



# Summary Consolidated Financial Statements



for the year ended  
31 December 2022  
and cash dividend  
declaration



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## Who we are

A fast-growing fintech-focused group providing digital consumer services and products to the mobile-savvy, mass market in South Africa.

With more than 1.4 million customers across the group, our customer is a digitally savvy urban African woman. Our base comprises 59% of Millennials and GenZ consumers, who love our digital offering and in-store shopping and access to their financial services products anywhere and at any time.

Weaver Fintech offers digital personal lending, payment solutions, value-added services and insurance products using innovative mobile-first platforms.

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

## Fast-growing profitable Fintech Group

**Revenue**  
up 6.5% to

**R3.6 billion**

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**Operating profit**  
up 83.3% to

**R482 million**

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**Loan disbursements**  
up 28.9% to

**R4.3 billion**

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**BNPL gross merchant value growth** up 260% to

**R747 million**

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**Retail sales**  
down 5.6% to

**R1.6 billion**

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**Earnings per share**  
up 81.1% to

**289.4 cents**

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**Headline earnings per share**  
up 41.8% to

**288.5 cents**

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**Final dividend** declared of

**77.0 cents**

per share (2021: 20.0 cents per share)

# COMMENTARY

## Financial results

		2022	2021*	% change
<b>Group</b>				
Revenue	(Rm)	<b>3 656</b>	3 432	6.5
Operating profit**	(Rm)	<b>482</b>	263	83.3
Operating profit margin	(%)	<b>13.2</b>	7.7	
Earnings per share (EPS)	(cents)	<b>289.4</b>	159.8	81.1
Headline EPS	(cents)	<b>288.5</b>	203.5	41.8
Final dividend declared/paid	(cents)	<b>77.0</b>	20.0	>100.0
Total dividend declared/paid	(cents)	<b>141.0</b>	67.0	>100.0
<b>Weaver Fintech</b>				
Loan disbursements	(Rm)	<b>4 301</b>	3 336	28.9
Buy Now, Pay Later (BNPL) gross merchant value	(Rm)	<b>747</b>	204	>100.0
Revenue	(Rm)	<b>1 447</b>	1 105	31.1
Operating profit**	(Rm)	<b>438</b>	339	29.2
Operating profit margin	(%)	<b>30.3</b>	30.7	
<b>Retail</b>				
Revenue	(Rm)	<b>2 209</b>	2 326	(5.0)
Retail sales	(Rm)	<b>1 610</b>	1 706	(5.6)
Gross profit margin	(%)	<b>46.6</b>	45.1	
Operating profit/(loss)**	(Rm)	<b>78</b>	(43)	>100.0
Operating profit/(loss) margin	(%)	<b>3.5</b>	(1.8)	

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

\*\* Segmental operating profit before interest, other group companies amounts to R37 million loss.

## Digital focus has transformed the group

HiL plc has transformed itself into a fast-growing and profitable fintech-focused group. 75% of the group's transactions take place using digital channels – 95% of Weaver Fintech's 940 500 customers are digital users, and 35% of HomeChoice Retail customers are digital shoppers. It is our "digital-first" strategy which drives accelerating customer acquisition as customers demand access to financial services and retail products 24/7. While the digital nature of the group provides customer convenience, it also delivers cost efficiencies and scalability of operations.

## Strong growth in profits with improved conversion

The group delivered operating profit of R482 million (up 83% on last year), primarily driven by continued strong growth of Weaver Fintech, which now accounts for 85% of the group's profit (before other group costs).

Group revenue increased by 6.5% – boosted by a 31.1% increase from Weaver Fintech and a more muted decrease of 5.0% from the HomeChoice Retail business. FinChoice loan disbursements grew by 28.9% to R4.3 billion, and PayJustNow's (PJN) gross merchant value (GMV) increased by 260% to R0.7 billion, as its digital payment product gathers momentum. Retail revenue was negatively impacted by loadshedding and strategic credit risk tightening.

Finance income grew by 16.3% to R1.4 billion primarily driven by the Weaver Fintech gross debtors' book increasing by 33.2% to R3.3 billion. The 325 basis points (bps) increase in the repo rate during FY2022 was also a contributing factor in higher finance income earned. Pleasingly, the group's strategy to diversify revenue is also gaining momentum, with the contribution of fee and other income continuing to grow, now accounting for 18.3% (2021: 15.8%) of the group's total revenue. Key drivers of this fee-generation vertical are the fees earned from fast-growing PJN's Buy Now, Pay Later (BNPL) product offering and the growing suite of personal insurance products.

Gross profit margin achieved a 150 bps increase from 2021, driven by effective merchandise management and supply chain optimisation initiatives to partially shield the customer from higher shipping, transport and fuel costs.

