly by management. Improvements have been made in achieving our targets.

The key focus area for 2021 financial was to plan for the safe return of our staff to work and to continue ensuring the safety of our customers, suppliers and other stakeholders.

We are starting to see the benefit from the installation of the solar panels at the South African head office. They have not only reduced our need to draw electricity from the municipal grid but also ensured that the contact centre is capable of operating during load-shedding stages.

The committee monitors the South African distribution centre operations against the goals and principles set out in the International Organisation for Standardisation (ISO). The group's South African Distribution Centre has maintained ISO accreditation.

OUR COMMUNITY

Core Projects

- Financially supporting early childhood development programmes
- To make a positive impact on the formative learning years of children
- Empowering women – our customers now and in the future – to provide their children with an enriching learning experience

R3.1m Project spend | **Impact in 2021**

Care Projects

- Supporting urgent and short-term needs of community in times of crisis
- Provide our employees opportunity to give back to charitable causes in the local community
- Donations-in-kind and volunteer days

R1.9m Project spend | **Impact in 2021**

homechoice development trust

Homechoice Development Trust

The corporate social responsibility strategy of the group is managed by the HomeChoice Development Trust (HCDT). The Trust's main focus is the upliftment of underprivileged communities in the Western Cape through focusing on early childhood development by building schools, improving educator skills and sustainable operating processes. With the group's main South African operations based in Cape Town, the primary target is the underprivileged community situated in the Western Cape. The Trust has developed and maintains long-standing partnerships with key non-profit organisations who share the Trust's vision and have a sustainable track recorded in the Early Childhood Development (ECD) sector.

Mission

The upliftment of underprivileged communities through focusing on early childhood development

Vision

To improve the quality of education by providing a safe, nourishing learning environment to preschool children in disadvantaged communities

Educare centres supported
700

ECD practitioners trained
2 900

Children under 6 received quality start to education
> 39 000

Did you know?

61% **of our funding is channelled into infrastructure builds and upgrades of pre-schools in the Western Cape**

This is done in order for pre-schools to comply with Government standards which will enable them to register and become self sustainable.

In 2021 our infrastructure plan achieved:

- the build of 2 new centres in Mfuleni
- and the completion of Nourish Educare Centre in Vrygrond

Geographical reach

Educare
>50
builds and upgrades

Total investment
R50m
in communities since inception

Financial support in ECD sector **> R45m**

Long term partnerships with non-profit organisations that are aligned with the strategy of the Trust

2012

True North
Vrygrond & Overcome
- Infrastructure builds
- Skills development
- Capacity building
- Leadership dev
- Bursaries
- Registration App

2013

Grassroots
Across the Western Cape
- ECD outreach
- Playgroup model – Happy Valley area

Sikhula Sonke
Khayelitsha
- ECD outreach
- Infrastructure solutions
- Mobile toy & book libraries

Starting chance
Mfuleni
- Infrastructure builds & upgrades
- Skills development
- Capacity building
- Leadership dev
- Computer training

2017

Rotary Newlands
Langa
- Infrastructure upgrades
- Skills development
- Capacity building
- Toy & book libraries
- Computer training

Appendix

Summarised five-year review

		2021	2020	2019*	2018**	2017***
Statements of comprehensive income						
Revenue	(Rm)	**3 432**	3 275	3 484	3 247	2 993
Retail sales	(Rm)	**1 706**	1 792	1 951	1 860	1 749
Retail gross profit	(Rm)	**805**	805	924	922	896
Other operating costs	(Rm)	**(2 208)**	(2 020)	(1 785)	(1 550)	(1 408)
Operating profit	(Rm)	**263**	270	679	763	744
Profit before taxation	(Rm)	**176**	182	582	676	659
Statements of financial position						
Non-current assets	(Rm)	**829**	825	733	605	559
Trade and other receivables	(Rm)	**3 528**	3 024	3 188	2 903	2 642
Inventories	(Rm)	**264**	315	349	304	257
Cash and cash equivalents	(Rm)	**203**	415	80	108	130
Other current assets	(Rm)	**3**	13	–	–	4
Total assets	(Rm)	**4 827**	4 592	4 351	3 920	3 592
Total equity	(Rm)	**3 263**	3 116	2 946	2 684	2 373
Non-current liabilities	(Rm)	**1 131**	1 054	649	828	742
Current liabilities	(Rm)	**433**	422	756	408	477
Total equity and liabilities	(Rm)	**4 827**	4 592	4 351	3 920	3 592
Statements of cash flows						
Cash generated from operations	(Rm)	**(30)**	630	437	474	359
Capital expenditure	(Rm)	**49**	117	116	126	56
Dividends paid	(Rm)	**50**	–	195	213	175
Returns and margin performance						
Gross profit margin	(%)	**45.1**	44.9	47.4	49.6	51.2
Operating profit margin	(%)	**7.7**	8.2	19.5	23.5	24.8
Return on equity	(%)	**5.2**	5.5	16.2	20.9	21.7
Net debt:equity ratio	(%)	**29.6**	19.8	33.0	27.6	28.2
Net asset value per share	(cents)	**3 119**	2 992	2 822	2 573	2 278
Share performance						
Headline earnings per share	(cents)	**203.5**	164.2	436.0	507.7	504.1
Dividends declared/paid	(cents)	**67.0**	–	87.0	194.0	191.0
Dividend cover	(times)	**2.4**	–	2.6	2.6	2.6
Weighted shares in issue, net of treasury shares	('000)	**104.5**	104.1	104.4	104.2	103.6

