



**UNAUDITED  
CONDENSED  
CONSOLIDATED  
INTERIM RESULTS**

for the six months ended  
30 June 2022 and cash  
dividend declaration

## WHO WE ARE

A diversified digital consumer services group providing financial services and retail to the mobile-savvy, mass market in South Africa.

Weaver Fintech offers quick, seamless and secure personal lending, digital payment solutions, value-added services and insurance products using innovative mobile-first platforms. Our expanding product suite across the FinChoice and PayJustNow brands drives customer progression and cross-selling opportunities for profitable growth.

Our omni-channel retailer, HomeChoice, delivers innovative, quality homeware brands and sought-after external brands. A growing online channel provides a convenient shopping experience on customers' mobile phones.

Revenue  
up 4.0% to

**R1.8 billion**

Operating profit  
of R228 million up

**30%**

Loan disbursements  
up 33% to

**R2.1 billion**

Gross profit margin  
of 48.3% up

**320 bps**

EPS  
of 143.9 cents up

**25%**

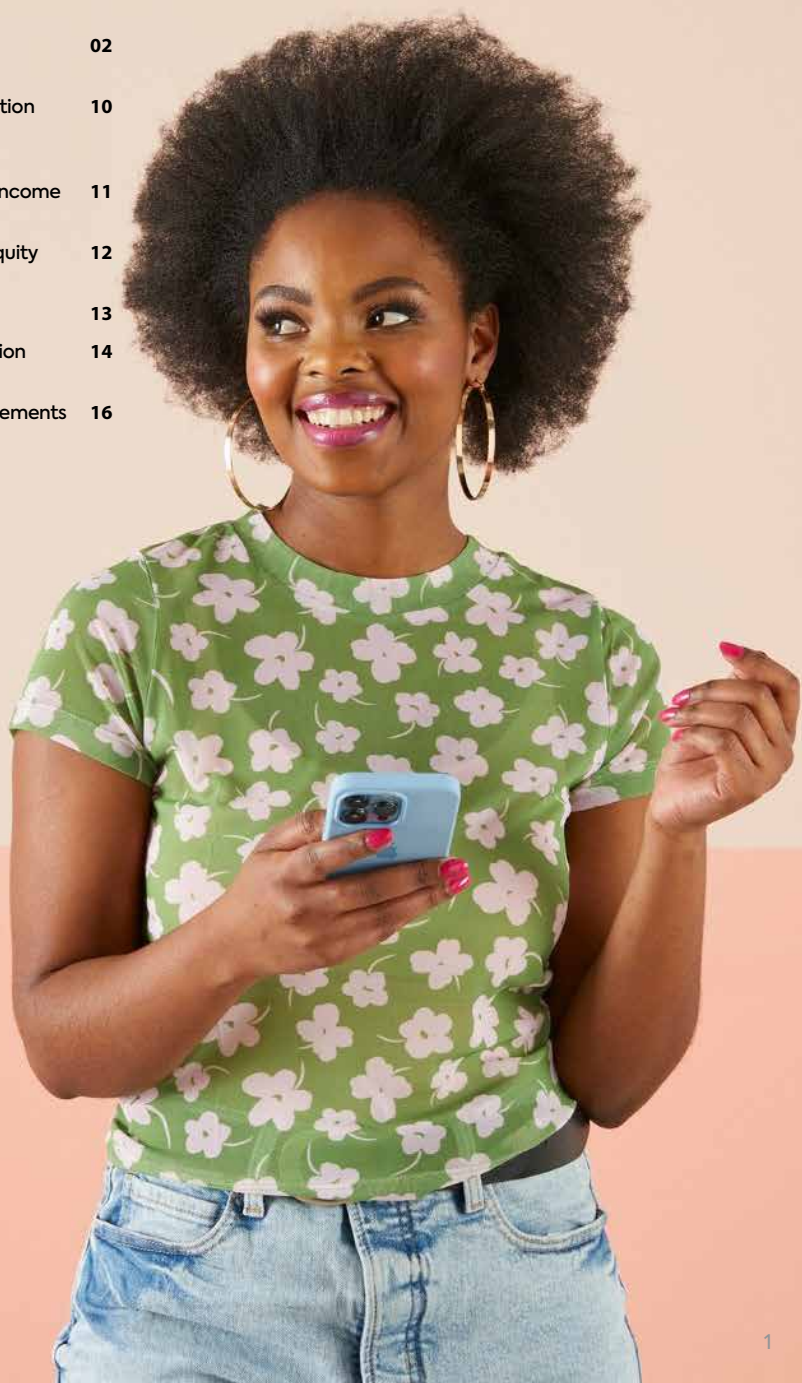
**73%**

group transactions are digital

Interim dividend

**64.0 cents**

Commentary	02
Condensed consolidated statement of financial position	10
Condensed consolidated statement of profit or loss and other comprehensive income	11
Condensed consolidated statement of changes in equity	12
Condensed consolidated statement of cash flows	13
Group segmental information	14
Notes to the condensed consolidated financial statements	16



# COMMENTARY

## Financial results

		6 months ended 30 Jun 2022	6 months ended 30 Jun 2021*	% change	12 months ended 31 Dec 2021 (audited)*
<b>Group</b>					
Revenue	(Rm)	<b>1 759</b>	1 691	4.0	3 432
Operating profit**	(Rm)	<b>228</b>	176	29.5	263
Operating profit margin	(%)	<b>13.0</b>	10.4		7.7
Earnings per share (EPS)	(cents)	<b>143.9</b>	114.7	25.4	159.8
Headline EPS	(cents)	<b>144.8</b>	124.2	16.6	203.5
Interim dividend declared/paid	(cents)	<b>64.0</b>	47.0	36.2	
<b>Weaver Fintech</b>					
Loan disbursements	(Rm)	<b>2 129</b>	1 600	33.1	3 336
Buy Now Pay Later (BNPL) gross merchant value	(Rm)	<b>224</b>	58	>100.0	194
Revenue	(Rm)	<b>673</b>	491	37.1	1 104
Operating profit**	(Rm)	<b>205</b>	159	28.9	339
Operating profit margin	(%)	<b>30.5</b>	32.3		30.7
<b>Retail</b>					
Revenue	(Rm)	<b>1 086</b>	1 200	(9.6)	2 326
Retail sales	(Rm)	<b>799</b>	894	(10.6)	1 706
Gross profit margin	(%)	<b>48.3</b>	45.1		45.1
Operating profit/(loss)	(Rm)	<b>38</b>	32	18.8	(43)
Operating profit/(loss) margin	(%)	<b>3.5</b>	2.7		(1.8)

\* Results of PayJustNow (South Africa's BNPL market leader) are included effective 1 March 2021.

