

progression.

Interim Results 2022



strategy.



Strong financial growth with robust funding structures



R1.8bn

Revenue

R228m

Operating Profit

30%

Increase in
Operating Profit

1.1m

Customers

1,541

Merchants now
using BNPL

R2.1bn

Digital loans disbursed
to customers

R800m

Retail sales

73%

Transactions
conducted digitally

R3.4bn

Cash collected from
customers



Diversified digital consumer services group

HiL



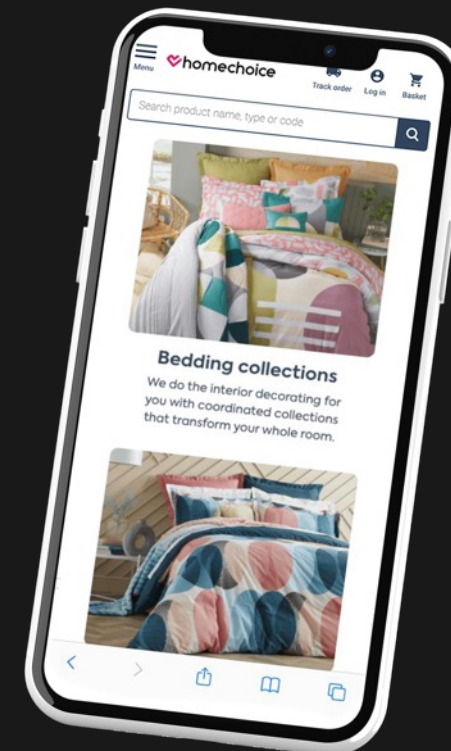
FINTECH PROVIDERS

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

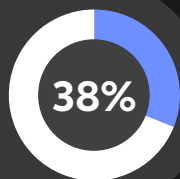


CREATING A HOME SHE LOVES

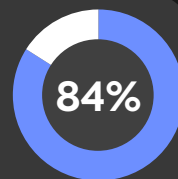
Omni-channel retailer delivering quality homeware merchandise directly to homes



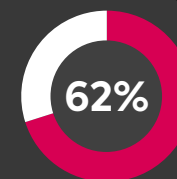
R0.7bn
Revenue



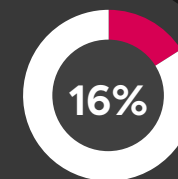
R205m
Segmental
operating profit*



R1.1bn
Revenue



R38m
Segmental
operating profit*



* 2022 Group operating profit of R228m after other group companies costs R15m

Our customer – a digitally savvy, urban African woman



GROUP CUSTOMERS – JUNE 2022

1 150 000

GROUP CUSTOMERS

132,000 increase in customers

up
13%
2022 *

R13k MONTHLY INCOME

R800 increase in monthly income (Up 6%)

71% WOMEN

DIGITALLY ENGAGED CUSTOMER BASE

658 000

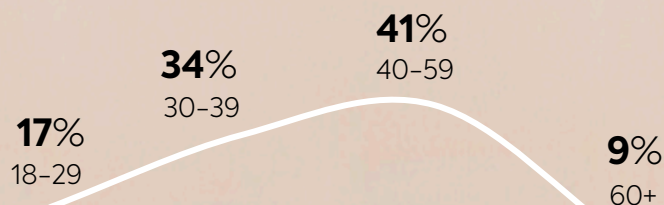
Retail Customers

Down
7%↓

589 000

Fintech Customers

Up
32%↑



64k

Retail app
customers

Up
8%↑

177k

BNPL app
customers

Up
107%↑

192k

Mobile
wallet
customers

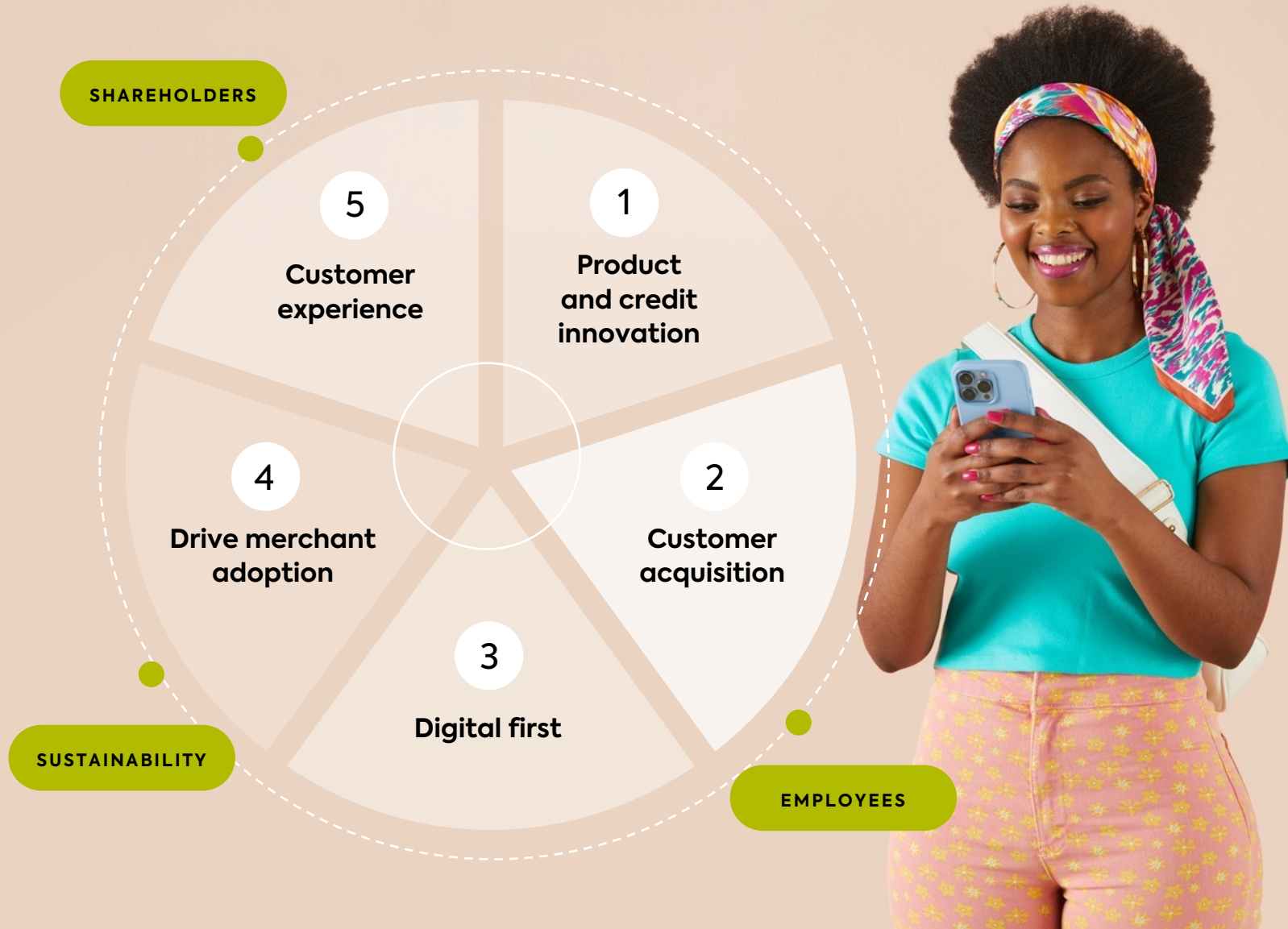
Up
14%↑



• 2022 group customers reported net of 108 000 overlap customers, 12 000 overlap between Finchoice and PJN

Executing strategic **group transformation**–

driving profitable customer growth; digital and new verticals



1

Product and credit innovation drives customer spend and growth

2

Data driven insights enable **customer acquisition** directly or through partners

3

Digital first drives efficiency through scalable and stable platforms enabling growth

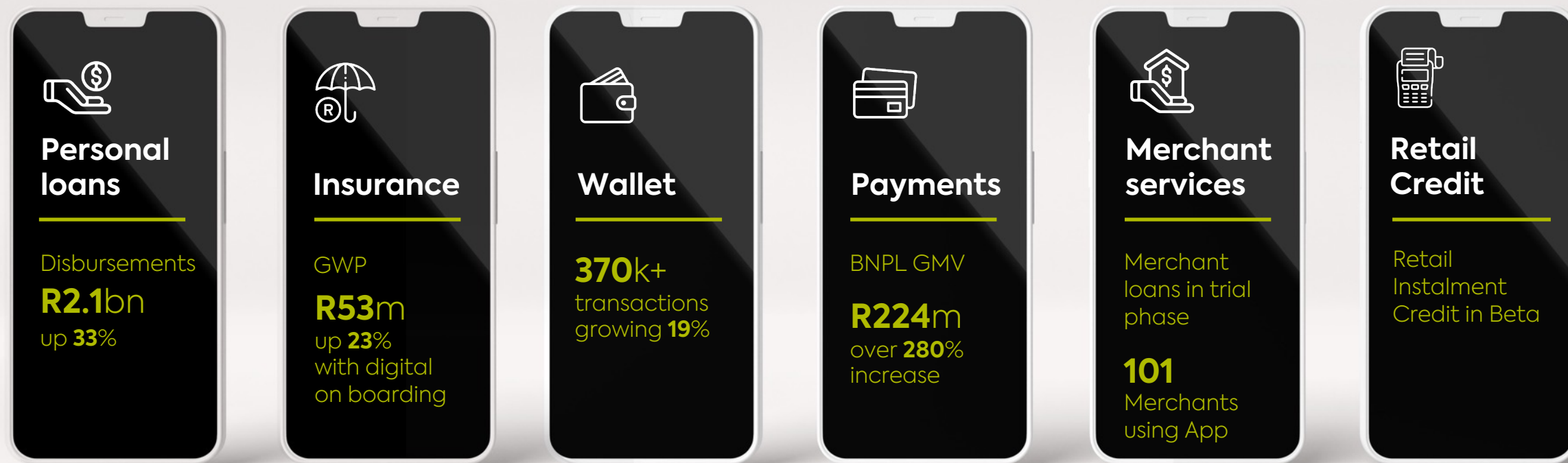
4

Drive merchant adoption through strategic product and service progression

5

Improving **customer experience** drives loyalty and repeat engagement

Extension of Fintech product offering drives **spend and profitability**



Cloud
solutions

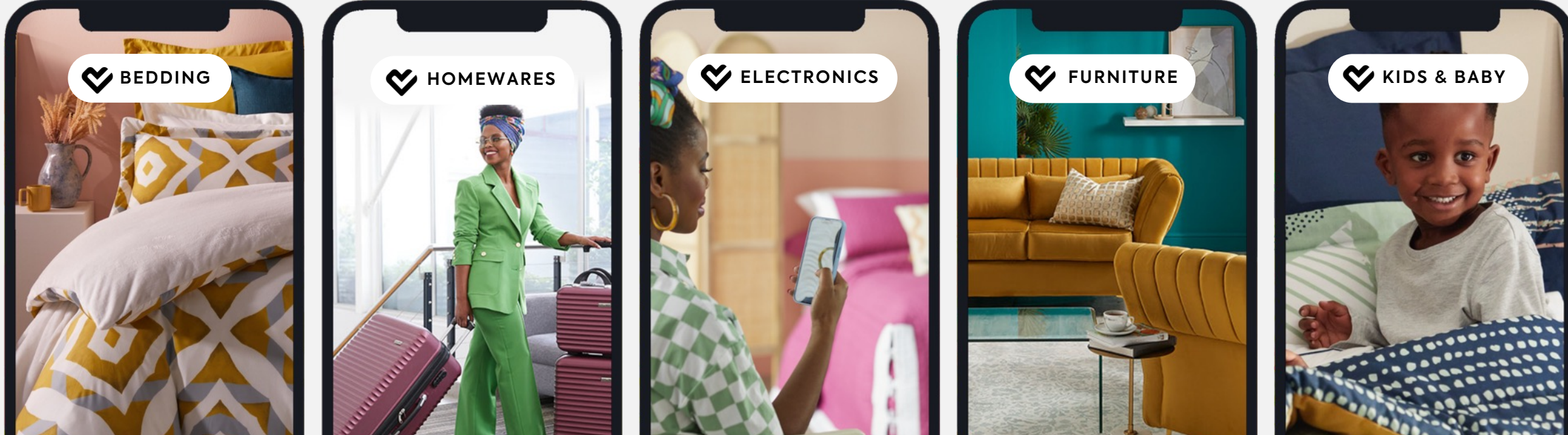
Open
API

Data
personalisation

AI, machine
learning, big data

Omnichannel credit retailer providing product for the Home She Loves

HiL



BUY



- Trusted brand
- Over 2,800 products
- Curated with 250 brands
- Quality and value
- Multiple channels

PAY



- Curated credit offers
- Data driven decisioning
- 70% new customer approvals < 24 hours
- Payment options with 38% digital payments

DELIVERY



- Delivered 367,000 parcels
- Under 5 days to her home
- 55% despatched < 12 hours
- Collection points : 1120
- Easy returns

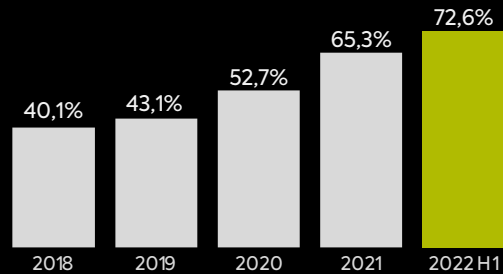
SUPPORT



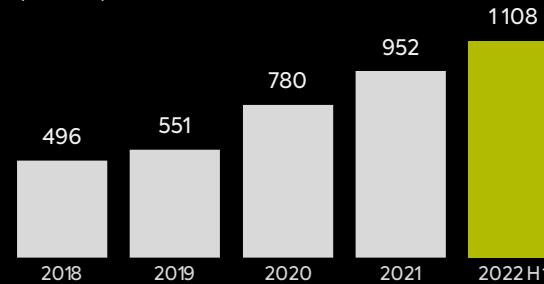
- Agent voice assist
- Self service with 15% reduction in customer service agents
- Digital communication with email up 37% and social up 128%