Debtor costs have been well managed, with the 10.9% increase reflective of the sizeable growth in FinChoice loan disbursements and lower write-off costs in Retail. Appropriate provisions continue to be maintained in Weaver Fintech and HomeChoice Retail.

The group's digital-first strategy continues to deliver meaningful cost efficiencies and trading expenses have been tightly controlled. Retail has benefited from a restructured and lower cost base. Weaver FinTech invested in higher digital marketing expenses to drive the strategic growth in customers and loan disbursements.

Operating profit increased by 83.3%, driven by Weaver Fintech's strong growth and HomeChoice Retail returning to profitability. Operating profit growth benefited from R123 million of once-off costs incurred in FY2021 mainly from Retail's turnaround strategy and an improved operating margin of 13.2%. Given the higher debt levels to support the funding requirements for Weaver Fintech's growth, interest paid increased by 44.8%, also impacted by repo rate increases during the year.

Headline earnings per share increased by 41.8% to 288.5 cents per share (cps). The board has declared a final dividend of 77.0 cps, bringing the total dividend for the year to 141.0 cps, up 110%.

## Highly profitable and fast-growing Weaver Fintech

Weaver Fintech continued its strong top-line growth trajectory, delivering operating profit (before interest) growth of 29.2% to R438 million. These results have been supported by substantial demand for FinChoice digital loan products and the rapid adoption of PJN's digital BNPL product. Exceptional growth rates in new customers, high levels of repeat business, credit management within risk tolerance levels and optimising our customers' digital journeys are all contributing factors to 2022's success. Revenue increased 31.1% to R1.4 billion with finance and other income up 27.3% to R1.0 billion (2021: R0.8 billion). Fee income earned increased by 38.8%, primarily resulting from BNPL fees and a 22% increase in insurance premiums. Against this high growth in activity, the 23.0% growth in trading expenses highlights the efficiencies of a digital business, which have reduced the cost-to-income ratio from 28% to 26%.

The Weaver Fintech customer database doubled during 2022 to 940 500 customers as at December 2022 (2021: 450 000). High customer engagement and an attractive product suite offering, along with excellent customer service ratings, provides a platform for Weaver Fintech's continued strong growth. A key strategy for Weaver Fintech is to unlock the cross-sell opportunity within the customer base – FinChoice has commenced making loans and insurance products available to customers on the PJN digital platform. Currently there is only a 2.6% overlap in PJN and FinChoice customers, thereby offering a unique opportunity to cross-sell financial products through integrated digital flows.



**WEAVER FINTECH HOUSES THE GROUP'S FINTECH BUSINESS OPERATIONS. IT COMPRISES THE FINCHOICE BRAND – OFFERING DIGITAL PERSONAL LENDING, INSURANCE AND VALUE-ADDED SERVICES, AND THE PAYJUSTNOW™ BRAND – OFFERING A DIGITAL BUY NOW, PAY LATER (BNPL) PAYMENT PRODUCT.**

## FinChoice

FinChoice loan disbursements increased by 28.9% to R4.3 billion, with a strong demand for consumer credit facilities. Loan disbursements have doubled in the last two years, a testament to the loyalty of existing customers and the appeal of the brand to new customers. We have seen an improvement in the contribution of existing customers for our loan products from 81.2% to 84.5%, and 95% of these repeat customers transact digitally.

During the year 93 716 new customers were acquired, up 11% from FY2021, and 74% of these customers were acquired through digital channels, further entrenching the digital fintech offering. Pleasingly, 72% (2021: 64%) of FinChoice's new customers are acquired externally of the group. These customers, using digital application programming interface (API) technology and data-driven personalised offers, are offered shorter-term loan products with initial low levels of credit in line with our "low and grow" credit strategy.

The FinChoice MobiMoney™ credit-backed digital wallet is the cornerstone product in the FinChoice stable and has high customer appeal. MobiMoney wallet customers increased by 27% to 215 000 (2021: 169 000) and withdrawals of R1.4 billion were up 38%. With an average of 65 000 transactions occurring monthly, the expanded functionality is very attractive to customers. Customers can make payments using quick response (QR) codes, purchase value-added services and make bill payments. Using FinChoicePay, the newly launched retail instalment credit product, customers now have the ability to pay retailers at point of sale.

FinChoice provides a range of funeral policies to 108 000 customers, a base that has increased by 50% in the last two years. During the year we launched a personal accident cover product and are pleased with the response to date for this product. Steady momentum has been achieved in the digital acquisition of policies, with 23% of policies acquired through digital channels, up from 20% in 2021.

## PayJustNow

PJN generated R747 million of GMV, up 260% from 2021.

With a strong customer appeal, PJN rapidly increased its base to 649 000 signed up customers (2021: 180 000) and is experiencing a high level of repeat business. Customer transactions increased by 250% year on year in Q4 2022, with 58% of these transactions stemming from returning customers. On average, the top 10% of the customer base used the BNPL product 7.75 times and spent R9 500 during the year. PJN customers are all acquired digitally.