\*\* Operating profit before interest.

## **Strategy execution delivers strong financial growth and robust funding structures**

With a highly engaged and growing customer base of 1.1 million, and over 1 million digital users a month, the strong financial results for the six-month period show excellent progress against our strategy to become a diversified digital consumer services group.

Product innovation and expansion of our Weaver Fintech product suite has strong customer appeal, and delivered high customer adoption and engagement with our digital wallet and digital payment products. Retail merchants who offer our no interest and no fees digital payment product experience higher customer spend, increased conversion and frequency of shop.

30% of our HomeChoice Retail sales are digital as more first-time digital shoppers are attracted to our homeware products with a convenient deliver-to-home supply chain.

Effective execution of our strategy has resulted in the group's growth momentum continuing with operating profit up 29.5% to R228 million. Weaver Fintech's operating profit, at R205 million, achieved growth of 28.9% and now accounts for 84% of the group's profit.

Group revenue increased by 4.0% to R1.8 billion boosted by Weaver Fintech's revenue which grew by 37.1% on the back of 33.1% growth in FinChoice loan disbursements growth. Retail revenue declined by 9.6%, impacted by the strategic credit risk tightening from Q2 2021 and into Q1 2022.

Finance income grew by 19.2% to R651 million as the Weaver Fintech gross debtors' book increased by 28.3% to R2.8 billion. Pleasingly, the fee and other income contribution continues to grow, now accounting for 18% (2021: 15%) of the group's total revenue. Our consistent increase in insurance income and the fees earned from fast-growing PayJustNow's Buy Now Pay Later product offering, are key drivers for this fee-generation vertical.

Gross profit margin increased by a pleasing 320 basis points (bps), driven by effective merchandise management and our supply chain optimisation off-set higher transport and fuel costs.

Trading expenses have been well controlled. Retail has benefited from a restructured and lower cost base. Weaver FinTech invested in higher marketing expenses to drive the strategic growth in customers and loan disbursements.

Operating profit increased by a strong 29.5% and reflects excellent profit conversion from the 4% growth in revenue. As more of the group's transactions are digital – June 2022: 73% (June 2021: 58%) – we have achieved significant cost-efficiency benefits through economies of scale. Interest expense increased by 41.5% due to higher funding requirements for Weaver Fintech's growth.

Headline earnings per share increased by 16.6% to 144.8 cents. Based on a dividend cover of 2.2 times, the Board approved an interim dividend of 64.0 cents per share.

## Weaver Fintech driving high customer acquisition and profitable growth

Weaver Fintech continues to show strong performance, delivering an operating profit (before interest) growth of 28.9% to R205 million. The results have been supported by excellent growth in new customers, high levels of repeat business, credit management within risk tolerance levels, and optimising our customers' digital journeys. The higher levels of disbursements, combined with a marginal increase in bad debt provisions to reflect market conditions, increased debtor costs by 68.1%. A 10% growth in trading expenses highlights the efficiencies of a digital business and reflects a reduction in the cost-to-income ratio to 22.3% from 27.7%.

Our Weaver Fintech customer database increased by an impressive 32% to 589 000 customers as at June 2022 (December 2021: 450 000). High customer engagement and an attractive product suite offering, along with excellent customer service ratings, provides an exciting platform for scaling Weaver Fintech's growth.

FinChoice loan disbursements increased by 33.1% to R2.1 billion, with a strong rebound in demand for consumer credit facilities. We have again taken market share in the NCR's short-term and unsecured lending book market increasing to 1.27% in Q1 (2021: 0.95%). We have continued to achieve high levels of customer loyalty as 86% of our loan disbursements are made to our existing loyal customers – who are committed to our digital offerings, demonstrate lower bad debts and qualify for higher loan sizes.

Our recently acquired start-up PayJustNow (PJN) generated R220 million of gross merchant value (GMV). With its strong viral customer appeal, PJN acquired 129 000 new customers looking to take advantage of our interest and fee free Buy Now Pay Later (BNPL) digital payment solution. PJN customers are all acquired digitally, with 1 541 merchants offering the BNPL payment product to their customers at over 3 650 active online and in-store points of presence. With almost five million visits to the PJN website merchants enjoy high brand awareness from potential customers and this has driven 113% growth in merchants GMV. Merchants have experienced a 40% uplift in customers' average spend, 33% improvement in frequency and over 20% increase in customer conversion rates.

We continue to see success from FinChoice's digital application programming interface (API) technology and data-driven personalised offers to acquire new customers. An additional 47 000 customers were onboarded during the six months to June 2022. 77% of FinChoice's new customers are externally digitally acquired and are offered shorter-term loan products with initial low levels of credit in line with our low and grow strategy. With the heightened inflationary pressures in the consumer market, the credit team has taken appropriate measures to tighten credit-granting criteria for new customers as they develop a track record of repayment behaviour with FinChoice.

The FinChoice MobiMoney™ credit-backed digital wallet is the cornerstone product in the FinChoice brand. MobiMoney wallet customers increased by a further 46 000 to 192 000, up 32% year on year and achieving 65% penetration of our active customer base. An average of 62 000 transactions occurred monthly through the digital wallet, up 19% from 2021. We launched the new FinChoice app in Q2 and are pleased with the uptake to date. The app functionality will support additional quick response (QR) payment methods for wallet customers and provide greater levels of customer convenience and engagement.