* IFRS 16, Leases *adopted effective 1 January 2019.*
** IFRS 9, Financial Instruments *adopted effective 1 January 2018.*
*** *Restated based on the application of* IFRS 15, Revenue from Contracts with Customers. *IAS 39 applied for the 2017 financial year.*

Condensed group statement of financial position

	2021 Rm	% change	2020 Rm
Assets			
Non-current assets			
Property, plant and equipment	**448**	(5.9)	476
Intangible assets	**192**	(8.6)	210
Right-of-use assets	**49**	(18.3)	60
Other investments	**55**	61.8	34
Deferred taxation	**85**	88.9	45
	829	0.5	825
Current assets			
Inventories	**264**	(16.2)	315
Taxation receivable	**3**	(76.9)	13
Trade and other receivables	**3 528**	16.7	3 024
Trade receivables – Retail	**1 364**	(10.1)	1 517
Loans receivable – Weaver Fintech	**2 102**	40.8	1 493
Other receivables	**62**	>100.0	14
Cash and cash equivalents	**203**	(51.1)	415
	3 998	6.1	3 767
Total assets	**4 827**	5.1	4 592
Equity and liabilities			
Capital and reserves			
Stated and share capital	**1**	–	1
Share premium	**3 039**	0.8	3 014
Reorganisation reserve	**(2 961)**	–	(2 961)
Treasury shares	**(47)**	42.4	(33)
Other reserves	**64**	36.2	47
Retained earnings	**3 168**	3.9	3 048
Equity attributable to equity holders of the parent	**3 264**	4.7	3 116
Non-controlling interest	**(1)**	100.0	–
Total equity	**3 263**	4.7	3 116
Non-current liabilities			
Interest-bearing liabilities	**1 060**	13.6	933
Lease liabilities	**23**	(52.1)	48
Deferred taxation	**44**	(36.2)	69
Other payables	**4**	–	4
	1 131	7.3	1 054
Current liabilities			
Interest-bearing liabilities	**44**	12.8	39
Lease liabilities	**33**	50.0	22
Taxation payable	**18**	50.0	12
Trade and other payables	**338**	(3.1)	349
	433	2.6	422
Total liabilities	**1 564**	6.0	1 476
Total equity and liabilities	**4 827**	5.1	4 592

Condensed group statement of profit or loss and other comprehensive income

	2021 Rm	% change	2020 Rm
Revenue	**3 432**	4.8	3 275
Retail sales	**1 706**	(4.8)	1 792
Finance income	**1 185**	14.2	1 038
Fees from ancillary services	**541**	21.6	445
Cost of Retail sales	**(936)**	(5.2)	(987)
Other operating costs	**(2 208)**	9.3	(2 020)
Credit impairment losses	**(975)**	11.6	(874)
Other trading expenses	**(1 233)**	7.6	(1 146)
Other net gains and losses	**(43)**	>100.0	(8)
Other income	**18**	80.0	10
Operating profit	**263**	(2.6)	270
Interest income	**6**	20.0	5
Interest expense	**(93)**	–	(93)
Profit before taxation	**176**	(3.3)	182
Taxation	**(9)**	(40.0)	(15)
Profit and total comprehensive income for the period	**167**	–	167
Profit and total comprehensive income for the period attributable to:			
Owners of the parent	**170**	1.8	167
Non-controlling interest	**(3)**		–
	167	–	167
Earnings per share (cents)			
Basic	**159.8**	(0.4)	160.4
Diluted	**155.7**	(1.9)	158.6
Headline earnings per share (cents)			
Basic	**203.5**	24.0	164.2
Diluted	**198.3**	22.1	162.4