Proven ability to drive **digital first strategy**

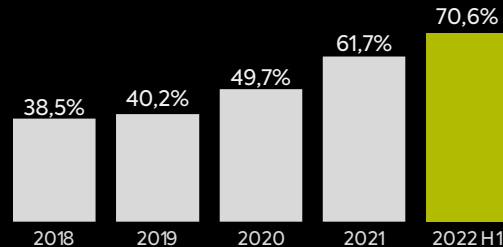
Group digital transactions %



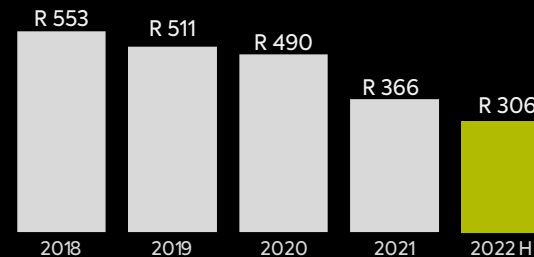
Avg monthly digital users ('000)



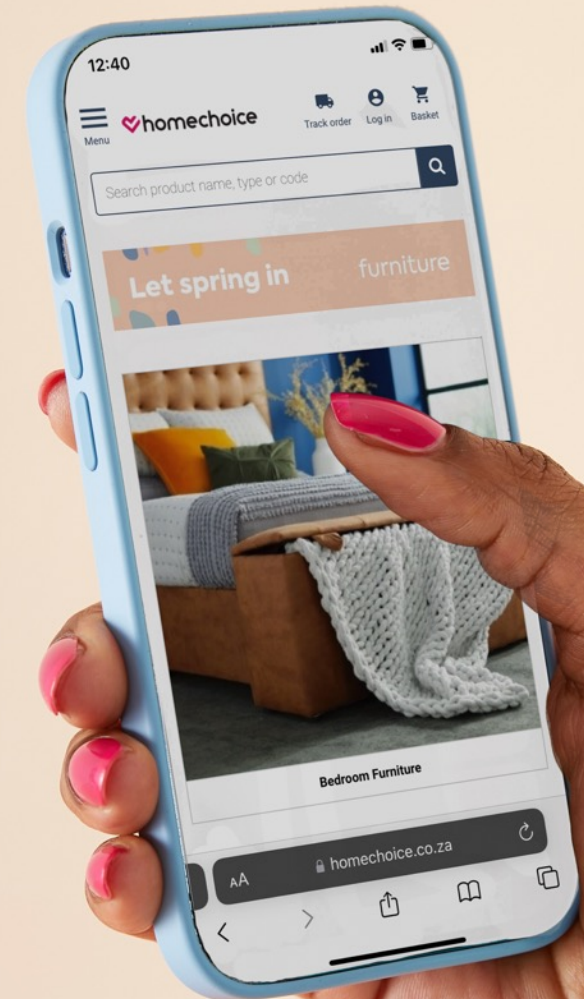
Group credit extended digitally %



Direct cost / digital transaction



Digital adoption has yielded efficiency benefits and combined with platform agility enables growth



Delivering value for Merchants and Customers through **strategic product and service progression**



Merchants are benefitting

4.7 mil
Customer referrals

R23.5m GMV
From dedicated Merchant App

BNPL enables -

- 40% higher**
Average spend by customer
- 22% increase**
Customer conversion rate
- 33% improvement**
In frequency rate

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

For Merchants: an integrated solution



Improving customer experience drives loyalty and retention












HC Net Promoter Score:

73

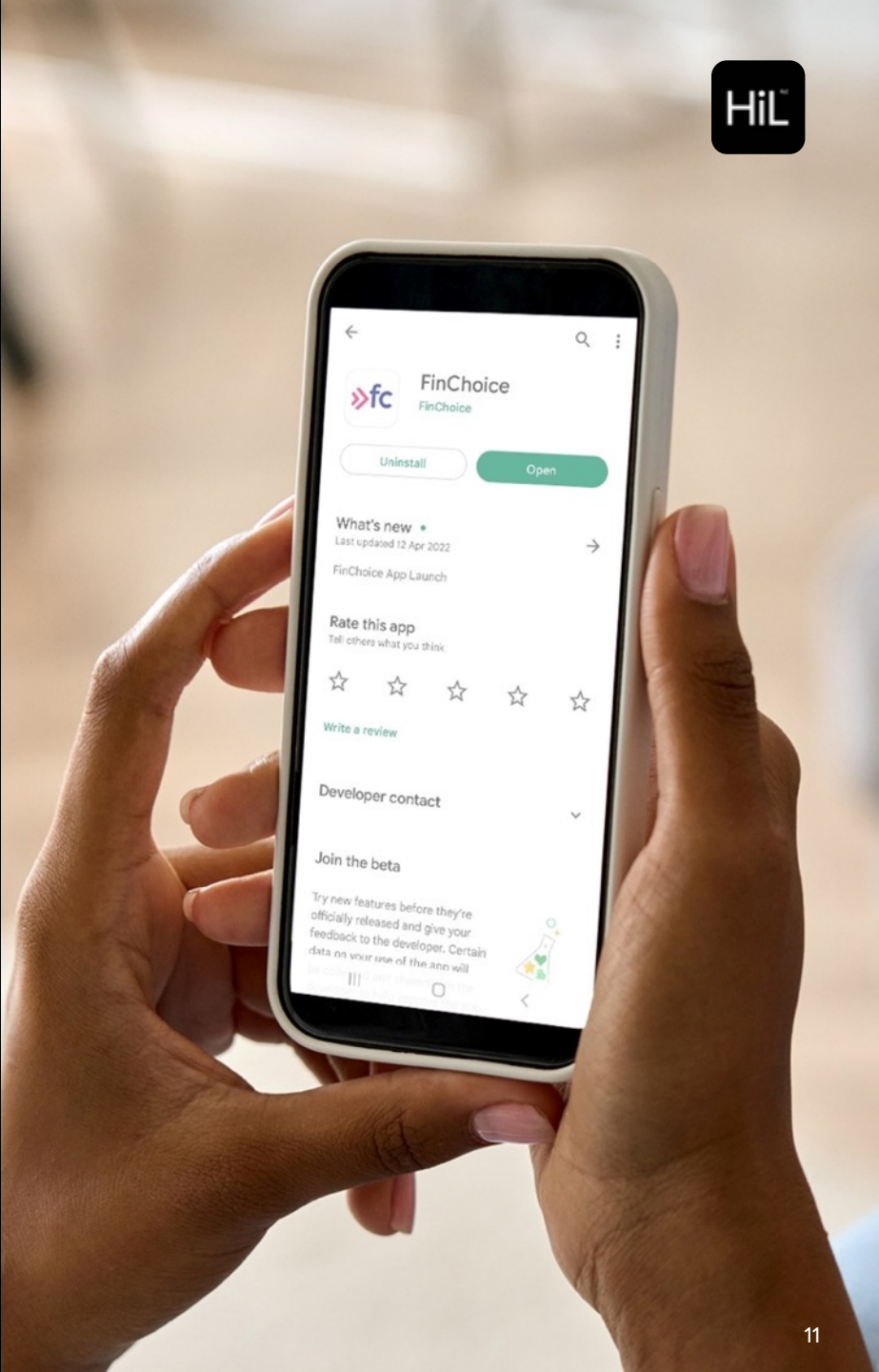
FinC Net Promoter Score:

76

	90 days frequency	Google rating
 finchoice	6.2* 	4.6 
 homechoice	1.1 	3.8 
 PAYJUSTNOW®	1.4 	4.8 

- Responsive customer service and support
- Frictionless customer journeys
- Digital account management
- Accessible and reliable technology

* Frequency of mobi engagement



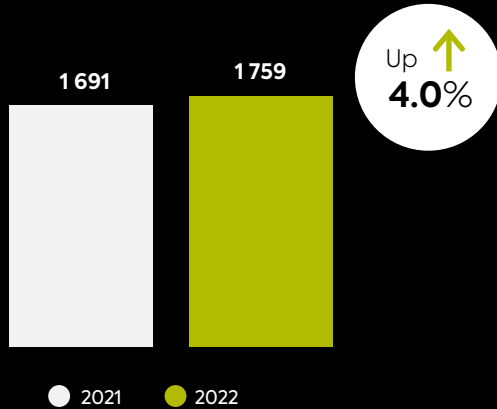
finance.



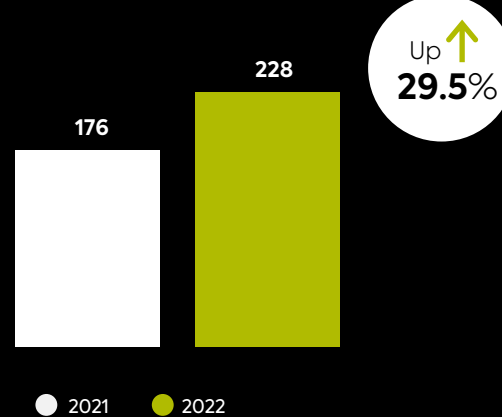
Fintech driving **profitable growth**

HiL

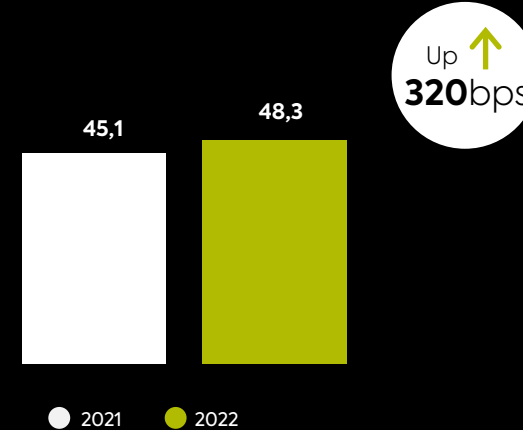
Group Revenue (R'm)



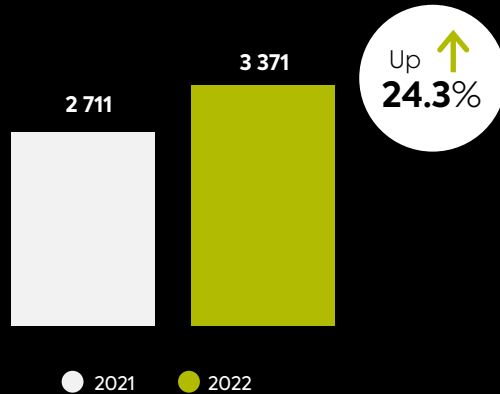
Operating Profit (R'm)



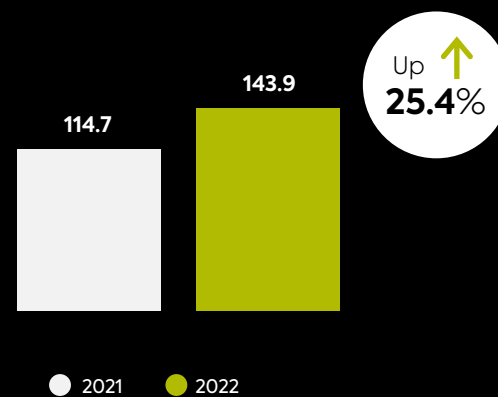
Gross Margin (%)



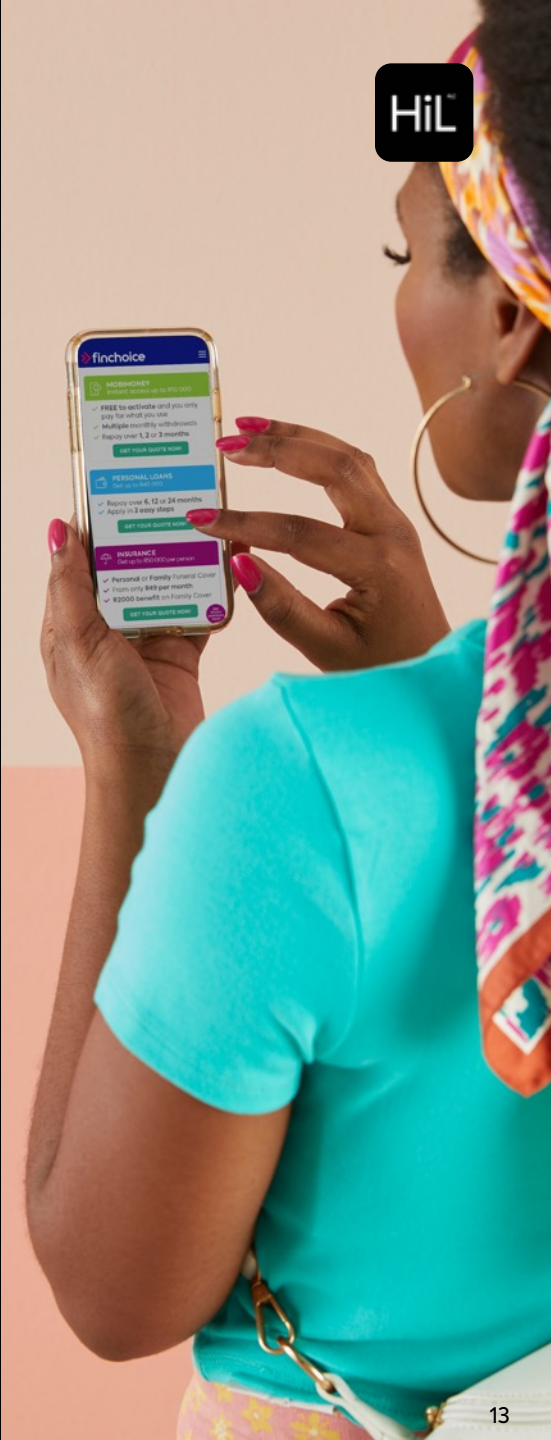
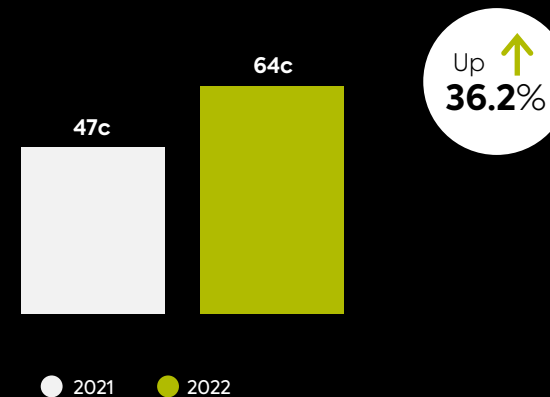
Collections (R'm)