Customer growth and product utilisation are largely a factor of the number of merchants offering PJN's product. There are now 2 350 merchants offering the brand with more than 4 600 active points of presence available online and in-store. Merchant acquisition is digitally enabled through bespoke technology solutions. The PJN offering extends to merchants across a wide spectrum of the consumer retail market, and 1 770 merchants make use of the bespoke Payup App which provides them with an easy-to-use digital operational tool. All merchants have access to their PJN customers' analytics with in-depth analysis of customer shopping behaviour. The top 10 merchants have seen a 270% increase in the number of total transactions. The newly introduced 'MyDeals' portal will enable merchants to target their offers to customers using the insights gleaned from shopping behaviour.

With 11 million lead referrals from the PJN website, merchants enjoy high brand awareness from potential customers.

## HomeChoice Retail returns to profitability

Steady progress has been made with the turnaround in our Retail business delivering an operating profit of R78 million in 2022 after posting an operating loss of R43 million in FY2021 (which included R114 million of once-off costs attributable to the recovery plan).

While sales decreased by a disappointing 5.6%, and finance and other income decreased by 3.5% on a comparable basis, the gross profit improved by 150 bps, debtor costs were well managed and reduced by 14.2%. Higher direct trading expenses were required to increase targeted marketing reach.

Sales – R1.6 billion – were negatively impacted by a strategic shift in credit granting to acquire more profitable customers within reduced risk tolerance levels aligned with current market conditions. Our TV media acquisition strategy did not deliver the expected acquisition targets as television viewership was severely impacted by the particularly high levels of loadshedding experienced in Q4.

As customers return to shopping in malls post Covid, the showroom contribution to sales has increased from 12% to 14%. A new smaller-format showroom opened in December 2022 to good customer response. We will continue to monitor its performance and anticipate rolling out a further 10 showrooms using digital technology to drive higher returns from smaller footprints. We have also marginally increased the digital sales contribution to 28%.

Despite a reduction of 4.6% in the active credit customer base to 436 000 (2021: 457 000), retention of existing customers has improved. 179 000 new customers were acquired, with a 34% increase year on year in H2 2022. While customer reactivations are up 24.9%, and attritions and write-offs are down 7.2% and 15.4% respectively, a net outflow of customers remains.

We have seen a noticeable improvement in our gross profit margin, with a 150 bps increase to 46.6%. An increased focus on our heritage home textiles products, selective price increases, more effective management of markdowns coupled with warehouse consolidation and fulfilment optimisation have brought margins back in line with pre-Covid-19 levels.

Our Retail trading costs have decreased by 3.6% to R802 million (a 3% increase on a comparable basis as R53 million once-off costs were incurred in FY2021). Marketing costs increased by 9.6% to support new customer acquisition, drive sales to existing customers and upweight our printed catalogue and digital media to reach a wider audience. Customer support costs reduced by 29.1%, as we provide additional customer self-service options and digitalise more processes. The right-sizing of the structure, in line with our business focus, has delivered a 9.5% reduction in staff and technology costs.



## Appropriate credit provisions held on a growing debtors' book

The group's gross trade and loan receivables increased by 18.4% to R5.3 billion (2021: R4.5 billion), a consequence of Weaver Fintech's strong top-line growth.

Group debtor costs, at 29.6% of revenue, increased due to the impact of the provision required on FinChoice's increased loan disbursements.

Credit performance for the period is summarised below:

		2022	2021	% change
<b>Group</b>				
Gross trade and loans receivable	(Rm)	5 323	4 495	18.4
Debtor costs as a % of revenue*	(%)	29.6	28.4	
<b>Weaver Fintech</b>				
Number of FinChoice active accounts		316 088	289 388	
FinChoice active accounts able to reloan	(%)	83.2	81.4	
Gross trade and loans receivable	(Rm)	3 290	2 470	33.2
Debtor costs as a % of revenue*	(%)	41.3	37.3	
Provision for impairment	(Rm)	508	368	38.0
Provision for impairment as a % of gross receivables	(%)	15.4	14.9	
Stages 2 and 3 loans cover	(%)	68.9	65.3	
<b>Retail</b>				
Number of active accounts		436 001	456 932	
Active accounts able to purchase	(%)	65.1	63.0	
Gross trade and loans receivable	(Rm)	2 033	2 025	0.4
Debtor costs as a % of revenue*	(%)	21.9	24.2	
Provision for impairment	(Rm)	692	661	4.7
Provision for impairment as a % of gross receivables	(%)	34.0	32.6	
Stages 2 and 3 loans cover	(%)	67.2	67.2	

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

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

Weaver Fintech's gross debtors' book increased by R820 million to R3.3 billion driven by a 28.9% increase in FinChoice loan disbursements. Loans to existing customers with a proven track record grew to 84.5% of total loan disbursements (2021: 81.2%), resulting in a modest increase in book term to 20.9 months (2021: 19.2 months).