Condensed group 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 2020 – audited	1	3 010	(18)	(2 961)	33	2 881	–	2 946
Changes in equity								
Profit and total comprehensive income for the period	–	–	–	–	–	167	–	167
Shares issued	–	4	–	–	–	–	–	4
Share incentive schemes	–	–	–	–	15	–	–	15
Shares purchased	–	–	(16)	–	–	–	–	(16)
Forfeitable shares vested	–	–	1	–	(1)	–	–	–
Total changes	–	4	(15)	–	14	167	–	170
Balance at 1 January 2021 – audited	**1**	**3 014**	**(33)**	**(2 961)**	**47**	**3 048**	**–**	**3 116**
Changes in equity								
Acquisition of subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**2**	**2**
Profit and total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**170**	**(3)**	**167**
Shares issued	**–**	**25**	**–**	**–**	**–**	**–**	**–**	**25**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(50)**	**–**	**(50)**
Shares purchased	**–**	**–**	**(14)**	**–**	**–**	**–**	**–**	**(14)**
Share incentive schemes	**–**	**–**	**–**	**–**	**17**	**–**	**–**	**17**
Total changes	**–**	**25**	**(14)**	**–**	**17**	**120**	**(1)**	**147**
Balance at 31 December 2021	**1**	**3 039**	**(47)**	**(2 961)**	**64**	**3 168**	**(1)**	**3 263**