Earnings per Share (Rc)



Interim Dividend (c/share)



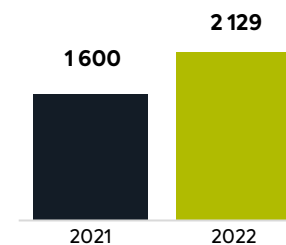
Strong profit growth with improved conversion

- Revenue up 4% to R1.8bn
 - Digital loans disbursed driving 19% higher finance income
 - Fintech products deliver 23% fee income growth, now 18% of group revenue
 - Retail impacted by strategic risk tightening
- Gross profit margin up 320 bps
 - effective merchandise management
 - supply chain efficiencies
- Debtor costs increase from digital loans growth
 - Healthy provision coverage maintained
- Trading expenses well controlled
 - Retail's restructured cost base down 7.6%
 - Direct retail spend up 7.2% to drive sales
 - Weaver up 10% with customer growth and technology innovation
- Operating profit up R52m (29.5%) at improved margin of 13%

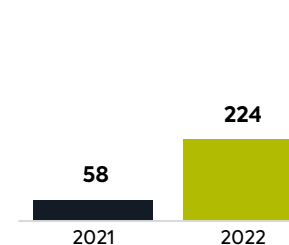


	JUN 2022 Rm	% change	JUN 2021 Rm
Revenue	1 759	4.0	1 691
Finance income	651	19.2	546
Fee and other income	309	23.1	251
Retail sales	799	(10.6)	894
Gross profit	386	(4.2)	403
Gross profit margin	48.3%	3.2	45.1%
Debtor costs	(526)	22.3	(430)
Trading expenses	(594)	4.2	(570)
Other income, gains and losses	2	>100.0	(24)
Operating profit	228	29.5	176
Net interest expense	(54)	42.1	(38)
Taxation	(24)	33.3	(18)
Profit after tax	150	25.0	120

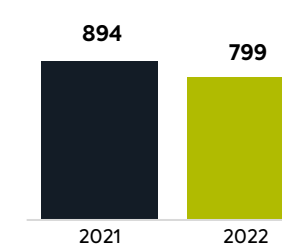
Digital loans disbursed
R'm



Buy now, pay later GMV
R'm



Retail sales
R'm

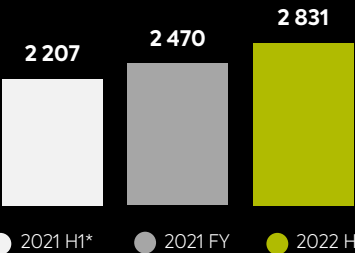


Focus on quality of credit books with appropriate provisions held

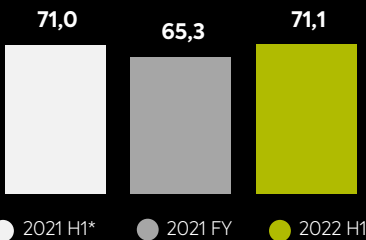


WEAVER FINTECH CREDIT

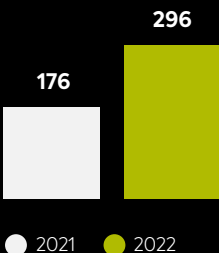
Gross book (R'bn)



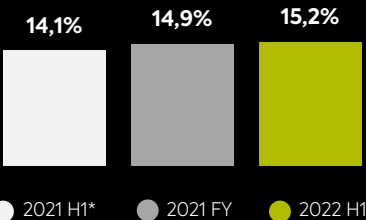
Stages 2 and 3 cover (%)



Debtor costs (R'm)



Provision % of gross receivables

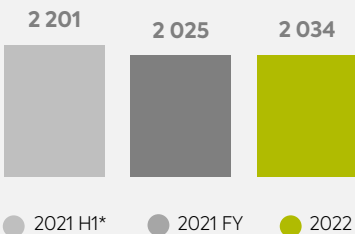


Strong disbursements and book growth driving debtor costs
Provision increase for market factors and larger debt review portfolio
Stage 2 and 3 cover remains conservative

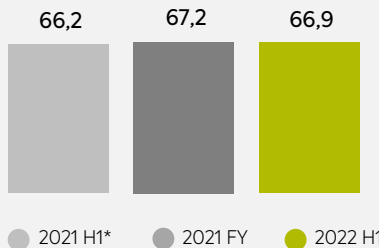


RETAIL CREDIT

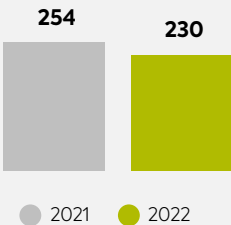
Gross book (R'bn)



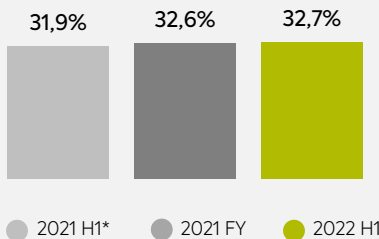
Stages 2 and 3 cover (%)



Debtor costs (R'm)



Provision % of gross receivables

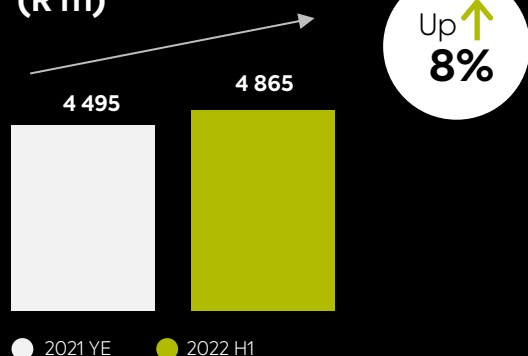


Receivables book flat from year-end
Debtor costs down 9%
Provision cover maintained with conservative 32.7% provision

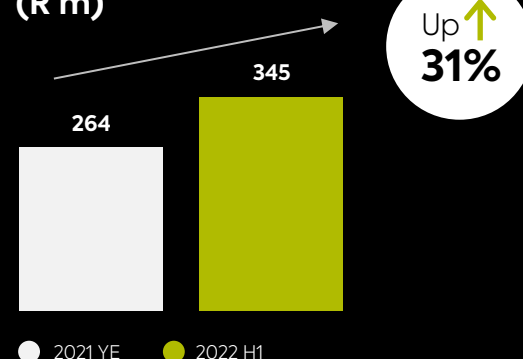
* Effective year-end 2021, change in the reporting of partial write offs resulted in an increase in H1 2021 gross book, provision balances and expected credit loss rates (provision rates)
Net book value and debtor costs are unaffected.

Well executed cash management with facilities to **fund Fintech growth**

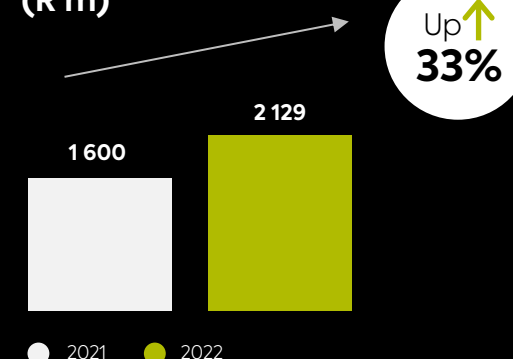
Trade and loan books (R'm)



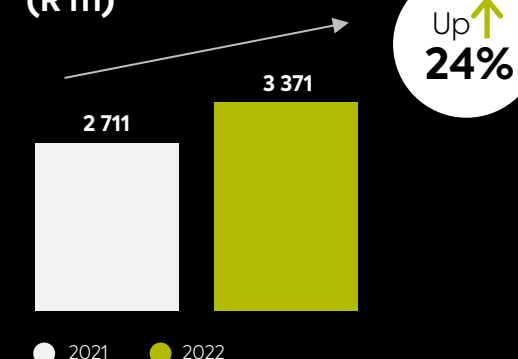
Inventory (R'm)



Fintech disbursements (R'm)



Group collections (R'm)



Summary Group Cash Flow	JUNE 2022	% change	JUNE 2021
Operating cash flows	R261m	16.5	R224m
Working capital	R(452)m	16.2	R(389)m
Cash used in operations	R(191)m	15.8	R(165)m
Capex	R(16)m	(65.2)	R(46)m
Cash balance	R192m	(18.6)	R236m
Net debt*	R1 097m	46.6	R748m

* Excluding property debt of R188 million (Jun 21: R213 million, Dec2021: R203 million)

32.5%

Net debt to equity*
(Dec 21 : 23.1%)