Our stand-alone insurance products are showing consistent growth and are key drivers in our fee-generation vertical. Gross written premiums increased by 23% to R53 million. We now have 99 000 insurance customers, a 19% increase over 2021, and a 33% penetration of the FinChoice customer base. 28 000 new policies were written and, pleasingly, we have sustained the digital acquisition momentum, with 22% acquired through digital channels, up from 20% in 2021.

## Our Retail recovery plan is building momentum and delivering profit improvement

Our Retail business recovery plan continues to bear fruit with a strong increase in operating profit of 18.8% to R38 million (June 2021: R32 million). An improvement in gross profit margin, combined with lower debtor costs and trading expenses have driven a higher profit conversion – operating margin has improved to 3.5% from 2.7% at June 2021 and (1.8)% at December 2021. Pleasingly, almost a third of Retail's sales are now from digital shoppers.

A critical component of the recovery plan is the rebuilding of our customer base using a two-pronged approach. Firstly, at the end of FY2021 we implemented stricter, data-driven credit decisioning and revised credit limits – this continued into Q1 and from Q2 onwards we are onboarding more customers in line with risk tolerance levels aligned to current market conditions. Consequently, 91 000 new customers were acquired, an increase of 49% on H2 2021. Secondly, we have focused on retaining our existing good-performing customers with customer insights-driven retention campaigns. Consequently, reactivations are up 12%, while attritions and write-offs are down 25% and 23% respectively. The Retail business has 657 000 customers as at end-June 2022.

Retail sales of R0.8 billion, a 10.6% decrease for the six months ended June 2022, were impacted by the strategic credit risk decisions highlighted above. A healthy increase in new customers, combined with higher reactivations resulted in Q2 Retail sales increasing by 2.4% after a disappointing drop of 24% in Q1, reflecting a tightening of credit and lower levels of customer acquisition. Digital sales grew by 2.5% for the period as we increased our digital marketing utilising social media channels and our extensive customer e-mail base. Digital is a key driver for new customer acquisition.

Our digital sales channel contribution now stands at 30% (June 2021: 25%) and is anticipated to continue to increase with the acquisition of new digital-savvy customers. With 1.2 million Facebook and Instagram followers and 64 000 HomeChoice App users, customers are increasingly becoming more digital in their shopping behaviours and using digital self-service functionality. Visitor traffic is up 10% and we have seen encouraging improvement in first-time online shoppers.

We have had a noticeable improvement in our gross profit margin, with a 320 bps increase to 48.3%. Much of the improvement has been driven by an increased focus on our heritage home textiles products, lower levels of markdowns and selected price increases in electronics and appliances. Efficiencies in our internal supply chain and fulfilment have enabled us to absorb some of the higher global supply chain costs and increased fuel prices.

Our Retail trading costs have decreased by 1.0% to R401 million. Our restructured operating costs are lower by 8%, while marketing costs increased by 14.2% to support new customer acquisition, drive sales to existing customers and upweight our printed catalogue and online media to a wider audience reach. As we provide additional customer self-service options and digitalise more processes, we have reduced customer support costs by 21%. The right-sizing of the structure, in line with our business focus, has delivered an 8% reduction in staff and technology costs.

Our focus for H2 is to build on our momentum from H1, acquiring more profitable new customers, applying data-driven collections strategies to increase digital payments and continuing with our information technology (IT) roadmap to bring on board new platforms using a disciplined implementation approach with no customisation.

## Our conservative credit provisions have been held

The group's gross trade and loan receivables increased by 10.4% to R4.9 billion. Weaver Fintech grew by 28.3% to R2.8 billion on the back of the strong growth in FinChoice loan disbursements and the fast-growing, high-yielding, short-term BNPL book. The Weaver Fintech and Retail credit books are separately managed and operate on independent platforms.

Group debtor costs, at 29.9% of revenue, increased due to the provision required on increased loan disbursements and Weaver Fintech book growth.

Credit performance for the period is summarised below:

		<b>6 months ended 30 Jun 2022</b>	Restated 6 months ended 30 Jun 2021*	Reported 6 months ended 30 Jun 2021	% change on restated	12 months ended 31 Dec 2021 (audited)
<b>Group</b>						
Gross trade and loans receivable	(Rm)	<b>4 865</b>	4 408	4 091	10.4	4 495
Debtor costs as a % of revenue**	(%)	<b>29.9</b>	25.4			28.4
<b>Weaver Fintech</b>						
Number of FinChoice active accounts		<b>320 360</b>	276 877			289 388
FinChoice active accounts able to reloan	(%)	<b>82.5</b>	82.7			81.4
Gross trade and loans receivable	(Rm)	<b>2 831</b>	2 207	2 195	28.3	2 470
Debtor costs as a % of revenue**	(%)	<b>44.0</b>	35.8			37.3
Provision for impairment	(Rm)	<b>429</b>	311	299	37.9	368
Provision for impairment as a % of gross receivables	(%)	<b>15.2</b>	14.1	13.6		14.9
Stages 2 and 3 loans cover	(%)	<b>71.1</b>	71.0	74.4		65.3
<b>Retail</b>						
Number of active accounts		<b>454 252</b>	527 971			456 932
Active accounts able to purchase	(%)	<b>64.7</b>	65.3			63.0
Gross trade and loans receivable	(Rm)	<b>2 034</b>	2 201	1 896	(7.6)	2 025
Debtor costs as a % of revenue**	(%)	<b>21.2</b>	21.2			24.2
Provision for impairment	(Rm)	<b>666</b>	702	397	(5.1)	661
Provision for impairment as a % of gross receivables	(%)	<b>32.7</b>	31.9	20.9		32.6
Stages 2 and 3 loans cover	(%)	<b>66.9</b>	66.2	55.2		67.2

\* Restated to reflect the reporting of partially written off accounts from disclosing on a net basis to reflect as gross and provision elements. The restatement has predominately impacted Retail.

\*\* Credit impairment costs include bad debts written off net of recoveries, as well as movements in provisions.



## **Quality Weaver Fintech credit books with growth well managed**

Weaver Fintech's debtor costs increased by 68% to R296 million predominately due to the higher growth in disbursements both in H2 2021 and H1 2022 as we strategically grew market share through focusing on prudent limit extensions to proven existing customers.