The sizeable growth in the gross debtors' book resulted in an expected increase in the IFRS 9 provision required, and debtor costs as a percentage of revenue increased to 41.3% (2021: 37.3%). Market wide, consumer stress is evident in higher levels of debt review transfers and we have also experienced an increase in demand for our debt rehabilitation products. This is evident in the provision for impairment increasing by 20 bps from June 2022 to 15.4% at the end of the year (2021: 14.9%). Stages 2 and 3 loans cover percentage have been conservatively increased to 68.9% from 65.3% as at December 2021.

Despite the tough financial conditions faced by consumers, real-time DebiCheck mandate integration has ensured customer collections of R5.1 billion.

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

Retail debtor costs have decreased by 14.2% to R483 million, benefiting from the credit risk tightening at the end of FY2021 and during FY2022. Gross debtors remained flat year on year. The average book term has been maintained at 18.6 months.

We have seen a stabilising of Retail's vintages with improvements evident in the early roll rates. New digital collections strategies are expected to deliver higher collections and further improvement in the debtors' book.

The provision has increased to 34.0% (2021: 32.6%) reflective of market conditions. Stages 2 and 3 cover percentage has been maintained at 67.2%.

## **Additional funding used to deliver Weaver Fintech growth**

Group operating cash flows increased by 42.1% and, together with the utilisation of some of our banking facilities, were mainly applied to fund Weaver Fintech's growth. Working capital was also used to bring forward Retail stock purchases so as to mitigate any potential supply chain challenges arising from the Chinese Covid-19 policies.

Capital expenditure increased by 16.3% to R56 million, as Retail resumed its capital expenditure and Weaver Fintech continued to invest in technology supporting new products to market and an optimisation of our customers' digital journeys.

Net debt of R1.5 billion is up 50% (2021: R1.0 billion). Net debt:equity at 45.8% is well within our long-term target of <60%. The group has cash on hand and ample undrawn funding facilities of R0.6 billion to fund the continuing growth in Weaver Fintech.

## Appreciation

We would like to express our appreciation to all our employees whose energy, innovative thinking and passion to deliver to our customers are reflected in the group's results.

The guidance and support from our board colleagues has been invaluable in the significant transformation of the group in the year.

## Looking forward

The group is well positioned to drive the growth ambitions of the board and further entrench the group as a profitable fintech-focused business.

Weaver Fintech has a strong track record of product innovation and is well positioned to accelerate market share growth capitalising on scalable digital operations with high customer conversion. A sizeable fintech customer base, with strong customer engagement across both FinChoice and PayJustNow brands, presents significant cross-sell opportunities to drive growth.

Our Retail business is demonstrating good momentum to return to improved levels of profitability with renewed investment in technology platforms and retail showrooms.

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

**S Maltz**

Executive Chair

Mauritius, 14 March 2023

**S Wibberley**

Chief Executive Officer

## **Dividend declaration**

Notice is hereby given that the board of directors has declared a final gross cash dividend of 77.0 cents (61.60 cents net of dividend withholding tax) per ordinary share for the year ended 31 December 2022. The dividend has been declared from income reserves. HIL is registered in the Republic of Mauritius and the dividend is a foreign dividend. A 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, 11 April 2023
Shares commence trading "ex" dividend	Wednesday, 12 April 2023
Record date	Friday, 14 April 2023
Payment date	Monday, 17 April 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 12 April 2023 and Friday, 14 April 2023, both days inclusive.