22.5%

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

R927m

Cash and Undrawn facilities

R192m

Cash on hand

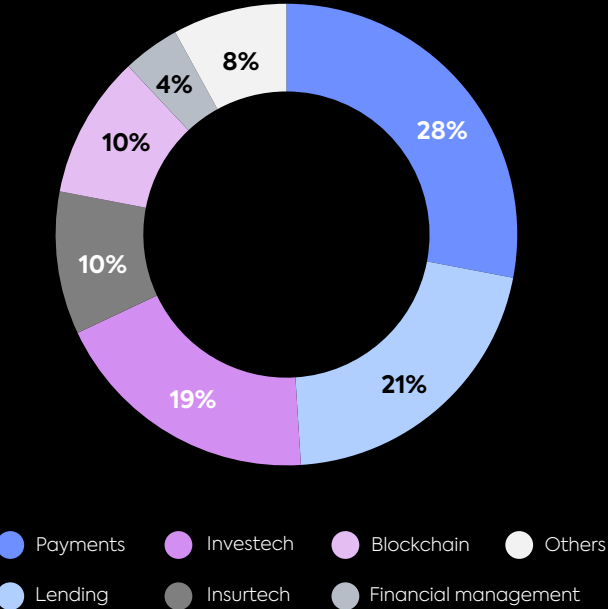
**weaver
fintech.**



Fintech with multiple product offerings win market share

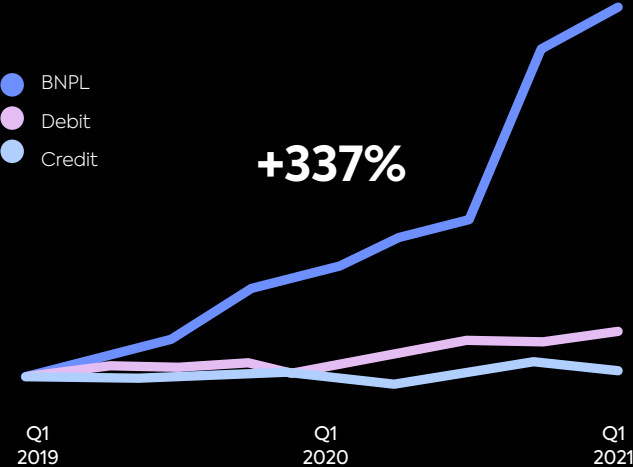


Payments and Lending – 49% of SA Fintech Services



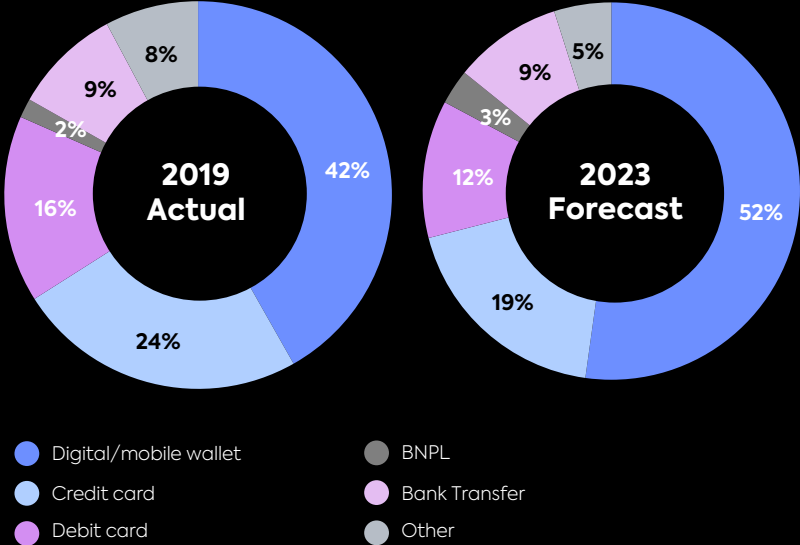
Global spending by payment type

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



Source: Accenture Global Next Gen research 2021

Mobile wallet and BNPL fastest growing e-com payment methods



Source: Worldpay from FIS January 2020



Digital Loans business –
8.5% growth in market share



Acquisition of BNPL start-up –
now market leader in SA



Weaver Fintech – well positioned to win market share with profitable growth

Weaver fintech strategy delivering customer adoption and high engagement

Loyal customer base driving sustainable growth

86%

Retention rate of active existing loan customers

95%

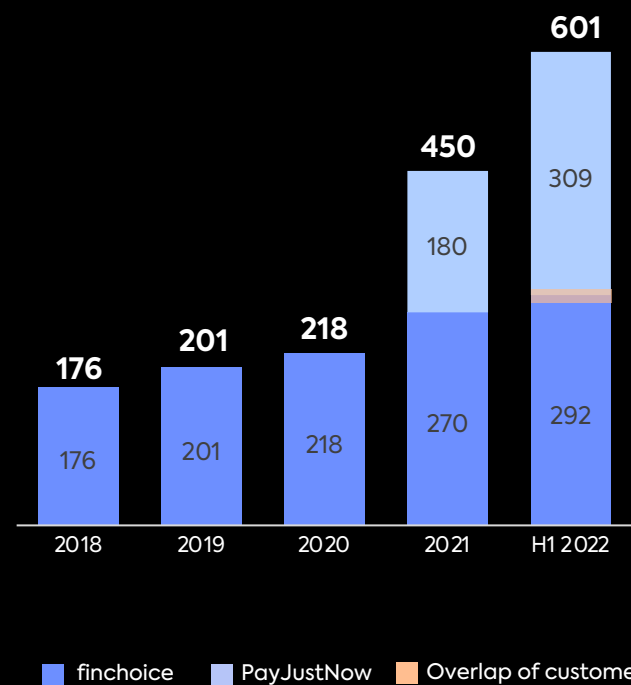
Digital repeat loan engagement

59%

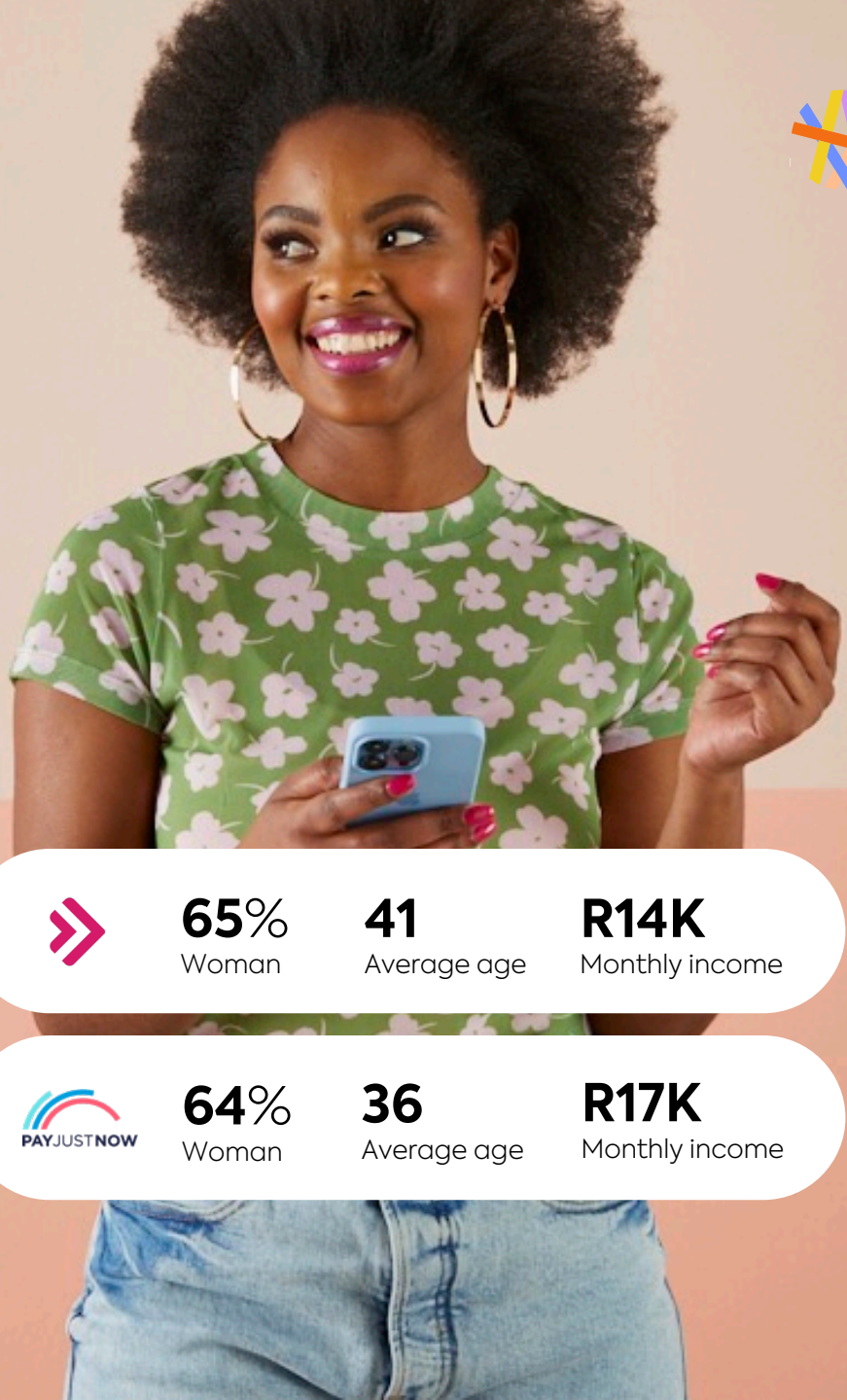
GMV from customers returning to purchase

Substantial Fintech customer base – up further 34%

Loans, Insurance and BNPL – customer base



* Currently 12,000 customer overlap



65%
Woman

41
Average age

R14K
Monthly income



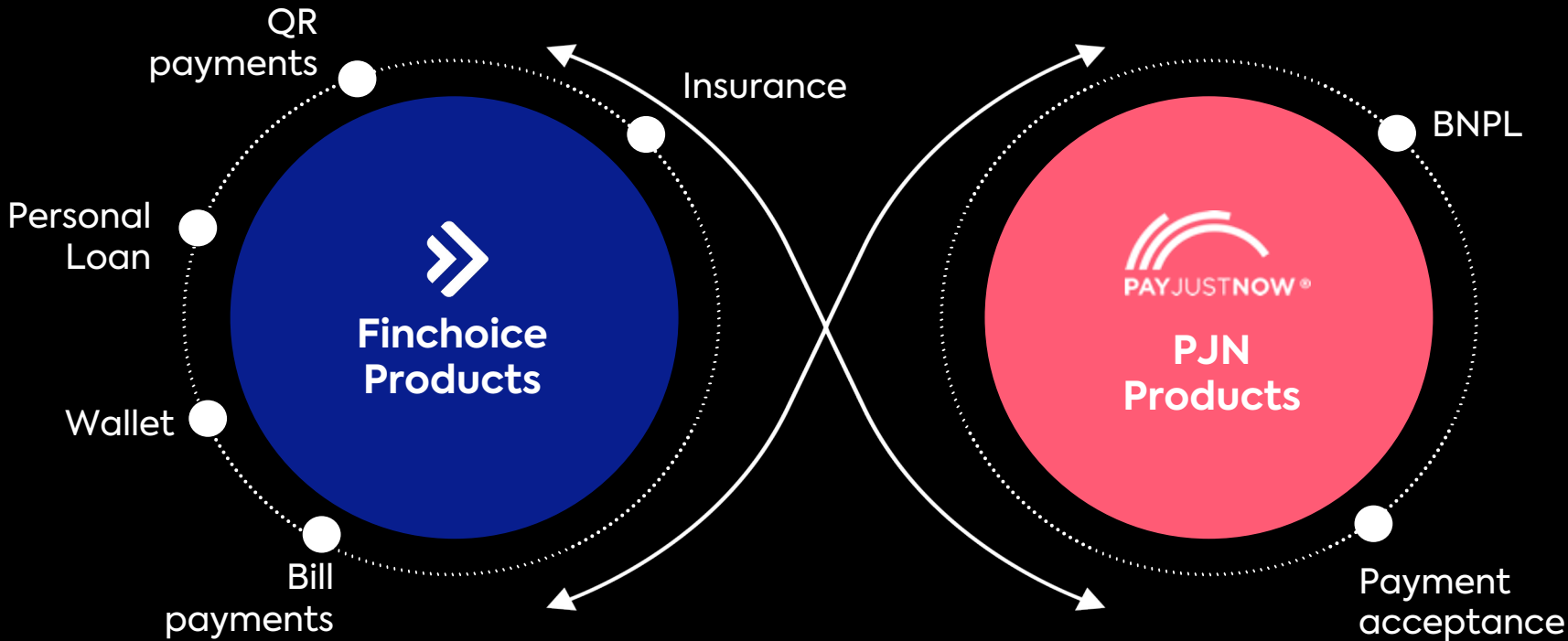
64%
Woman

36
Average age

R17K
Monthly income

Significant cross-sell opportunity to drive growth

Product suite enables customer progression



Weaver Cross-Sell

Early stage
evaluation

Data analytics
and mapping

Significant customer
similarities

Execution in
Beta phase

Current customer
overlap

12 000

Average age

80%: 25–44 yrs

FAS Affluency *

35% Discerning
Achievers

25% Comfortable
Existence

* Financial Affluence Segment (FAS) category
analysis as determined by Experian

Weaver Fintech delivers strong profit growth

Loan disbursements up 33% to R2.1bn

- Demand from digital acquisition for new loans and existing re loans

Fintech revenue of up 37% to R673m

- Finance income benefitting from book growth and interest rate rises
- Fee income held at 32% of mix with insurance and BNPL

Debtor cost growth ahead of revenue:

- Growth in book from high level of disbursements (H2 2021)
- Market focus on debt review transfers with negative impact
- Provisions increased to 15.2% with higher cover ratios
- Collections have remained strong with improving loan yield

Trading expenses growth 10% highlights efficiencies of digital business

- Cost to income ratio reducing to 22.3%

Profit before tax up 21% to R158m – conversion impacted by higher debtors costs and increased repo rate with immediate impact on borrowing costs



	JUN 2022 Rm	JUN 2021 Rm	% change
Revenue	673	491	37.1
Finance and other income	456	332	37.3
Fee income	217	159	36.5
Debtor costs	(296)	(176)	68.2
Insurance costs	(22)	(20)	10.0
Trading expenses	(150)	(136)	10.3
Operating profit	205	159	28.9
Interest expense	(47)	(28)	67.8
Profit before tax	158	131	20.6

Credit book quality delivers good collections

28.2%

Book Growth
to R2.8bn

R2.5bn

Cash Collected
compared to R2.3bn
disbursed

R224m

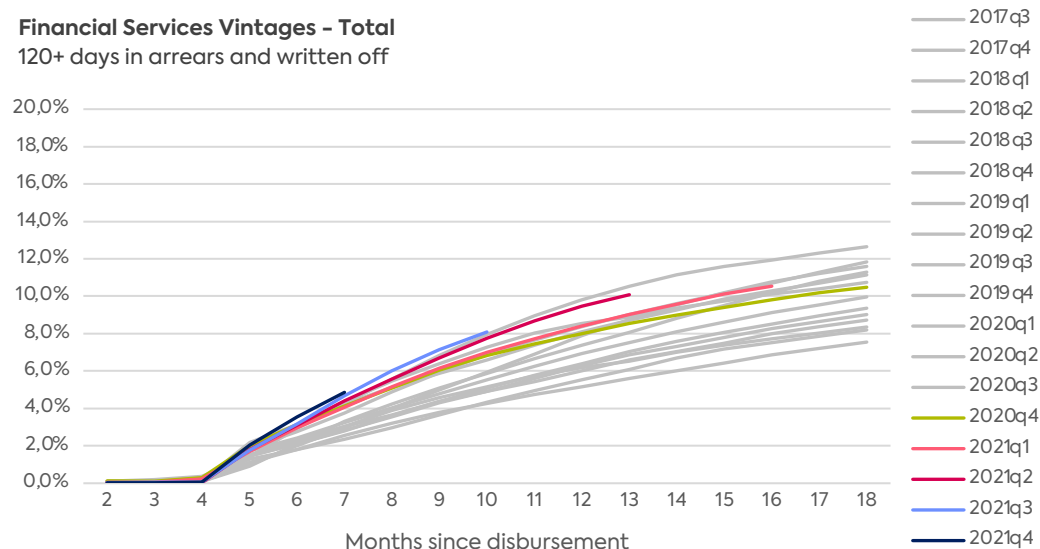
GMV from BNPL up 286%

Quality loan book with growth well managed

- Strategic drive to grow market share, with focus on prudent limit extension to proven existing customers
- Reloan mix at 86% (LY: 80%) with stable term to 20.1 months (LY: 19.6)
- Acquisition business tightly managed via low and grow strategy and further tightened in the inflationary market conditions
- Real-time Debicheck collections ensuring strong collections yields
- Higher levels of Debt Review transfers driven by market dynamics

VINTAGES WITHIN TOLERANCES

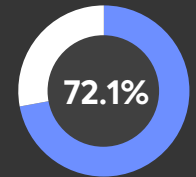
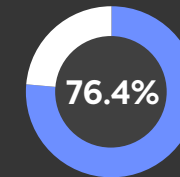
Financial Services Vintages - Total
120+ days in arrears and written off



H1: 2021

H1 : 2022

Applications accepted



Disbursed ave loan term

13.8
Months

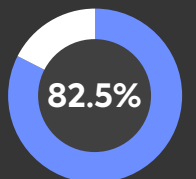
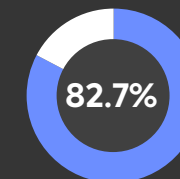
13.7
Months