A 28% growth in the gross debtors' book resulted in the expected increase in the IFRS 9 provision required, and a larger debt review portfolio necessitated an increase in the provision percentage from 14.9% at December 2021 to 15.2% as at June 2022. The higher levels of debt review transfers have been driven by genuine consumer stress in the inflationary market conditions, coupled with aggressive solicitation by some debt review counsellors. We have launched an educational campaign to our lending base to ensure better awareness of the debt review process and the alternative rehabilitation options FinChoice makes available to its customers to self-manage during difficult periods.

Real-time DebiCheck mandate integration has ensured a high level of customers collections, which are up 46% to R2.5 billion.

Stages 2 and 3 cover percentage has also increased to 71.1% from 65.3% as at December 2021, reflecting the conservative approach to provisioning.

## **Significant focus on improving Retail credit book**

Retail debtor costs have decreased by 9% to R230 million on lower revenue and a gross book of R2.0 billion which has decreased by 7.6% from June 2021 and is level with December 2021. New credit strategies are expected to drive improvement with new scorecards and credit rules tightening implemented. Legacy credit decisioning is still impacting the book and the IFRS 9 provision has been maintained at 32.7%.

We have seen a stabilising of Retail's vintages as our previous DebiCheck collections issues have been resolved. New digital collections strategies have been implemented and we are experiencing improved success with new DebiCheck mandates.

Stages 2 and 3 cover percentage has been maintained in line with 2021 at 66.9%.

## **Well-executed cash management with available facilities to fund growth opportunity**

Operating cash flows increased by 16.5%. R191 million of net cash was utilised in operations as the group invested in the growth of our Weaver Fintech debtors' book and brought forward Retail's inventory purchases to overcome supply chain challenges.

Collections from customers for the six months amounted to R3.4 billion, 24% higher than the comparable period. Both trade and loans receivable books are highly cash generative. Capital expenditure reduced by 65.2% to R16 million, as the Retail business froze expenditure pending the implementation of a more rigorous capital investment strategy process. Weaver Fintech continued to invest in technology supporting new products and optimisation of our customers' digital journeys.

The group has R192 million of cash on hand at the end of June 2022, with overall cash and ample undrawn funding facilities of R0.9 billion to fund the continuing growth in Weaver Fintech.

## Looking forward

The group is well positioned to drive the growth ambitions of the board and deliver the vision for a diversified digital consumer services group.

Our Retail business is demonstrating good momentum to return to improved levels of profitability. Digital transactions are growing at a faster rate than the contact centre. There is a critical focus on rebuilding a more profitable credit customer base and transforming our technology to be future-fit, as we provide customers with a one-stop shopping homewares shopping destination.

Weaver Fintech has a strong track record of product innovation and is well positioned to accelerate our product road map to scale the FinChoice app, launch a retail instalment credit product offered at merchants' point of sale, pilot a short-term facility product for PJN and a virtual MobiMoney wallet card. With the strong growth in Weaver Fintech customers, the product cross-sell opportunities present existing opportunity for future growth.

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

**S Maltz**  
Executive chair

**G Lartigue**  
Chief Executive Officer

16 August 2022

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## DIVIDEND DECLARATION

Notice is hereby given that the board of directors has declared a final gross cash dividend of 64.0000 cents (51.2000 cents net of dividend withholding tax) per ordinary share for the six months ended 30 June 2022. The dividend has been declared from income reserves.

HIL is registered in Mauritius and the dividend is a foreign dividend. Withholding tax of 20% will be applicable to all South African shareholders who are not exempt.

The issued share capital at the declaration date is 106 730 376 ordinary shares.

The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend	Tuesday, 30 August 2022
Shares commence trading "ex" dividend	Wednesday, 31 August 2022
Record date	Friday, 2 September 2022
Payment date	Monday, 5 September 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 31 August 2022 and Friday, 2 September 2022, both days inclusive.

**Sanlam Trustees International**  
Company Secretary

**CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**



## Condensed consolidated statement of financial position

	Notes	Unaudited Jun 2022 Rm	Unaudited Jun 2021 Rm	Audited Dec 2021 Rm
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		430	465	448
Intangible assets		184	266	192
Right-of-use assets		38	65	49
Other investments		67	39	55
Deferred taxation		95	52	85
		<b>814</b>	<b>887</b>	<b>829</b>
<b>Current assets</b>				
Inventories	2	345	307	264
Taxation receivable		4	19	3
Trade and other receivables	3	3 898	3 417	3 528
Trade receivables – Retail		1 368	1 499	1 364
Loans receivable – Weaver Fintech		2 402	1 896	2 102
Other receivables		128	22	62
Cash and cash equivalents		194	236	203
		<b>4 441</b>	<b>3 979</b>	<b>3 998</b>
<b>Total assets</b>		<b>5 255</b>	<b>4 866</b>	<b>4 827</b>
<b>Equity and liabilities</b>				
<b>Capital and reserves</b>				
Stated and share capital		1	1	1
Share premium		3 039	3 039	3 039
Reorganisation reserve		(2 961)	(2 961)	(2 961)
Treasury shares		(41)	(33)	(47)
Other reserves		44	56	64
Retained earnings		3 300	3 169	3 168
<b>Equity attributable to equity holders of the parent</b>		<b>3 382</b>	<b>3 271</b>	<b>3 264</b>
Non-controlling interest		(4)	1	(1)
<b>Total equity</b>		<b>3 378</b>	<b>3 272</b>	<b>3 263</b>
<b>Non-current liabilities</b>				
Interest-bearing liabilities		1 387	1 079	1 060
Lease liabilities		15	49	23
Deferred taxation		46	62	44
Other payables		4	4	4
		<b>1 452</b>	<b>1 194</b>	<b>1 131</b>
<b>Current liabilities</b>				
Interest-bearing liabilities		44	43	44
Lease liabilities		31	26	33
Taxation payable		16	6	18
Trade and other payables		332	325	338
Bank overdraft		2	–	–
		<b>425</b>	<b>400</b>	<b>433</b>
<b>Total liabilities</b>		<b>1 877</b>	<b>1 594</b>	<b>1 564</b>
<b>Total equity and liabilities</b>		<b>5 255</b>	<b>4 866</b>	<b>4 827</b>