### **Sanlam Trustees International Limited**

Company Secretary

Mauritius, 14 March 2023

# SUMMARY CONSOLIDATED FINANCIAL STATEMENTS



## Summary consolidated statement of financial position

	Notes	2022 Rm	% change	2021 Rm
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		421	(6.0)	448
Intangible assets		187	(2.6)	192
Right-of-use assets		32	(34.7)	49
Other investments		93	69.1	55
Deferred taxation		115	35.3	85
		<b>848</b>	2.3	829
<b>Current assets</b>				
Inventories	2	403	52.7	264
Taxation receivable		2	(33.3)	3
Trade and other receivables	3	4 212	19.4	3 528
Trade receivables – Retail		1 341	(1.7)	1 364
Loans receivable – Weaver Fintech		2 782	32.4	2 102
Other receivables		89	43.5	62
Cash and cash equivalents		116	(42.9)	203
		<b>4 733</b>	18.4	3 998
<b>Total assets</b>		<b>5 581</b>	15.6	4 827
<b>Equity and liabilities</b>				
<b>Capital and reserves</b>				
Stated and share capital		1	–	1
Share premium		3 039	–	3 039
Reorganisation reserve		(2 961)	–	(2 961)
Treasury shares		(45)	(4.3)	(47)
Other reserves		49	(23.4)	64
Retained earnings		3 386	6.9	3 168
<b>Equity attributable to equity holders of the parent</b>		<b>3 469</b>	6.3	3 264
Non-controlling interest		(7)	>100.0	(1)
<b>Total equity</b>		<b>3 462</b>	6.1	3 263
<b>Non-current liabilities</b>				
Interest-bearing liabilities		1 483	39.9	1 060
Lease liabilities		19	(17.4)	23
Deferred taxation		50	13.6	44
Other payables		22	>100.0	4
		<b>1 574</b>	39.1	1 131
<b>Current liabilities</b>				
Interest-bearing liabilities		44	–	44
Lease liabilities		19	(42.4)	33
Taxation payable		20	11.1	18
Trade and other payables		360	6.5	338
Bank overdraft		102	100.0	–
		<b>545</b>	25.9	433
<b>Total liabilities</b>		<b>2 119</b>	35.4	1 564
<b>Total equity and liabilities</b>		<b>5 581</b>	15.6	4 827

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

	Notes	2022 Rm	% change	2021 Rm
<b>Revenue</b>		<b>3 656</b>	6.5	3 432
Retail sales	4	1 610	(5.6)	1 706
Finance income		1 378	16.3	1 185
Fees from ancillary services	5	668	23.5	541
Cost of Retail sales		(859)	(8.2)	(936)
<b>Other operating costs</b>		<b>(2 340)</b>	6.0	(2 208)
Credit impairment losses	6	(1 081)	10.9	(975)
Other trading expenses	7	(1 259)	2.1	(1 233)
Other net gains and (losses)	8	9	>100.0	(43)
Other income	9	16	(11.1)	18
<b>Operating profit</b>		<b>482</b>	83.3	263
Interest income		3	(50.0)	6
Interest expense		(129)	38.7	(93)
<b>Profit before taxation</b>		<b>356</b>	>100.0	176
Taxation		(54)	>100.0	(9)
<b>Profit and total comprehensive income for the period</b>		<b>302</b>	80.8	167
<b>Profit and total comprehensive income for the period attributable to:</b>				
Owners of the parent		308	81.2	170
Non-controlling interest		(6)	100.0	(3)
		302	80.8	167
<b>Earnings per share (cents)</b>				
Basic	10	289.4	81.1	159.8
Diluted		282.7	81.6	155.7
<b>Headline earnings per share (cents)</b>				
Basic	10	288.5	41.8	203.5
Diluted		281.8	42.1	198.3

## Summary 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	–	–	–	–	–	170	(3)	167
Shares issued	–	25	–	–	–	–	–	25
Dividends paid	–	–	–	–	–	(50)	–	(50)
Share incentive schemes	–	–	–	–	17	–	–	17
Shares purchased	–	–	(14)	–	–	–	–	(14)
<b>Total changes</b>	–	25	(14)	–	17	120	(1)	147
<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	–	–	–	–	–	308	(6)	302
Dividends paid	–	–	–	–	–	(90)	–	(90)
Share incentive schemes	–	–	–	–	10	–	–	10
Shares purchased	–	–	(7)	–	–	–	–	(7)
Forfeitable shares vested	–	–	9	–	(9)	–	–	–
<b>Total changes</b>	–	–	2	–	(15)	218	(6)	199
<b>Balance at 31 December 2022</b>	<b>1</b>	<b>3 039</b>	<b>(45)</b>	<b>(2 961)</b>	<b>49</b>	<b>3 386</b>	<b>(7)</b>	<b>3 462</b>

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



## Summary consolidated statement of cash flows

	Notes	2022 Rm	2021 Rm
<b>Cash flows from operating activities</b>			
Operating cash flows before working capital changes		556	392
Movements in working capital		(770)	(422)
<b>Cash used in operations</b>	11	<b>(214)</b>	(30)
Interest received		3	6
Interest paid		(129)	(92)
Taxation paid		(75)	(58)
<b>Net cash outflow from operating activities</b>		<b>(415)</b>	(174)
<b>Cash flows from investing activities</b>			
Additions of property, plant and equipment		(15)	(18)
Additions of intangible assets		(41)	(31)
Acquisition of subsidiary, less cash acquired		–	(23)
Other investments		(18)	(5)
<b>Net cash outflow from investing activities</b>		<b>(74)</b>	(77)
<b>Cash flows from financing activities</b>			
Purchase of shares to settle forfeiture share scheme obligations		(7)	(14)
Proceeds from interest-bearing liabilities		552	355
Repayments of interest-bearing liabilities		(129)	(224)
Principal elements of lease payments		(26)	(28)
Dividends paid		(90)	(50)
<b>Net cash inflow from financing activities</b>		<b>300</b>	39
<b>Net decrease in cash and cash equivalents and bank overdrafts</b>		<b>(189)</b>	(212)
Cash and cash equivalents and bank overdrafts at the beginning of the period		203	415
<b>Cash and cash equivalents and bank overdrafts at the end of the period</b>		<b>14</b>	203

Interest received has been included in cash generated from operations. Refer to note 11 for details.