Average balances

R7 616

R8 037

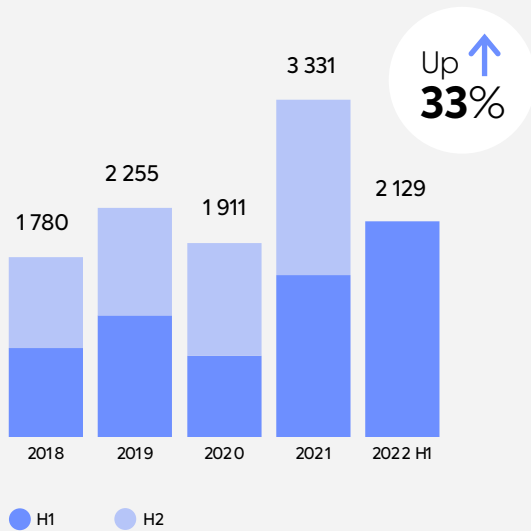
Active account holders able to borrow



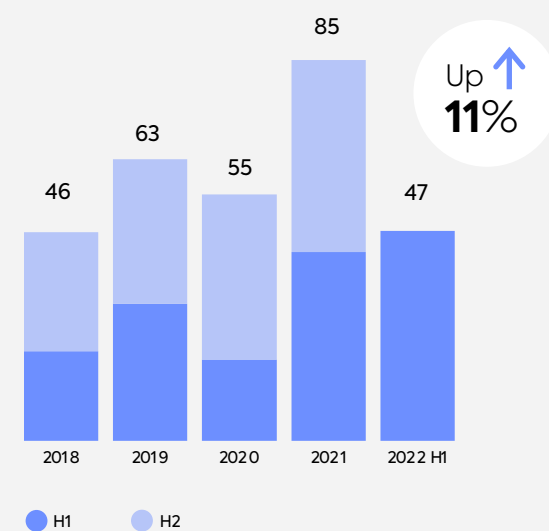
Personalised real-time data driven offers drives loan customers



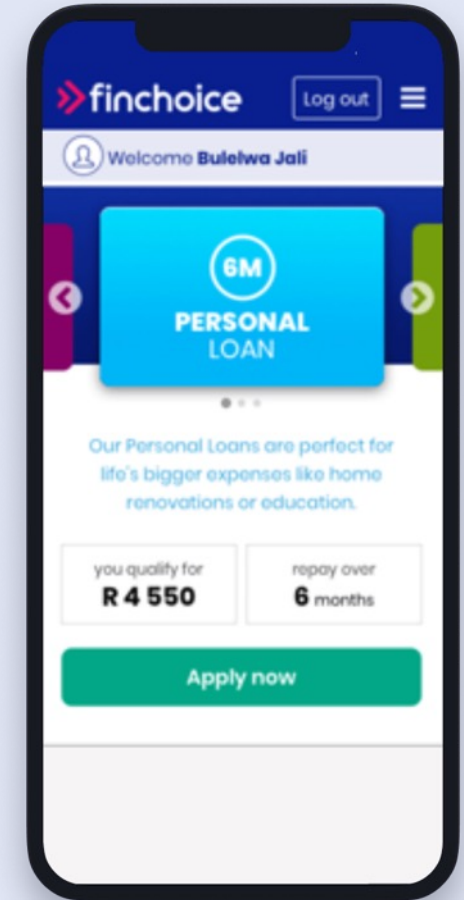
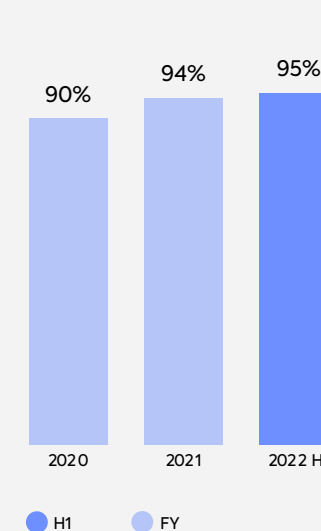
Disbursements (R'm) increase
on controlled limits



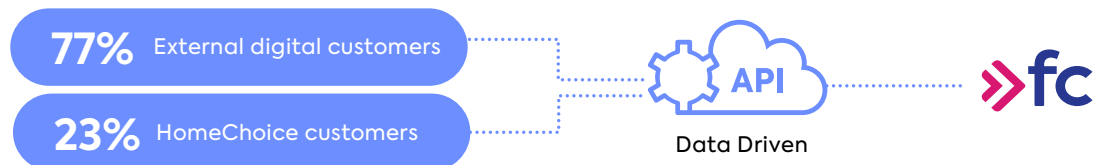
New customers acquired (000)



Digital repeat loan
engagement



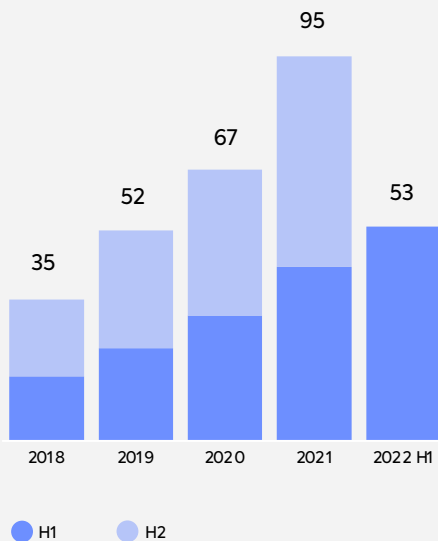
API Technology Driving Digital Acquisition



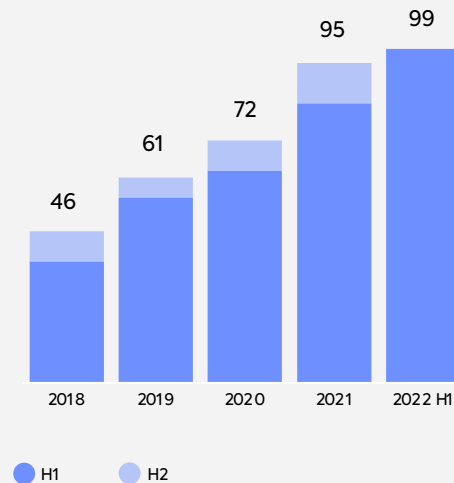
Insurance growth driving fee income generation



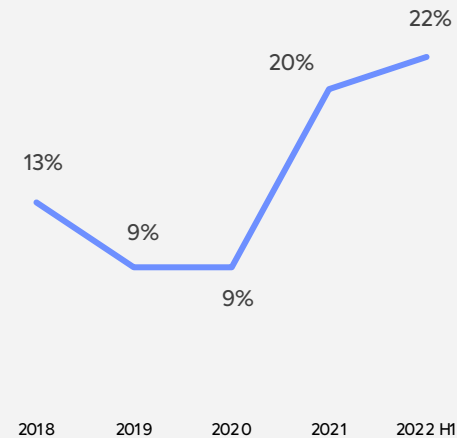
Consistent growth in GWP (Rm)
up 23%



Requires new focus on
insurance customers ('000)

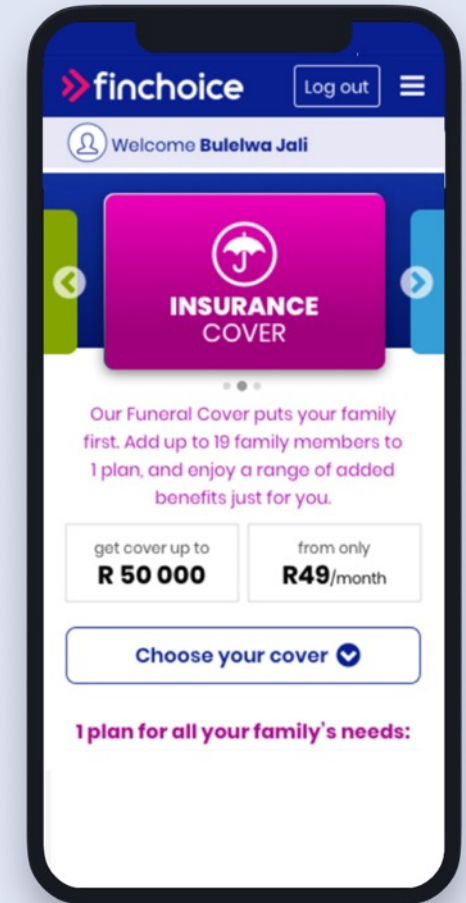


Momentum in digital acquisition
of insurance policies



Insurance growth enabled through

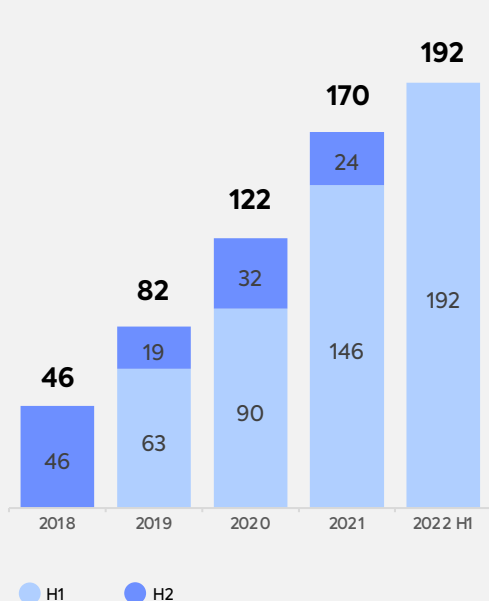
- 1 **Optimising** digital onboarding
- 2 **Higher conversion** with insurance offer integrated into new loans flow
- 3 **Renewed** focus on retention



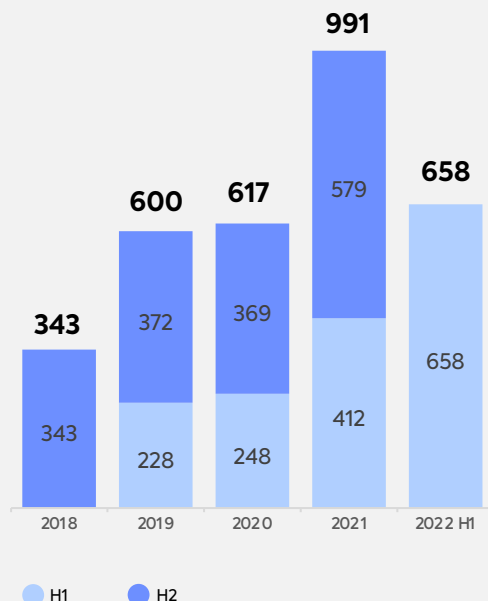
Mobile wallet entering the digital payment space



High growth in credit-backed mobimoney wallet customers



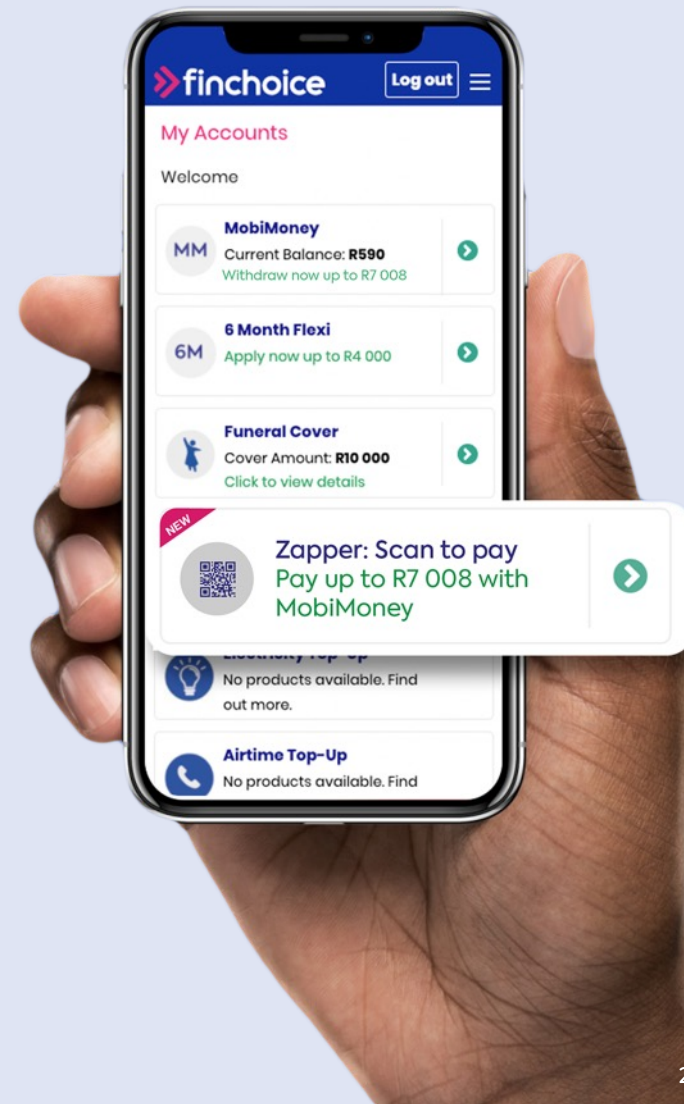
Fintech wallet utilisation increasing (R'000)