## Condensed consolidated statement of profit or loss and other comprehensive income

	Notes	Unaudited Jun 2022 Rm	% change	Unaudited Jun 2021 Rm	Audited Dec 2021 Rm
<b>Revenue</b>		<b>1 759</b>	4.0	1 691	3 432
Retail sales	4	<b>799</b>	(10.6)	894	1 706
Finance income		<b>651</b>	19.2	546	1 185
Fees from ancillary services	5	<b>309</b>	23.1	251	541
Cost of Retail sales		<b>(413)</b>	(15.9)	(491)	(936)
<b>Other operating costs</b>		<b>(1 120)</b>	12.0	(1 000)	(2 208)
Credit impairment losses	6	<b>(526)</b>	22.3	(430)	(975)
Other trading expenses	7	<b>(594)</b>	4.2	(570)	(1 233)
Other net gains and losses	8	<b>(10)</b>	(65.5)	(29)	(43)
Other income		<b>12</b>	>100.0	5	18
<b>Operating profit</b>		<b>228</b>	29.5	176	263
Interest income		<b>2</b>	(33.3)	3	6
Interest expense		<b>(56)</b>	36.6	(41)	(93)
<b>Profit before taxation</b>		<b>174</b>	26.1	138	176
Taxation		<b>(24)</b>	33.3	(18)	(9)
<b>Profit and total comprehensive income for the period</b>		<b>150</b>	25.0	120	167
<b>Profit and total comprehensive income for the period attributable to:</b>					
Owners of the parent		<b>153</b>	26.4	121	170
Non-controlling interest		<b>(3)</b>		(1)	(3)
		<b>150</b>	25.0	120	167
<b>Earnings per share (cents)</b>					
Basic	9	<b>143.9</b>	25.4	114.7	159.8
Diluted		<b>140.7</b>	24.3	113.2	155.7
<b>Headline earnings per share (cents)</b>					
Basic	9	<b>144.8</b>	16.6	124.2	203.5
Diluted		<b>141.7</b>	15.6	122.6	198.3

## Condensed consolidated statement of changes in equity

	Stated and share capital Rm	Share premium Rm	Treasury shares Rm	Reorgan- isation reserve Rm	Other reserves Rm	Retained earnings Rm	Non- controlling interest Rm	Total Rm
<b>Balance at 1 January 2021 – audited</b>	1	3 014	(33)	(2 961)	47	3 048	–	3 116
<b>Changes in equity</b>								
Acquisition of subsidiary	–	–	–	–	–	–	2	2
Profit and total comprehensive income for the period	–	–	–	–	–	121	(1)	120
Shares issued	–	25	–	–	–	–	–	25
Share incentive schemes	–	–	–	–	9	–	–	9
<b>Total changes</b>	–	25	–	–	9	121	1	156
<b>Balance at 30 June 2021 – unaudited</b>	1	3 039	(33)	(2 961)	56	3 169	1	3 272
<b>Changes in equity</b>								
Profit and total comprehensive income for the period	–	–	–	–	–	49	(2)	47
Dividends paid	–	–	–	–	–	(50)	–	(50)
Shares purchased	–	–	(14)	–	–	–	–	(14)
Forfeitable shares vested	–	–	–	–	8	–	–	8
<b>Total changes</b>	–	–	(14)	–	8	(1)	(1)	(9)
<b>Balance at 1 January 2022 – audited</b>	<b>1</b>	<b>3 039</b>	<b>(47)</b>	<b>(2 961)</b>	<b>64</b>	<b>3 168</b>	<b>(1)</b>	<b>3 263</b>
<b>Changes in equity</b>								
Transfer to medium-term incentive scheme liability*	–	–	–	–	(16)	–	–	(16)
Profit and total comprehensive income for the period	–	–	–	–	–	153	(3)	150
Dividends paid	–	–	–	–	–	(21)	–	(21)
Share incentive schemes	–	–	–	–	5	–	–	5
Shares purchased	–	–	(3)	–	–	–	–	(3)
Forfeitable shares vested	–	–	9	–	(9)	–	–	–
<b>Total changes</b>	–	–	6	–	(20)	132	(3)	115
<b>Balance at 30 June 2022 – unaudited</b>	<b>1</b>	<b>3 039</b>	<b>(41)</b>	<b>(2 961)</b>	<b>44</b>	<b>3 300</b>	<b>(4)</b>	<b>3 378</b>

\* During the period there were amendments to the short and medium-term incentive schemes whereby the majority of participants on the share forfeiture scheme were offered and have elected to be cash settled in future. The amendment is not expected to have a material impact on profit and loss.

## Condensed consolidated statement of cash flows

	Notes	Unaudited Jun 2022 Rm	Unaudited Jun 2021 Rm	Audited Dec 2021 Rm
<b>Cash flows from operating activities</b>				
Operating cash flows before working capital changes		261	224	392
Movements in working capital		(453)	(389)	(422)
<b>Cash used in operations</b>	10	<b>(192)</b>	(165)	(30)
Interest received		2	3	6
Interest paid		(55)	(40)	(92)
Taxation paid		(35)	(44)	(58)
<b>Net cash outflow from operating activities</b>		<b>(280)</b>	(246)	(174)
<b>Cash flows from investing activities</b>				
Additions of property, plant and equipment		(2)	(14)	(18)
Additions of intangible assets		(14)	(32)	(31)
Acquisition of subsidiary, less cash acquired		–	(23)	(23)
Other investments		(5)	–	(5)
<b>Net cash outflow from investing activities</b>		<b>(21)</b>	(69)	(77)
<b>Cash flows from financing activities</b>				
Purchase of shares to settle forfeiture share scheme obligations		(3)	–	(14)
Proceeds from interest-bearing liabilities		352	240	355
Repayments of interest-bearing liabilities		(25)	(92)	(224)
Principal elements of lease payments		(13)	(12)	(28)
Dividends paid		(21)	–	(50)
<b>Net cash inflow from financing activities</b>		<b>290</b>	136	39
<b>Net decrease in cash and cash equivalents and bank overdrafts</b>				
Cash and cash equivalents and bank overdrafts at the beginning of the period		(11)	(179)	(212)
		203	415	415
<b>Cash and cash equivalents and bank overdrafts at the end of the period</b>		<b>192</b>	236	203