Cash and cash equivalents comprise cash balances of R116 million and an overdraft balance of R102 million.

## Group segmental information

	2022					
	Total Rm	Retail Rm	Weaver Fintech Rm	Property Rm	Other Rm	Intra-group Rm
<b>Segmental revenue</b>	<b>3 656</b>	<b>2 209</b>	<b>1 447</b>	<b>41</b>	<b>–</b>	<b>(41)</b>
Retail sales	1 610	1 610	–	–	–	–
Finance income	1 378	414	964	–	–	–
Fees from ancillary services	668	185	483	41	–	(41)
<b>EBITDA</b>	<b>589</b>	<b>194</b>	<b>459</b>	<b>13</b>	<b>(35)</b>	<b>(40)</b>
Depreciation and amortisation	(107)	(114)	(21)	–	–	28
Impairment of assets	(2)	(2)	–	–	–	–
Interest income	–	–	–	–	46	(46)
Interest expense	(109)	–	(106)	–	(49)	46
<b>Segmental operating profit/(loss)*</b>	<b>373</b>	<b>78</b>	<b>332</b>	<b>13</b>	<b>(38)</b>	<b>(12)</b>
Interest income	3	–	3	–	–	–
Interest expense	(20)	(21)	–	(11)	–	12
<b>Profit/(loss) before taxation</b>	<b>356</b>	<b>57</b>	<b>335</b>	<b>2</b>	<b>(38)</b>	<b>–</b>
Taxation	(54)	(10)	(42)	1	(3)	–
<b>Profit/(loss) after taxation</b>	<b>302</b>	<b>47</b>	<b>293</b>	<b>3</b>	<b>(41)</b>	<b>–</b>
<b>Segmental assets</b>	<b>5 581</b>	<b>2 297</b>	<b>3 903</b>	<b>347</b>	<b>1 537</b>	<b>(2 503)</b>
<b>Segmental liabilities</b>	<b>2 119</b>	<b>1 200</b>	<b>1 513</b>	<b>257</b>	<b>687</b>	<b>(1 538)</b>
Gross profit margin (%)	46.6	46.6				
Segmental results margin (%)	10.2	3.5	22.9	31.7		
Capital expenditure						
Property, plant and equipment	15	10	5	–	–	–
Intangible assets	41	18	23	–	–	–
Significant expenses included in operating profit						
Credit impairment losses	1 081	483	598	–	–	–
Marketing costs	273	224	49	–	–	–
Staff costs	528	358	157	–	13	–

\* Refer to note 12 for further details on segments and segmental results.

2021					
Total Rm	Retail Rm	Weaver Fintech Rm	Property Rm	Other Rm	Intra- group Rm
3 432	2 326	1 104	39	–	(37)
1 706	1 706	–	–	–	–
1 185	429	756	–	–	–
541	191	348	39	–	(37)
433	135	360	13	(34)	(41)
(104)	(116)	(17)	–	(1)	30
(66)	(62)	(4)	–	–	–
1	–	–	–	66	(65)
(72)	–	(69)	–	(68)	65
192	(43)	270	13	(37)	(11)
5	5	–	–	–	–
(21)	(25)	–	(10)	–	14
176	(63)	270	3	(37)	3
(9)	22	(32)	(1)	3	(1)
167	(41)	238	2	(34)	2
4 827	2 275	2 415	347	1 596	(1 806)
1 564	1 155	1 363	260	611	(1 825)
45.1	45.1				
5.6	(1.8)	24.5	33.3		
18	16	2	–	–	–
49	21	28	–	–	–
975	563	412	–	–	–
245	204	41	–	–	–
522	391	123	–	8	–

# Notes to the summary consolidated financial statements

## 1. Basis of presentation and accounting policies

The summary consolidated financial statements for the year ended 31 December 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.

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34, *Interim Financial Reporting*.

The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

## 2. Inventories

	2022 Rm	% change	2021 Rm
Merchandise for resale	371	52.7	243
Provision for inventory obsolescence	(15)	(46.4)	(28)
Goods in transit	47	(4.1)	49
	403	52.7	264

The total amount of inventories expensed to cost of Retail sales during the year ended 31 December 2022 was R693 million (2021: R768 million). Inventory sold at less than cost during the year ended 31 December 2022 amounted to R27 million (2021: R51 million) and net inventory write-downs recognised as an expense during the year ended 31 December 2022 amounted to R6 million (2021: R1 million).