Enabling digital payments

R3.2bn
wallet withdrawals since inception

62,000
Monthly wallet transactions up 19%



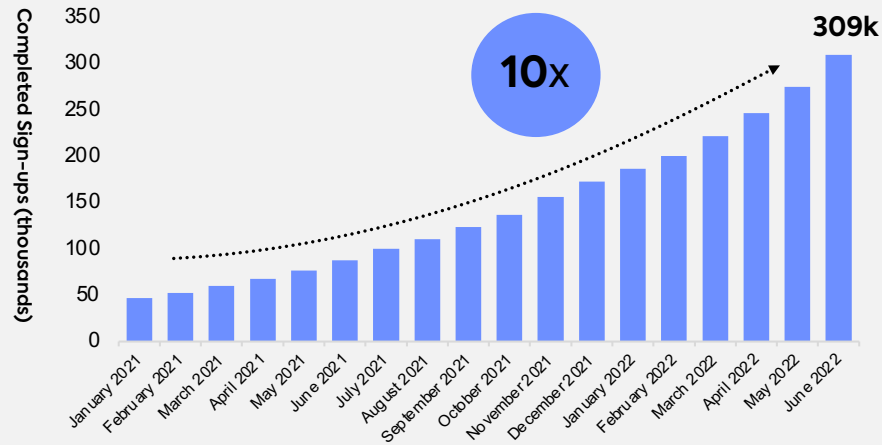
QR
payments

Retailer
POS

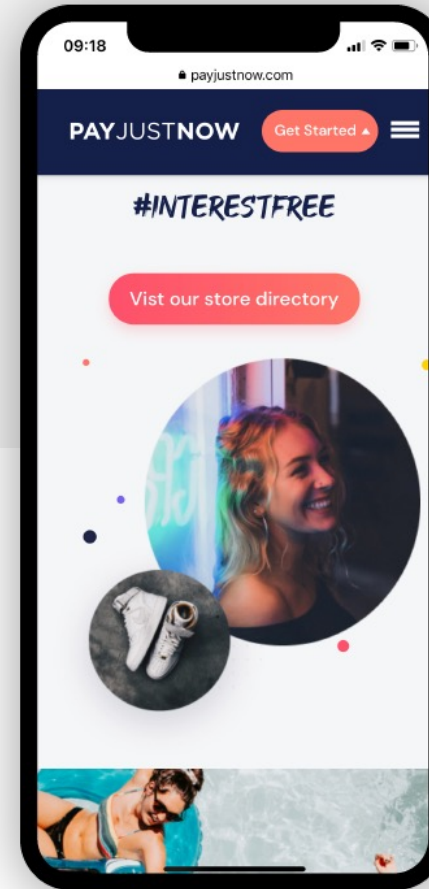
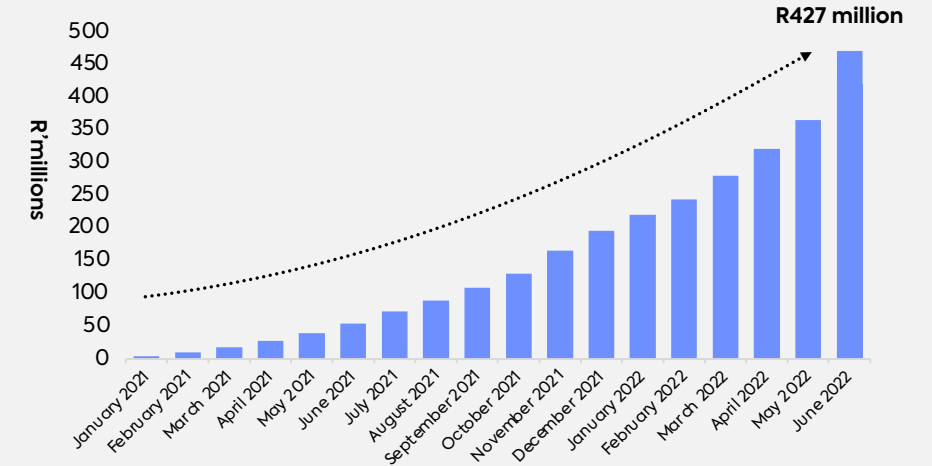
VAS & bill
payments

Deep connections with customers drives scale and value

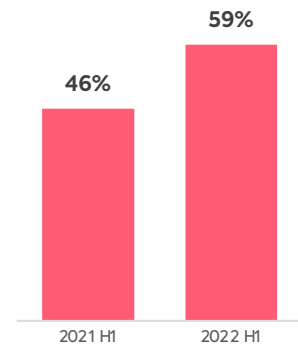
Signed up BNPL Customers - '22



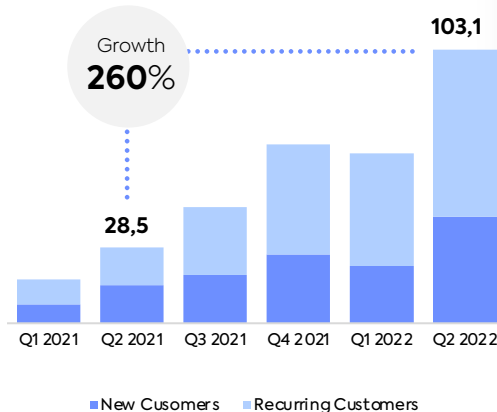
BNPL Gross Merchandise Value (Cumulative GMV) '22



GMV from returning customer base up 30%



Rapid increase in BNPL transactions



Strong Engagement Driving Frequency & Basket Size

10%

Growth in average spend across the base

1.65x

Higher spend from Top 10% of base

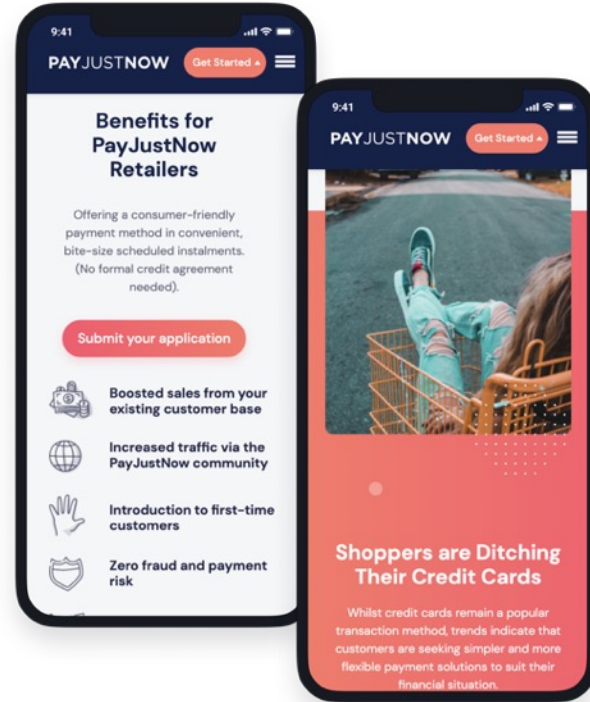
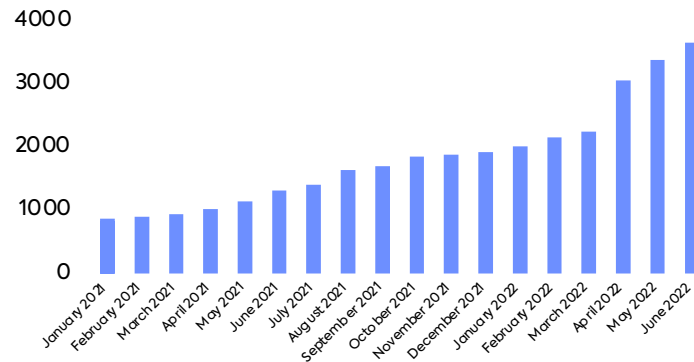
5+

Average no orders from Top 10% base

Fast growing Merchant base with BNPL

Providing value to merchants and expanding BNPL offering both online and instore

POINT OF SALE – 22'



160%
BNPL instore activity increase

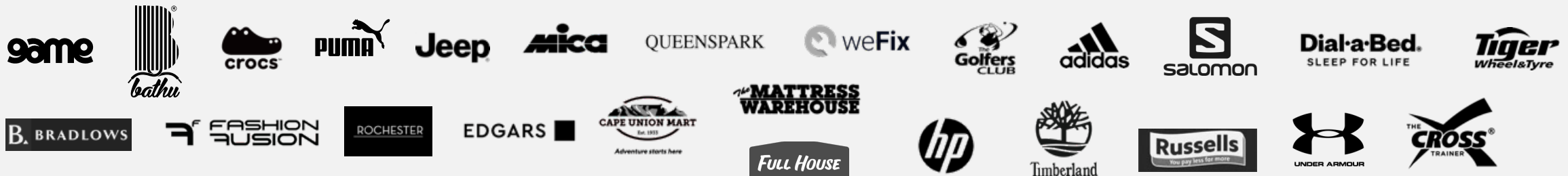
1,541
Merchants

800+
Bespoke merchant dashboards

3,650
Active points of presence

101
Merchants using PayUp App instore

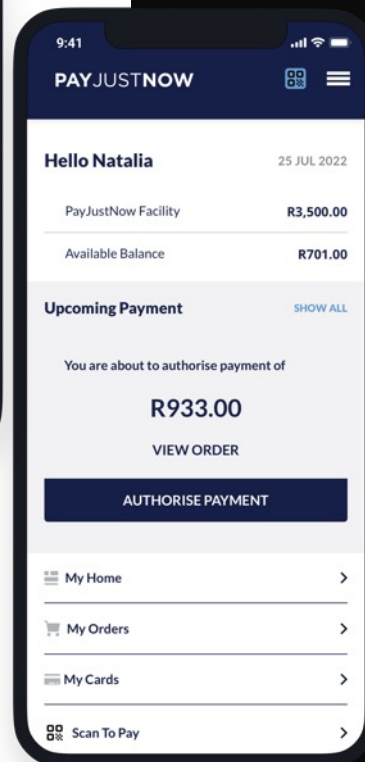
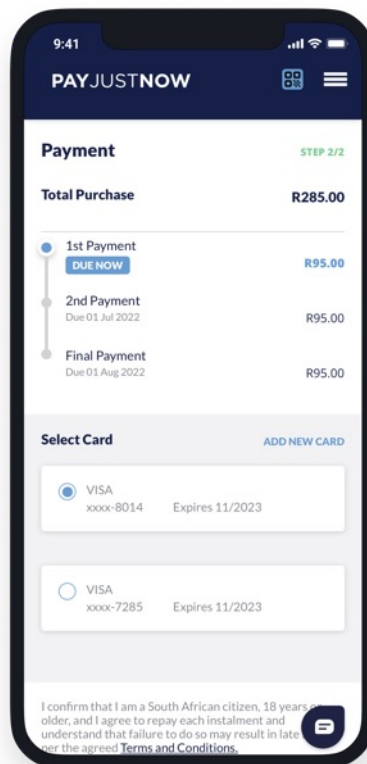
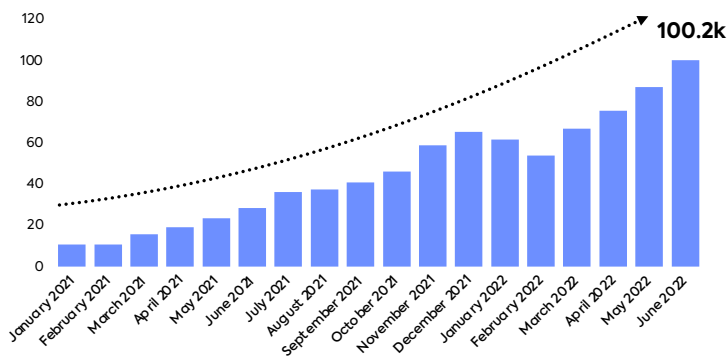
113%
Merchant GMV growth from Year 1 to Year 2



PJN short term high yielding book

- Fast growing BNPL book with conservative approach in granting credit limits
- Real time infrastructure providing instant credit scoring
- New digital fraud models implemented with strong benefits
- BNPL loan book of R43m (June 2022) with average term of 1.8 months
- Strong payment performance
- Capital at risk well managed at <2% of Gross Merchandise Value
- Late payment revenue reduces net transaction loss

High monthly pay-rates ('000 transactions)