# Group segmental information

	Unaudited six months ended June 2022					Intra-group Rm
	Total Rm	Retail Rm	Weaver Fintech Rm	Property Rm	Other Rm	
<b>Segmental revenue</b>	<b>1 759</b>	<b>1 085</b>	<b>673</b>	<b>21</b>	<b>–</b>	<b>(20)</b>
Retail sales	799	799	–	–	–	–
Finance income	651	195	456	–	–	–
Fees from ancillary services	309	91	217	21	–	(20)
<b>EBITDA</b>	<b>280</b>	<b>95</b>	<b>215</b>	<b>6</b>	<b>(16)</b>	<b>(20)</b>
Depreciation and amortisation	(52)	(57)	(9)	–	(2)	16
Interest income	–	–	–	–	25	(25)
Interest expense	(47)	–	(48)	–	(25)	26
<b>Segmental operating profit/(loss)*</b>	<b>181</b>	<b>38</b>	<b>158</b>	<b>6</b>	<b>(18)</b>	<b>(3)</b>
Interest income	2	2	–	–	1	(1)
Interest expense	(9)	(9)	–	(5)	–	5
<b>Profit/(loss) before taxation</b>	<b>174</b>	<b>31</b>	<b>158</b>	<b>1</b>	<b>(17)</b>	<b>1</b>
Taxation	(24)	(2)	(20)	–	(3)	1
<b>Profit/(loss) after taxation</b>	<b>150</b>	<b>29</b>	<b>138</b>	<b>1</b>	<b>(20)</b>	<b>2</b>
<b>Segmental assets</b>	<b>5 263</b>	<b>2 312</b>	<b>2 875</b>	<b>348</b>	<b>1 601</b>	<b>(1 873)</b>
<b>Segmental liabilities</b>	<b>1 885</b>	<b>1 196</b>	<b>1 773</b>	<b>261</b>	<b>550</b>	<b>(1 895)</b>
Gross profit margin (%)	<b>48.3</b>	<b>48.3</b>				
Segmental results margin (%)	<b>10.2</b>	<b>3.5</b>	<b>23.6</b>	<b>30.0</b>		
Capital expenditure						
Property, plant and equipment	2	2	–	–	–	
Intangible assets	14	2	12	–	–	

\* Refer to note 11 for further details on segments and segmental results.



Unaudited six months ended June 2021

Total Rm	Retail Rm	Weaver Fintech Rm	Property Rm	Other Rm	Intra- group Rm
1 691	1 200	491	20	–	(20)
894	894	–	–	–	–
546	214	332	–	–	–
251	92	159	20	–	(20)
226	89	167	7	(17)	(20)
(50)	(57)	(8)	–	–	15
–	–	–	–	26	(26)
(30)	–	(28)	–	(28)	26
146	32	131	7	(19)	(5)
3	3	–	–	–	–
(11)	(13)	–	(5)	–	7
138	22	131	2	(19)	2
(18)	(4)	(14)	(1)	2	(1)
120	18	117	1	(17)	1
4 866	2 520	2 140	345	1 757	(1 896)
1 594	1 295	1 150	260	804	(1 915)
45.1	45.1				
8.6	2.7	26.7	35.0		
14	12	1	–	1	–
32	15	17	–	–	–

# Notes to the condensed consolidated financial statements

## 1. Basis of presentation and accounting policies

The condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared by the group's finance department, acting under the supervision of P Burnett, CA(SA), the finance director of the group.

These condensed consolidated interim financial statements are prepared in accordance with and contain the information required by *IAS 34, Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act of Mauritius and the JSE Limited Listings Requirements for interim reports.

The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous consolidated annual financial statements.

## 2. Inventories

	<b>Unaudited Jun 2022 Rm</b>	Unaudited Jun 2021 Rm	Audited Dec 2021 Rm
Merchandise for resale	<b>325</b>	295	243
Provision for inventory obsolescence	<b>(29)</b>	(27)	(28)
Goods in transit	<b>49</b>	39	49
	<b>345</b>	307	264

The total amount of inventories expensed to cost of Retail sales during the six months ended 30 June 2022 was R335 million (six months ended 30 June 2021: R407 million, year ended 31 December 2021: R768 million). Inventory sold at less than cost during the six months ended 30 June 2022 amounted to R15 million (six months ended 30 June 2021: R23 million, year ended 31 December 2021: R51 million) and inventory write-downs recognised as an expense during the six months ended 30 June 2022 amounted to R1 million (six months ended 30 June 2021: RNil, year ended 31 December 2021: R1 million).

### 3. Trade and other receivables

		Unaudited Jun 2022 Rm	Unaudited Jun 2021 Rm	Audited Dec 2021 Rm
<b>Group</b>				
Trade and loan receivables		4 865	4 408	4 495
Provision for impairment		(1 095)	(1 013)	(1 029)
Other receivables		128	22	62
		<b>3 898</b>	3 417	3 528
Provision for impairment as a % of gross receivables	(%)	22.5	23.0	22.9
Credit impairment costs as a % of revenue	(%)	29.9	25.4	28.4
<b>Retail</b>				
Gross carrying amount		2 034	2 201	2 025
Performing (stage 1)		1 038	1 141	1 041
Underperforming (stage 2)		354	350	381
Non-performing (stage 3)		642	710	603
Provision for impairment		(666)	(702)	(661)
Performing		(120)	(114)	(119)
Underperforming		(150)	(113)	(162)
Non-performing		(396)	(475)	(380)
Net carrying amount		1 368	1 499	1 364
Performing		918	1 027	922
Underperforming		204	237	219
Non-performing		246	235	223
Provision for impairment as a % of gross receivables	(%)	32.7	31.9	32.6
Performing	(%)	11.6	10.0	11.4
Underperforming	(%)	42.4	32.3	42.4
Non-performing	(%)	61.7	67.0	63.0
Credit impairment costs as a % of revenue	(%)	21.2	21.2	24.2
Stages 2 and 3 loans cover	(%)	66.9	66.2	67.2