### 3. Trade and other receivables

		2022 Rm	%	2021 Rm
			change	
<b>Group</b>				
Trade and loan receivables		5 323	18.4	4 495
Provision for impairment		(1 200)	16.6	(1 029)
Other receivables		89	43.5	62
		<b>4 212</b>	19.4	3 528
Provision for impairment as a % of gross receivables	(%)	22.5		22.9
Credit impairment costs as a % of revenue	(%)	29.6		28.4
<b>Retail</b>				
Gross carrying amount		2 033	0.4	2 025
Performing (stage 1)		1 004	(3.6)	1 041
Underperforming (stage 2)		371	(2.6)	381
Non-performing (stage 3)		658	9.1	603
Provision for impairment		(692)	4.7	(661)
Performing		(127)	6.7	(119)
Underperforming		(160)	(1.2)	(162)
Non-performing		(405)	6.6	(380)
Net carrying amount		1 341	(1.7)	1 364
Performing		877	(4.9)	922
Underperforming		211	(3.7)	219
Non-performing		253	13.5	223
Provision for impairment as a % of gross receivables	(%)	34.0		32.6
Performing	(%)	12.6		11.4
Underperforming	(%)	43.1		42.4
Non-performing	(%)	61.6		63.0
Credit impairment costs as a % of revenue	(%)	21.9		24.2
Stages 2 and 3 loans cover	(%)	67.2		67.2

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

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

	2022 Rm	% change	2021 Rm
<b>Weaver Fintech</b>			
Gross carrying amount	<b>3 290</b>	33.2	2 470
Performing (stage 1)	<b>2 553</b>	34.0	1 905
Underperforming (stage 2)	<b>215</b>	9.1	197
Non-performing (stage 3)	<b>522</b>	41.8	368
Provision for impairment	<b>(508)</b>	38.0	(368)
Performing	<b>(114)</b>	65.2	(69)
Underperforming	<b>(68)</b>	23.6	(55)
Non-performing	<b>(326)</b>	33.6	(244)
Net carrying amount	<b>2 782</b>	32.4	2 102
Performing	<b>2 439</b>	32.8	1 836
Underperforming	<b>147</b>	3.5	142
Non-performing	<b>196</b>	58.1	124
Provision for impairment as a % of gross receivables	(%) <b>15.4</b>		14.9
Performing	(%) <b>4.5</b>		3.6
Underperforming	(%) <b>31.6</b>		27.9
Non-performing	(%) <b>62.5</b>		66.3
Credit impairment costs as a % of revenue	(%) <b>41.3</b>		37.3
Stages 2 and 3 loans cover	(%) <b>68.9</b>		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 078 million (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.

#### 4. Retail sales

	2022 Rm	%	2021 Rm
		change	
Disaggregation of Retail sales by product type is as follows:			
Homeware	1 008	(11.3)	1 137
Appliances and electronics	425	4.7	406
Fashion and footwear	61	8.9	56
Furniture	116	8.4	107
	<b>1 610</b>	<b>(5.6)</b>	<b>1 706</b>
Disaggregation of Retail sales by channel is as follows:			
Contact centre	914	(7.8)	991
Digital	457	(3.2)	472
Showroom and ChoiceCollect	219	2.8	213
Sales agents	20	(33.3)	30
	<b>1 610</b>	<b>(5.6)</b>	<b>1 706</b>

Retail sales are settled at a point in time.

#### 5. Fees from ancillary services

	2022 Rm	%	2021 Rm
		change	
Service fees	226	9.8	206
Credit life	251	15.7	217
Insurance	108	24.1	87
Other	83	>100.0	31
	<b>668</b>	<b>23.5</b>	<b>541</b>

#### 6. Credit impairment losses

	2022 Rm	%	2021 Rm
		change	
Trade receivables – Retail	483	(14.2)	563
Loans receivable – Weaver Fintech	598	45.1	412
<b>Total credit impairment losses</b>	<b>1 081</b>	<b>10.9</b>	<b>975</b>

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

Included in the credit impairment losses for the year are the following gains and losses arising from derecognition of financial assets measured at amortised cost:

- Gain on sale of the retail debt review book: RNil (2021: R1.9 million)
- Gain on sale of the Weaver Fintech debt review and other books: R21 million (2021: R10.3 million)

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

**7. Other trading expenses**

	2022 Rm	% change	2021 Rm
<b>Expenses by nature</b>			
Auditor's remuneration	8	14.3	7
Audit-related services	7	16.7	6
Other non-audit services	1	–	1
Amortisation of intangible assets	45	15.4	39
Depreciation of property, plant and equipment and right-of-use assets	62	(4.6)	65
Marketing costs	273	11.4	245
Policyholder claims and benefits paid	51	(30.1)	73
Customer operations and support	98	8.9	90
IT costs	52	(21.2)	66
Facility expenses	40	(4.8)	42
Staff costs: short-term employee benefits	528	7.1	493
Total staff costs	585	6.9	547
Less: disclosed under cost of Retail sales	(34)	2.9	(35)
Less: staff costs capitalised to intangibles	(23)	(21.1)	(19)
Other costs	102	(8.9)	112
Total other costs	234	(12.0)	266
Less: disclosed under cost of Retail sales	(132)	14.3	(154)
<b>Total other trading expenses</b>	<b>1 259</b>	<b>2.1</b>	<b>1 233</b>