H1 : 2022

Applications
accepted

82.5%

Average
credit limit

R3 200

Average
Basket size

R1 354

Average
utilisation

52.1%



Strong track record of product innovation



Digital loans

End-to-end digital loan origination offering giving her control

Standalone insurance

Driving the fee generation vertical

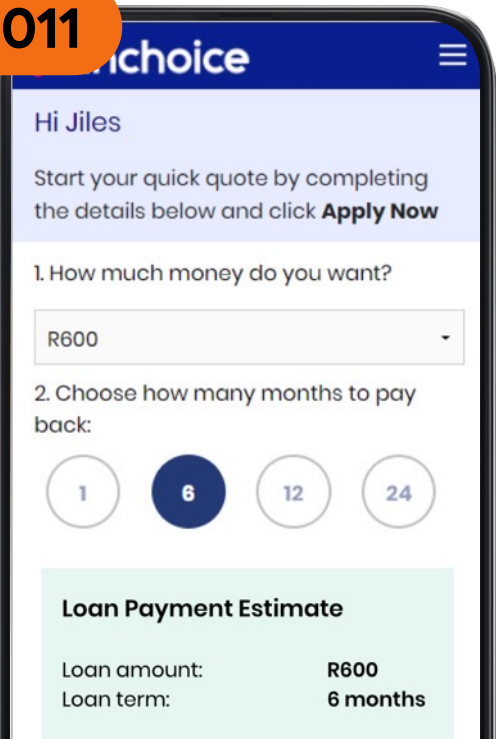
Mobile wallet

Credit backed mobi money wallet enabling digital payments

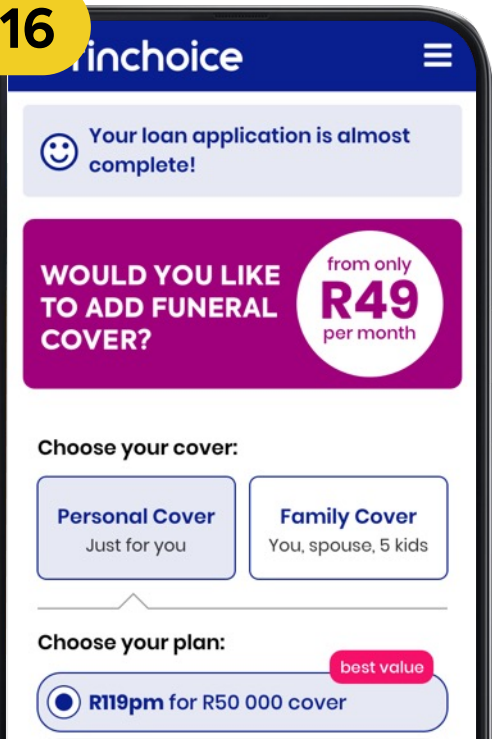
BNPL payments

Split payment in three, zero interest and fees

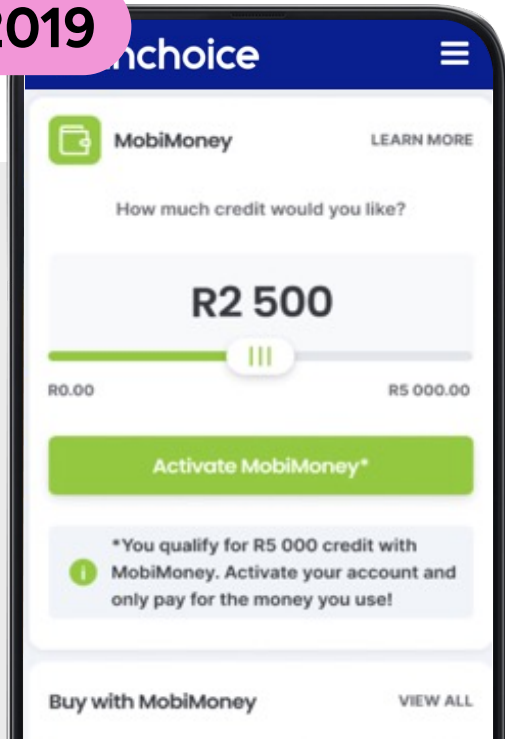
2011



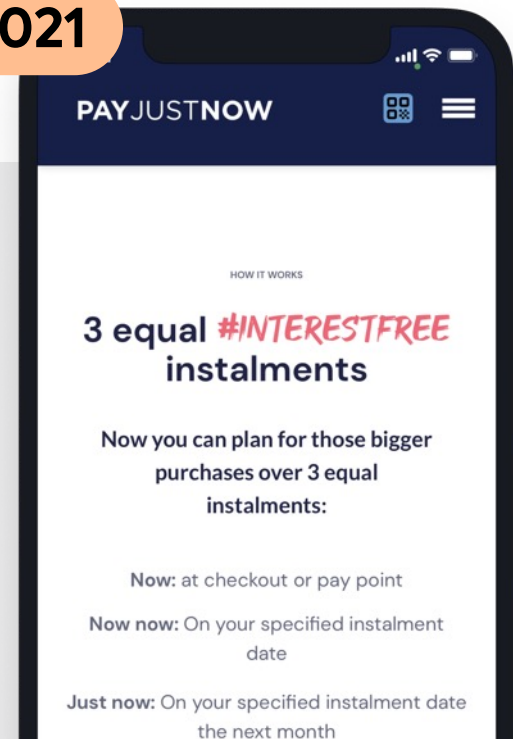
2016



2019



2021



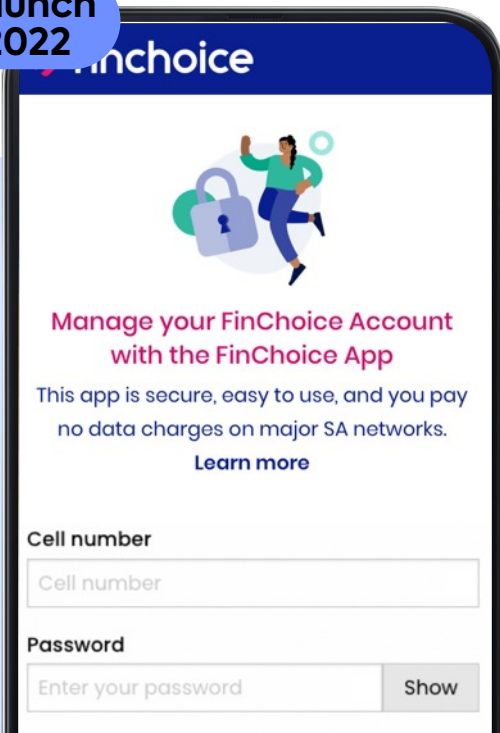
Accelerating Weaver Fintech product roadmap



Mobile app

Combines payments and financial services in one app

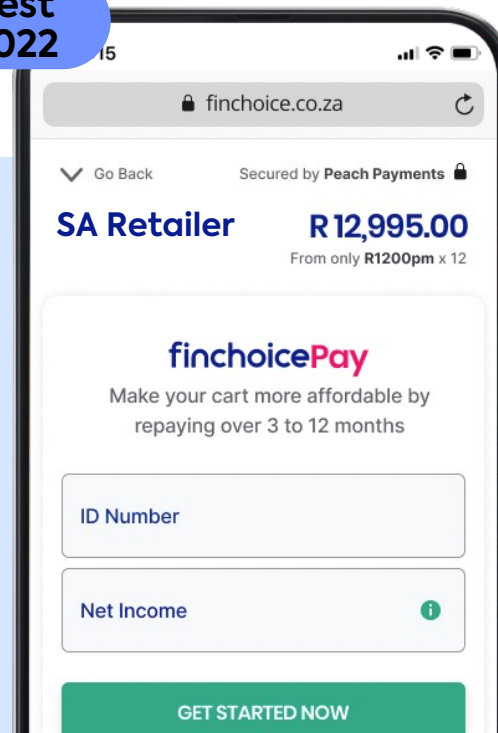
Launch 2022



Retail instalment credit

Unique offering to merchants in SA supporting customer growth

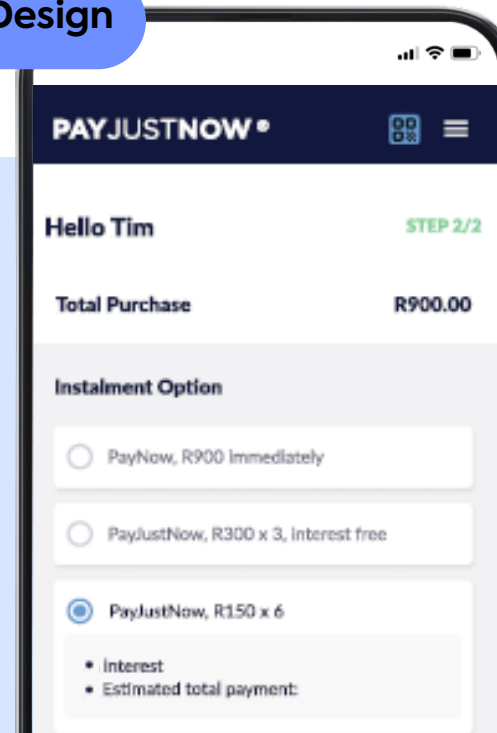
Test 2022



PJN plus

Data-driven short-term facility

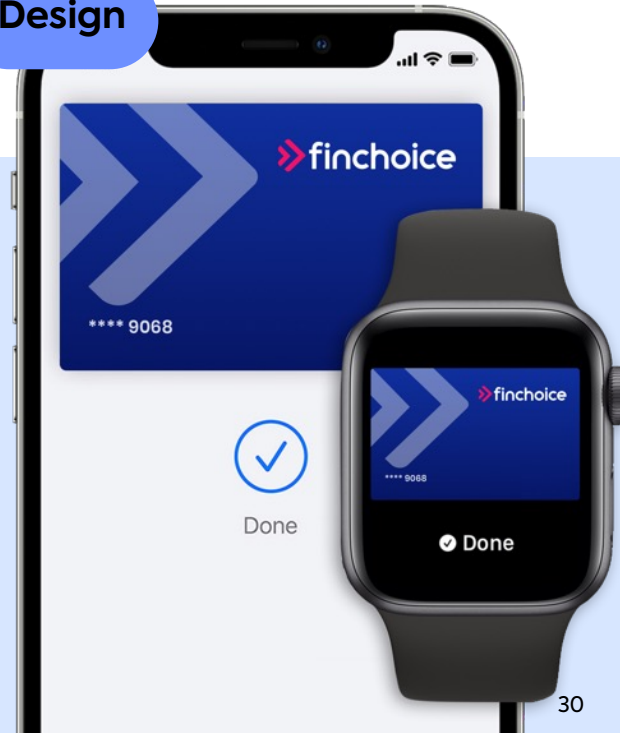
Design



Virtual card

Universally accepted method of payment using Mobi Money Wallet

Design



retail.



Retail – Path to Profitability in 2022



H1 IMPROVEMENT DELIVERED

Gross margin increased 1

Effective buying and margin management

Refocus on excellence in bedding

Efficiencies in the supply chain



Cost base reset 2

Realigned employee organization structures

Robust ROI method implemented on large spend

Zero based cost strategy adopted



People engaged 3

Compelling EVP to attract & retain talent

Ignited our entrepreneurial spirit and core values

Developing engaged and purpose led culture



H2 BUILDING MOMENTUM

Grow customer base 4

Profitable new customers

Retention of existing customers with increased response

Focus on CX to reduce attrition



Manage credit risk 5

Credit strategies within risk appetite

Conservative approach to growth of new customers

Data driven collections strategies with digital payments



Transform IT 6

Agile approach and scrum methodology

Upgrade legacy systems and invest in new platforms

Disciplined implementation with no customization



Delivered **profit improvement** despite trading challenges

- Retail Sales down 10.6% reflecting :
 - Tightening of credit
 - Lower level of customer acquisition
- Successful shifts in merchandise strategy delivered strong gross margin increase up 320bp:
 - Selective product repricing
 - Refocus on heritage bedding category
 - Supply chain optimization offsetting increase in fuel & other supply chain costs
- Debtor costs maintained at 21% of revenue
 - Risk tolerances adjusted with new scorecards
 - Debicheck now successfully implemented
- Trading expenses flat reflecting:
 - Higher marketing spend required to drive sales
 - Focus on right sizing the cost base
- Operating profit up 18.8% at improved margin



	JUN 2022 Rm	JUN 2021 Rm	% Change
Revenue	1 085	1 200	(9.6)
Retail sales	799	894	(10.6)
Finance and other income	284	288	(1.4)
Gross profit	386	403	(4.2)
Gross profit margin	48.3%	45.1%	3.2
Debtor costs	(230)	(254)	(9.4)
Trading expenses	(401)	(405)	(1.0)
Operating profit	38	32	18.8

Digital homewares offer with data led risk based decisions

30%

Digital channels sales mix proportion

R0.9bn

Cash Collected from R2bn gross book

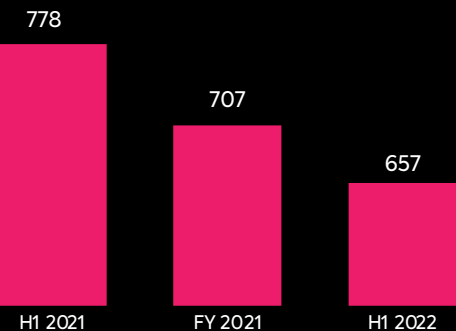
48.3%

Delivered GP% improvement

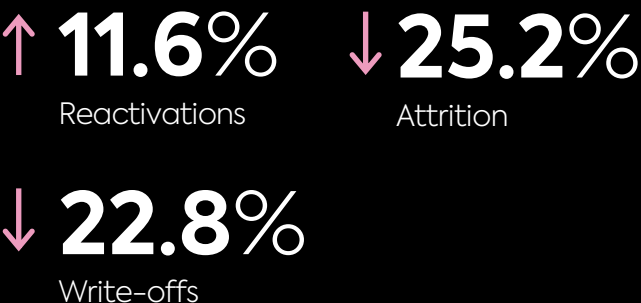
Rebuilding the customer base



Customer base ('000)



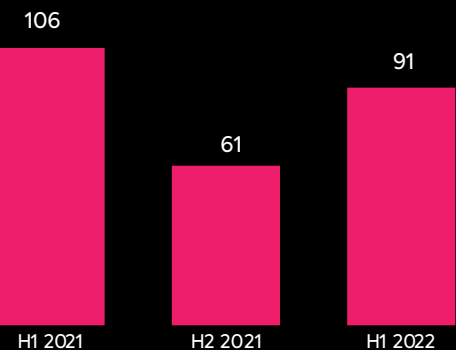
Improved customer retention – H1 2022



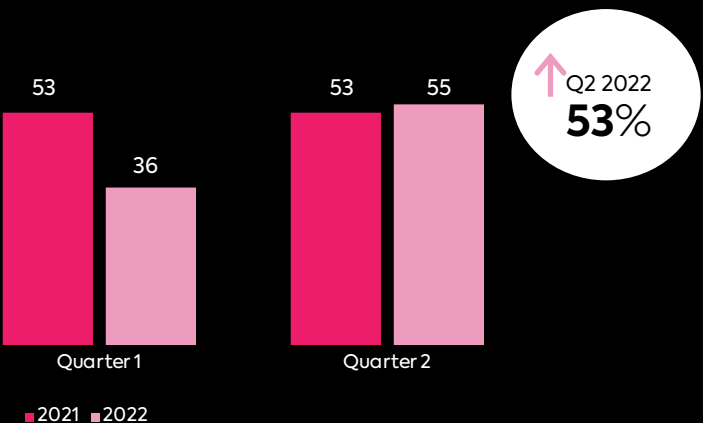
Decline in customer base of 7% reflecting credit actions taken in 2021:

- Stricter, data driven credit decisioning
- Reduced acquisition risk at front end
- Revised credit limits

New customers ('000)