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
CONTINUED

**3. Trade and other receivables (continued)**

		Unaudited Jun 2022 Rm	Unaudited Jun 2021 Rm	Audited Dec 2021 Rm
<b>Weaver Fintech</b>				
Gross carrying amount		<b>2 831</b>	2 207	2 470
Performing (stage 1)		<b>2 228</b>	1 769	1 905
Underperforming (stage 2)		<b>179</b>	149	197
Non-performing (stage 3)		<b>424</b>	289	368
Provision for impairment		<b>(429)</b>	(311)	(368)
Performing		<b>(90)</b>	(80)	(69)
Underperforming		<b>(56)</b>	(46)	(55)
Non-performing		<b>(283)</b>	(185)	(244)
Net carrying amount		<b>2 402</b>	1 896	2 102
Performing		<b>2 138</b>	1 689	1 836
Underperforming		<b>123</b>	103	142
Non-performing		<b>141</b>	104	124
Provision for impairment as a % of gross receivables	(%)	<b>15.2</b>	14.1	14.9
Performing	(%)	<b>4.0</b>	4.5	3.6
Underperforming	(%)	<b>31.3</b>	30.9	27.8
Non-performing	(%)	<b>66.7</b>	64.0	66.4
Credit impairment costs as a % of revenue	(%)	<b>44.0</b>	35.8	37.3
Stages 2 and 3 loans cover	(%)	<b>71.1</b>	71.0	65.3

Trade and loan receivables have repayment terms of between 1 and 36 months and attract interest based on rates as determined by the National Credit Act. Included in trade and loan receivables are amounts approximating R1 443 million (30 June 2021: R952 million, 31 December 2021: R785 million) that contractually fall due in excess of one year. These amounts are reflected as current as they form part of the normal operating cycle.

Included in the trade and loan receivables prior-year balance is a refund liability for expected returns of R10 million (30 June 2021: R9 million). The refund liability has been reclassified to trade and other payables for the six-month period ended 30 June 2022.

### 3. Trade and other receivables (continued)

In the prior-year condensed consolidated interim results certain amounts relating to the provision for impairment in respect of late-stage delinquency and partially written off accounts were erroneously presented on a net basis against the gross trade and loan receivable amounts. The 30 June 2021 numbers have been restated to ensure consistency between the current and comparative figures. The impact of the restatement is as follows:

	Gross receivable		Net receivable		Provision as a % of gross receivable	
	Reported 2021 Rm	Restated 2021 Rm	Reported 2021 Rm	Restated 2021 Rm	Reported 2021 %	Restated 2021 %
<b>Retail</b>						
Performing	1 177	1 141	1 055	1 027	10.4	10.0
Underperforming	361	350	237	237	34.3	32.3
Non-performing	358	710	207	235	42.2	67.0
	<u>1 896</u>	<u>2 201</u>	<u>1 499</u>	<u>1 499</u>	<u>20.9</u>	<u>31.9</u>
<b>Weaver Fintech</b>						
Performing	1 793	1 769	1 704	1 689	5.0	4.5
Underperforming	156	149	98	103	37.2	30.9
Non-performing	246	289	94	104	61.8	64.0
	<u>2 195</u>	<u>2 207</u>	<u>1 896</u>	<u>1 896</u>	<u>13.6</u>	<u>14.1</u>

### 4. Retail sales

	<b>Unaudited Jun 2022 Rm</b>	Unaudited Jun 2021 Rm	Audited Dec 2021 Rm
Disaggregation of Retail sales by product type is as follows:			
Homeware	<b>516</b>	582	1 137
Appliances and electronics	<b>212</b>	248	406
Fashion and footwear	<b>35</b>	28	56
Furniture	<b>36</b>	36	107
	<u><b>799</b></u>	<u>894</u>	<u>1 706</u>
Disaggregation of Retail sales by channel is as follows:			
Contact centre	<b>448</b>	534	991
Digital	<b>239</b>	234	472
Showroom	<b>104</b>	107	213
Sales agents	<b>8</b>	19	30
	<u><b>799</b></u>	<u>894</u>	<u>1 706</u>

Retail sales are settled at a point in time.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
CONTINUED

**5. Fees from ancillary services**

	<b>Unaudited Jun 2022 Rm</b>	Unaudited Jun 2021 Rm	Audited Dec 2021 Rm
Service fees	111	96	206
Credit life	119	104	217
Insurance	49	41	87
Other	30	10	31
	<b>309</b>	251	541

**6. Credit impairment losses**

	<b>Unaudited Jun 2022 Rm</b>	Unaudited Jun 2021 Rm	Audited Dec 2021 Rm
Trade receivables – Retail	230	254	563
Loans receivable – Weaver Fintech	296	176	412
<b>Total credit impairment losses</b>	<b>526</b>	430	975

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

## 7. Other trading expenses

	Unaudited Jun 2022 Rm	Unaudited Jun 2021 Rm	Audited Dec 2021 Rm
<b>Expenses by nature</b>			
Auditor's remuneration	3	–	7
Audit-related services	3	–	6
Other non-audit services	–	–	1
Amortisation of intangible assets	21	13	39
Depreciation of property, plant and equipment	31	37	65
Marketing costs	139	113	245
Policyholder claims and benefits paid	33	33	73
Customer operations and support	47	45	90
IT costs	28	17	66
Facility expenses	20	21	42
Staff costs: short-term employee benefits	232	236	493
Total staff costs	257	278	547
Less: disclosed under cost of Retail sales	(16)	(18)	(35)
Less: staff costs capitalised to intangible assets	(9)	(24)	(19)
Other costs	40	55	112
Total other costs	103	114	266
Less: disclosed under cost of Retail sales	(63)	(59)	(154)
<b>Total other trading expenses</b>	<b>594</b>	570	1 233

Policyholder claims and benefits, customer operations and support, IT costs and facility expenses were previously included in other costs and have been separately disclosed for the period ended 30 June 2022.