**8. Other net gains and (losses)**

	2022 Rm	% change	2021 Rm
Impairment of property, plant and equipment	(1)	80.0	(5)
Impairment of intangible assets	(1)	98.4	(61)
Foreign exchange gain	4	(76.5)	17
Fair value gain	7	16.7	6
	<b>9</b>	<b>&gt;100.0</b>	<b>(43)</b>



## 9. Other income

	2022 Rm	% change	2021 Rm
Prescription of trade and loans payable	10	(9.1)	11
Insurance claim income	3	(25.0)	4
Other	3	–	3
	<b>16</b>	<b>(11.1)</b>	<b>18</b>

## 10. 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:

	2022 Rm	% change	2021 Rm
Profit for the period	302	80.8	167
Adjusted for the effect of:			
Compensation from third parties for damage to property, plant and equipment	(3)	25.0	(4)
Impairment of property, plant and equipment	1	(80.0)	5
Impairment of intangible assets	1	(98.4)	61
Taxation effect	–	>100.0	(16)
<b>Headline earnings for the period</b>	<b>301</b>	<b>42.3</b>	<b>213</b>
Weighted average number of ordinary shares in issue ('000)	<b>104 337</b>		104 505
Weighted average number of diluted shares in issue ('000)	<b>106 809</b>		107 283
Earnings per share (cents)			
Basic	<b>289.4</b>	81.1	159.8
Headline	<b>288.5</b>	41.8	203.5
Basic – diluted	<b>282.7</b>	81.6	155.7
Headline – diluted	<b>281.8</b>	42.1	198.3

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

**11. Reconciliation of cash generated from operations**

	2022 Rm	%	2021 Rm
		change	
Profit before taxation	356	>100.0	176
Deduct finance income earned	(1 378)	16.3	(1 185)
Add back finance income received	1 334	16.7	1 143
Profit from insurance cells	(13)	30.0	(10)
Depreciation and amortisation	107	2.9	104
Impairment of assets	2	(97.0)	66
Share-based employee share expense	29	70.5	17
Fair value gain	(7)	16.7	(6)
Interest expense	129	38.7	93
Interest income	(3)	(50.0)	(6)
<b>Operating cash flows before working capital changes</b>	<b>556</b>	41.8	392
Movements in working capital	(770)	82.5	(422)
(Increase)/decrease in inventories	(139)	>(100.0)	51
Decrease in trade receivables – Retail	54	(70.8)	185
Increase in loans receivable – Weaver Fintech	(667)	12.3	(594)
Increase in other receivables	(27)	(43.8)	(48)
Increase/(decrease) in trade and other payables	9	>100.0	(16)
	<b>(214)</b>	>(100.0)	(30)

## 12. 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 board of directors. The group's reportable segments are unchanged from the previous reporting date.

Retail consists of the group's HomeChoice operations, 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.

Eliminations include all intergroup transactions, balances, income and expenses as eliminated on consolidation.

The group has a large, widespread customer base and no individual customer contributes a significant portion of revenue. Sales outside of South Africa are less than 10% of total sales based on the domicile of the customer.

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.

## 13. 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.

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

	2022 Rm	% change	2021 Rm
Approved by the directors	12	>100.0	1

## 15. Fair value

In terms of paragraph 29(a) of IFRS 7 the carrying amounts reported in the balance sheet approximate fair value.

## 16. Contingent liabilities

The group had no contingent liabilities at the reporting date.

**17. Going concern**

The board has reviewed the cash flow forecast for the next 12 months and is of the opinion that the group has sufficient liquidity to adequately support its working capital requirements and is satisfied that the group will continue as a going concern for the foreseeable future.

As at the reporting date the group had unutilised banking facilities of R487 million (2021: R954 million) and is well within the financial covenants with its financiers.

**18. Events after the reporting date**

No event material to the understanding of these condensed group financial statements has occurred between the year ended 31 December 2022 and the date of approval.

**19. Audit opinion**

This summarised report is extracted from audited information, but is not itself audited. The annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection at the company's registered office and on the company's website at [www.homechoiceinternational.com](http://www.homechoiceinternational.com)

The directors take full responsibility for the preparation of the provisional report and that the financial information has been correctly extracted from the underlying annual financial statements.

## 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\*), S Wibberley (Chief Executive Officer), P Burnett

### Non-executive directors

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

\* Non-independent