Quarter on quarter shifts



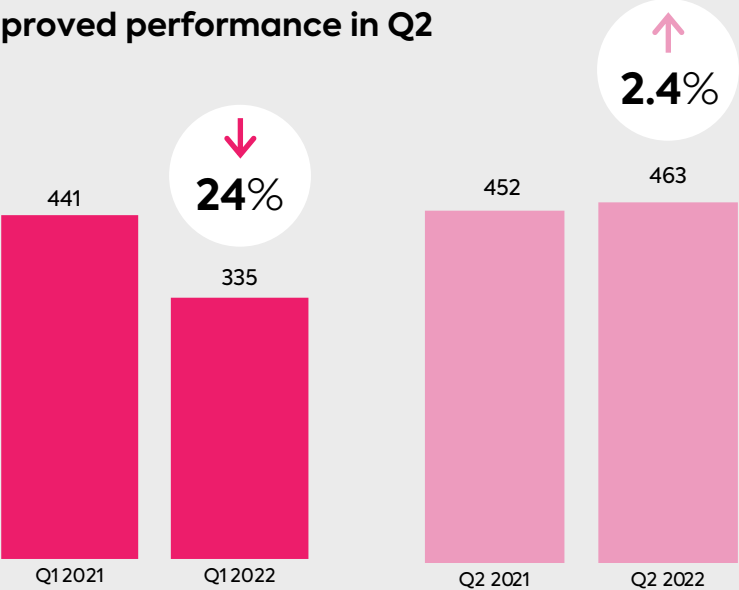
In 2022 focus on growing the base applying new credit strategies:

- Reduction in attrition with focused campaigns using customer insights
- Reactivation of previously dormant customers
- Improved CX with focus on 1st response to queries and faster resolution
- New customers in H1 2022 up 30k

Retail sales impacted by **strategic risk decisions**



Improved performance in Q2



Channel Shifts

Mix %

Growth %

Digital

↑ 29.7%

↑ 2.5%

Call Centre

↓ 56.3%

↓ 15.6%

1

Credit strategy shifts in 2021 to control risk within business appetite impacted H1 sales – down 10% overall

2

Higher customer response from both existing and new customers driving improvements in Q2 2022

3

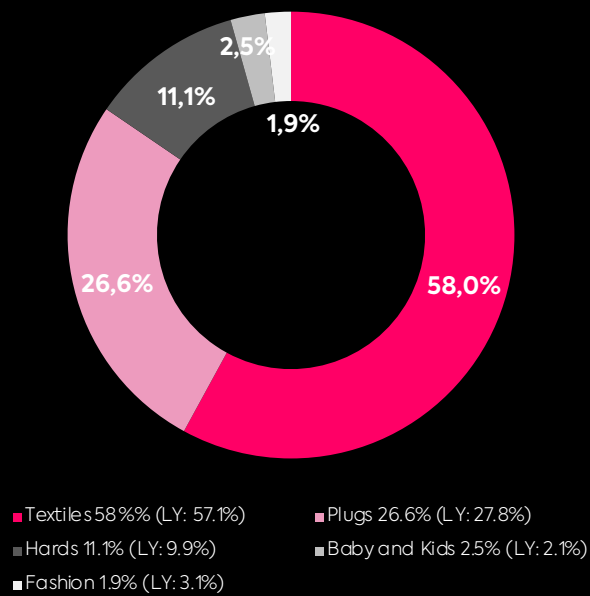
Strategic progression of digital channel with digital customer agents supporting growth

4

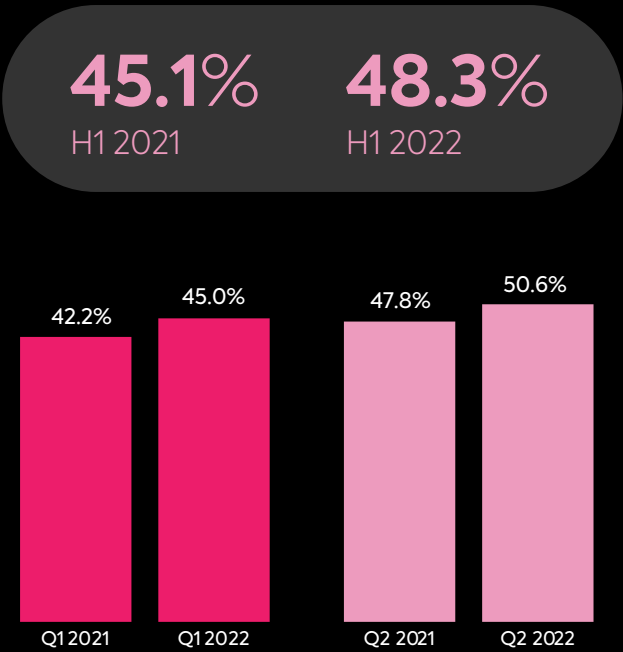
Increased efficient digital marketing activities reigniting email channel, google spend and Gotbot activity

Success in delivering **gross margin increase**

Sales mix by category



Gross Margin up 320bp



Focus on heritage textiles supported with marketing campaigns

Reduced mark-downs with stock management

Increased local buy

Increased prices of electronics and appliances

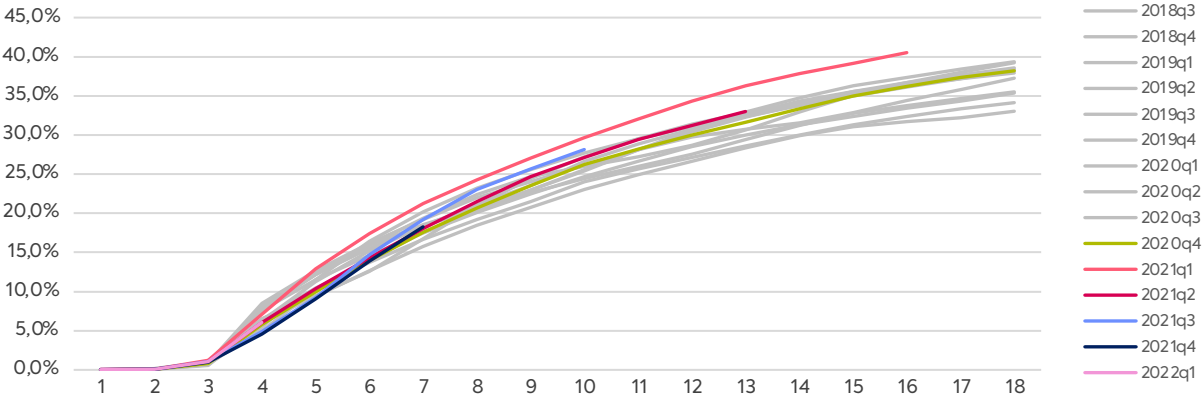
Supply chain efficiencies to limit impact of fuel prices

Significant focus on **improving credit book**

- Deterioration in credit book metrics however improvement expected with new credit strategies
 - New application scorecards implemented
 - Bureau change to improve identification of risk and tightening of credit rules
 - Legacy credit decisioning still impacting book with appropriate provisions held
 - Focus on existing customer evident in higher average balances
- Retail vintages stabilizing as collections issues resolved
 - Debicheck processes now fixed with improved success on new debicheck mandates
 - Implemented new digital strategies in collections
 - Champion challenger strategies tested for setting future collection direction

RETAIL VINTAGES (EXCL. CASH)

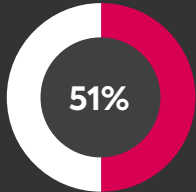
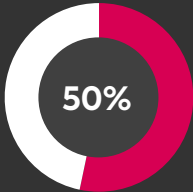
HomeChoice Vintages excl. Cash (120 days + and written off)



H1 2021

H1 2022

New applications acceptance



Average Book term

18.3 months

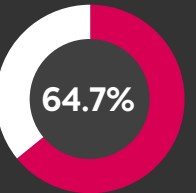
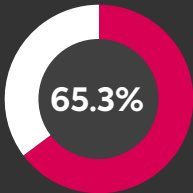
18.4 months

Average balances

R 4 052

R4 517

Active account holders able to purchase



Average limits

R4 046

R4 901

Driving reductions in the cost base

Overall retail trading costs down 1% to

R401m

↑ **7.2%**

Higher direct costs to R193m

↓ **7.6%**

Lower operating spend to R208m

14.2%↑

Marketing

- Increased spend required to acquire customers and drive lower risk sales
- Invested in printed collateral and online media

8.2%↓

Staffing and tech

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

20.7%↓

Customer support

- Digitalisation of processes
- Additional customer self-service options

R3m

Capital expenditure

- Capex freeze in H1 2022; investment resumed H2 2022
- Sustainable levels of capex c. R45m



Our customers are **digital shoppers**

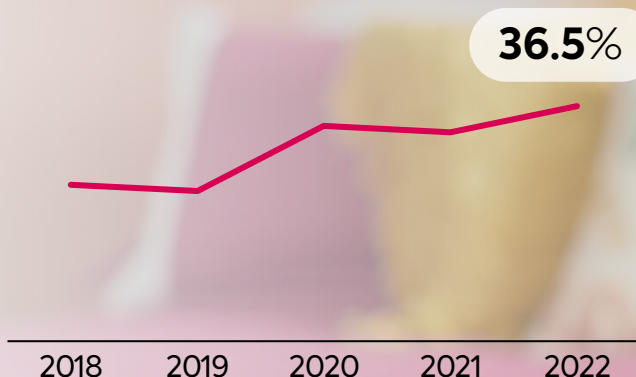
11.1m sessions

Visitor traffic up 10%

13% growth

1st time online buyers

RETAIL DIGITAL TRANSACTIONS GROWING (MIX %)



Digital sales
contribution
is now

30%

SOCIAL MEDIA REVENUE UP 16% - H1 2022

1 million

Facebook **+7%**

146k

Instagram **+26.6%**

3.4 million

E-mail addresses

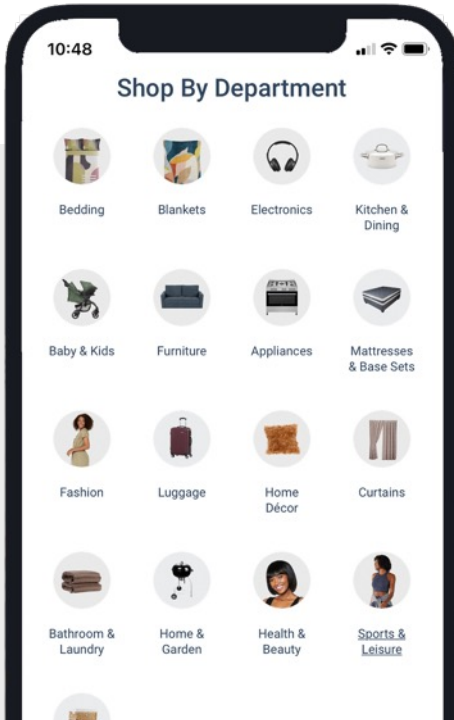


A one-stop shopping destination for **homewares**



Shopping with easy navigation

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



Complete bedroom offer

Fully co-ordinated bedroom with unique bedding proposition



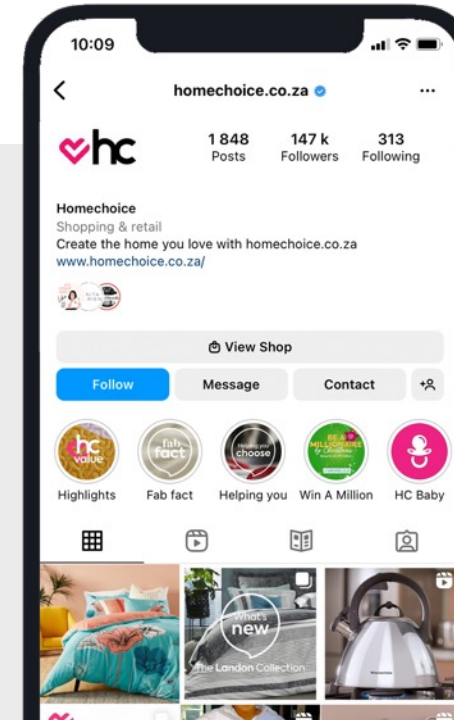
Innovative products

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



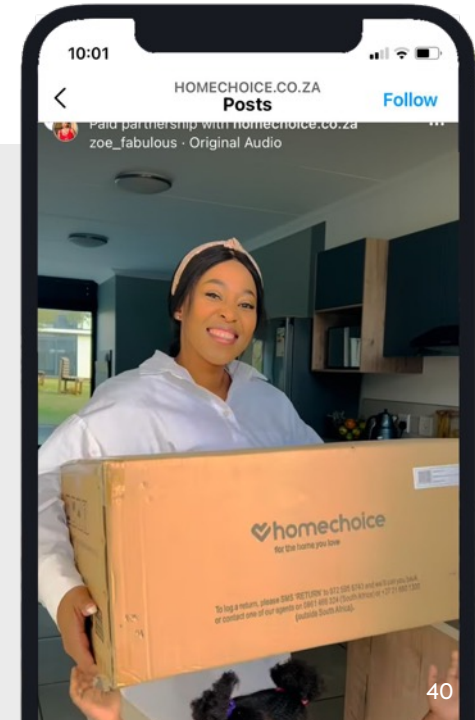
Social media

Digitally engaged customer base with increased shopping across social media platforms



Delivered to home

Customers get access to track their order through the fulfilment lifecycle



forward.



Investment **Focus**

Profitable and fast growing Fintech business

Weaver Fintech is building a synergistic eco-system of consumer fintech businesses

Fintech product suite provides cross-sell opportunities

Product progression and digital innovation driving high customer adoption and engagement

Digital-first retailer on path to profitability

Focused homewares retailer with effective credit decisioning and analytics

Well funded to support growth ambition

With attractive unit economics at scale



Disclaimer

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

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

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

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