## 8. Other net gains and losses

	Unaudited Jun 2022 Rm	Unaudited Jun 2021 Rm	Audited Dec 2021 Rm
Impairment of assets	(1)	(14)	(66)
Loss on cancellation of intangible assets development contract	–	(17)	–
Foreign exchange (loss)/gain	(9)	2	17
Fair value gain	2	–	6
Other	(2)	–	–
	<b>(10)</b>	(29)	(43)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## CONTINUED

### 9. Basic and headline earnings per share

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

	Unaudited Jun 2022 Rm	Unaudited Jun 2021 Rm	Audited Dec 2021 Rm
Profit for the period	150	120	167
Adjusted for the effect of:			
Compensation from third parties for damage to property, plant and equipment	–	–	(4)
Impairment of property, plant and equipment	1	–	5
Impairment of intangible assets	–	14	61
Taxation effect	–	(4)	(16)
<b>Headline earnings for the period</b>	<b>151</b>	<b>130</b>	<b>213</b>
Weighted average number of ordinary shares in issue ('000)	104 259	104 661	104 505
Weighted average number of diluted shares in issue ('000)	106 595	105 997	107 283
Earnings per share (cents)			
Basic	143.9	114.7	159.8
Headline	144.8	124.2	203.5
Basic – diluted	140.7	113.2	155.7
Headline – diluted	141.7	122.6	198.3

### 10. Reconciliation of cash generated from operations

	Unaudited Jun 2022 Rm	Unaudited Jun 2021 Rm	Audited Dec 2021 Rm
Profit before taxation	174	138	176
Deduct finance income earned	(651)	(546)	(1 185)
Add back finance income received	630	526	1 143
Profit from insurance cells	(5)	(5)	(10)
Depreciation and amortisation	52	50	104
Impairment of assets	1	14	66
Share-based employee share expense	8	9	17
Fair value gain	(2)	–	(6)
Interest expense	56	41	93
Interest income	(2)	(3)	(6)
<b>Operating cash flows before working capital changes</b>	<b>261</b>	<b>224</b>	<b>392</b>
Movements in working capital	(453)	(389)	(422)
(Increase)/decrease in inventories	(81)	8	51
Decrease in trade receivables – Retail	10	33	185
Increase in loans receivable – Weaver Fintech	(293)	(393)	(594)
Increase in other receivables	(66)	(8)	(48)
Decrease in trade and other payables	(23)	(29)	(16)
	<b>(192)</b>	<b>(165)</b>	<b>(30)</b>



## 11. Group segmental analysis

The group's operating segments are identified as being Retail, Weaver Fintech, Property and Other. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, being HomeChoice International plc's directors. The group's reportable segments are unchanged from the previous reporting date.

Retail consists of the group's HomeChoice operations, whereas Weaver Fintech consists of personal loans, insurance products and value-added services (sold digitally under the FinChoice brand) and Buy Now Pay Later and payments solutions (sold digitally under the PayJustNow brand). The group's property company, which owns commercial properties utilised within the group, are included in the Property segment. The Other segment relates mainly to the results of the holding companies, as well as those of the HomeChoice Development Trust.

The chief operating decision-maker monitors the results of the business segments separately for the purposes of making decisions about resources to be allocated and of assessing performance. They assess the performance of Retail and Property segments based upon a measure of operating profit and Weaver Fintech and Other segments based on a measure of operating profit after interest income and interest expense. This is consistent with how retailers and financial services businesses monitor financial performance.

## 12. Related party transactions and balances

Related party transactions, similar to those disclosed in the group's annual financial statements for the year ended 31 December 2021, took place during the period and related party balances exist at the reporting date. Related party transactions include key management personnel compensation and intragroup transactions which have been eliminated on consolidation.

## 13. Capital commitments for property, plant and equipment and intangible assets

	<b>Unaudited Jun 2022 Rm</b>	Unaudited Jun 2021 Rm	Audited Dec 2021 Rm
Approved by the directors	<b>13</b>	14	1

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### **CONTINUED**

#### **14. Fair value**

In terms of paragraph 29(a) of IFRS 7 the carrying amounts reported in the statement of financial position approximate fair value.

#### **15. Contingent liabilities**

The group had no contingent liabilities at the reporting date.

#### **16. Going concern**

The group assessed the going concern assumption at 30 June 2022 as a result of the current economic, trading and operational conditions on the group consolidated interim financial statements, as well as the financial statements of each statutory entity. The directors are comfortable, based on the forecast evaluation and current financial position, that the group will continue to operate as a going concern for the 12 months after 30 June 2022.

#### **17. Events after the reporting date**

No event material to the understanding of these condensed group financial statements has occurred between the end of the six-month period ended 30 June 2022 and the date of approval.

## Administration

### Country of incorporation

Republic of Mauritius

### Date of incorporation

9 April 2020

### Company registration number

C171926

### Registered office

c/o Sanlam Trustees International Limited  
Labourdonnais Village  
Mapou  
Riviere du Rempart  
31803  
Mauritius

### Company secretary

Sanlam Trustees International (Mauritius)

### Auditors

PricewaterhouseCoopers  
Republic of Mauritius

### Corporate bank

The Mauritius Commercial Bank Limited

### JSE listing details

Share code: HIL  
ISIN: MT0000850108

### Sponsor

Rand Merchant Bank, a division of FirstRand  
Bank Limited

### Transfer secretaries

Computershare Investor Services Proprietary  
Limited

## Directorate

### Executive directors

S Maltz (Chair)\*, G Lartigue (Chief Executive Officer), P Burnett

### Non-executive directors

A Chorn, A Ogunsanya\* (alternate), E Gutierrez-Garcia\*,  
M Harris, P Joubert (Lead Independent Director)

\* Non-independent