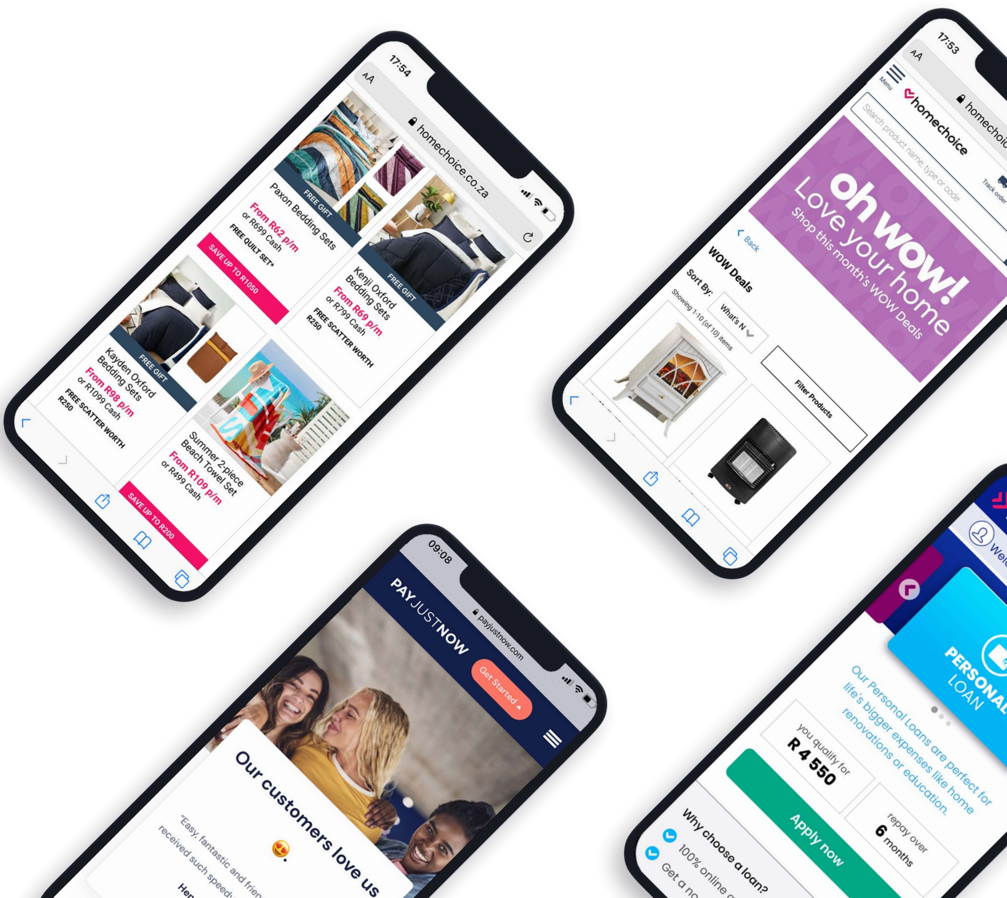
Condensed group statement of cash flows

	2021 Rm	2020 Rm
Cash flows from operating activities		
Operating cash flows before working capital changes	**392**	315
Movements in working capital	**(422)**	315
Cash (used in)/generated from operations	**(30)**	630
Interest received	**6**	5
Interest paid	**(92)**	(93)
Taxation paid	**(58)**	(56)
Net cash (outflow)/inflow from operating activities	**(174)**	486
Cash flows from investing activities		
Additions of property, plant and equipment	**(18)**	(46)
Additions of intangible assets	**(31)**	(71)
Acquisition of subsidiary, less cash acquired	**(23)**	–
Other investments	**(5)**	–
Net cash outflow from investing activities	**(77)**	(117)
Cash flows from financing activities		
Proceeds from the issuance of shares	**–**	4
Purchase of shares to settle forfeiture share scheme obligations	**(14)**	(16)
Proceeds from interest-bearing liabilities	**355**	781
Repayments of interest-bearing liabilities	**(224)**	(737)
Principal elements of lease payments	**(28)**	(18)
Dividends paid	**(50)**	–
Net cash inflow from financing activities	**39**	14
Net (decrease)/increase in cash and cash equivalents and bank overdrafts	**(212)**	383
Cash and cash equivalents and bank overdrafts at the beginning of the period	**415**	32
Cash and cash equivalents and bank overdrafts at the end of the period	**203**	415

Group segmental information

		2021 Total Rm	2021 Retail Rm	2021 Weaver Fintech Rm	2021 Property Rm	2021 Other Rm	2021 Intra-group Rm	2020 Total Rm	2020 Retail Rm	2020 Weaver Fintech Rm	2020 Property Rm	2020 Other Rm	2020 Intra-group Rm
Segmental revenue		3 432	2 326	1 104	39	–	(37)	3 275	2 440	835	48	–	(48)
Retail sales		1 706	1 706	–	–	–	–	1 792	1 792	–	–	–	–
Finance income		1 185	429	756	–	–	–	1 038	468	570	–	–	–
Fees from ancillary services		541	191	348	39	–	(37)	445	180	265	48	–	(48)
EBITDA		433	135	360	13	(34)	(41)	356	145	235	22	(30)	(16)
Depreciation and amortisation		(104)	(116)	(17)	–	(1)	30	(86)	(85)	(8)	–	–	7
Impairment of assets		(66)	(62)	(4)	–	–	–	–	–	–	–	–	–
Interest income		1	–	–	–	66	(65)	2	–	8	–	65	(71)
Interest expense		(72)	–	(69)	–	(68)	65	(67)	–	(70)	–	(68)	71
Segmental operating profit/(loss)		192	(43)	270	13	(37)	(11)	205	60	165	22	(33)	(9)
Interest income		5	5	–	–	–	–	3	3	–	–	–	–
Interest expense		(21)	(25)	–	(10)	–	14	(26)	(21)	–	(12)	–	7
Profit/(loss) before taxation		176	(63)	270	3	(37)	3	182	42	165	10	(33)	(2)
Taxation		(9)	22	(32)	(1)	3	(1)	(15)	7	(26)	(3)	7	–
Profit/(loss) after taxation		167	(41)	238	2	(34)	2	167	49	139	7	(26)	(2)
Segmental assets		4 827	2 275	2 415	347	1 596	(1 806)	4 592	2 621	1 850	353	1 515	(1 747)
Segmental liabilities		1 546	1 155	1 363	260	611	(1 825)	1 476	1 376	917	269	678	(1 764)
Gross profit margin	(%)	45.1	45.1					44.9	44.9				
Segmental results margin	(%)	5.6	(1.8)	24.5	33.3			6.3	2.5	19.8	45.8		
Capital expenditure													
Property, plant and equipment		18	16	2	–	–	–	46	42	2	2	–	–
Intangible assets*		49	21	28	–	–	–	71	50	21	–	–	–

* *Capital expenditure on intangible assets is R31 million excluding R18 million assets acquired in the PJN business combination.*



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